

**COVENANTS AND RESTRICTIONS**

DECLARATION  
FOR  
STEEPLECHASE OF NORTHVILLE

JUL 02 2003

\$6.00 REINUMENTATION  
Receipt #202157

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Li-38345 Pa-1  
203354201 7/02/2003  
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20100001

### COVENANTS AND RESTRICTIONS

#### DECLARATION FOR STEEPLECHASE OF NORTHVILLE

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SUBMITTED LAND  
ADDITIONAL LAND

EXHIBIT A  
EXHIBIT B

DECLARATION  
FOR  
STEEPLECHASE OF NORTHVILLE

THIS DECLARATION is made as of JUNE 26, 2003, by TOLL MI III LIMITED PARTNERSHIP, a Michigan limited partnership ("Declarant").

RECITALS:

R-1 The Declarant owns in fee simple the real estate designated as Submitted Land in the legal description attached as Exhibit A (and incorporated by this reference) and the Declarant desires to subject that real estate to covenants, restrictions, reservations, liens and charges, all of which are more particularly hereinafter set forth in this Declaration.

R-2 The Declarant also wishes to reserve the right to add the real estate designated as Additional Land in the legal description attached as Exhibit B (and incorporated by this reference), as both of the same may be amended by the Declarant from time to time, and may hereafter decide to subject all or any portion of that Additional Land, to the provisions of this Declaration, as amended from time to time.

R-3 The Declarant deems it desirable and in the best interests of all the owners of real estate subject to this Declaration to protect the value and the desirability of such real estate by providing for the development of such real estate in accordance with a common plan and the Upkeep of certain shared facilities.

R-4 To provide a means for meeting the purposes and intents set forth herein, the Declarant has caused Steeplechase of Northville Owners Association to be incorporated under the laws of Michigan.

DECLARATION:

The Declarant hereby covenants and declares, on behalf of itself and its successors and assigns, that from the date this Declaration is recorded, the real estate designated as Submitted Land in Exhibit A shall be held, conveyed, acquired and encumbered subject to the terms and provisions hereof, all of which shall run with the land and bind and inure to the benefit of all Persons who may now or hereafter own or acquire any right, title, estate or interest in or to any of such real estate, or who may now or hereafter occupy or enter upon any portion thereof, subject to the right of the Declarant or the Association to amend this Declaration in accordance with the provisions for amendment set forth herein.

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. Definitions. Terms used herein without definitions shall have the meanings specified for such terms in Sections 105 to 110 of the Act. Capitalized terms used herein shall have the meanings specified for such terms below.

(1) "Act" means the Michigan Nonprofit Corporation Act, MCLA 450.2101, et seq., as the same may be amended, supplemented or replaced from time to time.

(2) "Additional Land" means the real estate so designated in Exhibit B, as amended from time to time, which the Declarant has reserved the right to submit to the Declaration and to the jurisdiction of the Association pursuant to Section 4.1.

(3) "Articles of Incorporation" means the Articles of Incorporation for Steeplechase of Northville Owners Association filed with the Michigan Department of Consumer and Industry Services, Corporation Division, as amended from time to time.

(4) "Assessments" means the sums levied against the Lots to pay Common Expenses and other expenditures by the Association, as provided in Article 6. Assessments include "Annual Assessments," "Additional Assessments" and "Individual Assessments."

(5) "Association" means Steeplechase of Northville Owners Association and, with respect to the rights and obligations of the Association set forth in this Declaration, its successors and assigns.

(6) "Association Documents" means collectively the Articles of Incorporation, this Declaration, Supplementary Declarations and the Bylaws, all as amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document is an integral part of that document.

(7) "Board of Directors" or "Board" means the executive and administrative entity established pursuant to Article 4 of the Bylaws as the governing body of the Association.

(8) "Builder" means a Person (other than the Declarant) who in the regular course of business purchases real estate or a portion of the Submitted Land solely for the purpose of constructing improvements for resale.

(9) "Bylaws" means the Bylaws of the Association, as amended from time to time.

(10) "Common Area" means, at any given time, all of the Property, other than Lots and Public Streets and Roadways, then owned by the Association for the benefit, use and enjoyment of the Owners and includes the Recreational Facilities and private parks; provided, however, that real estate within the Property is not Common Area solely because it is burdened by an easement for utilities, landscaping, storm water management or signage or dedicated as a public street or roadway even though the Association may provide Upkeep for such area.

(11) "Common Expenses" means all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation and maintenance of reserves pursuant to the provisions of the Association Documents.

(12) "County" means Wayne County, Michigan. All references to approval by the County mean approval by the appropriate agency or official of the County, as determined by the Office of the County Attorney at that time.

(13) "Covenants Committee" means the committee that may be established pursuant to Article 9 to assure that the Property will be maintained in a manner consistent with the purposes and intents of this Declaration. With respect to initial construction, all references to the Covenants Committee shall mean the Initial Construction Committee.

(14) "Declarant" means Toll MI III Limited Partnership, a Michigan limited partnership. Following recordation of a document assigning to another Person all or some of the rights

reserved to the Declarant under the Association Documents pursuant to Section 5.2, the term "Declarant" shall mean or include that assignee.

(15) "Declarant Control Period" means the period beginning on the date of incorporation of the Association and ending on the earliest of: (1) the later of (i) the tenth anniversary of the date of recordation of the Declaration or (ii) the tenth anniversary of the date of recordation of the most recent Supplementary Declaration adding Additional Land (provided, however, that once the Declarant Control Period has expired, the recordation of a subsequent Supplementary Declaration shall not reinstate the Declarant Control Period; and provided, further, that if the Declarant is delayed in the improvement and development of the Property due to a sewer, water or building permit moratorium or other cause or event beyond the Declarant's control, then the aforesaid period shall be extended for the period of the delay or three years, whichever is less); (2) the date the number of votes of the Class A Owners equals the number of votes of the Class B Owner; or (3) the date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate on that date.

(16) "Declaration" means this Declaration for Steeplechase of Northville made and recorded among the Land Records, as amended from time to time and, except when the context clearly requires otherwise, including all Supplementary Declarations.

(17) "Department of Environmental Quality" means the department of environmental quality for the State of Michigan.

(18) "Design Guidelines" means the standards and guidelines adopted by the Board of Directors pursuant to Article 9 and any standards and guidelines established by the Declarant.

(19) "Development Period" means the period of time that the Declarant or any Builder is engaged in development or sales, or activities relating thereto, anywhere on the Property or the Additional Land and the Declarant is entitled to exercise certain special declarant rights (as described in Article 5) under the Association Documents. When all the Submitted Land is owned by Owners other than the Declarant (or a lender holding special declarant rights) or a Builder, all the Additional Land is owned by Owners other than the Declarant and all bonds held by a governmental agency with respect to the Property and the Additional Land have been released, then the Development Period shall end.

(20) "Land" means, at any given time, the real estate then subject to the Declaration (including Lots and Common Area), but does not include improvements or appurtenances thereto.

(21) "Land Records" means the land records of Wayne County, Michigan.

(22) "Lot" means a portion of the Property designated as a separate parcel of Submitted Land held in separate ownership, occupied by or intended for occupancy by one dwelling and has frontage upon a Public Street or Roadway (but not including any Common Area or real estate dedicated for public purposes) and includes any improvements now or hereafter appurtenant thereto. A Lot may not coincide with a Lot of Record.

(23) "Lot of Record" means a portion of the Submitted Land numbered and described as a lot on the plat of record.

(24) "Majority Vote" means a simple majority (more than fifty percent) of the votes entitled to be cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage vote means that percentage with respect to the total number of votes actually cast by Owners entitled to vote on an issue in person or by proxy at a duly held meeting at which a quorum is

present. Any vote by a specified class of Owners means a Majority Vote of the Owners in such class present in person or by proxy at a duly held meeting at which a quorum of that class of Owners is present. Any vote by a specified percentage of the Board of Directors (or committee) means that percentage with respect to votes entitled to be cast at a duly held meeting of the Board (or committee) at which a quorum is present. Any vote of or approval (whether actual or presumed) by a specified percentage of the Mortgagees is calculated based on one vote per Lot.

(25) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding a first mortgage or first deed of trust ("Mortgage") encumbering a Lot. Where the approval of Mortgagees is required, such approval means: (i) written approval; (ii) any written waiver of approval rights; (iii) a letter stating no objection; or (iv) presumptive approval if a Mortgagee does not respond to a notice by certified or registered United States mail, return receipt requested, within thirty days after the date the request for approval is transmitted in accordance with the notice requirements of the Association Documents.

(26) "Officer" means any Person holding office pursuant to Article 6 of the Bylaws.

(27) "Owner" means one or more Persons who own a Lot in fee simple, but does not mean any Person having an interest in a Lot solely by virtue of a contract or as security for an obligation.

(28) "Person" means a natural person, corporation, partnership, limited liability company, association, trust or other entity capable of holding title or any combination thereof.

(29) "Phase" means a portion of the Property designated as provided in Section 4.2.

(30) "Property" means, at any given time, the Submitted Land together with all improvements and appurtenances thereto now or hereafter existing.

(31) "Public Streets and Roadways" means streets and roadways dedicated to public use by a plat or deed of dedication but not including sidewalks, curbs, gutters and parking areas which are part of the Common Area.

(32) "Recreational Facilities" means the swimming pool and associated community buildings and any other facilities owned by the Association.

(33) "Rules and Regulations" means the rules and regulations governing the use, occupancy, operation, Upkeep and physical appearance of the Property adopted from time to time by the Board of Directors.

(34) "Submitted Land" means the real estate designated as such in Exhibit A and all real estate which is from time to time submitted to this Declaration and subjected to the jurisdiction of the Association. Submitted Land includes Common Area and Lots but does not include improvements or appurtenances thereto.

(35) "Supplementary Declaration" means any declaration (i) submitting real estate to the terms of this Declaration and subjecting such real estate to the jurisdiction of the Association, whether or not such Supplementary Declaration contains additional provisions reflecting the unique characteristics



of the real estate being submitted or (ii) submitting a portion of the Property to such supplementary covenants in accordance with the provisions of Article 4. A Supplementary Declaration may be part of a Deed of Subdivision.

(36) "Upkeep" means care, inspection, maintenance, clearing snow and ice, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

(37) "Visible from Neighboring Property" means with respect to any given object on a Lot, that such object is or would be visible to a person six feet tall, standing on any part of any adjacent Lot or other real estate at an elevation no greater than the elevation of the base of the object being viewed.

## Section 1.2. Construction of Association Documents.

(a) Captions and Cross-references. The captions are inserted only for reference, and in no way define, limit or otherwise affect the scope, meaning or effect of any provision. All cross-references are to the Declaration unless otherwise indicated.

(b) Pronouns. The use of the masculine gender shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires.

(c) Severability. Each provision of an Association Document is severable from every other provision, and the invalidity or unenforceability of any one or more provisions shall not change the meaning of or otherwise affect any other provision. To the extent that any provision of the Association Documents is found to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision, then the narrower or partially enforceable construction shall be applied and, to the extent practicable, the provision shall be enforced.

(d) Interpretation. If there is any conflict between the Association Documents, this Declaration and then the applicable Supplementary Declaration shall control. Particular provisions shall control general provisions. The provisions of the Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted pursuant to any of the Association Documents. The Association Documents shall be construed together and shall be deemed to incorporate one another in full. Any requirements as to the content of one shall be deemed satisfied if the deficiency can be cured by reference to any of the others.

(e) Ambiguities Resolved by Declarant. If there is any ambiguity or question as to whether any Person, real estate or improvement falls within any of the definitions set forth in Article 1, the determination made by the Declarant (as evidenced by a recorded Supplementary Declaration) or practice of the Association during the Declarant Control Period shall be binding and conclusive.

(f) Use of New Technology. Due to the ongoing development of new technologies and corresponding changes in business practices, to the extent permitted by law now or in the future: (1) any notice required to be sent or received; (2) any signature, vote, consent or approval required to be obtained; or (3) any payment required to be made, under the Association Documents may be accomplished using the most advanced technology available at that time if such use is a generally accepted business practice. The use of technology in implementing the provisions of this Declaration dealing with notices, payments, signatures, votes, consents or approvals shall be governed by Section 1.2 of the Bylaws.

Section 1.3. The Association.

(a) Creation. The Association is a nonstock corporation organized and existing under the laws of Michigan, charged with the duties and vested with the powers prescribed by law and set forth in the Association Documents.

(b) Membership. Members of the Association shall at all times be, and be limited to, the Declarant (during the Development Period) and other Persons who constitute Owners of the Lots. If more than one Person owns a Lot, then all such Persons shall collectively constitute one Owner and be one member of the Association. Each member and the Persons constituting each Owner are entitled to attend all meetings of the Association. Membership in the Association is mandatory and automatic with ownership of a Lot.

(c) Classes of Owners; Voting Rights. The Association shall have two classes of Owners (members), Class A and Class B, with the voting rights set forth in the Bylaws and as follows.

The Class A Owners shall be the Owners of Lots, other than the Declarant or a Builder during the Declarant Control Period. Each Class A Owner shall have one vote for each Lot owned by such Owner.

The Class B Owner shall be the Declarant. The Declarant shall have 1,100 votes less the number of votes held by all other classes of Owners when a vote is taken. If the Declaration is amended from time to time to include additional real estate that was not originally described on Exhibits A and B to the Declaration when the Declaration was recorded or if the Development Plan is amended to increase the maximum number of dwellings permitted on the Submitted Land or the Additional Land, then the number of votes of the Class B Owner described above shall be increased by one and one-half times the number of votes that would be appurtenant to any additional Lots that could be created on such real estate if such real estate were fully developed under the applicable zoning and submitted to the Declaration.

After the Declarant Control Period expires, the Declarant shall have one vote as a Class B Owner and the Declarant shall also become a Class A Owner and have Class A votes with respect to the Lots owned by the Declarant. The Class B membership shall expire at the end of the Development Period. Any Person qualifying as a member of more than one voting class may exercise those votes to which such Person is entitled for each such class; provided, however, that such Person shall not simultaneously have more than one class of vote for the same Lot.

(d) Board Authority to Act. The Board of Directors is responsible for the management and Upkeep of the Property and the administration of the Association. Unless otherwise specifically provided in the Association Documents, all rights, powers, easements, obligations and duties of the Association may be performed by the Board of Directors on behalf of the Association without the joinder or approval of any other Person.

(e) Merger or Consolidation. Upon merger or consolidation of the Association with another association formed for similar purposes, the Association's properties, rights and obligations may be transferred to the surviving or consolidated Association, or alternatively, the properties, rights and obligations of the other association may be assumed by the Association, as the surviving entity. No such merger or consolidation shall effect any revocation, termination, change or addition to this Declaration except pursuant to Articles 15 and 16.

## ARTICLE 2

COMMON AREA

Section 2.1. Conveyance; Title. The Declarant shall convey the Common Area in each Phase of the Property to the Association in fee simple, released from any encumbrance securing the repayment of monetary obligations incurred by the Declarant, but subject to all easements and other encumbrances then of record (including those created by this Declaration). The Association shall accept title to any real estate or personal property offered to the Association by the Declarant and the Association shall obtain title insurance for any real estate acquired in its own name. The Declarant will try to identify specifically the Common Area, but such identification shall not be required in order for the real estate to be Common Area. If the Declarant determines that a particular parcel of real estate is or is not Common Area, such determination shall be binding and conclusive. The Common Area may change from time to time. Accordingly, references to Common Area shall be deemed to refer to the Common Area existing at the relevant time.

Section 2.2. No Dedication. Nothing contained herein or in the other Association Documents shall be construed as a dedication to public use or as an assumption of responsibility for Upkeep of any Common Area by any public or municipal agency, authority or utility, nor shall it be construed to prevent the Board of Directors of the Association from permitting public access to or use of any Common Area.

Section 2.3. Regulation of Common Area. The Board of Directors shall have the right to regulate use of the Common Area pursuant to Section 8.3 and to charge fees for the use of Common Area. The Board of Directors may also mortgage, dedicate or convey Common Area subject to the restrictions in Section 15.4.

Section 2.4. Transfer of Responsibility for Upkeep. When the Declarant transfers any portion of the Common Area to the Association, the Declarant shall provide written notice to the Association, specifying the Common Area or improvements for which responsibility is being transferred, and the Association shall be deemed to have accepted such portion of Common Area and responsibility for upkeep thereof.

Section 2.5. Additional Improvements on Common Area. After the initial improvement and conveyance of any Common Area to the Association, the Declarant may, but is not obligated to, construct additional improvements on the Common Area for the benefit of the Property.

Section 2.6. Right to Use Common Area.

(a) Use and Enjoyment. The Declarant hereby reserves to itself during the Development Period and, on behalf of itself and its successors and assigns, grants to each Owner and each Person lawfully occupying a Lot a non-exclusive right of use and enjoyment in common with others of the Common Area. Such right of use and enjoyment shall be appurtenant to each Lot, whether or not mentioned in the deed thereto.

(b) Recreational Facilities. Each Owner is hereby granted a non-exclusive right of use and enjoyment in common with others of such Recreational Facilities which constitute a portion of the Common Area and a right of access over and through the Common Area to such Recreational Facilities. The rights granted hereby shall be subject to all rights and powers of the Association, when exercised in accordance with the applicable provisions of the Association Documents.

(c) Limitations. The rights of enjoyment and use created in this Section shall be subject to all rights and powers of the Declarant and the Association when exercised in accordance with the other applicable provisions of the Association Documents, including without limitation the Association's right to regulate the use of the Common Area and to establish reasonable charges therefor, and to mortgage the Common Area subject to Section 15.4.

(d) Delegation. Subject to the Rules and Regulations and such other restrictions as may be adopted by the Association, any Person having the right to use and enjoy the Common Area may delegate such rights to such Person's household, guests, employees, tenants, agents and invitees and to such other Persons as may be permitted by the Association. The rights granted by this Declaration shall not be enforceable by Persons to whom such rights may be delegated by Owners, including without limitation the household, tenants, guests, employees, agents and invitees of any Owner. This section does not affect, however, the rights of Mortgagees in possession or court-appointed officers in possession and control of a Lot acting in the name, place and stead of Owners, or any Person's right to enforce any rights granted in any lease or agreement between such Person and an Owner.

### ARTICLE 3

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### ARTICLE 4

#### DEVELOPMENT OF THE PROPERTY

##### Section 4.1. Expansion by the Declarant.

(a) Designated Additional Land. The Declarant hereby reserves an option until the fifteenth anniversary of the date of recordation of this Declaration to expand the Property from time to time without the consent of any Owner or Mortgagee (except the owner of or holder of a deed of trust on such real estate) by submitting all or any portion of the Additional Land to the provisions of this Declaration and the jurisdiction of the Association whether or not such real estate is owned by the Declarant. The option to expand may be terminated only upon the recordation by the Declarant of an instrument relinquishing such option. The Declarant reserves the unilateral right, without the approval of any Owner or Mortgagee, to execute and record a Supplementary Declaration, subjecting any Lot to such additional covenants and restrictions as may be necessary to reflect the different characteristics of such Lot as are not inconsistent with the overall scheme of the Declaration; provided, however, that the Declarant shall not have such right after the conveyance of such Lot to an Owner other than the Declarant without the written consent of such Owner (and the Mortgagee of such Lot). The Declarant shall add Additional Land in accordance with the procedures set forth in Section 4.2. There are no limitations on the option to expand except as set forth in this Article.

(b) Undesignated Additional Land. The Declarant may unilaterally amend the description of Additional Land set forth in Exhibit B without the approval of any Owner or Mortgagee to expand the area referred to as Additional Land whether or not such real estate is owned by the Declarant; provided, however, that such additional real estate is immediately adjacent to the Property or across a public right-of-way from the Property.

Section 4.2. Procedure for Expansion; Additional Covenants. The Declarant may record one or more Supplementary Declarations. Each Supplementary Declaration adding real estate shall: (i) include a legally sufficient description of the real estate added, (ii) designate such real estate with the term "Phase" and a unique identifier so as to differentiate between each portion of the Property; and (iii) describe any real estate being conveyed to the Association as Common Area and describe any new Lots. The real estate designated as Submitted Land on Exhibit A shall be known by the Phase designations shown in Exhibit A. Any Supplementary Declaration may contain such additional covenants and restrictions as may be necessary to reflect the different characteristics of the Lots or the land uses if consistent with the overall scheme of this Declaration. Upon recording a Supplementary Declaration submitting real estate to the Declaration, the provisions of the Declaration shall apply to the real estate thereby added as if such real estate were originally part of the Submitted Land.

Section 4.3. Association Consent Not Required. During the Development Period, the exercise of any right by the Declarant under this Article 4 shall not require the consent of the Association.

Section 4.4. Declarant's Right to Modify the Property. The Declarant shall have the right to modify the topography, grading, landscaping, site improvements, water features, views and general appearance of the Property in the normal course of development and no Owner shall have any rights at common law or otherwise to object to such modifications or to make any claims relating thereto.

Section 4.5 Rights to Facilitate Sales. The Declarant hereby reserves to itself and its designees the right to: (i) use any Lots owned or leased by the Declarant, any other Lot with the written consent of the Owner thereof or any portion of the Common Area (including any buildings thereon) as models, management offices, sales offices, a visitors' center, construction offices, customer service offices, or sales office parking areas (provided, however, that the Declarant or its designee, as appropriate, shall remain responsible for the Upkeep of that portion of the Common Area used for the foregoing purposes); (ii) place and maintain in any location on the Common Area and on any Lot (for a distance of ten feet behind any Lot line which parallels a public street), street and directional signs, temporary promotional signs, temporary construction and sales offices, plantings, street lights, entrance features, "theme area" signs, lighting, stone, wood or masonry walls or fences and other related signs and landscaping features; provided, however, that all signs shall comply with applicable governmental regulations; and (iii) relocate or remove all or any of the above from time to time at the Declarant's sole discretion.

## ARTICLE 5

### SPECIAL DECLARANT RIGHTS; TRANSFER

Section 5.1. Special Declarant Rights. "Special Declarant Rights" are those rights reserved for the benefit of the Declarant as provided for in the Association Documents, and shall include without limitation the following rights: (1) to use easements over and through the Property for the purpose of making improvements within the Property; (2) to maintain models, management offices, visitor centers, construction offices, sales offices, customer service offices and signs advertising the Property; (3) to exercise the rights and votes of the Class B Owner; (4) to remove and replace any director or committee member appointed or elected by the Class B Owner; (5) to make unilateral amendments to the Association Documents as provided in Sections 4.1, 4.3 and 15.1; (6) to add Additional Land; (7) to withdraw Submitted Land; and (8) to exercise any other rights given to the Declarant.

Section 5.2. Transfer of Special Declarant Rights.

(a) Procedure. The Declarant may unilaterally transfer Special Declarant Rights created or reserved under the Association Documents to any Person acquiring Lots or Additional Land by an instrument evidencing the transfer recorded in the Land Records. The instrument is not effective unless executed by the transferor and transferee; provided, however, that a Person acquiring Lots or Additional Land pursuant to Subsection 5.2(c) may unilaterally execute and record an instrument to acquire some or all of the Special Declarant Rights. A partial transfer of Special Declarant Rights does not prevent the transferor declarant from continuing to exercise Special Declarant Rights with respect to real estate retained by such declarant. The instrument providing for a partial transfer of Special Declarant Rights shall allocate voting rights between the transferor and the transferee. To the extent provided in the transfer instrument, each Person having special declarant rights under the Association Documents has the right to transfer such rights unilaterally with respect to real estate owned by such Person. If at any time no Declarant (or holder of Special Declarant Right) exists, a successor may be appointed by an amendment to the Declaration made pursuant to Section 15.2.

(b) Liability of Transferor. Upon transfer of any Special Declarant Right, the transferor has no liability for any act or omission, or any breach of a contractual or warranty obligation arising from the exercise of a Special Declarant Right by a successor declarant who is not an Affiliate of the transferor.

(c) Effect of Foreclosure on Successor. Unless otherwise provided in a Mortgage, in case of foreclosure of a Mortgage (or deed in lieu of foreclosure), tax sale, judicial sale, sale by a trustee under a deed of trust or sale under the Bankruptcy Code or receivership proceedings, of any Lots or Additional Land owned by a declarant, a Person acquiring title to all the Lots or Additional Land being foreclosed or sold, but only upon such Person's request, succeeds to all Special Declarant Rights related to such Lots or Additional Land or only to any rights reserved in the Association Documents to maintain models, management offices, construction offices, sales offices, customer service offices and signs advertising the Property. The judgment, instrument conveying title or other instrument recorded in the Land Records shall provide for transfer of only the Special Declarant Rights requested.

(d) Effect of Foreclosure on Declarant. Upon foreclosure (or deed in lieu of foreclosure), tax sale, judicial sale, sale by a trustee under a deed of trust, or sale under the Bankruptcy Code or receivership proceedings, of all Lots and Additional Land owned by a declarant (1) the declarant ceases to have any Special Declarant Rights, and (2) the Declarant Control Period terminates unless the judgment, instrument conveying title or other instrument recorded among the Land Records provides for transfer of the Special Declarant Rights held by that declarant to a successor declarant.

(e) Liability of Successor. The liabilities and obligations of Persons who succeed to Special Declarant Rights are as follows:

(1) A successor to any Special Declarant Right who is an Affiliate of a declarant is subject to all obligations and liabilities imposed on the transferor by the Association Documents.

(2) A successor to any special declarant right, other than a successor described in paragraphs (3) or (4) of this subsection or a successor who is an Affiliate of a declarant, is subject to all obligations and liabilities imposed by the Association Documents: (A) on a declarant which relate to such declarant's exercise or non-exercise of Special Declarant Rights; or (B) on the transferor, other than: (i) misrepresentations by any previous declarant; (ii) warranty obligations, if any, on improvements made by any previous declarant, or made before the Association was created; (iii) breach

of any fiduciary obligation by any previous declarant or such declarant's appointees to the Board of Directors; or (iv) any liability or obligation imposed on the transferor as a result of the transferor's acts or omissions after the transfer.

(3) A successor to only a right reserved in the Association Documents to maintain models, sales offices, customer service offices and signs, if such successor is not an Affiliate of a declarant, may not exercise any other Special Declarant Right, and is not subject to any liability or obligation as a declarant.

(4) A successor to all Special Declarant Rights held by a transferor who succeeded to those rights pursuant to foreclosure, a deed in lieu of foreclosure or a judgment or instrument conveying title under Subsection (c), may declare the intention in an instrument recorded in the Land Records to hold those rights solely for transfer to another Person. Thereafter, until transferring all Special Declarant Rights to any Person acquiring title to any Lots owned by the successor, or until recording an instrument permitting exercise of all those rights, that successor may not exercise any of those rights other than any right held by the transferor to vote as the Class B Owner in accordance with the provisions of the Association Documents, and any attempted exercise of those rights is void. So long as a successor declarant may not exercise Special Declarant Rights under this subsection, such successor is not subject to any liability or obligation as a declarant.

(f) Limitation. Nothing in this Article subjects any successor to a Special Declarant Right to any claim against or other obligation of a transferor declarant, other than claims and obligations arising under the Association Documents.

(g) Affiliate. For the purposes of this section, "Affiliate" or "Affiliate of a declarant" means any Person who controls, is controlled by, or is under common control with a declarant. A Person controls a declarant if the Person (i) is a general partner, officer, director or employer of the declarant, (ii) directly or indirectly or acting in concert with one or more Persons or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing more than twenty percent of the voting interests in the declarant, (iii) controls in any manner the election of a majority of the directors of the declarant, or (iv) has contributed more than twenty percent of the capital of the declarant. A Person is controlled by a declarant if the declarant (i) is a general partner, officer, director or employer of the person, (ii) directly or indirectly or acting in concert with one or more other Persons or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing more than twenty percent of the voting interest in the Person, (iii) controls in any manner the election of a majority of the directors of the Person, or (iv) has contributed more than twenty percent of the capital of the Person. Control does not exist if the powers described in this paragraph are held solely as security for an obligation and are not exercised.

Section 5.3. No Obligations. Nothing contained in the Association Documents shall impose upon the Declarant or its successors or assigns any obligation of any nature to build, construct, warrant, renovate or provide any improvements. Neither the Declarant nor its successors or assigns shall be liable to any Owner or occupant by reason of any mistake in judgment, negligence, nonfeasance, action or inaction or for the enforcement or failure to enforce any provision of this Declaration. No Owner or occupant of any portion of the Property shall bring any action or suit against the Declarant to recover any damages or to seek equitable relief because of the enforcement or failure to enforce any provision of the Declaration against a third party.

## ARTICLE 6

COMMON EXPENSES AND ASSESSMENTSSection 6.1. Determination of Common Expenses and Budget.

(a) Fiscal Year. The first fiscal year of the Association shall be as determined in accordance with Section 9.4 of the Bylaws.

(b) Preparation and Approval of Budget.

(1) At least sixty-five days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary for the ensuing fiscal year to pay the cost of management and Upkeep of the Common Area and, to the extent provided in the Association Documents, Upkeep of the Lots, and the cost of other expenses that may be declared to be Common Expenses by the Association Documents or by a resolution of the Board of Directors, including without limitation services provided to the Owners, Lots or Common Area.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital (available cash for day-to-day expenses which is otherwise uncommitted), a general operating reserve (including an amount to cover operating losses due to insurance deductibles) and reserves for contingencies (potential costs or liabilities which have not been incurred but which should be planned for) and reserves for replacements. At least fifty-five days before the beginning of each fiscal year, the Board of Directors shall make available a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and provide a copy of such budget to each Owner. Such budget shall constitute the basis for determining the Assessment against each Lot.

(c) Installment Payments and Due Dates. Any and all such Assessments and other charges shall be a lien against each Owner's Lot as provided in Section 12.2. On or before the first day of each fiscal year or such other date established by the Board of Directors, each Owner shall pay to such Person at such place as the Board of Directors may direct the Annual Assessment which is due for such year. All sums collected by the Board of Directors with respect to Assessments against the Lots or from any other source may be commingled into a single fund.

(d) Initial Budget and Initial Assessments.

(1) Upon taking office, the first Board of Directors shall determine the budget, as defined in this section, for the period commencing thirty days after taking office and ending on the last day of the fiscal year in which such directors take office.

(2) The first Annual Assessment for Common Expenses shall be prorated based upon the number of days remaining in the fiscal year and shall be due on the earlier of: (i) the date the Lot is conveyed to an Owner other than the Declarant or a Builder or (ii) the date the Lot is occupied for the first time. Such Assessment shall be levied and become a lien as set forth in Section 12.2.

(3) Notwithstanding the foregoing, the Declarant may, at the Declarant's sole option, decide to pay all ordinary operating costs of the Association for a period of time not to exceed two years. If the Declarant so elects, the Association will incur no Common Expenses and thus no regular Annual Assessments will be collected during such time.



(4) Each Purchaser of a Lot other than the Declarant or a Builder shall pay at settlement an "initial contribution" equal to \$150.00 increased each year by the same percentage as the increase in the total Annual Assessment for such purchaser's Lot to provide necessary working capital for the Association. The Declarant, however, shall not be required to pay an "initial contribution" on the Lots owned by the Declarant. Such funds are to be used for such costs of the Association as the Board of Directors may determine.

(e) Effect of Failure to Prepare or Adopt Budget. For the first fiscal year of the Association following the first conveyance of any Lot to an Owner other than the Declarant or a Builder, and for all fiscal years thereafter, the Board of Directors shall establish the Annual Assessment against each Lot for Common Expenses. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay Assessments at the rate established for the previous fiscal year until notified of the new payment. Within ten days after such new annual or adjusted budget is adopted and the Owner receives such notice of such new payment, Owner shall pay the difference between the Assessment paid for such fiscal year at the previous fiscal year rate and the new Assessment Rate.

(f) Pledge of Revenues. The Board of Directors, by a vote of two-thirds of the total number of directors, shall have the right and power to assign and pledge all revenues to be received by the Association, including but not limited to Annual Assessments and Additional Assessments in order to secure the repayment of any sums borrowed by the Association from time to time.

#### Section 6.2. Assessments.

(a) Annual Assessments. Subject to the provisions of Section 6.3, the total amount of the estimated funds required for: (i) the management and Upkeep of the Property; (ii) services to the Lots and Owners; and (iii) to meet obligations of the Association established pursuant to this Declaration or other shared Upkeep agreements shall be assessed annually against the Lots or levied as an Annual Assessment. Subject to the limitations set forth in Section 6.3, the Association shall assess each Class A Owner an equal Annual Assessment against all Lots subject to assessment for Common Expenses.

(b) Additional Assessments. The Board of Directors may levy Additional Assessments on the Lots subject to assessment pursuant to Subsection 6.2(a). The Board of Directors shall give notice of any Additional Assessment to the Owners specifying the amount and reasons therefor, and such Assessment shall, unless otherwise specified in the notice, be payable in full within ten days after the date of such notice or in periodic installments, as the Board may determine. Such Assessment shall be a lien as set forth in Section 12.2.

(c) Individual Assessments. The Board of Directors shall have the power to assess an Owner's Lot individually: (i) for the amount of any costs incurred by the Association pursuant to Subsection 7.2(a) in performing Upkeep that the Owner failed to perform as required by that section; (ii) for the amount of any charges imposed on that Owner pursuant to Subsection 12.1(h); (iii) for any costs incurred by the Association because of any violation or negligence for which that Owner is responsible under Subsection 12.1(a); and (iv) fees charged for individual use of the Common Area. Each such Assessment made under clauses (i), (ii) or (iii) shall be due ten days after notice thereof is given to the Owner unless the notice specifies a later date.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations (including losses due to insurance deductibles), contingencies and replacements. Such funds shall be a Common Expense of the Association and shall be deposited and invested by the Board of Directors. At least seventy-five percent of such reserve funds shall be deposited with one or more financial institutions, the accounts of which are insured by an agency of the United States of America or, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

As to each separate reserve account:

(1) Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year, shall be charged first against the appropriate reserves. Except for expenses for normal Upkeep shown in the annual operating budget, all expenses for repair and replacement of physical assets maintained by the Association shall be charged first against the appropriate reserves. Unless otherwise determined by the Board of Directors, the amount held as reserves shall not substantially exceed the amount reasonably required to assure the Association's ability to replace components as they reach the end of their useful lives.

(2) If regular annual Upkeep extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items or by distribution to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner during the last complete fiscal year.

(3) If the reserves are inadequate to meet actual expenditures for any reason (including non-payment of any Owner's Assessment) then the Board of Directors shall, in accordance with Subsection 6.2(b), levy an Additional Assessment against the Lots, unless the Declarant is then obligated to pay such amounts pursuant to Subsection 6.3(b).

(f) Surplus and Deficit.

(1) Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors: (i) be placed in reserve accounts; (ii) be placed in a special account to be expended solely for the general welfare of the Owners; (iii) be credited to the next Assessment payments due from Owners until exhausted, or (iv) be distributed to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner.

(2) Unless the surplus from the preceding years is applied against the deficit or the budget for the succeeding fiscal year is adjusted to amortize the deficit during such fiscal year, any net shortage in expenses (including reserves) shall be assessed promptly against the Owners as an Additional Assessment in accordance with Subsection 6.2(b) unless the Declarant is then obligated to pay such amounts pursuant to Subsection 6.3(b).

(g) Lots Added During the Fiscal Year. Notwithstanding any other provision of this Article, whenever any Additional Land is added, the Assessment against each Lot being added (other than unoccupied Lots which are owned by the Declarant or a Builder and exempt from assessment in accordance with Section 6.3) shall be calculated in the same manner and be due in the same number of installments as the Assessment for the remainder of the fiscal year against Lots already a part of the Property. In addition, the Owner of the Lot being added shall pay a prorated portion of any amount payable for the period between the later of (i) the date the Lot was conveyed to an Owner other than the Declarant or a Builder or (ii) the date such Lot was added to the Property and the due date of the next

installment. Such proration of the Assessment due for any Lot added shall be based upon the total Assessment due and a 365-day fiscal year. Payment of the prorated portion will be due no later than the due date of the first installment to be paid by the Owner of any Lot added. The Board of Directors may revise the budget to reflect the addition of such Lots.

(h) Minimum Service Levels. Without a Majority Vote of the Owners, the Board of Directors shall not in any one fiscal year reduce (i) any line item in the annual operating budget in excess of ten percent or (ii) the total assessment for Common Expenses for that fiscal year by more than twenty percent if it would require a material reduction in the level of services to be provided.

Section 6.3. Assessment Against Lots Owned by the Declarant; Deficit-funding Obligation; Exemptions.

(a) Declarant's Deficit-funding Obligation. During the Declarant Control Period, the Declarant must fund all operating budget deficits (the amount by which the operating expenses of the Association exceed the total budgeted income of the Association), including reasonable reserves (based on expected useful life of the Common Area improvements), as determined by the Board of Directors. The Declarant's deficit funding obligation hereunder may be satisfied with in-kind payments of services or materials. The Declarant's obligation under this section does not include any expenses that the Association is unable to meet because of nonpayment of any Owner's Assessment or because of unusual or extraordinary expenses not included in the budget. The net deficit to be paid by the Declarant shall be cumulative over the period the Declarant owns Lots exempt from full assessment, regardless of the timing of payments or cash flow of the Association. The Declarant's obligation under this section shall not exceed the amount the Declarant would be obligated to pay if all Lots owned by the Declarant were assessed in accordance with Subsection 6.2(a) less any Assessments actually paid pursuant to Subsection 6.3(a) with respect to such Lots.

(b) Exemptions. The Common Area and any properties dedicated to a public authority or exempt from taxation by a public authority shall be exempt from assessment and the lien created hereby. Notwithstanding any other provision of this Declaration, Lots owned by the Declarant which have never been occupied shall be exempt from full assessment for Common Expenses and the lien created hereby for so long as the one-time or reduced assessment levied pursuant to Subsection 6.3(a) is paid. The exemption from paying Assessments shall not apply to Lots used for model home purposes.

Section 6.4. Liability for Common Expenses.

(a) Declarant and Owner Liability. Each Owner of a Lot, by acceptance of a deed therefor (whether or not so stated in any such deed or other conveyance), covenant and agrees to pay to the Association all Common Expenses and other charges assessed by the Board of Directors pursuant to the provisions of this Declaration. Each Owner shall be personally liable for all Assessments against such Owner's Lot. No Owner may be exempted from liability for the assessment for Common Expenses by reason of waiver of the use or enjoyment of any of the Common Area or by abandonment of the Lot. No Owner shall be liable for the payment of any part of the Common Expenses assessed against the Lot subsequent to the date of recordation of a conveyance by such Owner in fee of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and Assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid Assessments against the latter for (i) the amount shown on the Statement of Common Expenses or (ii) if no Statement of Common Expenses is obtained, the amount shown on the assessment or judgment lien against the Lot filed in the Land Records; or (iii) if no Statement of Common Expenses is obtained and no assessment or judgment lien has been filed, the amount owed not to exceed six monthly installments of the Annual Assessment for Common Expenses, in any case without prejudice to the

purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor. The Lot also shall remain subject to a lien for the amount owed to the Association in accordance with this section until such amount has been paid. Any such purchaser may rely on a Statement of Common Expenses obtained pursuant to Section 6.6.

(b) Mortgagee Liability. Each Mortgagee who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid Assessments or charges against such Lot which accrue prior to the time such Mortgagee or purchaser comes into possession thereof, except as provided below and for claims for a pro rata share of such Assessments or charges resulting from a pro rata reallocation of such Assessments or charges to all Lots including the mortgaged Lot assessed after the Mortgagee or purchaser takes possession. The lien created by Section 12.2 shall cease to exist with respect to Assessments and charges levied prior to the time title is transferred by foreclosure or by deed or assignment in lieu thereof; provided, however, that if the proceeds of a foreclosure exceed the total amount due to the Mortgagee, the excess shall first be paid to the Association and applied to the satisfaction of the Association's lien created by Section 12.2.

Section 6.5. Collection of Assessments. Any Assessment, or installment thereof, not paid within ten days after the due date shall be delinquent and shall accrue a late charge in the amount of \$25.00, or such other amount as may be established from time to time by the Board of Directors. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any Assessments for Common Expenses due from any Owner which remain unpaid for more than thirty days after the due date for payment thereof. The late charge is in addition to the Association's other enforcement powers pursuant to Article 12.

Section 6.6. Statement of Common Expenses. The Board of Directors or managing agent shall provide any Owner, contract purchaser or Mortgagee, within fourteen days after a written request therefor (or within such other time period as may be required by law), with a written statement of all unpaid Assessments due with respect to a specific Lot (or a statement that the amount of unpaid Assessments is zero) ("Statement of Common Expenses"). No contract purchaser, Mortgagee or purchaser from a Mortgagee requesting such a statement shall be liable for, nor shall the Lot conveyed to such Person relying on such statement be subject to a lien for, any unpaid Assessments due prior to the date of such statement in excess of the amount set forth on such statement; provided, however, that this section shall not be interpreted to release any Person from personal liability for such Assessments levied while such Person owned the Lot. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

## ARTICLE 7

### OPERATION OF THE PROPERTY

Section 7.1. Upkeep by the Association.

(a) Common Area. The Association shall be responsible for the management and Upkeep of all of the Common Area, such Upkeep to include without limitation (1) Upkeep of all private parks and other open areas, including grass cutting, trash collection, landscaping and lawn maintenance; (2) Upkeep of the sidewalks and parking areas, including clearing snow and ice; (3) Upkeep and operation of all Recreational Facilities located on the Common Area, if any; and (4) Upkeep of all other improvements located on the Common Area. The Association shall not have any other responsibility for the Upkeep of any Lot except for those responsibilities and duties specifically enumerated within the

Association Documents for Lots pursuant to this Section 7.1 and Subsection 7.7(c) or other areas described in the subdivision documents for the Property or separate easement agreements.

(b) Costs. (1) Except as otherwise specifically provided in this Section 7.1, the cost of all management and Upkeep of the Common Area shall be charged to the Owners as a Common Expense (except for improvements specially assessed in accordance with Section 7.4).

(2) If the Board of Directors determines that certain Upkeep was necessitated by the negligence, misuse or misconduct of an Owner or for which an Owner is responsible pursuant to Section 12.1, the cost of such Upkeep shall be assessed against such Owner's Lot pursuant to Subsections 6.2(c) and 12.1(a).

(c) Standards for Upkeep. Subject to Subsection 6.2(h), the Board of Directors shall establish the standard for Upkeep of the Common Area in its sole discretion ; provided, however, that the standard for Upkeep, at a minimum, shall be sufficient to meet the requirements of applicable law and governmental regulations.

(d) Entrance Features, Signs and Rights-of-Way. The Board of Directors may determine to provide for the Upkeep of: (i) entrance features; (ii) sidewalks and paths; (iii) project, street, traffic and directional signage and accessories, including poles; (iv) street lights and accessories, including poles; (v) mail box pavilions, (vi) center islands and road frontage; and (vii) landscaping and associated lighting and irrigation systems, (but excluding street pavement area within the public rights-of-way) both located within the Property and within the public rights-of-way adjacent to or leading to the Property to the extent such items are not maintained by a governmental authority or others and to the extent permitted by the appropriate governmental authorities. The Board of Directors may place, pay for and/or provide Upkeep for off-site signage beneficial to the Owners.

(e) Shared Maintenance. The Board of Directors may enter into shared maintenance agreements to maintain areas whether or not located within the Property. Such areas may include without limitation storm water management or drainage easements and facilities, landscaping, entrance features, signage, trails, sidewalks and areas along streets and roadways (including within public rights-of-way to the extent not maintained by the appropriate governmental authorities, excluding street pavement areas). The amounts charged the Association pursuant to such agreements shall be a Common Expense, as determined by the Board of Directors.

#### Section 7.2. Upkeep by the Owners.

(a) Lots. Each Owner shall keep such Owner's Lot and all improvements located on the Lot in good order, condition and repair and in a clean and sanitary condition, in accordance with local ordinances, except as may be otherwise provided in this Declaration or in a Supplementary Declaration. Each Owner of a Lot shall maintain the lead sidewalk, driveway, driveway apron and utility laterals serving such Owner's Lot, even if located on Common Area. Each Owner of a Lot shall perform all necessary grounds maintenance and also clear snow and ice from any sidewalks located adjacent to such Owner's Lot. Each Owner shall perform these responsibilities in such manner as shall not unreasonably disturb or interfere with the reasonable enjoyment by the other Owners of their Lots. If any Owner shall fail to keep such Owner's Lot in good repair and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Board or the Covenants Committee may, pursuant to resolution, give notice to that Owner of the condition complained of, describing generally the action to be taken to rectify that condition. If the Owner fails to take the actions described or to otherwise rectify the condition within thirty days after the date the notice is given, or such other period as may be specified in the notice if the circumstances warrant a different period, the Board of

Directors or the Covenants Committee shall have the right, but not the obligation, pursuant to Subsection 12.1(e) and any resolutions adopted by the Board of Directors or the Covenants Committee, to rectify that condition by taking such action (or by causing such action to be taken) as was generally described in the notice. The costs incurred in rectifying the condition shall be assessed against such Owner's Lot in accordance with Subsection 6.2(c) and Section 12.1. The Owner shall reimburse the Association within thirty days after delivery of a statement for such expenses from the Board.

(b) Assignment of Insurance Proceeds. Each Owner covenants and agrees, by acquisition of title to a Lot, that if any insurance proceeds are payable by reason of any event or circumstances causing a condition rectified by the Association pursuant to this Article, those proceeds are hereby assigned to the Association to the extent not assigned to the Mortgagee in the Mortgage. Each Owner shall, promptly upon request of any Director or Officer of the Association, sign such documents as may be necessary to effect or confirm such assignment. The amount thereof received by the Association shall be credited against the costs incurred by the Association in rectifying that condition and any amount in excess of those costs shall be returned by the Association to the Owner, subject to the rights of any Mortgagee having a lien upon such Owner's Lot.

Section 7.3. Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be made with contemporary materials.

Section 7.4. Additions, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the Common Area shall require capital additions, alterations or improvements (other than for Upkeep) costing in excess of ten percent in the aggregate of the total Annual Assessment for that fiscal year during any period of twelve consecutive months, the making of such additions, alterations or improvements requires a Majority Vote of the Owners, and the Board of Directors shall pay the cost from existing funds or assess all Owners benefited for the cost thereof as a Common Expense. Any capital additions, alterations or improvements (other than for Upkeep) costing in the aggregate ten percent or less of the total Annual Assessment for that fiscal year during any period of twelve consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute a Common Expense.

Section 7.5. Additions, Alterations or Improvements by the Owners. Any addition, alteration or improvement by an Owner shall be subject to Article 9.

Section 7.6. Parking Access.

(a) Right to Use Parking Areas. Each of the parking spaces located on the Common Area, if any, shall be available for the use of the Owners. In this Section 7.6, "Owners" means the Owners and such Owners' tenants and such Owners' (or tenants') households, guests, employees, agents or invitees. Such use shall be subject to Subsection 7.6(b) and such reasonable Rules and Regulations regulating the same as the Board of Directors may adopt. Unless otherwise specifically designated in this Declaration or any other agreement, the parking areas and driveways on each Owner's Lot are to be used and maintained solely by such Owner and such Owner's designees.

(b) Limitations. All parking spaces located in the Common Area shall be used by the Owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine or as may be otherwise stated with respect to Additional Land in an amendment to this Declaration adding such Additional Land. No Owner shall park on the Common Area parking spaces more than one vehicle (owned or leased by such Owner, a member of such Owner's household, employees, agents or a tenant leasing the Lot) without the prior written consent of the Board

of Directors. The Board has the right to restrict the number of parking spaces located on the Common Area used by one Owner. If the Board of Directors assigns Common Area parking spaces, anyone assigned a handicap accessible parking may be reassigned a different parking space to accommodate the needs of a handicapped occupant. During the Development Period, any number of parking spaces located on the Common Area may be restricted to the Declarant's or its designees' use for sales purposes.

Section 7.7. Disclaimer of Liability.

(a) Bailee. The Board of Directors, the Association, any Owner and the Declarant shall not be considered a bailee of any personal property stored or placed on the Common Area (including property located in vehicles parked on the Common Area), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

(b) Operational. The Association shall not be liable for any failure of water supply or utility service or other services to be obtained by the Association or paid for as a Common Expense, or for personal injury or property damage caused by the elements or by any Owner, or any other Person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Property or from any pipe, drain, conduit, appliance or equipment, or any secondary or consequential damages of any type. No diminution, offset or abatement of any Assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Property by the Association or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any governmental authority. This section is not intended nor shall it be construed to relieve any insurer of its contractual obligations under any policy benefiting the Association or an Owner.

ARTICLE 8

RESTRICTIONS ON USE OF LOTS AND COMMON AREA;  
RULES AND REGULATIONS

Section 8.1. Permitted Uses. Except as otherwise provided in the Association Documents, each Lot and the Common Area may be occupied and used for single family residential and related recreational purposes for which such Lot is zoned and designed and which are permissible under local zoning ordinances. No Lot or the Common Area shall be used for any other purpose without the prior written approval of the Board of Directors. The Board's approval of other uses may be conditioned or withheld at the Board's discretion. Each Owner shall comply with applicable zoning requirements, as amended from time to time. The Declarant and its successors, assigns and designees may use any Lot owned by the Declarant (or any other Lot with the permission of the Owner thereof) or any portion of the Common Area for promotional, marketing, display or customer service purposes (such as a visitors' center) for home sales, or for the settlement of sales of Lots. Further, the Declarant specifically reserves the right to operate construction offices, brokerage and management offices, sales offices and model or display homes at any time on Lots owned or leased by the Declarant (or any other Lot with the permission of the Owner thereof) and on any portion of the Common Area, to the extent permitted by law. The Declarant may assign its rights under this subsection to or share such rights with one or more other Persons, exclusively, simultaneously or consecutively with respect to the Common Area and Lots owned or leased by the Declarant or such Persons.

Section 8.2. Restrictions on Use. The following restrictions on use shall apply to all Lots.

(a) No Unsafe Activities or Waste. Nothing shall be done or kept on the Property which will increase the rate of insurance for the Common Area or any part thereof applicable for permitted uses without the prior written consent of the Board of Directors; including without limitation any activities which are unsafe or hazardous with respect to any person or property. No Person shall permit anything to be done or kept on the Property which will result in the cancellation of any insurance on the Common Area or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the Common Area.

(b) Compliance with Laws. No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed; provided, however, that the Association and the Board of Directors shall have the power but not the obligation to enforce such laws, ordinances and regulations, enforcement being the primary responsibility of government officials. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Owner, the Association or the Declarant, whichever shall have the obligation for the Upkeep of such portion of the Property, and, if the Association, then the cost of such compliance shall be a Common Expense.

(c) Harmful Discharges. There shall be no emissions of dust, sweepings, dirt, cinders, odors, gases or other substances into the atmosphere (other than normal residential chimney emissions), no production, storage or discharge of hazardous wastes on the Property or discharges of liquid, solid wastes or other harmful matter into the ground or any body of water, if such emission, production, storage or discharge may adversely affect the use or intended use of any portion of the Property or may adversely affect the health, safety or comfort of the occupants of the Lots. No waste nor any substance or materials of any kind shall be discharged into any public sewer serving the Property or any part thereof in violation of any regulation of any public body having jurisdiction over such public sewer.

(d) Noise. No Person shall cause any unreasonably loud noise (except for security devices) anywhere on the Property, nor shall any Person permit or engage in any activity, practice or behavior for the purpose of causing annoyance, discomfort or disturbance to any Person lawfully present on any portion of the Property. This provision shall not be construed to forbid any work involved in the construction or Upkeep of any portion of the Property so long as such work is undertaken and carried out (i) with the minimum practical disturbance to Persons occupying other portions of the Property; (ii) in such a way as does not violate the rights of any Person under other provisions of this Declaration; and (iii) in accordance with all applicable restrictions in the Rules and Regulations, the resolutions of the Board of Directors and the other provisions of this Declaration.

(e) Obstructions. No Person shall obstruct any of the Common Area or otherwise impede the rightful access of any other Person on any portion of the Property upon which such Person has the right to be. No Person shall place or cause or permit anything to be placed on or in any portion of the Common Area without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Area except with the prior written approval of the Board of Directors.

(f) Association Property. The Common Area shall be used only for the furnishing of the services and facilities for which the same is reasonably suited and which are incident to the use and occupancy of the Lots. The improvements located on the Common Area, if any, shall be used only for their intended purposes. Except as otherwise expressly provided in the Association Documents, no Owner shall make any private, exclusive or proprietary use of any of the Common Area without the prior written approval of the Board of Directors, and then only on a temporary basis. No Person shall engage or direct any employee of the Association on any private business of the Owner or otherwise direct,



supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association.

(g) Signs and Flags. Except for such signs, flags and banners as may be posted by the Declarant or a Builder (as permitted by the Declarant) for promotional or marketing purposes or by the Association, ~~no signs, flags or banners of any character shall be erected, posted or displayed unless in compliance with the Design Guidelines or~~ with the prior written approval of the Covenants Committee. An American flag and the flag of any one of the United States may be flown in the size, manner and place permitted by the Covenants Committee. No free-standing flagpoles are permitted, except as may be installed by the Declarant or a Builder during the Development Period or the Association.

(h) Trash. Trash storage and collection shall be in accordance with the Rules and Regulations. Except in connection with construction activities, no burning of any trash and no accumulation or storage of litter, refuse, bulk materials, building materials or trash of any other kind shall be permitted on any Lot. Trash containers shall not be permitted to remain in a location Visible from Neighboring Property except on days of trash collection. No incinerator shall be kept or maintained upon any Lot without the prior written approval of the Covenants Committee.

(i) Landscaping; Temporary Structures; Utility Lines. No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on streets. No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes line, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot except in connection with construction activities. Pavement, plantings and other landscape materials shall not be placed or permitted to remain upon any Lot: (i) if such materials may damage or interfere with any easement for the installation or Upkeep of utilities; (ii) in violation of the requirements of such easements; (iii) unless in conformity with public utility standards; or (iv) if such materials may unreasonably change, obstruct or retard direction or flow of any drainage channels. Otherwise, the installation of such materials within utility easements shall be encouraged. Except for hoses and the like which are reasonably necessary in connection with construction activities or normal landscape Upkeep, no water pipe, sewer pipe, gas pipe, drainage pipe, television or telephone cable, electric line or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground.

(j) Cutting Trees. Except in accordance with the Design Guidelines, no sound trees shall be removed from any Lot without the prior written approval of the Covenants Committee unless necessary to construct improvements based on plans previously approved by the Covenants Committee or appropriate subcommittee thereof. No live trees with a diameter in excess of four inches, measured twelve inches above ground, nor trees in excess of two inches in diameter, similarly measured, which are generally known as flowering trees (such as dogwood or redbud) or as broad leaf evergreens (such as holly, laurel, or rhododendron), no live vegetation on slopes of greater than twenty percent gradient or marked "no cut" areas on approved site plans may be cut without prior approval of the Covenants Committee. Further, no live trees planted by the Declarant or a Builder to comply with applicable ordinances or other governmental requirements shall be cut without the prior written approval of the Covenants Committee.

(k) Antennas. No exterior antenna, satellite dish or similar exterior improvement shall be maintained upon the Property without the prior written approval of the Covenants Committee; provided, however, that the Association shall not prevent access to telecommunications services in violation of applicable law. Exterior antennas, satellite dishes greater than one meter (39 inches) in diameter, or amateur radio equipment generally will not be allowed upon the Property; provided, however, that: (i) an Owner may install an antenna or satellite dish permitted by the Association's

antenna and satellite dish rules upon prior written notice to the Covenants Committee; (ii) the Covenants Committee may approve other antennas or satellite dishes in the appropriate circumstances; and (iii) the Covenants Committee may establish additional or different guidelines for antennas and satellite dishes as technology changes. Notwithstanding the foregoing, the Board of Directors may install and maintain antennas, satellite dishes and similar equipment on the Common Area to serve the Property.

(l) Fences. Except for any fence installed by the Declarant or a Builder (as permitted by the Declarant) or the Association, no fence shall be installed except in compliance with the applicable Design Guidelines or with the written approval of the Covenants Committee. No chain link fence shall be permitted on the Property; provided, however, that the Declarant or its designees may erect a chain link fence for the temporary storage of building materials for the protection of building sites or storm water management ponds or for other construction or safety purposes.

(m) Vehicles. Except in connection with construction activities, no commercial vehicles over 3,500 pounds gross weight (vehicles on which commercial lettering or equipment is visible or which are larger than normally used of noncommercial purposes) taxicabs or trailers, campers, recreational vehicles, boats and other large vehicles, including grounds maintenance equipment, may be parked or used on any portion of the Property if it is Visible from Neighboring Property unless expressly permitted by the Board of Directors and only in such parking areas or for such time periods (if any) as may be designated for such purpose. Except as may be modified by resolution of the Board of Directors, prohibited vehicles would include, without limitation, any vehicle: (1) with a load capacity in excess of one ton, (2) oversized (higher than eight feet, wider than eight feet or longer than eighteen feet), (3) with commercial license plates or (4) with commercial signage. Parking of all such vehicles and related equipment, other than on a temporary and non-recurring basis, shall be in garages or screened enclosures approved by the Covenants Committee or in areas designated by the Board of Directors, if any. The Board has no obligation to designate any such area or permit parking of such vehicles on the Residential Lots. No junk or derelict vehicle or other vehicle on which current registration plates and current county and state inspection permits are not displayed shall be kept upon any portion of the Property if it is Visible from Neighboring Property. Vehicle repairs and storage of vehicles are not permitted, except in accordance with the Rules and Regulations; provided, however, that washing of vehicles on Lots and noncommercial repair of vehicles is permitted within enclosed structures as provided in the Rules and Regulations. All motor vehicles, including without limitation trail bikes, motorcycles, dune buggies and snowmobiles, shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on sidewalks, paths or unpaved portions of Common Area, except vehicles authorized by the Board of Directors for Upkeep of the Common Area.

(n) Timesharing. No Lot shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly or any other type of revolving or periodic occupancy by multiple Owners, cooperators, licensees or timesharing participants.

(o) Animals. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited on any Lot or upon the Common Area, except for guide animals and a reasonable number of orderly, traditional domestic pets (e.g., dogs, cats or caged birds), is permitted subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding. Any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon ten days written notice from the Board of Directors. Pets shall not be permitted upon the Common Area unless accompanied by someone who can control the pet and unless carried or leashed. The person walking the pet shall clean up pet droppings. Any Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Owner and the Declarant free and harmless from any loss, claim or liability of

any kind or character whatever arising by reason of keeping or maintaining such pet within the Property. All pets which regularly leave the Lot shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Association due to the presence of such pets.

(p) Hunting, Firearms and Fishing. No hunting, trapping or fishing of any kind or discharge of any firearm or other weapon shall be permitted without the prior written approval of the Board of Directors.

(q) Watercraft. No person may use any watercraft on any lake, stream or other body of water within the Property without the permission of the Board of Directors.

(r) Operation of Recreational Vehicles. No person may operate a motorcycle, trail bike, motor bike or similar vehicle on a sidewalk or path; such vehicle may only be operated on the Public Streets and Roadways.

(s) Open Fires. Open burning is not permitted on the Property, except that outdoor fireplaces, grills, and chimneys may be used if equipped with fire screens to prevent the discharge of embers or ashes.

(t) Lighting. No exterior lighting shall be directed outside the boundaries of a Lot without the prior written approval of the appropriate Covenants Committee.

(u) Aesthetic Issues. Unless in compliance with the applicable Design Guidelines, mailboxes and newspaper tubes, exterior clotheslines and swimming pools may not be installed on a Lot.

(v) Home Offices or Home Businesses. No Lot shall ever be used for any business, commercial, manufacturing, mercantile, storage, vending, sales or other non-residential purpose; provided, however, that an Owner may maintain an office or home business in the dwelling constructed on an Owner's Lot if (i) such office or home business is operated by the Owner or a member of the Owner's household residing on the Lot; (ii) there are no displays or signs indicating that the Lot is being used other than a residence except with the prior written approval of the Board of Directors; (iii) such office or business does not generate significant traffic or parking usage (as determined by the Board of Directors) by clients, customers or other persons related to the business; (iv) no equipment or other items related to the business are stored, parked or otherwise kept on such Owner's Lot or the Property outside of an approved enclosure, except with the prior written approval of the Board of Directors; (v) such Owner has obtained any required approvals for such use from the appropriate local governmental agency; (vi) the activity is consistent with the residential nature of the Property and complies with local ordinances; (vii) the dwelling is used primarily as a residence; and (viii) the Owner has obtained prior written approval of the Board of Directors. As a condition to such use, the Board may require the Owner to pay any increase in the rate of insurance or other costs for the Association which may result from such use. Garage sales, yard sales and similar activities shall be conducted only in accordance with the Rules and Regulations adopted by the Board of Directors.

(w) Construction Activities. This section shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Property so long as such work is undertaken and carried out: (i) with the minimum practical disturbance to Persons occupying other portions of the Property; (ii) in such a way as does not violate the rights of any Person under other provisions of this Declaration; and (iii) in accordance with all applicable restrictions in the Rules and Regulations, the resolutions of the Board of Directors and the other provisions of this Declaration. The

Board of Directors may approve temporary structures for construction purposes which may otherwise be in violation of the Association Documents or the Rules and Regulations.

(x) Garages. No garage on a Lot shall be converted to living space or altered or used for purposes which would prevent the use of the garage for the parking of the intended number of vehicles for which it was constructed without the prior written approval of the Covenants Committee.

(y) Wetlands, Drainage Areas, Watercourses. No Person shall alter, or permit or suffer the disturbance or alteration of, any wetlands, drainage areas, or natural water courses without the prior approval of (i) the local and state governmental authorities having jurisdiction; (ii) the Declarant during the Development Period; and (iii) the Association after the Development Period.

(z) Floodplain Area. The 100 year floodplain elevation varies within the plat for Steeplechase of Northville Sub. 1 ("Sub. No. 1 Plat") from 920.4 N.G.V. Datum at the downstream side of Seven Mile Road to 904.5 at the east property line, as shown on the Sub. No. 1 Plat. Floodplain areas are labeled "FLOODPLAIN AREA" on the plat. No filling or occupation of the floodplain area will be allowed without prior written approval of the Department of Environmental Quality. With respect to Lot 39 and Kirkland Park, as shown on Sub. No. 1 Plat, any building used or capable of being used for residential purposes and occupancy within or affected by the floodplain shall comply with all of the following requirements:

(i) Have lower floors, excluding basements, not lower than the elevation defining the floodplain limits.

(ii) Have openings into the basement not lower than the elevation defining the floodplain limits.

(iii) Have basement walls and floors, if below the elevation defining the floodplain limits, that are watertight and designed to withstand hydrostatic pressures from a water level equal to the elevation of the contour defining the floodplain limits following methods and procedures outlined in Chapter 5 for Type A construction and Chapter 6 for Class 1 loads found in the publication entitled "Flood Proofing Regulations," EP 1165 2 314, prepared by the Office of the Chief of Engineers, United States Army, Washington DC, March 1992.

(iv) Be equipped with a positive means of preventing sewer backup from sewer lines and drains that serve the building.

(v) Be properly anchored or weighted to prevent flotation.

Notwithstanding anything herein to the contrary, the foregoing restrictions shall continue in perpetuity and may not be amended without the prior written consent of the Department of Environmental Quality.

### Section 8.3. Rules and Regulations.

(a) Adoption; Variances. The Board of Directors shall have the power to adopt, amend and repeal Rules and Regulations restricting and regulating the use and enjoyment of the Property or of any portion thereof, which may supplement, but may not be inconsistent with the provisions of the Association Documents. The Board of Directors may issue temporary or permanent exceptions or

variances to any prohibitions expressed or implied by this Article, for good cause shown, in accordance with the procedures set forth in Subsection 9.1(d).

(b) Distribution. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Owner and to each occupant requesting the same. Changes to the Rules and Regulations shall be published prior to the time when the same shall become effective and copies thereof shall be provided to each Owner and to each occupant requesting the same.

(c) Limitation. The Rules and Regulations shall not unreasonably interfere with the use or enjoyment of the Lots or Common Area. Any Rules and Regulations adopted or amended after conveyance of a Lot to an Owner other than the Declarant or a Builder may only be amended (except for corrections or minor wording changes) by a two-thirds vote of the total number of directors, following a hearing for which due notice has been provided to all Owners.

Section 8.4. Exclusion for the Declarant and Designees of the Declarant. Notwithstanding any other provision of the Association Documents, neither the restrictions in this Article nor the Rules and Regulations of the Association shall apply to any otherwise lawful acts or omissions of the Declarant or of any Builder approved by the Declarant during the Development Period. This exception for Builders shall be subject to such rules as may be established by the Declarant for safety or to maintain the appearance of the Property.

Section 8.5. Leasing and Resale of Lots.

(a) Leasing. No dwelling or any portion thereof shall be used or occupied for transient or hotel purposes or in any event leased for an initial period of less than six months. No portion of any dwelling (other than the entire dwelling) shall be leased for any period; provided, however, that a reasonable number of roommates is permitted. No Owner shall lease a Lot other than on a written form of lease: (1) requiring the tenant to comply with the Association Documents; (2) providing that failure to comply constitutes a default under the lease; and (3) providing that after forty-five days prior written notice to the Owner, the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor in the event of a default by the tenant under the Association Documents. The Board of Directors may suggest or require a standard form lease for use by Owners. Each Owner shall, promptly following the execution of any lease of a Lot, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this subsection, except the restriction against use or occupancy for hotel or transient purposes, shall not apply to Lots owned by the Association, by the Declarant, or by a Mortgagee in possession of a Lot as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(b) Resale.

(1) Reference to Declaration. The deed or instrument transferring title to any Lot shall contain a provision incorporating by reference the provisions of this Declaration, as well as any applicable Supplementary Declaration. Notwithstanding failure to include a reference to this Declaration in a deed or instrument transferring title to a Lot, the covenants, restrictions, conditions, charges and liens set forth herein shall encumber the Lot as though reference thereto was set forth in such deed or instrument.

(2) Notification. The contract seller of a Lot shall notify the Board of Directors of the name of the contract purchaser and the scheduled date and place of settlement.

## ARTICLE 9

ARCHITECTURAL REVIEWSection 9.1. Covenants Committee.

(a) Purpose and Membership. The Board of Directors shall establish a Covenants Committee, consisting of at least three persons appointed by the Board. The Covenants Committee may employ paid professional architects or design consultants when necessary. Each person shall serve for a term of from one to three years as may be determined by the Board of Directors, in order to assure that the Property shall always be maintained in a manner: (i) providing for visual harmony and soundness of repair; (ii) avoiding activities deleterious to the aesthetic or property values of the Property; and (iii) promoting the general welfare and safety of the Owners, such Owners' tenants and such Owners' (or tenants') households, guests, employees, agents and invitees. If the Board of Directors fails to appoint a Covenants Committee, then the Board of Directors shall perform the duties of the Covenants Committee.

(b) Powers.

(1) The Covenants Committee shall regulate the external design, signage, appearance, use and Upkeep of the Property; provided, however, that the Covenants Committee shall not have the power to regulate the activities of the Declarant on the Common Area or any Lot owned by the Declarant or construction on any Lot owned by a Builder which has been approved by the Declarant; and provided, further, that the Covenants Committee shall not have the power to review initial construction on the Property, if such construction is reviewed by the Declarant or the Initial Construction Committee.

(2) The Covenants Committee may from time to time establish requirements regarding the form and content of plans and specifications to be submitted for approval. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses or consultations required in connection with improvements or changes proposed by an Owner. Such fees shall be assessed against the Lot owned by the Owner making the application; provided, however, that the Committee shall inform the applicant Owner of the potential fees before incurring or assessing such fees and the Owner shall have the option to withdraw the application.

(3) The Covenants Committee shall have the power pursuant to Subsection 12.1(h) (upon petition of any Owner or upon its own motion) to impose reasonable charges upon, and issue a cease and desist request to, an Owner, such Owner's tenant and such Owner's (or tenant's) household guests, employees, agents and invitees whose actions are inconsistent with the provisions of the Association Documents or the Rules and Regulations.

(4) Subject to the review of the Board of Directors, the Covenants Committee shall from time to time provide interpretations of the Association Documents pursuant to the intents, provisions and qualifications thereof when requested to do so by an Owner or the Board of Directors. The Committee may publish and record such interpretations in order to establish precedents for application of the Association Documents or the Design Guidelines or other matters relative to architectural control and protection of the aesthetic or property values of the Property.

(5) The Covenants Committee shall propose changes or additions to the Design Guidelines for approval by the Board of Directors, subject to the limitations in Subsection 9.2(a). Such Design Guidelines approved by the Board of Directors are hereby incorporated by this reference and shall be enforceable as if set forth herein in full; provided, however, that no amendments or additions

thereto, or exceptions or waivers therefrom, are permitted during the Development Period without the prior written approval of the Declarant.

(6) Subject to Section 12.1(i), a Majority Vote of the Covenants Committee shall be required in order to take any action. The Covenants Committee shall keep written records of all its actions. Any action, ruling or decision of the Covenants Committee (but not the Initial Construction Committee) may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision. The Covenants Committee and the Board of Directors shall have no authority to regulate construction by the Declarant or approved by the Declarant.

(7) The Covenants Committee shall have the right to inspect construction periodically. Any deviation from the approved drawings and specifications which materially changes the exterior appearance, quality or location of the improvement is a violation of the Association Documents. This section shall in no way affect any requirement for inspection by any governmental entity.

(c) Authority. The Covenants Committee shall have such additional duties, powers and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in accordance with Subsections 12.1(h) and (i) and in the manner provided for in the Rules and Regulations adopted by the Board of Directors or by resolution of the Board of Directors. Notwithstanding the foregoing, neither the Covenants Committee nor the Board of Directors shall have authority to regulate new construction or alterations of existing improvements by the Declarant or by others as approved by the Declarant or approved by the Initial Construction Committee during the Development Period.

(d) Time for Response; Variances or Exceptions. The Covenants Committee shall act on all matters properly before it within forty-five days after its receipt of a complete application in the form prescribed by the Covenants Committee; failure to do so within the stipulated time shall constitute an automatic referral to the Board of Directors at the written request of the applicant. Except when a request is being handled by the Covenants Committee, the Board of Directors shall be obligated to answer any written request for approval of a proposed structural addition, alteration or improvement within fifteen days after the first Board of Directors meeting held following such referral to the Board, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement; provided, however, that neither the Board of Directors nor the Covenants Committee has the right or power, either by action or failure to act, to waive enforcement or grant variances or exceptions from written Design Guidelines without a specific finding that enforcement of such guidelines would impose an unfair burden on such Owner or is otherwise not in the best interests of the Association and stating the variance or exception and the reasons therefor in a written instrument which shall be part of the records of the Association.

(e) Standards for Enforcement. In performing its duties to accomplish its purpose as set forth in subsection (a), the Covenants Committee shall: foster harmonious relations between Owners, occupants and third parties, encourage direct communication between disputants, balance the need for enforcement against the economic, social and community effects of such enforcement in each individual case, evaluate the materiality of any claimed breach, consider community standards and treat all Owners and occupants fairly and equally. At the request of any party, the decision of the Covenants Committee on any matter shall contain a finding as to whether the decision preserves or protects property values and/or sustains or enhances the quality of life in the community.

(f) Determination of Violations. The Covenants Committee shall establish a policy for the consideration of violations of the Association Documents, Rules and Regulations, Design Guidelines and other provisions which the Covenants Committee is empowered to enforce. Such policy shall provide whether the Covenants Committee will proactively seek out certain violations or reactively respond to complaints filed by the Owners and occupants. The Covenants Committee shall direct the management company as to the specific extent of management's enforcement duties (in accordance with the management agreement).

(g) Specific Exclusions. Supplementary Declarations adding Additional Land may exclude certain types of improvements or alterations from Covenants Committee review to the extent such improvements or alterations are not Visible from Neighboring Property. The Owner asserting an exemption shall file a plan showing or describing (as appropriate) the proposed addition, alteration, improvement, modification or change in use with the Covenants Committee at least ninety days before the earlier of filing a request for the change with the County (if required) or making the change. The purpose of filing the plan or description with the Covenants Committee is to notify the Association of the Owner's proposed exercise of an exemption; the decision of the Covenants Committee as to the applicability of the exemption shall be binding.

Section 9.2. Architectural Review During the Development Period. During the Development Period, the architectural review is actually performed by one of two committees, the Covenants Committee (appointed by the Board of Directors) or the Initial Construction Committee (appointed by the Declarant).

(a) Initial Construction. The Declarant shall have the right to adopt all initial Design Guidelines for the Property during the Development Period and review and approve or disapprove the plans for the initial construction of any structure to be located on the Property, including without limitation the site development plan, architectural design, architectural materials, landscaping plans, minimum square footage, non-structural improvements and general appearance in order to ensure the quality and compatibility of style of all the improvements to be located on the Property. Such Design Guidelines for new construction, as the same may be amended by the Declarant during the Development Period from time to time, are hereby incorporated herein by this reference and shall be enforceable as if set forth herein in full. In the alternative, the Declarant has the right to appoint an Initial Construction Committee, consisting of at least three persons. Such appointees shall perform such tasks or, at the Declarant's sole option, the Declarant may delegate such tasks to the Covenants Committee. The Initial Construction Committee may establish its own applications and procedures and may charge a fee for its review. Decisions of the Initial Construction Committee are not appealable to the Board of Directors. The Declarant or the Initial Construction Committee has the right or power to waive enforcement or grant variances or exceptions from written Design Guidelines in a written instrument stating the variance which shall be part of the records of the Association. While the Initial Construction Committee exists, all additions and modifications to the Design Guidelines must be approved by the Initial Construction Committee. The Declarant may appoint the Initial Construction Committee during the Development Period. After the Development Period, the Initial Construction Committee shall cease to exist. If initial construction on the Property occurs after the Initial Construction Committee ceases to exist, then such construction will be reviewed by the Covenants Committee. If the Declarant does not delegate its powers hereunder to an Initial Construction Committee or the Covenants Committee, then the Declarant may perform the functions of the Initial Construction Committee. All costs and expenses of the Initial Construction Committee not covered by application fees shall be a Common Expense.

(b) Modifications and Rules Enforcement. Review of the plans for any additions, alterations or modifications to the exterior of existing improvements located on the Property and possible



violations of the Association Documents and Rules and Regulations by an Owner, shall be conducted by the Covenants Committee in accordance with Sections 9.1 and 9.2.

Section 9.3. Compensation of the Covenants Committee. One or more members of the Covenants Committee or the Initial Construction Committee, other than an Owner or an occupant of the Property, may be compensated by the Association for their service on the Covenants Committee or the Initial Construction Committee (including designees of the Declarant) and for their technical or professional expertise as may be determined by the Board of Directors.

Section 9.4 Additions, Alterations and Improvements Requiring Approval.

(a) Approval Required.

(1) No Person shall make any addition, alteration, improvement or change of grade in or to any Lot (other than for normal Upkeep or natural landscaping) which is Visible from Neighboring Property, without the prior written consent of the Covenants Committee. No Person shall paint, affix a sign not permitted by the Rules and Regulations to or alter the exterior of any improvement, including the doors and windows, if such exterior is Visible from Neighboring Property, without the prior written consent of the Covenants Committee. Approval by the Declarant, the Board of Directors or the Covenants Committee shall not relieve an Owner from any obligation to obtain required governmental approvals and permits. The Owner shall deliver all approvals and permits required by law to the Declarant, the Covenants Committee or Board of Directors, as appropriate, prior to the commencement of the construction requiring such approval or permit. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement to any Lot or improvement located on any Lot requires signature by the Association, and provided consent has been given by the Board of Directors or the Covenants Committee, as appropriate, then the application shall be signed on behalf of the Association by an Officer only, without incurring any liability on the part of the Officer, Board of Directors, the Association, the Covenants Committee or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any Person having a claim for personal injury or property damage arising therefrom. Any addition, alteration or improvement upon any Lot in violation of the Association Documents shall be removed or altered to conform to the Association Documents (including the Design Guidelines) within thirty days after notice of the violation from the Board of Directors.

(2) During the Development Period, the provisions of this section shall not apply to Lots owned by the Declarant or to new construction or alteration of existing improvements on any Lot if such construction or alteration has been approved by the Declarant. The Declarant or an Owner, if approved by the Declarant, shall have the right to construct improvements, make alterations or subdivisions without the approval of the Board of Directors or the Covenants Committee and an authorized Officer shall sign any application required therefor.

(3) The provisions of this section shall not apply to a holder of a Mortgage (in possession of a Lot as a result of foreclosure, judicial sale or proceeding in lieu of foreclosure) affixing a sign or taking any other actions that may be necessary to sell or lease all or any portion of the Lot, if such actions are in accordance with applicable zoning and not detrimental to the value of the Property.

(b) Limitations.

(1) Any Person obtaining approval of the Covenants Committee shall commence construction or alteration in accordance with plans and specifications approved within six

months after the date of approval and shall substantially complete any construction or alteration within twelve months after the date of approval, or within such other periods as are specified in the approval. If any such Person does not commence work within the time period specified, then approval shall lapse.

(2) Any Person obtaining approval of the Covenants Committee shall not deviate materially from the plans and specifications approved without the prior written consent of the Committee. Such Person shall notify the Committee when the alterations or improvements are complete. Approval of any particular plans and specifications or design does not waive the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, if such plans and specifications are subsequently submitted for use in any other instance or by any other Person.

(c) Certificate of Compliance. Upon the completion of any construction or alterations in accordance with plans and specifications approved in accordance with this Article, by the Covenants Committee, the Covenants Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Association Documents as may be applicable. The certificate shall not be used and may not be relied upon for any other purpose, and shall not constitute a representation either as to the accuracy or sufficiency of the plans and specifications reviewed by the Committee or the quality or soundness of the construction, alterations or improvements or as a substitute for governmental approvals or permits. The Committee may impose a reasonable charge to cover the costs of inspection and preparation of such a certificate.

(d) New Construction. If initial construction is reviewed by the Initial Construction Committee pursuant to Section 9.2(a), then with respect to initial construction, all references in this the Declaration to the Covenants Committee shall be deemed to mean the Declarant or the Initial Construction Committee designated by the Declarant pursuant to Section 9.2 to perform architectural review of initial construction, and such initial construction shall be subject only to such limitations as may be determined by the Declarant.

## ARTICLE 10

### INSURANCE

#### Section 10.1. General Provisions.

(a) Authority, Liability and Notice. The Board of Directors shall have the power and responsibility on behalf of the Association to (1) maintain insurance policies relating to the Common Area, (2) adjust all claims arising under such policies and (3) execute and deliver releases upon payment of claims. The cost of all insurance policies purchased by the Board relating to the Common Area shall be a Common Expense. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure: (i) if such failure is due to the unavailability of such coverages from reputable insurance companies; (ii) if such coverages are so available only at demonstrably unreasonable cost; or (iii) if the Association's insurance professionals advise that the coverages required by paragraph (2) of Subsection 10.2(b) are unnecessary. Exclusive authority to negotiate losses under policies purchased by or on behalf of the Association shall be vested in the Board of Directors or with its authorized representative.

(b) Policy Requirements.

(1) All policies of insurance shall be written by reputable companies licensed or qualified to do business in Michigan.

(2) The deductible or self-insured retention (if any) on any insurance policy purchased by the Board of Directors shall be a Common Expense; provided, however, that the Association may, pursuant to Subsections 6.2(c) and 12.1(a), assess any deductible amount necessitated by the misuse or neglect of an Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, employees, agents or invitees against the Lot owned by such Owner.

(3) The Declarant, so long as the Declarant shall own any Lot, shall be protected by all such policies as an Owner.

(4) Each such policy shall provide that:

(A) The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Board of Directors, the managing agent, any Owner and the Owner's households, or guests, employees, tenants, agents and invitees;

(B) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, employees, agents and invitees, or of any member, Officer or employee of the Board of Directors or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within thirty days after such demand; and

(C) Such policy may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty days prior written notice to the Board of Directors and the managing agent.

Section 10.2. Property Insurance.

(a) Coverage. The Board of Directors shall obtain and maintain a property insurance policy written on a Special Covered Causes of Loss Form, including without limitation fire damage, vandalism, malicious mischief, sprinkler leakage (if applicable), cost of demolition, debris removal, and water damage coverage, insuring any improvements located on the Common Area, (including without limitation any floor coverings, fixtures and appliances), together with all air conditioning and heating equipment and other service machinery contained therein and covering the interests of the Association, in an amount equal to one hundred percent of the then current full insurable replacement cost of any improvements located on the Common Area (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined periodically by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain appropriate coverage on all personal property and real estate other than the Common Area owned by the Association.

(b) Waivers and Endorsements. Each such policy shall also provide:

(1) a waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made not to do so;

(2) the following endorsements (or equivalent): (A) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any Owner or occupant or their agents when such act or neglect is not within the control of the insured or the Owners collectively, nor by any failure of the insured or the Owners collectively, to comply with any warranty or condition with regard to any portion of the Property over which the insured, or the Owners collectively have no control; (B) ordinance/law coverage for (i) the "cost of demolition" of the undamaged portion of the Property, (ii) "contingent liability from operation of building laws or codes"; and (iii) "increased cost of construction" or "inflation guard"; (C) "replacement cost" or "guaranteed replacement cost"; and (D) "agreed amount" or "elimination of co-insurance" clause;

(3) that any "no other insurance" clause expressly exclude individual Owners' policies from its operation so that the property damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual Owners or Mortgagees, unless otherwise required by law;

(4) such deductibles and self-insured retentions as to loss as the Board of Directors in its sole discretion deems prudent and economical; and

(5) to the extent a policy covers a dwelling located on any Lot, the standard mortgagee clause.

Section 10.3. Liability Insurance. The Board of Directors shall obtain and maintain liability insurance in such limits as the Board may from time to time determine, insuring the Association, each director, the managing agent, the Owners and the employees of the Association against any liability to the public or to any Owner or such Owner's tenants and such Owner's (or tenant's) household, guests, employees, agents and invitees arising out of, or incident to the ownership or care, custody, control and use of the Common Area or any facilities located in the public right-of-way.

(a) Commercial General Liability. Such insurance shall be issued on a comprehensive liability basis and shall contain: (1) a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (2) hired and non-owned vehicle coverage; (3) host liquor liability coverage with respect to events sponsored by the Association; (4) deletion of the normal products exclusion with respect to events sponsored by the Association; and (5) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to an Owner because of negligent acts of the Association or of another Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than three million dollars.

(b) Property Damage.

(c) Personal Injury. Including without limitation libel, slander, false arrest and invasion of privacy coverage.

(d) Advertising Injury.

(e) Employment Practices Liability Insurance. Coverage for legal liability arising out of employment contracts of the Association.

Section 10.4. Other Insurance. The Board of Directors shall obtain and maintain:

(1) Fidelity. Adequate fidelity insurance coverage to protect against dishonest acts on the part of directors, Officers, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association, including the managing agent and volunteers. If the Association has delegated some or all of the responsibility for handling funds to a managing agent, such managing agent shall be covered by its own fidelity insurance. Such fidelity insurance (except for fidelity insurance obtained by the managing agent for its own personnel) shall: (i) name the Association as the insured; (ii) be written in an amount not less than one-third the total annual assessment for Common Expenses; and (iii) contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression;

(2) Flood Insurance. If required by governmental regulations, flood insurance in accordance with the then applicable regulations for such coverage;

(3) Workers' Compensation. Workers' compensation and employers liability insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);

(4) Boiler Insurance. If applicable, pressure, mechanical and electrical equipment including air conditioning equipment coverage on a comprehensive form in an amount not less than the greater of (A) fifty thousand dollars per accident per location or (B) the replacement cost of all such insured equipment;

(5) Directors and Officers Liability Insurance. Directors and officers liability insurance in an amount not less than one million dollars; and

(6) Other. Such other insurance: (i) as the Board of Directors may determine; (ii) as may be required with respect to the Additional Land by any amendment to this Declaration adding such Additional Land; or (iii) as may be requested from time to time by a Majority Vote of the Owners. Such insurance may include, without limitation: (i) business income; (ii) employee dishonesty protection; (iii) employee benefits; (iv) employment practices liability; and (v) auto (owned).

Section 10.5. Insurance on Lots.

(a) Insurance Restriction. No Person shall acquire or maintain insurance coverage on the Common Area insured by the Association so as to: (i) decrease the amount which the Board of Directors may realize under any insurance policy maintained by the Board; or (ii) cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by such Person. No Person shall obtain separate insurance policies on the Common Area.

(b) Required Coverage. Each Owner shall obtain insurance for such Owner's benefit, at such Owner's expense, covering the improvements located on such Owner's Lot and such Owner's liability.

(c) Board Authority. If the Board of Directors so requests, the Owner of a Lot shall provide a certificate of insurance to the Board fifteen days prior to the expiration of such insurance. If an Owner fails to obtain the insurance coverage required by this Article, the Board of Directors may purchase such insurance coverage on such Owner's behalf and assess the Lot owned by such Owner for

the cost thereof pursuant to Subsections 6.2(c) and 12.1(a). The Declarant, the Association and the Board of Directors shall not be held liable for the failure of any Owner to purchase insurance.

Section 10.6. Master Policy. If the Association is insured under a master policy obtained by the Declarant which provides substantially the coverages, limits, terms and conditions required in this Article, then the Association will have met the requirements of this Article and need not obtain separate policies. The Board of Directors shall determine whether such a master policy substantially meets the requirements of this Article, but may rely on the advice of insurance professionals. The allocation of premium for such a master policy to the Association shall produce a charge that is no greater than if the Association obtained such coverages without a master policy.

## ARTICLE 11

### RECONSTRUCTION AND REPAIR

#### Section 11.1. When Reconstruction or Repair Required.

(a) Common Area. Except as otherwise provided in Section 11.4, if all or any part of any improvement located on the Common Area is damaged or destroyed by fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including without limitation any floor coverings, fixtures and appliances). The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of improvements located on the Common Area for purposes other than the repair, replacement or reconstruction of such improvements except in accordance with Sections 11.4 and 15.4.

(b) Lots. If a building or other major improvement located upon a Lot is damaged or destroyed, the Owner thereof shall restore the site either (i) by repairing or reconstructing such building or other major improvement or (ii) by clearing away the debris and restoring the site to an acceptable condition compatible with the remainder of the Property. Unless the Covenants Committee permits a longer time period, such work must be commenced within six months after the casualty. If the building or other major improvement will look substantially the same as before the casualty and will comply with the Design Guidelines, no prior approval of the Covenants Committee shall be required.

#### Section 11.2. Procedure for Reconstruction and Repair of Common Area.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of any improvement located on the Common Area, the Board of Directors shall obtain reliable and detailed estimates of the cost of restoring and repairing such improvement (including without limitation any floor coverings, fixtures and appliances) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of any improvement located on the Common Area, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible; provided, however, that other action may be taken if approved in accordance with Section 15.4.

Section 11.3. Disbursement of Construction Funds for Common Area.

(a) Construction Fund and Disbursement. The proceeds of insurance collected on account of a casualty and the sums received by the Board of Directors from the collection of Assessments against the Owners pursuant to Subsection 11.3(b) or any Owner pursuant to Subsections 6.2(c) or 12.1(a), shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner.

(1) If the estimated cost of reconstruction and repair is less than ten percent of the total annual Assessment for Common Expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

(2) If the estimated cost of reconstruction and repair is ten percent or more of the total annual Assessment for Common Expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in the jurisdiction where the Property is located and employed by the Board of Directors to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other Persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested. The Board of Directors shall be entitled to rely on such certificate.

(b) Shortfalls. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds or shall be deemed a Common Expense and an assessment therefor shall be levied subject to Section 6.2.

(c) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds. If, after payment of the costs of all reconstruction and repair, and the refund of any excess payments made by Owners pursuant to Subsection 11.3(b) in proportion to their contributions or the refund of excess payments by any Owner pursuant to Subsection 12.1(a), there remains any surplus fund, such fund shall be paid to the Association and shall be placed in the appropriate reserve account.

Section 11.4. When Reconstruction and Repair of Common Area Not Required. If destruction of the improvements located on the Common Area is insubstantial, the Board of Directors may elect not to repair such insubstantial damage. Otherwise, any decision not to repair or restore improvements on the Common Area shall be made in accordance with Section 15.4. If damaged improvements are not repaired, then the Board of Directors shall remove all remnants of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Common Area and the balance of any insurance proceeds received on account of such damage shall be placed in the appropriate reserve account.

## ARTICLE 12

COMPLIANCE AND DEFAULT

Section 12.1. Compliance; Relief; Vicarious Liability. Each Owner shall be governed by, and shall comply with, all of the terms of the Association Documents and the Rules and Regulations as they may be amended from time to time. For the purpose of determining an Owner's liability under this Article for the violation of any provision of the Association Documents, the Rules and Regulations or for an act of neglect or carelessness, the acts of such Owner's tenants, and such Owner's (or tenant's) household, guests, employees, agents or invitees shall be deemed to be acts of the Owner. A default by an Owner shall entitle the Association, acting through its Board of Directors or through the managing agent, to the relief set forth in this section.

(a) Additional Liability. Each Owner shall be liable to the Association or to any affected Owner for the expense of all Upkeep rendered necessary by such Owner's or omission regardless of negligence or culpability but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of a failure to comply with the Association Documents or the Rules and Regulations by any Owner, or for which any Owner is deemed responsible hereunder, may be assessed against such Owner's Lot.

(b) No Waiver of Rights. The failure of the Association, the Board of Directors or an Owner to enforce any right, provision, covenant or condition which may be granted by the Association Documents or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board or Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or Owner pursuant to any term, provision, covenant or condition of the Association Documents shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Association Documents, the Act or at law or in equity; provided, however, that compliance with the requirements of Article 17 shall be a condition precedent to judicial proceedings where such proceedings are permitted by Article 17.

(c) Interest. If a default by any Owner in paying any sum assessed against such Owner's Lot continues for a period in excess of thirty days, interest at 7% per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid; provided, however, that if the Board of Directors does not impose interest, the Board shall set forth its reasons for not charging such interest in a written record of its decision. The imposition of interest shall not preclude collection of a late charge nor shall a late charge levied pursuant to Section 6.5 be considered interest subject to the limitations of this subsection.

(d) Abating and Enjoining Violations. The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Association Documents shall give the Board of Directors the right, in addition to any other rights set forth in the Association Documents or the Rules and Regulations: (1) to enter the portion of the Property (excluding any improvement) pursuant to Section 3.3, on which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents or the Rules and Regulations, and the Board of Directors shall not thereby be deemed guilty in any



manner of trespass; (2) to use self-help to remove or cure any violation of the Association Documents or the Rules and Regulations on the Property (including without limitation the towing of vehicles); or (3) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; provided, however, that before any construction may be altered or demolished (except in emergencies) judicial proceedings shall be instituted.

(e) Legal Proceedings. Failure to comply with any of the terms of the Association Documents or the Rules and Regulations shall be grounds for instituting alternative dispute resolution pursuant to Article 17, or the following legal action where permitted by Articles 12 and 17: an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all Assessments, any other relief provided for in the Association Documents and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the managing agent or, if appropriate, by any aggrieved Owner and shall not constitute an election of remedies.

(f) Suspension of Rights; Other Remedies.

(1) The Board of Directors or the Covenants Committee, as appropriate, shall have the power to suspend an Owner's voting rights pursuant to Subsection 3.2(d) of the Bylaws.

(2) The Board of Directors or the Covenants Committee, as appropriate, shall also have the power to suspend the right of an Owner or occupant, and the right of such Person's household guests, employees, tenants, agents and invitees, to use the Recreational Facilities (if any) and other Common Area for a reasonable period not to exceed sixty days for any violation of any provision of any of the Association Documents or the Rules and Regulations or for any period during which any assessment against an Owner's Lot remains unpaid; provided, however, that the Association shall not suspend the right to use the Public Streets and Roadways for both vehicular and pedestrian ingress and egress to and from such Owner's Lot and for parking or to use the Common Area for necessary, ordinary and reasonable pedestrian ingress and egress to and from such Owner's Lot, or to suspend any easement over the Common Area for utilities (storm water drainage, electricity, water, sanitary sewer, natural gas) or telecommunications (television reception, telephone service) or similar utilities and services to the Lots.

(3) If a utility service is paid for as a Common Expense and an Owner does not pay the Assessment for such Common Expense for a period of more than sixty days, then such utility service may be discontinued to such Owner until payment of the Assessment for such service is made; provided, however, that such suspension shall not endanger the health, safety or property of any Owner or occupant.

To the extent not prohibited by law, the Board of Directors or Covenants Committee may impose the foregoing sanctions for non-payment of Assessments without giving the Person charged with the violation notice and an opportunity for a hearing.

(g) Charges. The Board of Directors or the Covenants Committee, depending on the provision violated and which entity has the responsibility to enforce the provision, shall have the power to impose charges (pursuant to Subsection 3.2(d) of the Bylaws) in the case of an Owner found by the Board or Committee to be responsible for a violation of the Association Documents or the Rules and Regulations (personally or under the provisions of the Association Documents). No such penalty shall be imposed until the Person charged with such a violation has been given notice and an opportunity for a hearing as set forth in paragraph (i) below. Charges may not exceed Fifty Dollars for each violation, or Ten Dollars per day for each violation of a continuing nature, or such greater amounts as may be and

imposed by the Board or Committee. No charge may be imposed for failure to pay an assessment except as otherwise provided in the Declaration. Charges are Individual Assessments and shall be collectible as such and, if against an Owner, shall also constitute a lien against a Lot in accordance with Section 12.2 to the extent permissible under the law of the jurisdiction in which the Property is located. Imposition of a charge does not preclude the liability of an Owner for reimbursement to the Association of costs incurred by the Association.

(h) Due Process. The Board of Directors or the Covenants Committee may deliberate privately, but shall either announce its decision in the presence of the respondent or give the respondent notice thereof. A decision adverse to the respondent shall require a Majority Vote of the entire membership of the Board or Committee. The Board or Committee, before imposing any charge or before taking any action affecting one or more specific Owners, shall afford such Owners the following basic due process rights.

(1) Notice. The respondent shall be afforded prior written notice of any action (except when an emergency requires immediate action) and, if notice is of default or violation, an opportunity to cure which is reasonable under the circumstances, prior to the imposition of any sanction. The notice shall also state that the respondent is entitled to a hearing, if a hearing is required pursuant to Subsection 12.1(h). Notice of a hearing shall include a summary of the charges or other sanctions that may be imposed as a result of the alleged violation. Notice of any violation or any hearing shall be sent to the Owner at such Owner's address of record with the Association at least fourteen days prior to such hearing.

(2) Hearing. If the respondent is entitled to a hearing and requests in writing a hearing before any charge is imposed or action taken, then the imposition of the charge or the taking of the action shall be suspended until the respondent has an opportunity to be heard at a hearing at which the Board of Directors or the Covenants Committee discusses such charge or action. Each Person so appearing shall have the right to be represented by such Person's counsel, at such Person's own expense. The hearing result shall be sent to the Owner at the Owner's address of record with the Association within three days after the hearing.

(3) Appeal. Upon receipt of a written request therefor made within ten days after the date of an action by the Covenants Committee, the Board of Directors may afford any Person deemed by the Board to have standing as an aggrieved party the right to appeal to the Board, and the Board may reconsider, review, modify or reverse any action taken by the Covenants Committee but the Board shall have no jurisdiction over decisions made by the Initial Construction Committee.

(4) Fairness. The Board of Directors and the Covenants Committee shall treat all Persons equitably, based upon decision-making procedures, standards and guidelines which shall be applied to all Persons consistently.

(i) Privacy and Quiet Enjoyment. Neither the Board of Directors, the Covenants Committee nor the Association shall interfere with the lifestyle or conduct of, or invade the privacy of, any Owner or occupant within an improvement unless necessary to protect the rights of another Owner or occupant or to protect adjacent Property from damage.

(j) New Owner Information. If the contract seller or the new Owner does not give the Secretary written notice stating the name and address of the new Owner and the number or address of the Lot within thirty days after acquiring title to such Lot, then reasonable record-keeping costs incurred by the Association, as determined by the Board of Directors, may be assessed against such Owner's Lot.

The Board may set or change the amount of such Assessment from time to time. Such Assessment shall be a lien against such Owner's Lot as provided in Section 12.2.

Section 12.2. Lien for Assessments.

(a) Lien. The total Annual Assessment of each Owner for Common Expenses, any Additional Assessment, any Individual Assessment or any other sum duly levied (including without limitation charges, interest, late charges, contractual charges, etc.), made pursuant to the Association Documents, is hereby declared to be a lien levied against any Lot owned by any Owner in accordance with this Declaration. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. With respect to Annual Assessments, the lien is effective on the first day of each fiscal year of the Association and, as to Additional Assessments, Individual Assessments and other sums duly levied, ten days after the date of notice to the Owner of such Additional Assessment, Individual Assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien. The lien created by this section shall be prior to all liens and encumbrances hereafter recorded except Mortgages, real estate taxes and other charges levied by governmental authority and made superior by law. The personal obligation of the Owner to pay such Assessment shall, in addition, remain such Owner's personal obligation and a suit to recover a money judgment for non-payment of any Assessment or installment thereof, levied pursuant hereto, may be maintained without foreclosing or waiving the lien herein created to secure the same.

(b) Acceleration. If an Assessment against an Owner is payable in installments, upon a default by such Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such Assessment may be accelerated, at the option of the Board of Directors, and the entire balance of the Assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner. If an Owner is delinquent in payment of Assessments for a prior fiscal year, then the entire Assessment (otherwise payable in installments) shall be due and payable in full when assessed, upon receipt of notice of such Assessment by the defaulting Owner.

(c) Enforcement. The lien for Assessments may be enforced and foreclosed in any manner permitted by the laws of the jurisdiction in which the Lot is located for foreclosure of mortgages or deeds of trust containing a power of sale or by an action in the name of the Board of Directors, or the managing agent, acting on behalf of the Association. Any such sale provided for herein is to be conducted in accordance with the provisions of MCLA 600.3201, et seq., as amended, applicable to the exercise of powers of sale in mortgages, or in any other manner permitted or provided by law. The Declarant, through its duly authorized agents, shall have the power to bid on the lien property at any foreclosure sale, and to acquire, lease, mortgage and convey the same. During the pendency of any such action to enforce the Association lien, the Owner shall be required to pay a reasonable rental for the Lot for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the jurisdiction. The Association shall also have the power to bid on the Lot at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with such Lot.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 12.3. Subordination and Mortgagee Protection. Notwithstanding any other provision hereof to the contrary, the lien of any assessment levied pursuant to the Association Documents upon any Lot (and any charges, interest on Assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received; provided, however, that such subordination shall apply only to Assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to foreclosure or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the holder of a Mortgage or the purchaser of the Lot at such sale from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent Assessment, which lien shall have the same effect and be enforced in the same manner as provided herein. Notwithstanding any other provision of this Declaration, to the extent specifically permitted by Michigan statute in the future, the Association's lien shall prime a Mortgage to the extent of six-months worth of Assessments which would have become due (based on the budget adopted by the Association) in the absence of acceleration during the six months immediately preceding perfection of the lien.

### ARTICLE 13

**[ARTICLE INTENTIONALLY LEFT BLANK]**

### ARTICLE 14

#### CONDEMNATION

Section 14.1. Definition. For the purposes of this Article, "Taking" means an acquisition of all or any part of the Common Area or of any interest therein or right accruing thereto as a result of, in lieu of or in anticipation of the exercise of the right of condemnation or eminent domain, or a change of grade caused by the action of a governmental entity affecting the value of the Common Area or any part thereof so severely as to amount to condemnation.

Section 14.2. Taking of Common Area. If there is a Taking of all or any part of the Common Area, then the Association shall notify the Owners, but the Board of Directors shall act on behalf of the Association in connection therewith and no Owner shall have any right to participate in the proceedings incident thereto. The award made for such Taking shall be payable to the Association, to be disbursed as follows. If the Taking involves a portion of the Common Area on which improvements have been constructed, then the Association shall restore or replace such improvements so taken on another portion of the Common Area, to the extent space is available therefor, in accordance with plans approved by the Board of Directors, unless within sixty days after such Taking the Declarant (during the Declarant Control Period) or the Owners by a Sixty-seven Percent Vote (after the Declarant Control Period) shall otherwise agree. The provisions of Article 11 regarding the disbursement of funds following damage or destruction shall apply.

### ARTICLE 15

#### AMENDMENT; EXTRAORDINARY ACTIONS

Section 15.1. Amendment by the Declarant. In addition to corrective amendments made pursuant to Section 15.5, during the Development Period, the Declarant may unilaterally without the approval of any Owner or Mortgagee amend any provision of this Declaration to: (1) satisfy the requirements of any government, governmental agency or Mortgagee; (2) reflect the relocation of boundary lines between the Common Area and any Lots or among any Lots; provided, however, that such

relocation does not materially and adversely affect any Owner other than the Declarant and that such relocation is reflected in an approved resubdivision of all or any part of the Property; (3) amend Exhibit A and Exhibit B (pursuant to Subsection 4.1(b)); (4) add all or any portion of the Additional Land in accordance with Section 4.1; and (5) withdraw Submitted Land in accordance with Section 4.4.

Section 15.2. Amendment by the Association.

(a) Owner Approval. In addition to corrective amendments made pursuant to Section 15.6, and subject to Sections 15.3, 15.4 and 15.5, the Association may amend this Declaration (not including a Supplementary Declaration) by at least a Sixty-seven Percent Vote of the Owners or with the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes.

(b) Certification. An amendment by the Association shall be certified by the President as to compliance with the procedures set forth in this Article, signed and acknowledged by the President and Secretary of the Association, and recorded among the Land Records. Action to challenge the validity of an amendment may not be brought more than one year after the amendment is effective.

Section 15.3. Prerequisites to Amendment. Written notice of any proposed amendment to this Declaration or any Supplementary Declaration by the Association shall be sent to every Owner (or every Owner of a Lot subject to such Supplementary Declaration) at least fifteen days before any action is taken. No amendment shall increase the financial obligations of an Owner in a discriminatory manner or further restrict development on existing Lots in a discriminatory manner. No amendment to the Declaration shall diminish or impair the rights of the Declarant during the Development Period under the Declaration without the prior written consent of the Declarant. No amendment may modify this Article or the rights of any Person hereunder without obtaining the approvals required by Section 15.4(c).

Section 15.4. Extraordinary Actions and Material Amendments. The provisions of this section shall not be construed to reduce the vote that must be obtained from Owners where a greater vote is required by other provisions of the Association Documents nor shall it be construed to lessen the unilateral rights given to the Declarant pursuant to Articles 4 and 15 to amend the Declaration or a Supplementary Declaration without the approval or joinder of the Association or any Owner or Mortgagee or Secondary Mortgage Market Agency. With respect to amendments to a Supplementary Declaration subject to this section, only the approval of the Owners owning Lots subject to such Supplementary Declaration shall be required to the extent the Supplementary Declaration so provides.

(a) Material Amendments. A material amendment to the Association Documents includes any amendment adding, deleting or amending any provisions regarding:

- (1) Assessment basis or Assessment liens;
- (2) any method of imposing or determining any charges to be levied against Owners;
- (3) reserves for Upkeep of the Common Area;
- (4) Upkeep obligations;
- (5) allocation of rights to use the Common Area;
- (6) any scheme of regulation or enforcement of standards for Upkeep, architectural design or exterior appearance of improvements;

- (7) reduction of insurance requirements;
- (8) restoration or repair of the Common Area or Lots;
- (9) the addition, annexation or withdrawal of real estate to or from the Property;
- (10) voting rights (except to reduce the Declarant's voting rights with the consent of the Declarant);
- (11) restrictions affecting lease or sale of a Lot; and
- (12) any provision which is for the express benefit of the Mortgagees.

(b) Extraordinary Actions. An extraordinary action of the Association includes:

(1) determining not to require professional management after the Declarant Control Period, if professional management has been required by the Association Documents or a Majority Vote of the Owners.

(2) expanding the Association (i) so as to increase the overall area of the Property described in Exhibits A and B by greater than ten percent or increase the number of planned dwellings by greater than ten percent or (ii) by including real estate which is not adjacent to or across a public right-of-way or private street from the Property;

(3) abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of the Common Area except for:

(i) granting easements for utilities or other purposes (including sharing use of the Recreational Facilities, if any) to serve the Property or adjacent real estate which are not inconsistent with and which do not interfere with the intended use of such Common Area;

(ii) dedicating or conveying a portion of the Common Area to a public authority or a governmental entity;

(iii) leasing limited portions of the Common Area in a manner that does not unreasonably interfere with the Owners' use of the Common Area; and

(iv) conveyances to an entity formed for similar purposes pursuant to a consolidation or merger;

(4) using insurance proceeds for purposes other than repair and reconstruction of the insured improvements;

(5) making capital improvements (other than for Upkeep of existing Common Area improvements) during any period of twelve consecutive months costing in excess of twenty percent in the aggregate of the total Annual Assessment for Common Expenses for the fiscal year; and

(b) withdrawing more than ten percent of the total land area subject to the Declaration.

(c) Owner Approval. Any material amendment or extraordinary action listed above must be approved: (i) in writing by Owners entitled to cast at least sixty-seven percent of the total number of votes entitled to be cast by Owners, including a majority of the votes entitled to be cast by Owners other than the Declarant during the Declarant Control Period, or (ii) by at least a Sixty-seven Percent Vote of the Owners, including a Majority Vote of Owners other than the Declarant during the Declarant Control Period, entitled to be cast at a meeting for approval of material amendments or extraordinary actions provided that: (A) at least twenty-five days notice of the meeting is provided to all Owners; (B) the notice of the meeting states the purpose of the meeting and contains a copy or summary of any material amendments or extraordinary actions proposed; and (C) the notice of the meeting also contains a copy of the proxy that can be cast in lieu of attendance at the meeting.

(d) Class Approval. Any material amendment which changes the rights of any specific class of Owners, must also be approved in writing by Owners entitled to cast at least fifty-one percent of the total number of votes of such class of Owners or by at least a Fifty-one Percent Vote of such class of Owners at a meeting held in accordance with Subsection 15.4(c).

(e) Additional Material Amendments and Extraordinary Actions. The following amendments and actions must be approved in writing by Owners entitled to cast at least sixty-seven percent of the total number of votes in the Association, including a majority of the total number of votes entitled to be cast by Owners other than the Declarant during the Declarant Control Period, and the Declarant during the Development Period:

(1) amendment or addition of any provisions of the Association Documents regarding rights of first refusal or similar restrictions on the right of Owners to sell, transfer or otherwise convey a unit;

(2) termination of the Declaration;

(3) dissolving, merging or consolidating the Association, except pursuant to a merger or consolidation with another nonprofit entity formed for purposes similar to the purposes for which the Association was formed; or

(4) conveyance of all the Common Area, except to an entity formed for similar purposes pursuant to a consolidation or a merger.

(f) Non-material Amendments. Any amendment to the Association Documents shall not be considered material if made only for the purposes of correcting technical errors or for clarification. Any amendment to the Association Documents adding provisions to or interpreting the application of provisions of the Declaration, contained in a Supplementary Declaration and applied to a specific portion of the Property, shall not be considered a material amendment.

(g) VA or FHA Consent. When a VA guarantee is in effect on a Mortgage, without the consent of VA, or when FHA insurance is in effect on a Mortgage, without the consent of FHA: (i) the Declarant may not amend the description of Additional Land except as provided in Section 4.1; and (ii) during the Declarant Control Period, the Association may not take any action described in Section 15.4(a), (b) or (e). The foregoing shall only apply for so long as a Lot within the Property is encumbered by a loan guaranteed by VA or insured by FHA. In addition, during the Declarant Control Period, VA

and FHA must be informed of all amendments to the Association Documents if such documents have not been previously approved by such agency. This provision may be enforced only by FHA or VA.

Section 15.5. Corrective Amendments. The Declarant may unilaterally sign and record a corrective amendment or supplement to the Declaration to correct a mathematical mistake, an inconsistency or a scrivener's error, or clarify an ambiguity in the Declaration with respect to an objectively verifiable fact (including without limitation recalculating the liability for Assessments or the number of votes in the association appertaining to a Lot), within five years after the recordation of the Declaration containing or creating such mistake, inconsistency, error or ambiguity. Regardless of the date of recordation of the Declaration, the president of the Association may also unilaterally sign and record such a corrective amendment or supplement upon a vote of two-thirds of the members of the Board of Directors.

Section 15.6 Floodplain Area Provisions. Notwithstanding the foregoing, no person, including the Declarant, the Association or the Owners, may amend Section 8.2(z) pertaining to Floodplain Areas, without the prior written approval of the Department of Environmental Quality.

## ARTICLE 16

### TERMINATION

Section 16.1. Duration; Termination by the Association. The covenants and restrictions of this Declaration shall run with the land and bind the Property and be in full force and effect forever except as amended as provided above or unless terminated as hereinafter provided. Subject to Sections 15.4 and 15.5, the Association may terminate this Declaration only by: (i) a vote of the Owners entitled to cast at least eighty percent of the total number of votes; (ii) with the written approval of Owners entitled to cast at least eighty percent of the total number of votes; or (iii) with the written approval of Owners of three-fourths of the Lots. The termination shall not be effective until certified by the President as to compliance with the procedures set forth in this Article, signed and acknowledged by the President and Secretary of the Association and recorded among the Land Records. Notwithstanding any termination of these Declarations, the use of the Property shall continue to be restricted by the provisions set forth in Section 8.2(z) in perpetuity.

Section 16.2. Prerequisites. Written notice of the proposed termination shall be sent to every Owner at least sixty fifty days before any action is taken. The Declaration may not be terminated during the Declarant Control Period without the prior written consent of the Declarant. Such termination shall not affect any permanent easements or other permanent rights or interests relating to the Property created by or pursuant to the Association Documents. To the extent necessary, the termination agreement shall provide for the transfer or assignment of the easements, rights or interests granted to the Association herein to a successor entity which is assuming the Association's Upkeep and regulatory responsibilities. Any lien which has arisen pursuant to the provisions of the Declaration shall remain in full force and effect despite termination of the Declaration until the amounts secured thereby are paid in full.

Section 16.3. Transfers Upon Dissolution. Upon the dissolution of the Association other than incident to a merger or consolidation, the assets of the Association shall be granted, conveyed and assigned to another nonprofit corporation, association, trust or other organization or government agency devoted to purposes similar to those for which the Association was created; provided, however, that if a site plan is approved for the Property, or any portion thereof containing Common Area, which changes the design, layout or use of the Property in such a manner that the Common Area is no longer necessary to the use of the Property, then such Common Area and other associated assets of the Association may be distributed as agreed upon by the Owners in accordance with the requirements of Section 15.4.



## ARTICLE 17

ALTERNATIVE DISPUTE RESOLUTION

The purpose of the Declaration is to establish a harmonious community. Because the prompt, efficient, fair and non-belligerent resolution of any disputes is desirable, any controversy arising out of or relating to this Declaration, or a breach thereof, or any other dispute between the Declarant and the Association or any Owner of a Lot shall be resolved as set forth in this Article.

Section 17.1 Direct Communication. The parties to the disagreement shall set forth their respective positions in the dispute in correspondence. Each party shall respond within seven days after receipt of a letter from the other until agreement is reached.

Section 17.2 Mediation. If the dispute cannot be resolved through direct communication of the parties, either party may request appointment of a neutral and properly credentialed mediator. If the parties cannot agree upon a mediator, then the president of the local chapter of the Community Associations Institute (or any successor or similar organization) shall be requested to appoint the mediator. Both parties shall participate in the mediation in good faith until the dispute is resolved for a period not to exceed thirty days without the consent of all parties. The cost of the mediation shall be divided equally among the parties.

Section 17.3 Arbitration.

(a) Method. If the dispute cannot be resolved through mediation, either party may request appointment of one or more neutral arbitrators. If the parties cannot agree on a single arbitrator, then each party shall appoint one arbitrator and the two appointed arbitrators shall select the third arbitrator. Each arbitrator shall be properly credentialed with expert knowledge and practical experience regarding the subject in dispute. The initiating Person shall give written notice of its decision to arbitrate by providing a specific statement setting forth the nature of the dispute, the amount involved and the remedy sought. The parties shall have an equal and fair opportunity to present their respective positions to the arbitrators, orally or in writing, as the arbitrators may specify depending on the nature of the dispute. The arbitrators may require such testimony, materials and documentation as they may determine to be appropriate. The arbitrators shall provide a written resolution within thirty days after the conclusion of the presentations of the parties and receipt of requested materials and documents.

(b) Costs. Each party shall bear an equal share of the costs incurred by the arbitrators and shall bear the costs of their own consultants.

(c) Binding Nature; Applicable Law. The consideration of the parties to be bound by arbitration is not only the waiver of access to determination by a court and/or jury, but also the waiver of any rights to appeal the arbitration finding. A judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction.

Section 17.4 Location. The alternative dispute resolution proceeding shall be held in Michigan within fifty miles of the Property unless otherwise mutually agreed by the parties.

Section 17.5 Sole Remedy; Waiver of Judicial Rights. The Declarant, the Association and each Owner of a Lot expressly consent to the procedures established in this Article as their sole and exclusive remedy, and expressly waive any right they may have to seek resolution of any dispute

contemplated by this Article in any court of law or equity, and any right to trial by judge or jury; provided, however, that any party may pursue judicial adjudication of a decision of the Board of Directors: (i) suspending party's right to use a portion of the Common Area pursuant to Subsection 12.1(f); (ii) imposing a charge pursuant to Subsection 12.1(g); or (iii) a judicial grant of injunctive relief obtained pursuant to Subsection 12.1(e). The provisions of this Article shall not reduce or delay the Association's rights to levy a late charge, collect interest or file and pursue a lien as provided in Articles 5, 6 and 12 with respect to any Assessment or other charges due from an Owner hereunder. If a dispute involves the Declarant or the Association, no Person shall file a memorandum of lis pendens or similar instrument that would encumber or create a lien upon the real estate owned either by the Declarant or the Association.

Section 17.6 Disputes Requiring Emergency Relief. If a dispute requires immediate, emergency relief such as would be available through judicial injunctive relief, then either party to the dispute may seek such relief as a temporary resolution pending the opportunity to conduct other procedures under this Article.

Section 17.7 Limitation on Dispute Resolution Proceedings. Notwithstanding any other provision of the Association Documents, after the Declarant Control Period the Board of Directors shall not commence or maintain any judicial or alternative dispute resolution proceeding which would reasonably require the expenditure of funds in excess of \$10,000 during any fiscal year without a Sixty-Seven Percent Vote at a meeting of the Association duly called for this purpose; provided, however, that this section shall not apply to (i) routine assessment collection actions; (ii) routine actions to enforce architectural guidelines, use restrictions or rules and regulations (iii) any expenditure in the budget of the Association or (iv) any expenditure funded by a special assessment.

The undersigned has caused this Declaration to be signed pursuant to due and proper authority as of the date first set forth above.

TOLL MI III LIMITED PARTNERSHIP,  
a Michigan limited partnership

By: TOLL MI-GP CORP.  
General Partner

By:  \_\_\_\_\_

Its: Vice President

STATE OF Mich )  
COUNTY OF Oakland ) SS:

The foregoing instrument was acknowledged before me this 26 day of June, 2003, by Keith Anderson, Vice President  
*Name Title*

of Toll MI GP Corp., a Michigan corporation, general partner of TOLL MI III LIMITED PARTNERSHIP, a Michigan limited partnership, who has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the partnership, on behalf of the company.

Tricia Dedvukaj, Notary Public  
Oakland County, Mich  
My Commission Expires: 1/14/06

TRICIA DEDVUKAJ  
NOTARY PUBLIC OAKLAND CO., MI  
MY COMMISSION EXPIRES Jan 14, 2006

#1238 v5 - Steeplechase-Declarations

DRAFTED BY/AND WHEN RECORDED RETURN TO:  
WILLIAM MULLEN, ATTORNEY  
33 BLOOMFIELD HILLS PARKWAY, STE 100  
BLOOMFIELD HILLS, MICHIGAN 48304  
ATTN: JEANNINE GLEESON-SMITH.

**Exhibit A  
To the Declaration**

**STEEPLECHASE OF NORTHVILLE SUB. NO.1**

**DESCRIPTION OF SUBMITTED LAND :**

**STEEPLECHASE OF NORTHVILLE SUB. NO. 1**

**AS RECORDED ON JULY 02, 2003**

**LIBER 120 , PAGES 9 THROUGH 20**

**OF PLATS,**

**WAYNE COUNTY RECORDS**

(LEGAL DESCRIPTION OF THE PROPERTY)

PARCEL I

PARCEL "C"

A PART OF THE NORTHWEST 1/4 AND SOUTHWEST 1/4 OF SECTION 7, T-1-S., R-8-E., NORTHVILLE TOWNSHIP, WAYNE COUNTY, MICHIGAN, BEING MORE PARTICULARLY DESCRIBED AS: COMMENCING AT THE NORTH 1/4 CORNER OF SAID SECTION 7: THENCE N. 86° 00' 16" W., 778.55 FEET ALONG THE NORTH LINE OF SAID SECTION 7 (SEVEN MILE ROAD) TO THE POINT OF BEGINNING; THENCE THE FOLLOWING TWENTY ONE COURSES ALONG A LINE APPROXIMATELY 25 FEET EASTERLY OF AND PARALLEL TO THE CENTERLINE OF THE SUMP DRAIN (1) S. 10° 29' 13" W., 62.16 FEET, AND (2) S. 03° 39' 00" W., 81.78 FEET, AND (3) S. 82° 03' 40" E., 39.22 FEET, AND (4) S. 06° 02' 03" E., 77.80 FEET, AND (5) S. 55° 07' 06" E., 95.30 FEET, AND (6) S. 44° 46' 13" E., 180.21 FEET, AND (7) S. 45° 30' 11" E., 62.24 FEET, AND (8) S. 41° 43' 09" E., 61.49 FEET, AND (9) S. 22° 04' 28" E., 81.02 FEET, AND (10) S. 05° 06' 56" W., 63.90 FEET AND (11) S. 38° 01' 00" E., 140.43 FEET, AND (12) S. 07° 11' 22" W., 64.42 FEET, AND (13) S. 49° 45' 28" E., 71.39 FEET, AND (14) S. 08° 10' 46" E., 78.97 FEET, AND (15) S. 19° 48' 22" E., 129.36 FEET, AND (16) S. 39° 45' 43" E., 65.86 FEET, AND (17) S. 19° 09' 45" E., 139.25 FEET, AND (18) S. 02° 17' 41" W., 70.31 FEET, AND (19) S. 60° 14' 30" E., 67.38 FEET, AND (20) S. 11° 23' 38" E., 54.14 FEET, AND (21) N. 81° 12' 04" E., 36.86 FEET TO A POINT ON THE NORTH-SOUTH 1/4 LINE OF SAID SECTION 7: THENCE S. 02° 36' 04" W., 1194.89 FEET ALONG THE NORTH-SOUTH 1/4 LINE OF SAID SECTION 7: THENCE N. 86° 40' 48" W., 394.38 FEET; THENCE S. 03° 20' 00" W., 125.00 FEET; THENCE N. 86° 40' 48" W., 235.00 FEET; THENCE N. 13° 20' 24" E., 86.32 FEET; THENCE N. 86° 40' 48" W., 188.77 FEET; THENCE N. 45° 08' 50" W., 211.12 FEET; THENCE N. 86° 40' 48" W., 400.00 FEET; THENCE N. 02° 35' 50" E., 918.00 FEET; THENCE N. 03° 09' 39" E., 478.78 FEET; THENCE N. 02° 59' 44" E., 1032.35 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 7 (SEVEN MILE ROAD); THENCE S. 86° 00' 16" E., 569.95 FEET ALONG SAID LINE TO THE POINT OF BEGINNING AND CONTAINING 66.31 ACRES EXCEPTING THEREFROM THE FOLLOWING TWO PARCELS, LEAVING A TOTAL ACREAGE IN PARCEL C OF 63.92 ACRES:

PARCEL "A"

A PART OF THE NORTHWEST 1/4 OF SECTION 7, T-1-S., R-8-E., NORTHVILLE TOWNSHIP, WAYNE COUNTY, MICHIGAN, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH 1/4 CORNER OF SAID SECTION 7: THENCE N. 86° 00' 16" W., 1,088.46 FEET ALONG THE NORTH LINE OF SAID SECTION 7 (SEVEN MILE ROAD); THENCE S. 02° 59' 44" W., 120.02 FEET TO THE POINT OF BEGINNING; THENCE FROM SAID POINT OF BEGINNING, S. 86° 00' 16" E., 240.04 FEET; THENCE S. 02° 59' 44" W., 125.02 FEET; THENCE S. 02° 04' 55" W., 125.07 FEET; THENCE N. 86° 00' 16" W., 204.62 FEET; THENCE N. 25° 30' 00" W., 13.65 FEET; THENCE ALONG A CURVE TO THE RIGHT, 126.82 FEET, SAID CURVE HAVING A RADIUS OF 255.00 FEET, CENTRAL ANGLE OF 28° 29' 44" AND A LONG CHORD BEARING OF N. 11° 15' 08" W., 125.52 FEET; THENCE N. 02° 59' 44" E., 117.03 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.34 ACRES

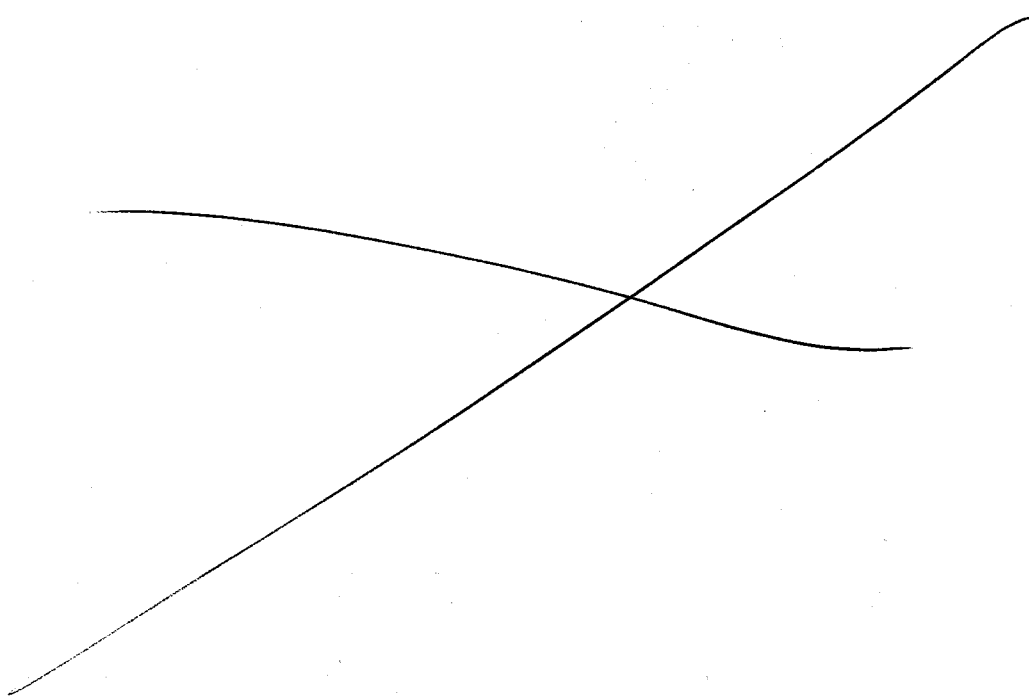
PARCEL "B"

A PART OF THE NORTHWEST 1/4 OF SECTION 7, T-1-S., R-8-E., NORTHVILLE TOWNSHIP, WAYNE COUNTY, MICHIGAN, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH 1/4 CORNER OF SAID SECTION 7: THENCE N. 86° 00' 16" W., 1,088.46 FEET ALONG THE NORTH LINE OF SAID SECTION 7 (SEVEN MILE ROAD); THENCE S. 02° 59' 44" W., 237.05 FEET; THENCE ALONG A CURVE TO THE LEFT, 126.82 FEET, SAID CURVE HAVING A RADIUS OF 255.00, CENTRAL ANGLE OF 28° 29' 44" AND A LONG CHORD BEARING OF S. 11° 15' 08" E., 125.52 FEET; THENCE S. 25° 30' 00" E., 218.60 FEET TO THE POINT OF BEGINNING; THENCE FROM SAID POINT OF BEGINNING, N. 84° 00' 00" E., 99.20 FEET; THENCE S. 73° 25' 32" E., 130.55 FEET; THENCE S. 58° 00' 00" E., 137.40 FEET; THENCE S. 32° 00' 00" W., 150.00 FEET; THENCE N. 58° 00' 00" W., 51.45 FEET; THENCE ALONG A CURVE TO THE LEFT, 179.38 FEET, SAID CURVE HAVING A RADIUS OF 310.00 FEET, CENTRAL ANGLE OF 33° 09' 14" AND A LONG CHORD OF N. 74° 34' 36" W., 176.89 FEET; THENCE N. 09° 30' 00" W., 56.48 FEET; THENCE ALONG A CURVE TO THE LEFT, 96.34 FEET, SAID CURVE HAVING A RADIUS OF 345.00 FEET, CENTRAL ANGLE OF 16° 00' 00" AND A LONG CHORD OF N. 17° 30' 00" W., 96.03 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.05 ACRES

Exhibit B  
to the Declaration

STEEPLECHASE OF NORTHVILLE  
DESCRIPTION OF ADDITIONAL LAND

Township of Northville  
Wayne County, Michigan



PARCEL "A"

A PART OF THE NORTHWEST 1/4 OF SECTION 7, T-1-S., R-8-E., NORTHVILLE TOWNSHIP, WAYNE COUNTY, MICHIGAN, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH 1/4 CORNER OF SAID SECTION 7; THENCE N.86°00'16"W., 1,088.46 FEET ALONG THE NORTH LINE OF SAID SECTION 7 (SEVEN MILE ROAD); THENCE S.02°59'44"W., 120.02 FEET TO THE POINT OF BEGINNING; THENCE FROM SAID POINT OF BEGINNING, S.86°00'16"E., 240.04 FEET; THENCE S.02°59'44"W., 125.02 FEET; THENCE S.02°04'55"W., 125.07 FEET; THENCE N.86°00'16"W., 204.62 FEET; THENCE N.25°30'00"W., 13.68 FEET; THENCE ALONG A CURVE TO THE RIGHT, 126.82 FEET, SAID CURVE HAVING A RADIUS OF 255.00 FEET, CENTRAL ANGLE OF 28°29'44" AND A LONG CHORD BEARING OF N.11°15'08"W., 125.52 FEET; THENCE N.02°59'44"E., 117.03 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.34 ACRES

PARCEL "B"

A PART OF THE NORTHWEST 1/4 OF SECTION 7, T-1-S., R-8-E., NORTHVILLE TOWNSHIP, WAYNE COUNTY, MICHIGAN, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH 1/4 CORNER OF SAID SECTION 7; THENCE N.86°00'16"W., 1,088.46 FEET ALONG THE NORTH LINE OF SAID SECTION 7 (SEVEN MILE ROAD); THENCE CURVE HAVING A RADIUS OF 255.00, CENTRAL ANGLE OF 28°29'44" AND A LONG CHORD BEARING OF S.11°15'08"E., 125.52 FEET; THENCE S.25°30'00"E., 218.60 FEET TO THE POINT OF BEGINNING; THENCE FROM SAID POINT OF BEGINNING, N.84°00'00"E., 99.20 FEET; THENCE S.73°25'32"E., 130.55 FEET; THENCE S.58°00'00"E., 137.40 FEET; THENCE S.32°00'00"W., 150.00 FEET; THENCE N.58°00'00"W., 61.45 FEET; THENCE ALONG A CURVE TO THE LEFT, 179.38 FEET, SAID CURVE HAVING A RADIUS OF 310.00 FEET, CENTRAL ANGLE OF 33°09'14" AND A LONG CHORD OF N.74°34'36"W., 176.89 FEET; THENCE N.09°30'00"W., 56.48 FEET; THENCE ALONG A CURVE TO THE LEFT, 96.34 FEET, SAID CURVE HAVING A RADIUS OF 345.00 FEET, CENTRAL ANGLE OF 16°00'00" AND A LONG CHORD OF N.17°30'00"W., 96.03 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.05 ACRES

PARCEL "D"

PART OF THE NORTHWEST 1/4, SOUTHWEST 1/4 AND SOUTHEAST 1/4 OF SECTION 7, T-1-S., R-8-E., NORTHVILLE TOWNSHIP, WAYNE COUNTY, MICHIGAN, BEING MORE PARTICULARLY DESCRIBED AS: COMMENCING AT THE SOUTH 1/4 CORNER OF SAID SECTION 7; THENCE N. 02°33'32" W., 60.01 FEET ALONG THE NORTH-SOUTH 1/4 LINE OF SAID SECTION 7 TO THE POINT OF BEGINNING; THENCE N. 86°37'11" W., 1012.63 FEET ALONG A LINE 60 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID SECTION 7; THENCE N. 03°22'49" E., 70.00 FEET; THENCE S. 88°37'11" E., 1.00 FEET; THENCE N. 03°22'49" E., 30.00 FEET; THENCE N. 86°37'11" W., 1.00 FEET; THENCE N. 03°22'49" E., 175.00 FEET; THENCE N. 86°37'11" W., 390.40 FEET; THENCE S. 03°22'49" W., 275.00 FEET; THENCE N. 86°37'11" W., 282.62 FEET ALONG A LINE 60 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID SECTION 7; THENCE N. 02°27'50" E., 2583.14 FEET TO A POINT ON THE EAST-WEST 1/4 LINE OF SAID SECTION 7; THENCE S. 86°40'48" E., 738.98 FEET ALONG SAID EAST-WEST 1/4 LINE; THENCE N.02°35'50"E., 200.00 FEET; THENCE S.45°08'51"E., 211.12 FEET; THENCE S.86°40'48"E., 188.77 FEET; THENCE S.13°20'27"W., 86.32 FEET; THENCE S.86°40'48"E., 235.00 FEET; THENCE N.03°20'00"E., 125.00 FEET; THENCE S.86°40'48"E., 394.38 FEET TO A POINT ON THE NORTH-SOUTH 1/4 LINE OF SAID SECTION 7; THENCE S. 02°36'04" W., 100.01 FEET ALONG THE NORTH-SOUTH 1/4 LINE OF SAID SECTION 7 TO THE CENTER OF SAID SECTION 7; THENCE S. 86°47'32" E., 1527.40 FEET ALONG THE EAST-WEST 1/4 LINE OF SAID SECTION 7; THENCE S. 02°39'02" W., 2587.53 FEET; THENCE N. 86°40'30" W., 24.00 FEET ALONG A LINE 60 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID SECTION 7; THENCE N. 02°39'02" E., 887.46 FEET; THENCE N. 86°40'30" W., 304.28 FEET; THENCE S. 02°39'02" W., 887.46 FEET; THENCE THE FOLLOWING TWO COURSES BEING ALONG A LINE 60 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SECTION 7: (1) N.86°40'30"W., 994.18 FEET; AND (2) N.86°37'11"W., 0.83 FEET TO THE POINT OF BEGINNING. EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL: A PART OF THE SOUTHWEST 1/4 OF SECTION 7, T-1-S., R-8-E., NORTHVILLE TOWNSHIP, WAYNE COUNTY, MICHIGAN, MORE PARTICULARLY DESCRIBED AS: COMMENCING AT THE SOUTH 1/4 CORNER OF SAID SECTION 7; THENCE N.86°37'11"W., 1695.65 FEET ALONG THE SOUTH LINE OF SAID SECTION 7; THENCE N.02°27'50"E., 1561.58 FEET; THENCE S.86°40'48"E., 339.62 FEET TO THE POINT OF BEGINNING; THENCE N.02°28'59"E., 200.02 FEET; THENCE S.86°40'48"E., 400.04 FEET; THENCE S.02°28'59"W., 200.02 FEET; THENCE N.86°40'48"W., 400.04 FEET TO THE POINT OF BEGINNING. PARCEL "D" LESS THE EXCEPTED PARCEL CONTAINS 170.375 ACRES.