

THE FALLS II OF HIDDEN LAKE

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF OWNERS

The Falls II of Hidden Lake, a residential Condominium Project located in the Township of Green Oak, Livingston County, Michigan, shall be administered by an Association of Owners which shall be a non-profit corporation, hereinafter called the "Association," organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(9) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his or her Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II

ASSESSMENTS

All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Condominium Documents and the Act shall be levied by the Association against the Units and the Owners thereof in accordance with the following provisions:

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Owners against liabilities or losses arising within, caused by,

or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a) **Budget; Regular Assessments.** The Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 2(c) below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subsection may prove to be inadequate for this particular project, the Association of Owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Association, copies of the budget shall be delivered to each Owner and the assessment for said year shall be established based upon said budget. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Owner shall not affect or in any way diminish such lien or the liability of any Owner for any existing or future assessments. Should the Association at any time decide, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient, (a) to pay the costs of operation and management of the Condominium, (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$7,500.00 annually for the entire Condominium Project, or (2) that an emergency exists, the Association shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Association also shall have the authority, without Owner consent, to levy assessments pursuant to the provisions of Article V hereof. The discretionary authority of the Association to levy assessments pursuant to this subsection shall rest solely with the Association for the benefit of the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) **Special Assessments.** Special assessments, in addition to those required in subsection (a) above, may be made by the Association from time to time and approved by the Owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$7,500.00 for the entire Condominium Project per year, (2) assessments to purchase a Unit

upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection (b) (but not including those assessments referred to in subsection 2(a) above, which shall be levied in the sole discretion of the Association) shall not be levied without the prior approval of more than 60% of all Owners. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(c) **Apportionment of Assessments.** All assessments levied against the Owners to cover expenses of administration shall be apportioned among and paid by the Owners in accordance with each Owner's proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Owners in equal installments, monthly or whatever other period as determined by the Association, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means.

(d) **Limitations on Assessments for Litigation.** The Board of Directors shall not have authority under this Article II, Section 2, or any other provision of these Bylaws or the Master Deed, to levy any assessment, or to incur any expense or legal fees with respect to any litigation, without the prior approval, by affirmative vote, of not less than 66-2/3% of all Co-owners. This subsection shall not apply to any litigation commenced by the Association to enforce collection of delinquent assessments pursuant to Article II, Section 7 of these Bylaws. In no event shall the Developer be liable for, nor shall any Unit owned by the Developer be subject to any lien for, any assessment levied to fund the cost of asserting any claim against Developer, whether by arbitration, judicial proceeding, or otherwise.

(e) **Community Association Assessments.** The Association shall collect a *prorata* share from each Co-owner, in addition to the assessments set forth above, of all assessments levied by the Community Association against the Association pursuant to the Declaration. The default and enforcement provisions contained in these Bylaws shall apply with respect to the collection of all assessments levied by said Declaration. Assessments collected from the Co-owners shall be paid over by The Falls II of Hidden Lake Association to the Community Association on or before the due date established for the payment of such assessments by the Community Association.

(f) **Special Assessment Districts.** The Units are subject to a special assessment district established for the purpose of retiring the capital cost of the incurred by the Township in acquiring and operating the community sanitary sewer system that services the Hidden

Lake Community. All Co-owners of Units shall be subject to and assume payment of any special assessments related thereto and the Developer shall have no continuing responsibility therefor after conveyance of a Unit. Although the water system which services the Hidden Lake Community is a privately owned and operated community water system, it is possible that a special assessment district may also be established for the purpose of acquiring and/or operating the community water system at some indeterminate time in the future. In such event, all Units shall be subject to any such special assessment district and all Co-owners shall be responsible for payment of any special assessment which might arise therefrom and the Developer shall have no continuing responsibility therefor after conveyance of a Unit.

(g) **Working Capital Contribution.** Any Co-owner who acquires a Unit from the Developer shall contribute to the Association, on the date the Unit is conveyed to the Co-owner, an amount equal to two (2) monthly installments of the then current regular annual operating assessment which sum shall constitute a one-time, non-refundable contribution to the working capital of the Association. The Association, either before or after the Transitional Control Date shall be entitled to utilize any such contributions for the purpose of payment of regular operating costs and shall not be required to maintain such working capital contributions in a reserve account for any special purpose.

Section 3. Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, including the improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. The only expenses in which it is contemplated that the Developer will share are: (1) liability insurance premiums for the Common Elements, (2) minimal maintenance of Common Element landscaped areas; (3) miscellaneous administrative expenses such as postage, office supplies and expense of filing required Association reports; and (4) any Community Association assessments related solely to Units owned by the Developer. In no event shall the Developer (or its assignee) be responsible for payment of any assessments for or with respect to deferred maintenance, reserves for replacement, reserves for contingencies, for capital improvements or other special assessments, except with respect to Units owned by it on which there is a completed and occupied residential dwelling. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to finance the cost of any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. A "completed residential dwelling" shall mean a residential dwelling with respect to which a certificate of occupancy has been issued by the Township of Green Oak.

Section 4. Penalties for Default. The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. A late charge not to exceed twenty-five (\$25.00) dollars per installment per month may be assessed automatically by the Association upon each installment in default for ten or more days until paid in full. The Association may, pursuant to Article XX hereof, levy fines for late payment of assessment installments in addition to such late charge. Each Owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his or her Unit which may be levied while such Owner is the owner thereof, except a land contract purchaser from any Owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment installments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 5. Liens for Unpaid Assessments. Sums assessed by the Association which remain unpaid, including but not limited to regular assessments, special assessments, fines and late charges, shall constitute a lien upon the Unit or Units in the Project owned by the Owner at the time of the assessment and upon the proceeds of sale thereof. Any such unpaid sum shall constitute a lien against the Unit or Units as of the first day of the fiscal year to which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act.

Section 6. Waiver of Use or Abandonment of Unit. No Owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 7. Enforcement.

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Owner in the payment of any installment of the annual assessment levied against his or her Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to an Owner in default upon seven-day written notice to such Owner of its intention to do so. An Owner in default shall not be entitled to (i) utilize any of the General Common Elements of the Project, (ii) utilize any of the facilities, the lake or other amenities of the Hidden Lake Community or (iii) vote at any meeting of the Association or the Community

Association so long as such default continues; provided, however, this provision shall not operate to deprive any Owner of ingress or egress to and from his or her Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Owner thereof or any persons claiming under him or her. The Association may also assess fines for late payment or non-payment of installments of assessments in accordance with the provisions of Article XX of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b) **Foreclosure Proceedings.** Each Owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he or she was notified of the provisions of this subsection and that he or she voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit.

(c) **Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten days after mailing, by first class mail, postage prepaid, addressed to the delinquent Owner(s) at his, her or their last known address, a written notice that one or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (1) the affiant's capacity to make the affidavit, (2) the statutory and other authority for the lien, (3) the amount outstanding (exclusive of interest, costs, attorneys' fees and future assessments), (4) the legal description of the subject Unit(s), and (5) the name(s) of the Owner(s) of record. Such affidavit shall be recorded in the office of the Livingston County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the

delinquent Owner and shall inform him or her that he or she may request a judicial hearing by bringing suit against the Association.

(d) **Expenses of Collection.** The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Owner in default and shall be secured by the lien on his or her Unit.

Section 8. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments, interest, late charges, fines, costs and other fees as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five days prior to the closing of the purchase of such Unit shall render any unpaid assessments against the Condominium Unit together with interest, costs, fines, late charges and attorney fees, and the lien securing the same, fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act.

Section 9. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except 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 Units including the mortgaged Unit).

Section 10. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 11. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 12. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

ARTICLE III

ARBITRATION

Section 1. Scope and Election. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between the Owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Owner nor the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. Such election and written consent by Owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall carry fire and extended coverage, vandalism and malicious mischief and general liability insurance, officers and directors liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements of the Condominium Project, and such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

(a) **Responsibility of the Co-owners and Association.** All such insurance shall be purchased by the Association for the benefit of the Association and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. Each Co-owner may obtain additional insurance coverage, if available, at his or her own expense upon his or her Dwelling. It shall be each Co-owner's responsibility to determine by personal investigation or from his or her own insurance advisors the nature and extent of insurance coverage adequate to his or her needs and thereafter to obtain insurance coverage for his or

her personal property and any additional fixtures, equipment and trim (as referred in subsection (b) below) located within his or her Dwelling or elsewhere on the Condominium and to obtain insurance coverage for his personal liability for occurrences within his or her Dwelling or upon Limited Common Elements appurtenant to his or her Dwelling, and the Association and all Co-owners shall have absolutely no responsibility for obtaining any of such coverages. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives any right of subrogation as to any claims against any Co-owner or the Association.

(b) **Insurance of Common Elements and Fixtures.** All Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall also include interior walls within any Dwelling and the pipes, wires, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Dwelling which were furnished with the Dwelling as standard items in accord with the plans thereof (or such replacements thereof as do not exceed the cost of such standard items). It shall be Co-owner's responsibility to determine the necessity for and to obtain insurance coverage for all fixtures, equipment, trim and other items or attachments within the Dwelling or any Limited Common Elements appurtenant thereto which were installed in addition to said standard items (or as replacements for such standard items to the extent that replacement cost exceeded the original cost of such standard items) whether installed originally by the Developer or subsequently by the Co-owners, and the Association shall have no responsibility whatsoever for obtaining such coverage unless agreed specifically and separately between the Association and the Co-owner in writing. The responsibility of a Co-owner to obtain or otherwise provide for additional insurance coverage shall particularly include (but without limitation) all fixtures and improvements installed in connection with any finished basement.

(c) **Premium Expenses.** All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

(d) **Proceeds of Insurance.** Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, and the Co-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Dwelling in the Condominium Project, shall be deemed to appoint the Association as his or her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project, his or her Dwelling and the Common Elements appurtenant thereto with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association, as said attorney, shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Determination to Reconstruct or Repair. If any part of the Condominium property shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(a) **Partial Damage.** If the damaged property is a Common Element or a Dwelling, the property shall be rebuilt or repaired if any Dwelling in the Condominium is tenantable, unless it is determined by an affirmative vote of 80% of all of the Co-owners in the Condominium that the Condominium shall be terminated.

(b) **Total Destruction.** If the Condominium is so damaged that no Dwelling is tenantable, the damaged property shall not be rebuilt unless 75% or more of the Co-owners agree to reconstruction by vote or in writing within 90 days after the destruction.

Section 2. Repair in Accordance with Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Project to a condition as comparable as possible to the condition existing prior to damage unless the Co-owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repairs. If the damage is only to a part of a Dwelling which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

Section 4. Co-owner Responsibility for Repairs. Each Co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his Dwelling, including but not limited to, floor coverings, wall coverings, window coverings, draperies, garage doors, garage door openers, air conditioner compressors, decks, window glass, skylights, screens, walls and pipes, wires, conduits and ducts therein, trim, furniture, light fixtures and all appliances, whether free-standing or built-in, except that in the event damage to walls within a Co-owner's Dwelling or to pipes, wires, conduits or ducts therein is covered by insurance held by the Association for the benefit of the Co-owner, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5. If any other portion of a Dwelling is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto and if there is a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly.

Section 5. Repair Procedures. The Association shall be responsible for the reconstruction, repair and maintenance of the Common Elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 6. Eminent Domain. The following provisions in conjunction with Section 133 of the Act shall control upon any taking by eminent domain:

(a) **Taking of Dwelling.** In the event of any taking of an entire Dwelling by eminent domain, the Co-owner of such Dwelling and the mortgagee thereof, as their interests may appear, shall be entitled to receive the award for such taking and after acceptance thereof, he and his mortgagee shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any Co-owner whose Dwelling is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Co-owner and his mortgagee, as their interests may appear.

(b) **Taking of Common Elements.** If there is any taking of any portion of the Condominium other than any Dwelling, the condemnation proceeds relative to such taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% of the Co-owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

otherwise agreeing to grant possession of a Condominium Unit to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If no lease form is to be used, then the Co-owner or Developer shall supply the Association with the name and address of the potential lessee, along with the rental amount and due dates under the proposed agreement.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents. All leases and rental agreements shall so state (except for the Developer's pre-existing leases which do not contain such provisions).

(3) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(i) The Association shall notify the Co-owner by certified mail as required by the Act advising of the alleged violation by the tenant. In view of the fact that certified mail is often undelivered to the addressee, the Association may serve such notice by personal delivery or first class regular mail in addition to certified mail.

(ii) The Co-owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(iii) If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future installments of assessments as they fall due and pay them to the Association. The

deductions do not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following:

- (i) Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.
- (ii) Initiate proceedings pursuant to subsection (3)(iii).

Section 3. Alterations and Modifications. All architectural and landscaping plans of the Developer, the Association and of any Co-owner shall be subject to the terms and provisions of the Declaration and to the approval of the Declarant thereunder. Likewise, no Co-owner shall make alterations in exterior appearance or make structural modifications or additions to his Dwelling or make changes in any of the Common Elements, Limited or General, including, without limitation, exterior painting or the erection of decks, porches, balconies, patios, antennas, lines, cables, wires, aerials, lights, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards or other exterior attachments or modifications without the written approval of the Developer and the Association and the Declarant under the Declaration. The Developer and/or the Association may establish policies or adopt rules and regulations from time to time which observe applicable federal communications laws but which are designed to limit dish antennas or similar devices to the greatest extent possible for aesthetic reasons. No attachment, appliance or other item may be installed which is designed to kill or repel insects or other animals by light or which emits a humanly audible sound. Any burglar alarm bell must be on a timer so that it will not ring more than 15 minutes after any activation. No Co-owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way. It shall be permissible for Co-owners to cause to be installed television antennas in the attic areas above Dwellings; providing, however, that any damage to the Common Elements or expense to the Association resulting from such installation shall be borne by the Co-owner performing or authorizing such installation. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access. No building mounted decorative lighting exceeding 100 watts shall be permitted. Building mounted security lights shall be absolutely prohibited. Invisible fencing, wiring and other similar electronic devices shall not be permitted.

Section 4. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Dwelling or upon the Common Elements, Limited or General, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Dwelling at any time and disputes among Co-owners, arising as a result of this provision which

(c) **Continuation of Condominium After Taking.** In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly and, if any Dwelling shall have been taken, Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner or mortgagee.

ARTICLE VI

RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residential purposes and the Common Elements shall be used only for purposes consistent with single-family residential use and in accordance with the ordinances of the Township of Green Oak. Likewise, the Association and all Co-owners shall govern their actions strictly in conformance with the terms and provisions of the Declaration.

Section 2. Leasing and Rental.

(a) **Right to Lease.** A Co-owner may lease his or her Unit for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Association in the manner specified in subsection (b) below. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least six (6) months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion.

(b) **Leasing Procedures.** The leasing of Units in the Project shall conform to the following provisions:

(1) Any Co-owner, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form or

cannot be amicably resolved, shall be resolved by the Association. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his Dwelling or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices. Water backwash from any water softener in a Unit shall be restricted either to the dry well or to the sump crock.

Section 5. Pets. No animals, including household pets, shall be maintained by any Co-owner unless specifically approved in writing by the Association, except that an Owner may maintain one domesticated cat or dog without such approval. No animal may be kept or bred for any commercial purpose and any permitted pet shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements, Limited or General. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No dog whose barks can be heard on any frequent or continuing basis shall be kept in any Dwelling or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof and by any means, remove or cause to be removed and disposed of any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section; provided, however, that any such removal shall occur pursuant to procedures established in duly adopted rules and regulations which contain provisions for reasonable notice to the animal's owner and an opportunity for such owner to be heard prior to such removal and disposition. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations. The terms "animals" or "pets" as used in this Section shall not include small domesticated animals which are constantly caged, such as small birds and fish.

Section 6. Aesthetics.

(a) **Storage.** The Common Elements, Limited or General, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except in enclosed garages or as otherwise provided in duly adopted rules and regulations of the Association.

(b) **Window Treatments.** All portions of curtains, drapes or other window coverings visible from the street or another Dwelling shall be made of or lined with a material that is white, off-white or beige in color. In accordance with the version of Webster's New Collegiate Dictionary in print in 2002, "beige" shall be defined to mean "a variable color averaging light grayish yellowish brown" and "off-white" shall be defined to mean "a yellowish or grayish white." No ornamental, stained or leaded glass windows or window coverings shall be permitted without express written approval of the Association.

(c) **Garage Doors.** Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage.

(d) **Unightly Conditions.** No unsightly condition shall be maintained on any terrace or other privacy area and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall be maintained in garages at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics.

(e) **General.** In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Dwelling or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 7. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, personal watercraft, camping vehicles, camping trailers, snowmobiles, snowmobile trailers, motorcycles, all-terrain vehicles, vans, or vehicles other than automobiles may be parked or stored upon the premises of the Condominium, unless stored fully enclosed within a garage with the doors closed; provided, however, that motor homes and travel trailers may be maintained ungaraged for occasional periods, not to exceed twenty-four (24) consecutive hours, for the sole purpose of loading or unloading. Commercial vehicles and trucks shall not be parked on or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. All automobiles shall be parked overnight in assigned garages except where a Co-owner maintains three or more cars, in which event any ungaraged cars shall be parked on the Co-owner's Limited Common Element driveway. Any vehicle which is not used on a frequent basis must be

stored in the responsible Co-owner's garage. A Co-owner may not have more than one guest car parked overnight on the Condominium Premises unless approved in writing in advance by the Association. In the event there arises a shortage of parking spaces due to maintenance of three cars by a number of Co-owners, the Association may temporarily or permanently prohibit the maintenance of more than two cars by a Co-owner. Maintenance of more than three cars by the occupants of any one Dwelling shall be prohibited, except with the revocable written approval of the Association in the event space is reasonably available therefor. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. Use of motorized vehicles anywhere on the Condominium Premises, other than passenger cars, authorized maintenance vehicles and commercial vehicles as provided in this Section 7, is absolutely prohibited. The Association may limit or prohibit parking on the Condominium access road and may institute whatever enforcement means it deems appropriate including, without limitation, ticketing and/or towing of vehicles in violation, either by public or private agencies.

Section 8. Advertising. No signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a Dwelling or on the Common Elements, including "For Sale" signs, without written permission from the Association and, during the Development and Sales Period, from the Developer. The attention of all Co-owners is called to the fact that the Developer is exempt from this sign restriction and all other restrictions contained in Article VI of the Bylaws during the Development and Sales Period pursuant to the provisions of Section 14(b) hereof. Accordingly, Developer shall have the unilateral right, unqualified in any way by the Condominium Documents, to maintain signs of such size and nature anywhere on the Condominium Premises as it may elect, in its sole discretion.

Section 9. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of such rules, regulations and amendments thereto shall be furnished to all Co-owners. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than 50% of the Co-owners, except that the Co-owners may not revoke any regulation or amendment prior to the First Annual Meeting of the entire Association.

Section 10. Right of Access of Association. The Association or its duly authorized agents shall have access to each Dwelling and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Dwelling and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Dwelling. It shall be the responsibility of each Co-owner to provide the Association means of access to his Dwelling and any Limited

Common Elements appurtenant thereto during all periods of absence, and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Dwelling and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

Section 11. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements without the prior written approval of the Association.

Section 12. Use of Common Elements. Sidewalks, yards, landscaped areas, driveways, roads, parking areas, porches, terraces and privacy areas shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements.

Section 13. Co-owner Maintenance. Each Co-owner shall maintain his Dwelling and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in or attached to any Dwelling which are appurtenant to or which may affect any other Dwelling or the Common Elements of the Condominium. Each Co-owner shall be responsible for damages or costs to the Association directly or indirectly resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents, invitees or lessees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 14. Reserved Rights of Developer.

(a) **Prior Approval by Developer.** No buildings, fences, walls, retaining walls, drives, walks or other structures, attachments or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), except interior alterations which do not affect structural elements of any Dwelling, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure, attachment or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with Developer. Developer shall have the right to refuse to approve any such

plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole and any adjoining properties under development or proposed to be developed by Developer. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners.

(b) Developer's Rights in Furtherance of Development, Construction and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period as defined in the Master Deed or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer and/or its successors and assigns may construct and maintain at any place on the Condominium Premises any one or more of the following: A sales office, a business office, a construction office, model units, storage garage, storage areas and reasonable parking incident to the same; and may continue to do so during the entire Development and Sales Period as defined in the Master Deed.

(c) Enforcement of Bylaws. The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period notwithstanding that it may no longer own a Dwelling in the Condominium which right of enforcement may include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

Section 15. General. The purpose of this Article VI is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon all Co-owners. The Developer may, in its sole discretion, subject to the provisions of the Declaration, waive any part of the restrictions set forth in this Article VI due to unusual topographic, natural or aesthetic considerations or other circumstances which the Developer deems compelling. Any such waiver must be in writing and shall be limited to the Unit to which it pertains and shall not constitute a waiver as to enforcement of the restrictions as to any other Unit.

Developer's rights under this Article VI may, in Developer's discretion, be assigned to the Association or other successor to Developer. Subject to the provisions of the Declaration and the approval of the Declarant, the Developer may construct any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents.

Section 16. Lake Access. There is no access to Hidden Lake from the Condominium Premises. Any access to Hidden Lake shall be obtained only in accordance with the terms and provisions of the Declaration and the rules and regulations promulgated thereunder.

Section 17. Effect of Declaration. The Declaration of Easements, Covenants, Conditions and Restrictions (Hidden Lake Community) described in Article III, Section 12 of the Master Deed to which these Bylaws are attached as Exhibit A is incorporated by reference herein and shall be binding upon all Co-owners and the Association to the extent applicable to The Falls II of Hidden Lake. In accordance with the Declaration, each Co-owner in the Condominium shall abide by the terms and provisions contained in the Declaration, as it may be amended from time to time, and by such rules and regulations as may be duly promulgated thereunder.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Owner who mortgages his or her Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Owner of such Unit that is not cured within 60 days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the General Common Elements and respective Unit of the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

ARTICLE VIII

VOTING

Section 1. Vote. Each Owner shall be entitled to one vote for each Condominium Unit owned.

Section 2. Eligibility to Vote. No Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he or she has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Owner may be cast only by the individual representative designated by such Owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Unit which it owns. If, however, the Developer elects to designate a Director pursuant to its rights under Article XI, Section 2(c)(i) or (ii) hereof, it shall not then be entitled to also vote for the non-developer Director.

Section 3. Designation of Voting Representative. Each Owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Owner. Such notice shall be signed and dated by the Owner. The individual representative designated may be changed by the Owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 35% of the Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50% of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

ARTICLE IX

MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than 50% of the Units in The Falls II of Hidden Lake have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Owners of 75% of all Units or 54 months after the first conveyance of legal or equitable title to a non-developer Owner of a Unit in the Project, whichever first occurs. The Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 10 days' written notice thereof shall be given to each Owner.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the third Tuesday of March each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The Owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by 1/3 of the Owners presented to the Secretary of the Association. Notice of any special meeting

shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Owner of record, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 6. Adjournment. If any meeting of Owners cannot be held because a quorum is not in attendance, the Owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors or officers); (g) election of Directors (at annual meeting or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 8. Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly

held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes; Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be *prima facie* evidence that such notice was given.

ARTICLE X

ADVISORY COMMITTEE

Within one year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of 1/3 of the Units, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three non-developer Owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if more than 50% of the non-developer Owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the other Owners and to aid in the transition of control of the Association from the Developer to purchaser Owners. The Advisory Committee shall cease to exist automatically when the non-developer Owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Owners.

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall initially be comprised of three (3) members and shall continue to be so comprised until enlarged in accordance with the provisions of Section 2 hereof. Thereafter, the affairs of the Association shall be governed by a board of five (5) directors or, if appropriate, after the First Annual Meeting by a board of seven (7) directors, all of whom must be members of the Association or officers, partners,

trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) **First Board of Directors.** The first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-developer director to the Board. Immediately prior to the appointment of the first non-developer Co-owners to the Board, the Board shall be increased in size from three persons to four persons. Immediately prior to the appointment of the second non-developer director to the Board, the Board shall be increased in size from four persons to five persons. Thereafter, elections for non-developer Co-owner directors shall be held as provided in subsections (b) and (c) below.

(b) **Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting.** Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of twenty-five percent (25%) of the Units that may be created in The Falls II of Hidden Lake, one of the four (4) directors shall be selected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units that may be created, two (2) of the five (5) directors shall be elected by non-developer Co-owners. When the required percentage of conveyances have been reached, the Developer shall notify the non-developer Co-owners and convene a meeting so that the Co-owners can elect the required director or directors, as the case may be. Upon certification by the Co-owners to the Developer of the director or directors so elected, the Developer shall then immediately appoint such director or directors to the Board to serve until the First Annual Meeting of members unless such director is removed pursuant to Section 7 of this Article or resigns or becomes incapacitated.

(c) **Election of Directors at and After First Annual Meeting.**

(1) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy-five percent (75%) of the Units that may be created, and before conveyance of ninety percent (90%) of such Units, the non-developer Co-owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one (1) director as long as the Units that remain to be created and conveyed equal at least ten percent (10%) of all Units in the Project. Such Developer designee, if any, shall be one of the total number of directors referred to in Section 1 above. Whenever the seventy-five percent (75%) conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(2) Regardless of the percentage of Units which have been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, if title to not less than seventy-five percent (75%) of the Units which may be created has not been conveyed, the non-developer Co-owners have the right to elect a number of members of the Board of directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which maintenance expenses are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subparagraph (1) above. Application of this subparagraph does not require a change in the size of the Board of Directors.

(3) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsection (b) and subparagraph (c)(1), or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subparagraph (c)(2) results in a right of non-developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subparagraph shall not eliminate the right of the Developer to designate one director as provided in subparagraph (1).

(4) In the event the Condominium has expanded to 150 or more Units at the time of the First Annual Meeting, the Board shall be increased in size from five to seven persons. At the First Annual Meeting, either three or four directors, as the case may be, shall be elected for a term of two (2) years and either two or three directors, as the case may be, shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one (1) slate and the three or four persons (as the case may be) receiving the highest number of votes shall be elected for a term of two (2) years and the two or three persons (as the case may be) receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either the number of directors shall be elected whose terms then expire. After the First Annual Meeting, the term of office (except for two or three of the directors, as the case may be, elected at the First Annual Meeting) of each director shall be two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting.

(5) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect directors

and conduct other business shall be held in accordance with the provisions of Article IX, Section 3 hereof.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically to do the following:

- (a) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof;
- (b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association;
- (c) To carry insurance and collect and allocate the proceeds thereof;
- (d) To rebuild improvements after casualty;
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project;
- (f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association;
- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association;
- (h) To make rules and regulations in accordance with Article VI, Section 16 of these Bylaws;
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board; and

- (j) To enforce the provisions of the Condominium Documents.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon 90 days' written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-developer Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 35% requirement set forth in Article VIII, Section 4. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer Owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but

at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, telephone or telegraph, at least 10 days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 24 hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE XII

OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two offices except that of President and Vice President may be held by one person.

(a) **President.** The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he or she may in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) **Vice President.** The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

(c) **Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he or she shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all duties incident to the office of the Secretary.

(d) **Treasurer.** The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XIII

SEAL

The Association may (but need not) have a seal. If the Board determines that the Association shall have a seal, then it shall have inscribed thereon the name of the Association, the words "corporate seal," and "Michigan."

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such accounts and all other Association records shall be open for inspection by the Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 2. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

Section 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by applicable federal deposit insurers and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XV

LIMITATION AND ASSUMPTION OF LIABILITY OF VOLUNTEERS; INDEMNIFICATION

Section 1. Limitation of Liability of Volunteers. No Director or officer of the Association who is a volunteer Director or volunteer officer (as these terms are defined in the Michigan Non-Profit Corporation Act) of the Association shall be personally liable to the Association or its members for monetary damages for breach of his or her fiduciary duty as a volunteer Director or officer except for liability arising from: (a) Any breach of the volunteer Director's or officer's duty of loyalty to the Association or its Members; (b) Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) A violation of Section 551(1) of the Michigan Non-Profit Corporation Act; (d) Any transaction from which the volunteer Director or officer derived an improper personal benefit; or (e) An act or omission that is grossly negligent.

Section 2. Assumption of Liability of Volunteers. The Association further assumes liability for all acts or omissions of a volunteer Director, volunteer officer or other volunteer occurring on or after the effective date of this Article if all of the following are met: (a) the volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority; (b) the volunteer was acting in good faith; (c) the volunteer's conduct did not amount to gross negligence or willful and wanton misconduct; (d) the volunteer's conduct was not an intentional tort; and (e) the volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed as provided in Section 3135 of the Insurance Code of 1956, Act No. 218 of Michigan Public Acts of 1956.

Section 3. Indemnification of Volunteers. The Association shall also indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Association, by reason of the fact that the person is or was a volunteer Director, volunteer officer, or nondirector volunteer of the Association, against all expenses including attorney's fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association or its members, and with

respect to any criminal action or proceeding, if the person had no reasonable cause to believe that the conduct was unlawful. In the event of any claim for indemnification hereunder based upon a settlement by the volunteer Director, volunteer officer, or nondirector volunteer seeking such indemnification, the indemnification herein shall apply only if the Board of Directors (with any Director seeking indemnification abstaining) approves such settlement and indemnification as being in the best interest of the corporation. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Articles of Incorporation, the Bylaws, contractual agreement, or otherwise by law and shall continue as to a person who has ceased to be a volunteer Director or volunteer officer or nondirector volunteer of the corporation and shall inure to the benefit of the heirs, executors, and administrators of such person. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all members thereof. The Association shall maintain insurance coverage to cover indemnification payments made pursuant to this Article XV.

ARTICLE XVI

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by 1/3 or more of the Owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. Voting. These Bylaws may be amended by the Owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 66-2/3% of all Owners. No consent of mortgagees shall be required to amend these Bylaws unless as otherwise provided in Section 90a of the Act. No amendment to these Bylaws prior to the expiration of the Development and Sales Period may be adopted or implemented without the written consent of the Developer.

Section 4. By Developer. Prior to the expiration of the Development and Sales Period, these Bylaws may be unilaterally amended by the Developer (including the right to amend to enlarge the membership of the Board of Directors in a manner consistent with Article XI, Section 1 hereof) without approval from any other person so long as any such amendment does not materially and adversely alter or change the right of an Owner or mortgagee.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Livingston County Register of Deeds.

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVII

COMPLIANCE

The Association and all present or future Owners, tenants, future tenants, or any other persons acquiring an interest in or using the Project in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium Premises shall signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XVIII

DEFINITIONS

All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit or as set forth in the Act.

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by an Owner shall entitle the Association or another Owner or Owners to the following relief:

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Owner or Owners.

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Owner be entitled to recover such attorneys' fees.

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of Article XX hereof.

Section 5. Non-waiver of Right. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

Section 6. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 7. Enforcement of Provisions of Condominium Documents. An Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. In such a proceeding, the Association, if successful, shall recover the cost of the proceeding and reasonable attorney fees, as determined by the court. An Owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

ARTICLE XX

ASSESSMENT OF FINES

Section 1. General. The violation by any Co-owner, occupant or guest of any of the provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur as a result of his or her personal actions or the actions of his or her family, guests, tenants or any other person admitted through such Co-owner to the Condominium Premises.

Section 2. Procedures. Upon any such violation being alleged by the Association, the following procedures will be followed:

(a) **Notice.** Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address as shown in the notice required to be filed with the Association pursuant to Article VIII, Section 3 of these Bylaws. Each day during which a violation continues shall be deemed to be a separate violation and any uncured continuing violation shall, thus, be deemed to be a separate violation on each successive day of its continuation. For example, placement of a "For Sale" sign in a Unit window visible from the Common Elements for three successive days constitutes three separate violations of Article VI, Section 8 of these Bylaws.

(b) **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Board of Directors of the Association and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, but in no event shall the Co-owner be required to appear less than ten (10) days from the date of the notice.

(c) **Default.** Failure to respond to the notice of violation constitutes a default.

(d) **Hearing and Decision.** Upon appearance by the Co-owner before the Board and presentation of evidence of defense, or, in the event of the Co-owner's default, the Association shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Association's decision is final.

Section 3. Amounts. Upon violation of any of the provisions of the Condominium Documents and after default of the offending Co-owner or upon the decision of the Association as recited above, the following fines shall be levied:

(a) **First Violation.** No fine shall be levied; provided, however, that each day during which a violation continues shall be deemed to be a separate violation and any uncured continuing violation shall, thus, be deemed to be a separate violation on each successive day of its continuation.

(b) **Second Violation.** Twenty-Five Dollar (\$25.00) fine.

(c) **Third Violation.** Fifty Dollar (\$50.00) fine.

(d) **Fourth Violation and Subsequent Violations.** One Hundred Dollar (\$100.00) fine.

Section 4. Computation and Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable together with the regular installment of Condominium assessments on the first of the next following month. Fines shall be imposed and computed with reference to the number of violations which are alleged at each violation appearance. Thus, in the violation example set forth in Section 2 (a) of this Article XX, there would be no fine imposed in the first violation appearance. If the violation resumed at a later date for three more days and the board so determined at a second violation appearance, the offender could receive a total fine of \$75 (\$25 for each day of the successive three-day violation). At a third violation appearance, the same facts could result in a fine of \$150 (\$50 for each day of the successive three-day violation). The board shall have discretion as to the extent to which fines are cumulatively imposed for successive violations but shall have no discretion and must impose at least the minimum fine for a one-day violation at each violation appearance in which the board has determined that a violation occurred. In exercising such discretion, the board may take into account circumstances which it finds to be extenuating including, without limitation, whether the violation was purposeful or inadvertent. Failure to pay a fine will subject the Co-owner to all liabilities set forth in the Condominium Document including, without limitations, those described in Article II and Article XIX of these Bylaws.

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby).