

YORKTOWNE CONDOMINIUM ASSOCIATION

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CONDOMINIUM BY-LAWS

YORKTOWNE CONDOMINIUM ASSOCIATION

ARTICLE I

ASSOCIATION OF CO-OWNERS

Yorktowne, a residential Condominium Project in the City of Plymouth, County of Wayne, State of Michigan, shall be administered by an Association of Co-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 By-Laws shall constitute both the Condominium By-Laws referred to in the Master Deed and required by Section 3(8) of the Act and the Association By-Laws provided for under the Michigan Non-Profit Corporation Act. Each co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-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 Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-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

MEMBERSHIP

Membership in the Association and voting by members of the Association shall be in accordance with the following provisions:

Section 1. Member. Each Co-owner, including Developer, shall be a member of the Association, and no other person or entity shall be entitled to membership. Each member shall have one vote for each Unit owned.

Section 2. Transfer. The share of a Co-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 in the Condominium.

Section 3. Annual Meeting. There shall be an annual meeting of the members of the Association commencing with the first annual meeting held as provided in Section 2 of Article IV. Other meetings shall be held as provided for in the Corporate By-Laws of the Association. Notice of the time, place and subject matter of all meetings, as provided in the Corporate By-Laws of the Association shall be given to each Co-owner by mailing the same to each individual representative designated by the respective Co-owners.

ARTICLE III

VOTING

Section 1. Vote. Except as limited in these By-Laws, each Co-owner shall be entitled to one vote for each Unit owned. In the case of any Unit owned jointly by more than one Co-owner, the voting rights appurtenant to that Unit shall be exercised jointly as a single vote.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer shall be entitled to vote at any meeting of the Association until the Co-owner has presented evidence of ownership of a Unit in the Condominium to the Association. No Co-owner, other than the Developer, shall be entitled to vote prior to the first annual meeting of members held in accordance with Section 2 of Article IV, except as specifically provided in Section 2, Article XI. The vote of each Co-owner may only be cast by the individual representative designated by such Co-owner in the notice required in Section 3 below, or by a proxy given by such individual representative. The Developer shall be entitled to vote for each Unit which it owns.

Section 3. Designation of Voting Representative. Each Co-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 Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by each of the Co-owners. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided. At any meeting, the filing of such written notice as a prerequisite to voting may be waived by the chairman of the meeting.

Section 4. Quorum. The presence in person or by proxy of more than 35% in number of the Co-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 herein to have 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 in person or by proxy 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. Unless otherwise provided, any action which could be authorized at a meeting of the members shall be authorized by any affirmative vote of more than 50%. The foregoing statement and any other provision of the Master Deed, these By-Laws or the Corporate By-Laws requiring the approval of a majority (or other stated percentage) of the members or Co-owners shall be construed to mean, unless otherwise specifically stated, a majority (or other stated percentage) in number (and not value) of the votes cast by 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 duly called and held.

Section 7. Modifications. Other provisions as to voting by members, not inconsistent with the provisions herein contained, may be set forth in the Corporate By-Laws.

ARTICLE IV

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 Co-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 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

Developer and may be called at any time after more than 50% in number of the Units in Yorktowne determined with reference to the recorded Consolidating Master Deed, 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 Co-owners of 75% in number of all Units that may be created or 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. 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 Co-owner. The phrase "Units that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Units which Developer is permitted under the Condominium Documents to include in the Condominium.

Section 3. Annual Meetings. Annual meetings of the Association shall be held on the first Tuesday of December 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 months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XI of these By-Laws. The Co-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 Co-owners as directed by resolution of the Board of Directors or upon a petition signed by 1/3 of the Co-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 Co-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 Co-owner at the address shown in the notice required to be filed with the Association by Article III, Section 3 of these By-Laws 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 Co-owners cannot be held because a quorum is not in attendance, the Co-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 meetings 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 V

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 Co-owners thereof in accordance with the following provisions:

Section 1. Personal Property Taxes. The Association shall be assessed as the entity in possession for any tangible personal property of the Project owned or possessed in common by the Co-owners. Personal property taxes based on that tangible personal property shall be treated as expenses of administration.

Section 2. Assessments for Common Elements. Expenditures affecting the administration of the Project shall include costs incurred in satisfaction of any liability arising within, caused by, or connected with, the Common Elements or the administration of the Condominium Project and receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act, shall include all sums received as proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project.

Section 3. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

A. The Board of Directors of 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.

B. An adequate reserve fund for maintenance, repairs

and replacement of those Common Elements that must be replaced on a periodic basis must be established in the budget and must be funded at least annually from the proceeds of the regular monthly payments as set forth in Section 4 below, rather than by special assessments. The reserve fund shall, at a minimum, be equal to 10% of the Association's current annual budget on a non-cumulative basis. The funds contained in the reserve fund will only be used for major repairs and replacement of Common Elements. The minimum standard required by this Section may prove to be inadequate for a particular project. The Association of co-owners should carefully analyze their Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes.

C. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time, determine in the sole discretion of the Board of Directors, that the assessments levied are or may prove to be insufficient (1) to pay the costs of operation and management of the condominium, (2) to provide replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding \$5,000.00 annually, or (4) to pay all costs incurred in the event of emergencies, the Board of Directors 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 discretionary authority of the Board of Directors to levy assessments pursuant to this subsection shall rest solely with the Board of Directors 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.

D. Special Assessments, in addition to those regular assessments required in subsection C above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to (1) assessments for capital improvements or additions of a cost exceeding \$1,000.00 per year, (2) assessments to purchase Unit upon foreclosure of the lien for assessments described in Section 6 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection D (but not including those assessments levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than 60% of all Co-owners in value. 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.

Section 4. Apportionment of Assessments and Penalty for Default. All assessments levied against Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners, including the Developer, to the extent of the occupied Units owned by the Developer, subject to Section 8 of this Article in accordance with the percentage of value allocated to each Unit in the Master Deed and any other assessment provisions in the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article V, Section 3 C above shall be payable by Co-owners in 12 equal monthly installments, commencing with acceptance of a deed to a Unit or with acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Assessments in default five or more days shall be subject to a late charge of \$25.00 for each month the assessments are paid late or are in arrears. The Board of Directors may also adopt uniform late charges pursuant to Section 4 of Article XVIII of these By-Laws.

Each Co-owner (whether one or more persons) including a land contract vendee, shall be and shall 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 Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment 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 attorney's 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. Waiver of Use or Abandonment of Unit. No Co-owner shall be exempt from liability for contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements, by waiver of the use or enjoyment of services provided Co-owner by the Association, by the abandonment of his or her Unit or because of uncompleted repair work or the failure of the Association to provide service to the Condominium.

Section 6. Enforcement. Sums assessed to a Co-owner by

the Association which are unpaid constitute a lien upon the Unit or Units owned by the Co-owner at the time of the assessment before other liens, except tax liens on the Condominium Unit in favor of any State or Federal taxing authority and sums unpaid on the first mortgage of record; except that past due assessments which are evidenced by a notice of lien, recorded as provided hereafter in this Section, have priority over a first mortgage recorded subsequent to the recording of the notice of lien. The lien upon each Condominium Unit owned by the Co-owner shall be in the amount assessed against the Condominium Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Condominium Units no longer owned by the Co-owner, but which became due while the Co-owner had title to the Condominium Units. The lien may be foreclosed by an action or by advertisement by the Association in the name of the Condominium on behalf of the other Co-owners.

The Association may enforce collection of delinquent assessments by a suit for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven days' written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-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 Co-owner thereof or any persons claiming under him or her.

Each Co-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 such lien 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 action. Further, each Co-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 Michigan law.

Each Co-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 Section 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. 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 10 days after mailing, by ordinary mail, addressed to the representative designated in the written notice required by Article III, Section 3 hereof to be filed with the Association, of 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 10 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 (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien (iii) the amount outstanding, and (iv) the legal description of the subject Unit. Such notice and affidavit shall be recorded in the Office of the Register of Deeds in Wayne County prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10 day period, the Association may take such remedial action as it elects. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the representative designated above and shall inform such representative that he may request a judicial hearing by bringing suit against the Association.

The Association, acting on behalf of all Co-owners, may bid in at the foreclosure sale and acquire, hold, lease, mortgage or convey the Condominium Unit.

The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney 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 Co-owner in default and shall be secured by the lien on his or her Unit. In the event of default by any Co-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 may also discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven days written notice to such Co-owner of its intention to do so.

A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as

such default continues; provided, however, that the defaulting Co-owner shall continue to have rights of ingress and egress over and across the General Common Elements to Units owned by him or her.

In a judicial foreclosure action, a receiver may be appointed to take possession of the Unit if the Unit is not occupied by the Co-owner and to lease the Condominium Unit and collect and apply the rental therefrom.

Section 7. Liability of Mortgagee. Notwithstanding any other provisions of the Master Deed, these By-Laws, the Corporate By-Laws or Articles of Incorporation of the Association, 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 acquisition of title to 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). The unpaid assessments are deemed to be common expenses collectible from all of the Condominium Unit owners including such persons, their successors and assigns.

Section 8. Developer's Responsibility for Assessments. During the Construction and Sales Period, except for Completed Units owned by the Developer, the Developer, even though a member of the Association, shall not be required to pay the full regular monthly assessment for any Unit owned by the Developer. The Developer shall pay a proportionate share of the Association's actual current expenses of administration relating to maintenance and use of the Units owned by the Developer, based upon the ratio of Completed Units owned by the Developer at the time the expense is incurred to the total number of Completed Units then in the Condominium. The Developer shall also pay a proportionate share of the Association's other actual current expenses of administration to the extent that such expenses relate to benefits which are enjoyed by the Developer, as owner of the Unit. Such expenses shall include the cost of general liability insurance to the extent that such Unit is covered by the general liability insurance policy and the cost of hazard insurance to the extent that such Unit is covered by the hazard insurance policy. Such other expenses shall be shared 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. In no event shall the Developer be responsible, at the time, for payment of said monthly assessment or payment of any expenses whatsoever with respect to unbuilt Units, notwithstanding the fact that such unbuilt Units may have been included in the Master Deed. "Completed Unit" shall mean a Unit

with respect to which a final Certificate of Occupancy has been issued for the Unit and the building in which the Unit is located by the City of Plymouth. The Developer shall maintain at its own expense Units which are not Completed Units and will reimburse the Association for any expense incurred by the Association relating to such Units.

Section 9. 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 10. Construction Lien. A construction lien arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. Statement as to Unpaid Assessments. Pursuant to provisions of the Act, the purchaser of any Condominium Unit may request a statement of the Association as to the outstanding 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 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 assessment as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit, shall render any unpaid assessments and the lien securing same, fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof, prior to all claims except real property taxes and first mortgages of record.

ARTICLE VI

ARBITRATION & LITIGATION

Section 1. Scope and Election. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Master Deed, these By-Laws, Corporate By-Laws, Articles of the Association, or any disputes, claims or grievances arising among or between Co-owners and the Association shall, 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, be submitted to arbitration; and the parties thereto shall accept the arbitrator's decision as final and binding. 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. No Co-owner nor the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances except as provided in Section 3 below.

Section 3. Election of Remedies. Election by Co-owners or the Association to submit any such dispute, claim or grievances to arbitration shall preclude such parties from litigating such dispute, claim or grievances in the courts.

Section 4. Litigation. Any civil action proposed by the Board of Directors on behalf of the Association, other than for the collection of delinquent assessments, shall be subject to prior approval of a majority of the Co-owners. After the first annual meeting of the members of the Association, the foregoing percentage requirements shall be determined without regard to any Units which may be owned by the Developer.

ARTICLE VII

INSURANCE

Section 1. Extent of Coverage. The Association shall carry fire and extended coverage, vandalism and malicious mischief insurance, liability insurance, Directors' and officers' liability insurance, title 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. 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. Co-owners may obtain insurance coverage at their own expense covering their Unit in addition to the coverage carried by the Association. It shall be each Co-owner's responsibility to obtain insurance coverage for his or her personal property located within his or her Unit or upon Limited Common Elements appurtenant to his or her Unit, and for personal liability for occurrences within a Unit or upon Limited Common Elements appurtenant to a Unit, and also for alternative living expense in event of fire; and the Association shall have absolutely no responsibility for obtaining such coverages. The Association and all Co-owners 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 its right to subrogation as to any claims against any Co-owner or the Association.

B. 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 current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement). All information in the Association's records regarding insurance coverage shall be made available to all Co-owners upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting to change the nature and extent of any applicable coverages, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-owners of the nature and extent of all changes in coverages.

Such coverage shall also include interior walls within any Unit and the pipes, wire, conduits and ducts contained therein, and shall further include all fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accord with the plans and specifications thereof as are on file with the City of Plymouth (or such replacements thereof as do not exceed the cost of such standard items). It shall be each 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 Unit 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-owner, 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.

C. All premiums for insurance purchased by the Association pursuant to these By-Laws shall be expenses of administration.

D. 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, the Co-owners and their mortgagees as their interests may appear; provided, however, whenever reconstruction or repair of the Condominium shall be required as provided in Article VIII of these By-Laws, 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, and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Condominium have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit 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, officers' and Directors' liability insurance, title insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project, his or her Unit 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 VIII

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. If the damaged property is a Common element or a Unit, the property shall be rebuilt or repaired if any Unit in

the Condominium is tenantable, unless it is determined by a unanimous vote of all of the Co-owners in the Condominium that the Condominium shall be terminated and each institutional holder of a first mortgage lien on any Unit in the Condominium has given its prior written approval of such termination.

B. If the entire Condominium is so damaged that no Unit is tenantable, and if each institutional holder of a first mortgage lien on any Unit in the Condominium has given its prior written approval of the termination of the Condominium, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless 75% or more of the Co-owners in number agree to reconstruction by vote or in writing within 90 days after the destruction. The 75% majority required by this subsection B shall be applied to all existing Co-owners and shall not mean 75% of the Co-owners attending a meeting.

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 the damage unless the Co-owners shall unanimously decide otherwise.

Section 3. Definition of Co-owner Responsibility. If the damage is only to a part of a Unit or Limited Common Element 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 Repair. Each Co-owner shall be responsible for the reconstruction, repair and maintenance of the Co-owner's Unit and some Limited Common Elements as outlined in the Master Deed. In the event damage to interior walls within a Co-owner's Unit or to any Common Elements therein or to any fixtures, equipment and trim which are standard items within a Unit, is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5 of this Article VIII. If any other interior portion of a Unit 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. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium so damaged.

Section 5. Association Responsibility for Repair. Except as provided in Section 4 hereof, the Association shall be responsible for the reconstruction, repair and maintenance of the Common Elements and any incidental damage to a Unit caused by such Common Elements or the reconstruction, repair or maintenance thereof. 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 replace 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 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. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 6. Timely Reconstruction and Repair. If damage to Common Elements or a Unit adversely affects the appearance of the Project, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property without delay, and shall complete such replacement within a reasonable time after the date of the occurrence which caused damage to the property.

Section 7. Eminent Domain. Section 133 of the Act and the following provisions shall control upon any taking of eminent domain:

A. In the event of any taking of an entire Unit by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the Co-owner and his or her mortgagee, they 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 Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Co-owner and his or her mortgagee, as their interests may appear.

B. If any portion of the Common Elements is taken by eminent domain, the award therefor shall be allocated to the Co-owners and their mortgagees in proportion to their respective undivided interests in the Common Elements. The Association acting through its Board of Directors, may negotiate on behalf of all Co-owners for any taking of Common Elements and any negotiated settlement approved by more than 2/3 of Co-owners based upon assigned voting rights shall be binding on all Co-

owners. However, the affirmative vote of more than 50% of the Co-owners in number shall determine whether to rebuild, repair or replace the portions so taken or to take such other action as they deem appropriate which may alter the payout to Co-owners and mortgagees for the taking of said Common Elements.

C. If a Unit is taken by eminent domain, the undivided interest in the Common Elements appertaining to the Unit shall thenceforth appertain to the remaining Units, being allocated to them in proportion to their respective undivided interests in the Common Elements. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include, without limitation, just compensation to the Co-owner of the Unit taken for the Co-owner's undivided interest in the Common Elements, as well as for the Unit.

D. If portions of a Unit are taken by eminent domain, the court shall determine the fair market value of the portions of the Unit not taken. The undivided interest for each Unit in the Common Elements appertaining to the Unit shall be reduced in proportion to the diminution in the fair market value of the Unit resulting from the taking. The portions of undivided interest in the Common Elements thereby divested from the Co-owners of a Unit shall be reallocated among the other Units in the Condominium Project in proportion to their respective undivided interests in the Common Elements. A Unit partially taken shall receive the reallocation in proportion to its undivided interest as reduced by the court under this subsection. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-owner of the Unit partially taken for that portion of the undivided interest in the Common Elements divested from the Co-owner and not revested in the Co-owner, pursuant to subsection E below, as well as for that portion of the Unit taken by eminent domain.

E. If the taking of a portion of a Unit makes it impractical to use the remaining portion of that Unit for a lawful purpose permitted by the Condominium Documents, then the entire undivided interest in the Common Elements appertaining to that Unit shall thenceforth appertain to the remaining Units, being allocated to them in proportion to their respective undivided interests in the Common Elements. The remaining portion of that Unit shall thenceforth be a Common Element. The court shall enter an order reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-owner of the Unit for the Co-owner's entire undivided interest in the Common Elements and for the entire Unit.

F. Votes in the Association and liability for future

expenses of administration appertaining to a Unit taken or partially taken by eminent domain shall thenceforth appertain to the remaining Units, being allocated to them in proportion to their relative voting strength in the Association. A Unit partially taken shall receive a reallocation as though the voting strength in the Association was reduced in proportion to the reduction in the undivided interests in the Common Elements.

G. In the event the Condominium continues after a taking by eminent domain, then the remaining portion of the Condominium shall be re-surveyed and the Master Deed amended accordingly. Such Amendment shall 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, but only with the prior written approval of all holders of first mortgage liens on individual Units in the Condominium so effected. Costs incurred to accomplish matters required by this subsection shall be borne by the Association.

H. In the event that any Unit in the Condominium, or any portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 8. Notification of FHLMC. In the event that any mortgage in the Condominium is held by the Federal Home Mortgage Corporation ("FHLMC"), or in the event any mortgage is held by or insured by the United States Department of Housing and Urban Development ("HUD"), the Association shall give FHLMC and HUD written notice, at such address as it may from time to time direct, of any loss to or taking of any Unit, or part thereof, if the loss or taking exceeds \$10,000.00 in amount, or of any loss to or taking of any Common Elements of the Condominium if the loss or taking exceeds \$10,000.00.

Section 9. Priority of Mortgagee Interests. Nothing contained in the Master Deed, these By-Laws, the Corporate By-Laws, or Articles of Incorporation of the Association shall be construed to give a Condominium Unit owner, or any other party, priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Condominium Unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE IX

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 the use of residences.

Section 2. Leasing Procedure. The following provisions shall apply to leasing a Unit:

A. A Co-owner, including the Developer, may lease a Unit for the same purposes and under the same covenants, restrictions and conditions set forth in the Master Deed and these Condominium By-Laws. A Co-owner, excluding the Developer, desiring to rent or lease a Unit for a period of longer than 30 consecutive days, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to a potential lessee and at the same time shall deliver to the Association a copy of the exact lease form for review by the Association for the purpose of determining whether the lease is in compliance with the terms, covenants, conditions and restrictions of the Condominium Documents. All leases, occupancy agreements and occupancy arrangements shall be in writing and shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. All leases shall be for an initial term of not less than three months unless a shorter term is specifically approved in writing by the Association. The Developer may lease any number of Units in the Condominium in its sole discretion.

B. Tenants or non-Co-owner occupants shall comply with all of the conditions of the Condominium Documents of the Condominium Project and all leases and rental agreements shall so state.

C. If the Association determines that a tenant or non-Co-owner occupant has failed to comply with the terms, covenants, conditions or restrictions contained in the Condominium Documents, the Association shall take the following action:

1. The Association shall notify the Co-owner of the Unit by Certified Mail of the alleged violation by the tenant to last Co-owner address of record on file with the Association as outlined in the Co-owner's written Designation of Voting Representation, as designated in Section 2 of Article III hereof.

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

3. If after 15 days the Association determines

that the alleged breach is not cured or may be repeated, the Association may institute on its behalf or in the event the Developer controls the Association, a Co-owner may derivatively on behalf of the Association, institute, an action against the tenant or non-Co-owner occupant for both eviction and simultaneously for money damages, for breach of the terms, covenants, conditions and restrictions contained in the Condominium Documents. The Association may elect to proceed by summary proceeding as provided under Michigan Law. The Association may hold both the tenant and the Co-owner liable for any damages to the General Common Elements caused by the Co-owner or tenant in connection with the Condominium Unit or Condominium Project.

D. When a Co-owner is in arrearage 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 assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.

Section 3. Alterations and Modifications. No Co-owner shall make alterations in the exterior appearance of or make structural modifications to his or her Unit (including interior walls through or in which there exists easements or utilities) or make changes in any of the Common Elements, Limited or General, without the express written approval of the Board of Directors including (but not by way of limitation) exterior painting or the erection of antennas, lights, aerials, awnings, doors, storm doors, shutters, solar energy panels, satellite receiving disks, basketball backboards or other exterior attachments or modifications. 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. The Board of Directors may approve only such modifications as to not impair the soundness, safety, utility or appearance of the Condominium Project and that are consistent with the Architectural Controls adopted by the Board of Directors. The first Board of Directors shall adopt Architectural Controls which shall be applied uniformly and shall govern the nature and quality of any alteration or modification made to the Condominium Project. The Architectural Controls can be modified only by the vote of two-thirds of the Co-owners in number. No buildings, walls, retaining walls, walks or other structures 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, nor shall any hedges, trees or substantial plantings or landscaping modifications be made until plans and specifications acceptable to the Association showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by the Association, and a copy of said plans and specifications, as finally approved, delivered to the Association. The Association shall have the right to refuse to approve any such plans or specifications, or grading or landscaping plans, which are not consistent with the Architectural Controls or 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 the Developer.

Section 4. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit 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, nor shall any unreasonably noisy activity be carried on in any Unit or on the Common elements. No Co-owner shall do or permit anything to be done or keep or permit to be kept in the Co-owner's Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association Board of Directors, 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.

Section 5. Pets. No animals shall be maintained by any Co-owner unless specifically approved in writing by the Association. Not more than one animal may be kept by any Co-owner. No animal shall be more than 20 lbs. in size. No animal may be kept or bred for any commercial purpose. Any animal 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, Limited or General, and any animal shall at all times be 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 and all other Co-owners for any loss, damage or liability which the Association or

Co-owners may sustain as a 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, which shall be made only in those areas specifically designated for such purpose by the Association. No dog whose barks can be heard on any frequent or continuing basis shall be kept by any Co-owner. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article V of these By-Laws 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, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional rules and regulations with respect to animals as it may deem proper. The term "animal or pet" as used in this Section shall not include small animals which are constantly caged or confined such as birds or fish.

Section 6. Aesthetics. The Common Elements, Limited or General, shall not be used for storage of supplies, materials, firewood, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Trash receptacles shall be maintained within Units or their appurtenant garages or in areas designated therefor 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. Automobiles may only be washed in driveways or as approved by the Association Board of Directors. In general, no activity shall be carried on nor condition maintained by a Co-owner either in his or her Unit or upon the Common Elements, which spoils or detracts from the appearance of the Condominium.

Section 7. Common Element Maintenance. Sidewalks, landscaped areas, driveways, parking areas, patios, decks, and porches, if any, shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, benches or other articles may be left unattended on or about the Common Elements or permitted to remain in view during seasons when they are not reasonably in use.

No natural mineral salt shall be used on the porches, walkways, driveways, garage areas or parking areas of the Condominium. Only chemical salt substitutes (chlorine pellets)

which will not damage the surfaces of the paved or cemented areas are permitted.

Section 8. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobiles, snowmobile trailers, motorcycles or vehicles other than automobiles, may be parked or stored upon the premises of the Condominium unless completely inside the garage, except with the written approval of the Board of Directors. Commercial vehicles shall not be parked in or about the Condominium (except as above provided) unless providing service to the Co-owners or the Association in the normal course of business. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium premises. The Association shall have the right to place or cause to be placed adhesive windshield stickers on cars improperly parked and to tow vehicles to off-premise locations, all without any liability on the part of the Association to the owners or users of any such improperly parked vehicles.

Section 9. Dangerous Weapons. No Co-owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, sling-shots, bows and arrows or other similar dangerous weapons, projectiles or devices anywhere on or about the Condominium premises.

Section 10. Advertising. No signs or other advertising devices shall be displayed which are visible from the exterior of a Unit or on the Common Elements, excluding 24" X 18" "For Sale" signs, which may be displayed in such a particular spot as the Association Board of Directors shall later determine, without written permission from the Association Board of Directors.

Section 11. Rules and Regulations. Regulations which are reasonably consistent with the Act, the Master Deed and these By-Laws, 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 elected by the Developer) prior to the First Annual Meeting of the entire Association, held as provided in Article IV, Section 2 of these By-Laws. Copies of all such regulations and Amendments thereto shall be furnished to all Co-owners and shall become effective 30 days after mailing or delivery thereof to the designated voting representative of each Co-owner. Any regulation or Amendment may be revoked at any time by the affirmative vote of more than 50% of all Co-owners in number except that the Co-owners may not revoke any regulation or Amendment prior to the Transitional Control Date.

Section 12. Right of Access of Association. Association or its duly authorized agents shall have access to each Unit 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 agent shall also have access to each Unit 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 Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to the Co-owner's Unit 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 the Unit 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 13. Window Treatments. All window treatments visible from outside the Unit shall be white or off white in color when viewed from the outdoors, unless approved by the Association.

Section 14. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or other vegetation or place any ornamental materials upon the Common Elements unless such is approved by the Association Board of Directors in writing, or unless permitted by the regulations of the Association. However, potted plants may be maintained on the Limited Common Elements in a reasonable and orderly fashion. The Association shall be the sole and final judge as to what is deemed "in a reasonable and orderly fashion".

Section 15. Co-owner Maintenance. Each Co-owner shall maintain his or her Unit and any Limited Common Elements appurtenant thereto for which he or she has maintenance responsibility in a safe, clean and sanitary condition, including window cleaning at Co-owner expense. 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, cable or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by the Co-owner or the Co-owner's family, guests, agents or invitees, 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, 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 V hereof.

No natural mineral salt shall be used on the porches, walkways, driveways, garage areas or parking areas of the Condominium. Only chemical salt substitutes (chlorine pellets) which will not damage the surfaces of the paved or cemented areas are permitted.

Section 16. Reserved Rights of Developer.

A. During the Construction and Sales Period, no buildings, fences, walls, retaining walls, drives, walks or other structures or improvements shall be commenced, erected, altered, 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 Unit, 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 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. None of the restrictions contained in this Article IX shall apply to the commercial activities or signs or billboards, if any, of the Developer during the development and sales period as defined hereinafter, or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Association and By-Laws as the same may be amended from time to time. For the purposes of this Section, the development and sales period shall be deemed to continue so long as the Developer owns any Unit which Developer offers for sale. Until all Units in the entire planned Condominium Project are

sold by the Developer, the Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, special lighting, banners and other promotional signs, devices and materials, storage areas, reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable the development and sale of all Units in all phases of the Project by Developer. Developer shall pay all costs related to Units or Common Elements used by the Developer for such purposes and shall restore such Units or Common Elements to habitable status upon termination of use.

C. 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 By-Laws and to charge the costs thereof to the Association as an expense of administration. The Developer shall have the right to enforce these By-Laws throughout the Construction and Sales Period notwithstanding that it may no longer own a Unit in the Condominium, which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these By-Laws.

ARTICLE X

MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages a 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", maintained solely for information. The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-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 Co-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 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 XI

BOARD OF DIRECTORS

The affairs of the Association shall be governed by a Board of Directors, all of whom shall serve without compensation. Directors must be members of the Association except for the First Board of Directors designated in the Articles of Incorporation of the Association and any successors thereto designated by the Developer prior to the First Annual Meeting of Members held pursuant to Section 2 of Article IV. The number, terms of office, manner of election, removal and replacement, meetings, quorum and voting requirements and other duties or provisions of or relating to Directors, not inconsistent with the following, shall be provided by the Association By-Laws. If a member is a partner or corporation, then any partner or employee of the partnership, or officer, director or employee of the corporation shall be qualified to serve as a Director.

Section 1. Number and Qualification of Directors. The Board of Directors shall initially be comprised of one member and shall continue to be so comprised until such time as it may be enlarged to three or five members in accordance with the provisions of Section 2 hereof. Thereafter, the affairs of the Association shall be governed by a Board of three or five Directors, as the case may be, all of whom must be members of the Association or officers, Directors, shareholders, partners, trustees, employees or agents of members of the Association and reside within a Unit of the Condominium, 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 Co-owners to the Board. Immediately prior to the appointment of the first non-developer Director of the Board, the Board shall be increased in size from one person to three persons. In the event the sales of Yorktowne are 15 or more Units, the Board shall be increased in size to five persons. Thereafter, elections for non-developer Co-owner Directors shall be held as provided in subsections B and C below.

All of the actions (including without limitation, the

adoption of these By-Laws and any rules and regulations for the Association, and any undertakings or contract entered into with others on behalf of the Association) of the First Board of Directors of the Association or any successors thereto designated by the Developer before the First Annual Meeting of members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association at the first or any subsequent annual meeting of members, provided that such actions are consistent with the powers and duties of the Board of Directors described in these By-Laws, the Corporate By-Laws, the Master Deed, and any other document establishing the Condominium.

B. **Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting.** Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% in number of the Units that may be created, one of the 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% in number of the Units that may be created, two of the five 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 request that they hold a meeting and elect the required Director. Upon certification by the Co-owners to the Developer of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of members unless he or she is removed pursuant to Section 8 of this Article or he or she resigns or becomes incapacitated.

C. **Election of Directors at and After First Annual Meeting.**

1. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% in number of the Units that may be created, 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 Director as long as the Units that remain to be created and sold equal at least 10% of all Units that may be created in the Project. Whenever the 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, 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. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection 1. Application of this subsection 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 2, 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 subsection B 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 subsection shall not eliminate the right of the Developer to designate one Director as provided in subsection 1.

4. Presuming a five member Board, at the first Annual Meeting, three Directors shall be elected for a term of two years and two Directors shall be elected for a term of one year. At such meeting all nominees shall stand for election as one slate and the three persons receiving the highest number of votes shall be elected for a term of two years, and the two persons receiving the next highest number of votes shall be elected for a term of one year. At each annual meeting held thereafter, either two or three Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for two of the Directors elected at the First Annual Meeting) of each Director shall be two 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 IV, section 3 hereof.

Section 3. "Units That May Be Created". As used in this Article, the term "Units That May Be Created" means the maximum number of Units in all phases of the Condominium as stated in the Master Deed.

Section 4. 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 Co-owners.

Section 5. Other Duties. In addition to the foregoing duties imposed by these By-Laws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for 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 in number.

H. To make rules and regulations in accordance with Article IX, Section 11 of these By-Laws.

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.

J. To enforce the provisions of the Condominium Documents.

Section 6. 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 4 and 5 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 or builder in which the maximum term is greater than three 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 7. 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 Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 2 B of this Article.

Section 8. 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% in number of all of the Co-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 III, Section 4. Any Director whose removal has been proposed by the Co-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 Co-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 9. 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 10. 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 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each Director given personally, by mail, telephone or telegraph, which 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 12. 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 or her 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 13. 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 14. 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 15. 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. All officers must be members of the Association, or Directors, shareholders, officers, partners, trustees, employees or agents of members of the Association.

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/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/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/she shall,

in general, perform all duties incident to the office of the Secretary.

D. **Treasurer.** The Treasurer shall have the 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/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.

Section 5. Association By-Laws. The Association By-Laws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of the officers of the Association and may contain any other provisions pertinent to officers of the Association in furtherance of the provisions and purposes of the Condominium Documents and not inconsistent therewith. Officers may be compensated but only upon the affirmative vote of more than 60% of all Co-owners in number.

ARTICLE XIII

ADVISORY COMMITTEE

An Advisory Committee of non-developer Co-owners shall be established either 120 days after conveyance of legal or equitable title to non-developer Co-owners of 1/3 of the Units that may be created, or one year after the initial conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever occurs first. The Advisory Committee shall meet with the Condominium Project Board of Directors for

the purpose of facilitating communication and aiding the transition of control to the Association of Co-owners. The Advisory Committee shall cease to exist when a majority of the Board of Directors of the Association of Co-owners is elected by the non-developer Co-owners. The First Board of Directors and the Advisory Committee shall meet with each other at such times as may be requested by the Advisory Committee; provided, however, that there shall be no more than four such meetings per year unless both entities agree. The Developer may call additional meetings of members of the Association for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting (or any special meeting held for the purpose of electing the members of the Advisory Committee) shall be construed as the First Annual Meeting. The Developer may remove, replace or add, at its discretion at any time, any member of or to the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE XIV

FINANCE

Section 1. Records. The Board of Directors shall keep books and records with a detailed account of the expenditures and receipts affecting the Condominium Project and its administration and which specify the operating expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. 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. The Board of Directors shall prepare and distribute to each Co-owner at least once each year a financial statement, the contents of which shall be defined by the Association. 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.

Also, the Association shall keep current copies of the Master Deed establishing the Condominium and all Amendments to the Master Deed and all other Condominium Documents available for inspection at reasonable hours by Co-owners, prospective purchasers of Condominium Units, and existing and prospective mortgagees of Condominium Units.

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 the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney fees, reasonably incurred by or imposed upon the Director or officer in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of being or having been a Director or officer of the Association, whether or not he or she is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his or her duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least 10 days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Co-owners thereof. Further, the Board of Directors is obligated to carry officers' and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

ARTICLE XVI

AMENDMENTS

Section 1. Proposal. Amendments to these By-Laws 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 in number of the Co-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 By-Laws.

Section 3. Voting. These By-Laws may be amended by the Co-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 Co-owners in number. No consent of mortgagees shall be required to amend these By-Laws unless such Amendment would materially alter or change the rights of such mortgagees, in which event the approval of 66-2/3% of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held.

Section 4. By Developer. Prior to the Transitional Control Date, these By-Laws may be amended by the Developer without approval from any other person so long as any such Amendment does not materially alter or change the right of a Co-owner or mortgagee.

Section 5. When Effective. Any Amendment to these By-Laws shall become effective upon recording of such Amendment in the office of the Wayne County Register of Deeds.

Section 6. Binding. A copy of each Amendment to the By-Laws shall be furnished to every member of the Association after adoption; provided, however, that any Amendment to these By-Laws 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 Co-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 By-Laws are attached as an Exhibit or as set forth in the Act. And as used in the Master Deed, these By-Laws, the Corporate By-Laws and Articles of Incorporation of the Association, the term "Developer" refers to the Developer named in the Master Deed and any successor Developer. Pronouns used herein shall be deemed interchangeable with all other pronouns as the context of the provisions hereof may require.

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by a Co-owner shall entitle the Association or another Co-owner or Co-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 Co-owner or Co-owners.

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by any Co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney fees (not limited to statutory fees) as may be determined by the Court, but in no event shall any Co-owner be entitled to recover such attorney 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 Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations in accordance with Article XIX of these By-Laws. No fine may be assessed unless rules and regulations establishing

such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all Co-owners in the same manner as prescribed in Article III, Section 3 of these By-Laws.

Section 5. Non-waiver of Right. The failure of the Association or of any Co-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 Co-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 Co-owner or Co-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 or 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. A Co-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. A Co-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, acting through its duly constituted Board of Directors, 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 Board, 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 III, Section 3 of these By-Laws.

B. **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Board 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 10 days from the date of 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 Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board'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 Board as recited above, the following fines shall be levied:

A. **First Violation.** No fine shall be levied.

B. **Second Violation.** Twenty five (\$25.00) dollar fine.

C. **Third Violation.** Fifty (\$50.00) dollar fine.

D. **Fourth Violation and Subsequent Violations.** One hundred (\$100.00) dollar fine.

Section 4. 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 Condominium assessment on the first of the next following month. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Document including, without limitations, those described in Article V and Article XVIII of the By-Laws.

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 Construction and Sales Period as defined in 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).

ARTICLE XXII

SEVERABILITY

In the event that any of the terms, provisions or covenants of these By-Laws or the Condominium Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

YORKTOWNE CONDOMINIUM ASSOCIATION
790 YORK Street
Plymouth, MI 48170

CONDOMINIUM BY-LAWS AMENDMENT to ARTICLE IX - RESTRICTIONS, SECTION 5

Section 5. Pets. Not more than two small animals may be kept by any Co-owner. No animal shall exceed 20 pounds in size unless specifically approved in writing by the Association. No animal may be kept or bred for any commercial purpose. Any animal 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. Any pet shall at all times be attended by some responsible person while on the Common Elements. No savage or dangerous wild 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 and all other Co-owners for any loss, damage or liability which the Association or Co-owners may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. The Co-owner shall be responsible to relieve their pets in an area specifically designated for such purpose by the Association. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to adopt any additional rules and regulations with respect to pets as it may deem proper.