

EXHIBIT A

ARBOR CREEK

BY-LAWS

ARTICLE I

ASSOCIATION OF OWNERS

Arbor Creek, a residential building site condominium located in the Township of Pittsfield, Washtenaw County, Michigan, shall be administered by an association of owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the Project in accordance with the Project documents and the laws of the State of Michigan. These By-Laws shall constitute both the By-Laws referred to in the Master Deed and required by Section 3(8) of the Act and the By-Laws provided for under the Michigan Non-Profit Corporation Act. Each owner shall be entitled to membership, and no other person or entity shall be entitled to membership. The share of an owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Project documents for the Project available at reasonable hours to owners, prospective purchasers and prospective mortgagees of units in the Project. All owners in the 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 Project documents.

ARTICLE II

ASSESSMENTS

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

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the common elements or the administration of the Project, including fulfilling drainage responsibilities within individual units, shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of or pursuant to any policy of insurance securing the interest of the owners against liabilities or losses arising within, caused by, or connected with the common elements or the administration of the Project, shall constitute receipts affecting the administration of the Project within the meaning of Section 54(4) of the Act.

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

(a) Budget. 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 Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular periodic payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular Project, the Board of Directors should carefully analyze the Project to determine if a greater amount should be set aside or if additional reserve funds should be established for other purposes from time to time and, in the event of such a determination, the Board of Directors shall be empowered to establish such greater or other reserves without owner approval. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each 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 owner shall not affect or in any way diminish the liability of any owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Project; (2) to provide replacements of existing common elements; (3) to provide additions to the common elements not exceeding \$10,000.00 annually for the entire Project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); or (4) that an emergency exists, then 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 Board of Directors also shall have the authority, without owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph 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.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the common elements of a cost exceeding

\$10,000.00 per year for the entire Project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); (2) assessments to purchase a unit upon foreclosure of the lien for assessments described in Section 5 hereof; or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph (a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(c) Special Assessments for Roadway Purposes. At some time subsequent to the initial development, the Board of Directors may determine that it is necessary to pave or improve some or all of the roads within or adjacent to the Project. The improvement may be financed, in whole or in part, by the creation of a special assessment district, or districts, which may include Arbor Creek. The acceptance of a conveyance or the execution of a land contract by any owner or purchaser of a unit shall constitute the agreement by such owner or purchaser, his/her heirs, personal representatives, or assigns, that the Board of Directors of the Association shall be vested with full power and authority to obligate all owners to participate in a special assessment district, sign petitions requesting said special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all owners; provided, that prior to signature by the Association on a petition for improvement of such public roads, the desirability of said improvement shall be approved by an affirmative vote of not less than fifty-one percent (51%) of all owners. No consent of mortgagees shall be required for approval of said public road improvement. All road improvement special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of Act 59, Public Acts of 1978, as amended, or such other statutes as may be applicable.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the owners to cover expenses of administration shall be apportioned among and paid by the owners in accordance with the percentage of value allocated to each unit in Article V of the Master Deed. Any other unusual common expenses benefiting less than all of the units, or any expenses incurred as a result of the conduct of less than all those entitled to occupy the Project, or their tenants or invitees, shall be specifically assessed against the unit or units involved, in accordance with such reasonable rules and regulations as shall be adopted by the Board of Directors of the Association. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by owners in one (1) annual or two (2) equal bi-annual installments, commencing

with acceptance of a deed to or a land contract vendee's interest in a unit, or with the acquisition of fee simple title to a unit by any other means. 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.

Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) per annum, plus such additional interest rate surcharge as the Board of Directors shall approve, until each installment is paid in full. Provided, however, that the interest rate and interest rate surcharge combined applying to delinquent amounts shall not exceed the limit set by usury laws in the State of Michigan. The Association may, pursuant to Article XIX, Section 4 hereof, levy fines for late payment of assessments in addition to such interest. Each owner (whether one (1) or more persons) shall be, and remain, personally liable for the payment of all assessments pertinent to his unit which may be levied while such owner is the owner thereof. Payments on account of installments of assessments in default shall be applied as follows: First, to cost of collection and enforcement of payment, including actual attorney's fees (not limited to statutory fees); second, to any interest charges and fines for late payment on such installments; third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Unit. No owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

Section 5. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any owner in the payment of any installment of the annual assessment levied against his unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to an owner in default upon seven (7) days' written notice to such owner of its intention to do so. An 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 owner of ingress or egress to and from his unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the unit from the owner thereof or any persons claiming under him and, if the unit is not occupied, to lease the unit and collect and apply the rental therefrom to any delinquency owed to the Association. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

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

(c) Notice or Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent owner(s) at his or their last known address, 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 ten (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: (1) the affiant's capacity to make the affidavit; (2) the statutory and other authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney's fees, and future assessments); (4) the legal description of the subject unit(s); and (5) the name(s) of the owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the Project is located prior to 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 ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

(d) Expenses of Collection. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's fees (not

limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the owner in default and shall be secured by the lien on his unit.

Section 6. Liability of Mortgagee. Notwithstanding any other provision of the Project documents, the holder of any first mortgage covering any unit in the Project which acquires title to the unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder acquires 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).

Section 7. Developer's Responsibility for Assessments. The Developer of the Project, although a member of the Association, shall not be responsible at any time for payment of the monthly Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the units that it owns, including the dwellings and other improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time except expenses related to maintenance and use of the units in the Project and of the dwellings and other improvements constructed within or appurtenant to the units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all units owned by the Developer at the time the expense is incurred to the total number of units then in the Project. In no event shall Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements, or other special assessments, except with respect to units owned by it on which a completed residential dwelling is located. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any unit from the Developer or to finance any litigation or other claim against the Developer, any cost of investigating and preparing such litigation or claim, or similar related costs. A "completed residential dwelling" shall mean a dwelling with respect to which a certificate of occupancy has been issued by the Township of Pittsfield.

Section 8. 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 9. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Project owned or possessed in common by the owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 10. Mechanic's Lien. A mechanic's lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. Statement as to Unpaid Assessments. The purchaser of any unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association, accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such unit shall render any unpaid assessments and the lien securing the 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 the sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 12. Lawsuit Defense Expenses. Any owner bringing an unsuccessful lawsuit against the Association and/or its Board of Directors for the administration of the affairs of the Association, found to be consistent with the provisions contained in the Project documents, shall be chargeable for all expenses incurred by the Association. Such expenses may be collected by the Association in the same manner as an assessment.

ARTICLE III

ARBITRATION

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

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. Such election and written consent by owners or the Association to submit any such dispute, claim or grievance to

arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate given the nature of the general common elements of the Project, carry property coverage for all risks of direct physical loss and liability insurance, fidelity coverage, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the general common elements of the Project, and such insurance shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association and the 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 owners.

(b) Insurance of Common Elements. All general common elements of the Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

(c) Premium Expenses. All premiums for insurance purchased by the Association pursuant to these By-Laws shall be expenses of administration.

(d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Project shall be required as provided in Article V 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 to 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 two-thirds (2/3) of all of the institutional holders of first mortgages on units in the Project have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each owner, by ownership of a unit in the Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of "all risk" property coverage, vandalism and malicious mischief, liability insurance, fidelity coverage and

workmen's compensation insurance, if applicable, pertinent to the Project and the common elements appurtenant thereto, and such insurer as may, from time to time, provide such insurance to the 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 owners and their respective mortgagees, as their interests may appear (subject always to the Project documents), to execute releases of liability, and to execute all documents and to do all things on behalf of such owner and the Project as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibility of Owners. Each owner shall be obligated and responsible for obtaining "all risk" property coverage and vandalism and malicious mischief insurance with respect to his residential dwelling and all other improvements constructed or to be constructed within the perimeter of his unit, and for his personal property located therein or thereon or elsewhere on the Project. All such insurance shall be carried by each owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each owner also shall be obligated to obtain insurance coverage for his personal liability for his undivided interest as a tenant in common with all other owners in the common elements, for occurrences within the perimeter of his unit or the improvements located thereon, and also for alternative living expenses in the event of fire. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

Section 4. Waiver of Right of Subrogation. The Association and all owners shall use their best efforts to cause all property and liability insurance carried by the Association or any owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any owner or the Association.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Project shall be damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:

(a) General Common Elements. If the damaged property is a general common element, the damaged property shall be rebuilt or repaired by the Association unless two-thirds (2/3) of the owners and two-thirds (2/3) of the institutional holders of mortgages on any unit in the Project agree to the contrary, and the Township of Pittsfield consents to such action.

(b) Unit or Improvements Thereon. If the damaged property is a unit or any improvements thereon, the owner of such unit alone shall determine

whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such owner shall be responsible for any reconstruction or repair that he elects to make. The owner shall in any event remove all debris and restore his unit and the improvements thereon to a clean and slightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage.

Section 2. Repair in Accordance with Master Deed. Any such reconstruction or repair shall be substantially in accordance with the Master Deed unless the owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all co-owners for the costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 4. Timely Reconstruction and Repair. If damage to the general common elements adversely affects the appearance of the project, the Association shall proceed with replacement of the damaged property without delay.

Section 5. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(a) Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a unit or any improvements thereon by eminent domain, the award for such taking shall be paid to the owner of such unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If an owner's entire unit is taken by eminent domain, such owner and his mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Project.

(b) Taking of General Common Elements. If there is any taking of any portion of the general common elements, the condemnation proceeds relative to such taking shall be paid to the owners and their mortgagees in proportion to their respective interest in the common elements, and the affirmative vote of at least two-thirds (2/3) of the owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) Continuation of Project After Taking. In the event the Project

continues after taking by eminent domain, then the remaining portion of the Project shall be re-surveyed and the Master Deed amended accordingly and, if any unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining units based upon the continuing value of the Project of one hundred percent (100%). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution of specific approval thereof by any owner.

(d) Notification of Mortgagees. In the event any unit in the Project, 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 shall so notify each institutional holder of a first mortgage lien on any units in the Project, provided that the name and address of each has been provided to the Association.

(e) Applicability of the Act. To the extent not inconsistent with the foregoing provisions. Section 133 of the Act shall control upon any taking by eminent domain.

Section 6. Notification of FHLMC. In the event any mortgage in the Project is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), then, upon request therefor by FHLMC, the Association shall give it written notice at such address as it may from time to time direct of any loss to or taking of the common elements of the Project if the loss or taking exceeds \$10,000 in amount or damage to a unit covered by a mortgage purchased in whole or in part by FHLMC if such damage exceeds \$1,000.

Section 7. Priority of Mortgagee Interests. Nothing contained in the Project documents shall be construed to give an owner or any other party priority over any rights of first mortgagees of units pursuant to their mortgages in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or common elements.

ARTICLE VI

RESTRICTIONS

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

Section 1. Residential Use. No unit in the Project shall be used for other than single-family residential purposes as defined by the Township of Pittsfield Zoning Ordinance, and the common elements shall be used only for purposes consistent with single-family residential use.

Use of units shall also be restricted in the following manner:

(a) Building Size and Height: No building or structure shall exceed

two stories above grade or thirty-five (35) feet in height and all buildings or structures shall be constructed within the perimeter of a unit. All buildings and structures shall be in conformity with the following minimum size standards as to living area measured by the external walls:

- (1) One Story/Ranch: 1,500 square feet.
- (2) Multi-Story: 1,600 square feet.

The Developer reserves the right, within its sole discretion, to lower the required minimum square footage for specific residences. Garages, porches and breezeways shall not be included in computing minimum size requirements. No part of a single story or ranch structure that is below ground level shall be included in computing minimum size requirements. No part of any other structure that is more than one-half below ground level shall be included in computing minimum size requirements. All buildings shall be constructed by a licensed contractor and completed within one (1) year from the date of issuance of a building permit by the Pittsfield Township Building Department. All unused building materials and temporary construction shall be removed from the premises within sixty (60) days after substantial completion of the structure. The portion of the surface of the earth which is disturbed by excavation and other construction work shall be finish graded and seeded or covered with other landscaping as soon as the construction work and weather permit. All soil to be removed from any of the units either in grading or excavating will, at the option of the Developer, become the property of the Developer and when removed will be placed by the owner of the unit in such place or places within the Project as the Developer will designate at the owner's expense. All driveways shall be roughed in with a gravel base and culvert, if necessary, before the basement is dug. All mailboxes shall be located uniformly with reference to the dwellings in accordance with U. S. Post Office requirements.

(b) Garages: All single family dwellings shall have a minimum of two or three-car attached garages. Carports and detached garages shall not be erected, placed or permitted to remain on any unit. All driveways shall be surfaced with asphalt, concrete or paving bricks, at the time of construction of the dwelling served thereby, weather permitting. For security and aesthetic reasons, garage doors will be kept closed at all times except as may be reasonably necessary to gain access to and from any garage.

(c) Temporary Structures: No old or used structure, of any kind, shall be placed upon any unit. No temporary structure of any character such as a tent, camper, mobile home, trailer, shack, barn, and/or other out-building of any design whatsoever shall be erected or placed upon any unit prior to construction of the main residence, nor shall any such structure be occupied as living quarters at any time. This provision shall not prevent the use of temporary structures incidental to and during construction of the main residence provided that such temporary structures shall be removed from the premises immediately upon completion of the main

residence.

(d) Accessory Buildings: No accessory building or other out-building shall be permitted on any unit unless it is approved by the Developer, or the Association, as hereinafter provided in Section 3. The Developer, or the Association, in the exercise of its discretion, may permit the erection of structures such as swimming pool accessory buildings, greenhouses or lawn/garden storage sheds. Notwithstanding the Developer's, or the Association's approval, such structures shall be architecturally compatible with the main residence, be constructed of similar materials on a concrete slab with a rat wall, and shall not exceed 200 square feet in size. No oil or fuel storage tanks may be installed on any unit.

(e) Swimming Pools: Swimming pools, children's play pools, hot tubs and Jacuzzi tubs, may be installed with the prior written consent from the Developer, or the Association, and subject to such restrictions as it may place upon their use and location.

(f) Fences: No owner shall construct, or cause to be constructed, any fence of any nature upon his unit or the common elements without the prior written approval of the Association. Perimeter fences along the exterior lines of the Project shall be permitted. Perimeter fences around swimming pools shall be required to be constructed in accordance with all applicable building codes. Fences shall not be located within the front set-back of the structure to be located on each unit and shall not exceed four feet in height except around swimming pools and tennis courts. Fences erected to screen patios, enclose child play areas and fenced dog runs shall be permitted with advance written approval of the Association as to size, location and fencing materials. No dog run may be constructed in front of the rear line of the dwelling constructed within a unit or within the side yard set back line, and any such dog run must be attached to the rear of the dwelling to allow direct access from the house, deck or patio. Fences shall be used primarily for limited enclosure purposes. All fencing and/or screening shall be made of materials which are architecturally compatible with the main residence, specifically excluding cyclone fencing, snow fencing and plywood, but including split rail construction, which may have a green wire liner on the inner side of the fence.

(g) Exterior Lighting: No owner shall install exterior lighting that causes excessive illumination so as to constitute a nuisance to other owners. Prohibited lighting shall include, but not be limited to, mercury vapor and halogen lighting. All exterior lighting shall be mounted on the sides of dwellings, except for low wattage entrance lighting adjacent to driveways.

(h) Mailboxes: The size, color, style, location and other attributes of the mailbox for each residence shall be as specified by the Developer, in order to insure consistency and uniformity within the Project.

(i) Antenna: No radio, television or other antenna or aerial shall

be permitted on any unit unless permitted in writing by the Developer, or the Association, based upon a determination in its sole discretion that the absence of an outside antenna creates a substantial hardship with respect to a particular unit.

(j) Maintenance of Unimproved Units: Units which have not been improved shall be maintained by the owner. No dumping shall be allowed on unimproved limits.

(k) Refuse and Garbage: Each owner shall promptly dispose of all refuse and garbage so that it will not be objectionable or visible to adjacent owners. No outside storage of refuse or garbage or outside incinerator shall be permitted. Each residence shall be equipped with an interior garbage disposal. No disposal of garbage, rubbish, leaves or debris shall be allowed on vacant units. Owners shall arrange for weekly pick-up of garbage by only one private garbage/refuse contractor. The Association may elect to take over selection of a garbage/refuse contractor and may assess each unit for an equal share of the cost of garbage/refuse collection. Garden composting shall be allowed provided that it shall not result in a violation of any other restriction in these By-Laws.

(l) Access to Units 1 through 8: Vehicular access for Units 1 through 8 shall be restricted to Crystal Ridge Drive and Crystal Rock Court.

(m) Drainage Easement: Some units are subject to storm water drainage easements granted to the Washtenaw County Drain Commissioner or created by this Master Deed, as shown on Exhibit "B" hereto. Notwithstanding anything else contained in the condominium documents to the contrary, each unit owner shall maintain the surface area of such easements within his unit, shall keep the grass cut, to a reasonable height, shall keep the area free of trash and debris and shall take such action as may be necessary to eliminate surface erosion. The unit owner shall not contour the land or install any structure or landscaping within said easements that would interfere with the flow of storm water through them.

(n) Transition and Landscape Easements: In conjunction with the Association, the owners of units subject to a transition or landscape easement shall maintain their respective portions along the perimeters of the Project, as shown on Exhibit "B" and on the final site plan approved by the Township of Pittsfield. Trees and shrubs shall be installed and maintained within said easements as required by the Township of Pittsfield.

Section 2. Leasing and Rental.

(a) Right to Lease. An owner may lease his unit and the improvements thereon for the same purposes set forth in Section 1 of this Article VI. With the exception of a lender in possession of a unit following a default in a first mortgage, foreclosure, or deed or other arrangement in lieu

of foreclosure, no owner shall lease less than an entire unit and the improvements thereon. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Project documents. The Developer may lease any number of units and the improvements thereon in its discretion.

(b) Leasing Procedures. The leasing of units and improvements thereon shall conform to the following provisions:

- (1) Tenants and non-owner occupants shall comply with all of the conditions of the Project documents, and all leases and rental agreements shall so state.
- (2) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Project documents, the Association shall take the following action:
 - i. The Association shall notify the owner by certified mail advising of the alleged violation by the tenant.
 - ii. The owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.
 - iii. If, after fifteen (15) days, the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the owner and tenant or non-owner occupant for breach of the conditions of the Project documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the owner liable for any damages to the common elements caused by the owner or tenant in connection with the unit or the Project.
- (3) When an owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying an owner's unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the 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. Architectural Control. No dwelling, structure or other

improvement shall be constructed within a unit or elsewhere within the Project, nor shall any exterior modification be made to any existing dwelling, structure or improvement, unless plans and specifications therefor containing such detail as the Developer may reasonably request have first been approved by the Developer. Construction of any dwelling or other improvements must also receive any necessary approvals from the local public authority. The Developer shall have the right to refuse to approve any such plans 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 and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, proposed exterior materials (which may include wood (with limited amounts of vinyl and textured plywood siding, such as T-111), brick, and stone, but no cultured stone or brick laminate) and exterior colors which shall blend in with existing residences and the natural surroundings, the site upon which it is proposed to be constructed, the location of the dwelling within each unit, and the degree of harmony thereof with the Project as a whole and the area of future development described in the Master Deed. No log, panelized, modular, manufactured or any other type of residential housing constructed off-site will be permitted. All dwellings must be constructed on-site. No flat roofs will be permitted and a minimum roof pitch will be required. The purpose of this Section is to assure the continued maintenance of the Project as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all owners. Further, the restrictions hereby placed upon the premises shall not be construed or deemed to create negative reciprocal covenants, easements or any restrictions upon the use of the area of future development described in the Master Deed or any portion thereof unless, until and only to the extent such land is included in this Project by Master Deed amendment. The Developer's rights under this Article VI, Section 3 may, in the Developer's discretion, be assigned to the Association or other successor to the Developer. The Developer may construct any improvements upon the Project that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Project documents.

Section 4. Changes in Common Elements. Except as provided in Article VI, Section 3 above with respect to the Developer, no owner shall make changes in any of the common elements without the express written approval of the Board of Directors of the Association, and the Township of Pittsfield, if applicable.

Section 5. Activities. No unlawful or offensive activity shall be carried on in any unit or upon the common elements, nor shall anything be done which may be or become an annoyance or a nuisance to the owners of the Project. No garage sales shall be permitted on any unit in the Project. No unreasonably noisy activity shall occur in or on the common elements or in any unit at any time, and disputes among owners arising as a result of this provision which cannot be amicably resolved shall be arbitrated by the Association. No owner shall do or permit anything to be done or keep or permit to be kept in his unit or on the common elements anything that will increase the rate of insurance on the Project without the written approval of the Association, and each owner

shall pay to the Association the increased insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 6. Pets. Subject to the provisions of this Section 6, owners shall be entitled to keep pets of a domestic nature that will reside within the dwelling constructed within their units. No pet or animal may be kept or bred for any commercial purpose. Pets shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any unit or in the common elements. In the event an owner's pet causes unnecessary and unreasonable disturbance or annoyance to other owners, one or more, and such owner files a written complaint with the Association specifying the cause of such disturbance or annoyance, the Board of Directors, after notice and opportunity for hearing before the Board to the owner keeping the pet, may, if it determines that such pet is in fact causing unnecessary and unreasonable disturbance or annoyance, require the owner to remove the pet from his unit and the Project or impose such other restrictions on the keeping of such pet as are reasonable. No pet or animal may be permitted to run loose at any time upon other units or the common elements, and any animal shall at all times be leashed and attended by some responsible person while on the common elements. No dog houses or unattended tethering of dogs shall be allowed on any unit in the Project. No savage or dangerous animal shall be kept, and any owner who causes any animal to be brought or kept upon the project shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each owner shall be responsible for collection and disposition of all fecal matter disposed by any pet maintained by such owner. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Project 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 licensed with Washtenaw County and registered with the Association and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these By-Laws and in accordance with duly adopted rules and regulations of the Association.

Section 7. Aesthetics. Neither the common elements nor the unit outside of the dwelling and garage constructed thereon shall be used for storage of supplies, materials, personal property, or trash or refuse of any kinds, except as provided in duly adopted rules and regulations of the Association. Trash receptacles shall be maintained in garages and shall not be permitted to remain elsewhere on the unit or common elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. Neither

the common elements nor the unit outside of the dwelling and garage constructed thereon shall be used in any way for the drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by an owner, either in his unit or upon the common elements, which is detrimental to the appearance of the Project.

Section 8. Vehicles. No travel trailers, motor homes, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all-terrain vehicles, snowmobiles, snowmobile trailers, or vehicles other than automobiles or vehicles used primarily for general personal transportation purposes may be parked or stored upon the Project, unless parked in the garage with the door closed. Travel trailers, motor homes, camping vehicles, and camping trailers may be temporarily parked upon the unit for a period of no more than twenty-four (24) consecutive hours for loading and unloading purposes. No inoperable vehicles of any type may be brought or stored upon the Project either temporarily or permanently, unless parked in the garage with the doors closed. Commercial vehicles and trucks shall not be parked in or about the Project (except as above provided) except while making deliveries or pick ups in the normal course of business. Use of motorized vehicles anywhere on the Project, other than passenger cars, authorized maintenance vehicles and commercial vehicles as provided in this Section 8, is absolutely prohibited. Overnight parking on any private road in the Project is prohibited except as the Association may make reasonable exceptions thereto from time to time.

Section 9. Advertising. No signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a unit or on the common elements, including "For Sale" signs which shall not exceed three (3) square feet in area per side, without written permission from the Association and, during the construction and sales period, from the Developer.

Section 10. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the owners in the Project. Reasonable rules and regulations consistent with the Act, the Master Deed and these By-Laws concerning the use of units and the common elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the transitional control date. Copies of all such rules and regulations and amendments thereto shall be furnished to all owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all owners in number and in value. Such rules may not be applied to limit the Developer's construction, sales or rental activities.

Section 11. Right of Access of Association. The Association or its duly authorized agents shall have access to the portion of each unit not occupied by the dwelling from time to time, during reasonable working hours, upon notice to the owner thereof, as may be necessary for the maintenance, repair or replacement of any of the common elements. The Association or its agents shall

also have access to each unit at all times without notice as may be necessary to make emergency repairs to prevent damage to the common elements or to another unit, and shall run lie liable to such owner for any necessary damage to his unit caused thereby.

Section 12. Landscaping. No owner shall perform any landscaping or remove, trim or plant any trees, shrubs or flowers or place any ornamental materials on the general common elements without the prior written approval of the Association. Basic landscaping, including finish grading and lawn sodding, must be completed within six (6) months after date of occupancy. The owner of each unit shall develop a landscape treatment which will tend to enhance, complement and harmonize with adjacent property. This will best be accomplished by saving as much mature tree growth as possible, and the clearing of selected areas of underbrush and less desirable tree growth in order to open special views and to reduce competition with the mature or specimen vegetation. No existing trees shall be cut, except for diseased and dead trees, or those that are of a nuisance species, such as poplar, willow or box elder, without the prior written approval of the Developer or the Association, as set forth in Section 3 of this Article. No surface soil shall be dug or removed from any unit for purposes other than building and landscaping of the unit, without the prior written approval of the Developer, or the Association, if applicable. All debris shall be promptly removed. New planting shall complement and enhance the character of the existing vegetation, topography and structures. Each owner shall have the responsibility to maintain the grounds of his unit, together with that portion of the general common elements in front thereof between the unit and the traveled portion of the road right-of-way, including the mowing of grass to a height of six inches (6") or less, removal of weeds, and proper trimming of bushes and trees. If the Association shall receive complaints from other owners regarding lack of maintenance of the grounds of a unit, then, and in that event, it shall have the right and duty to have such maintenance of the grounds of the unit performed as the Board of Directors shall determine as being reasonable, and the charges therefor shall become a lien upon the unit and collected in the fashion as set forth in Article II of these By-Laws.

Section 13. Common Element Maintenance. Streets, sidewalks, yards, landscaped areas, and driveways shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, or other obstructions may be left unattended on or about the common elements, or they may be removed and disposed of at the discretion of the Association.

Section 14. Owner Maintenance. Each owner shall maintain his unit, together with that portion of the general common elements in front thereof between the unit and the traveled portion of the road right-of-way, and the improvements on the unit in a safe, aesthetically pleasing, clean, and sanitary condition. Each owner shall also use due care to avoid damaging any of the common elements, including, but not limited to, the telephone, natural gas, electrical, plumbing, drainage courses or other utility conduits and systems and any other common elements within any unit which are appurtenant to or which may affect any other unit. Each 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 him or his 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 limited by virtue of a deductible provision, in which case the responsible 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 owner in the manner provided in Article II hereof.

Section 15. Reserved Rights of Developer.

(a) Prior Approval by Developer. During the construction and sales period, no hedges, trees or substantial plantings or landscaping shall be installed, removed or trimmed until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by the Developer, and a copy of said plans and specifications, as finally approved, lodged permanently with the Developer.

(b) Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs, if any, of the Developer during the construction and sales period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, the Developer shall have the right throughout the entire construction and sales period to maintain a sales office, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer. The Developer shall restore the areas so utilized to habitable status upon termination of use.

(c) Enforcement of By-Laws. The 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 owners and all persons interested in the Project. 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 the 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 cost 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 Project, which right of enforcement shall include (without limitation) an action to restrain the Association or any owner from any activity prohibited by these By Laws.

(d) Variiances. The Developer reserves the right, within its sole discretion, to grant variances from the restrictions in Article VI on a case by case basis for specific residences.

Section 16. Wetland Preserves: Private wetland preserves are located on units and general common elements in the Project as is shown on the Condominium Subdivision Plan attached to the Master Deed as Exhibit B. The wetland preserves have been designated by the Developer to serve as permanent natural open space areas and the natural topography, vegetation, wildlife habitat, and ecological character and nature of the wetland preserves, having been deemed assets worthy of preservation, shall remain intact and undisturbed to the extent possible. Construction of buildings, or other structures, in the wetland preserves is prohibited. No pesticides, herbicides or commercial fertilizers shall be used in the wetland preserves, however, natural or organic fertilizer such as leaves, leaf humus, green manure, etc., may be used. Cutting or clearing of vegetation, other than dead or diseased trees, is prohibited. Storage or dumping of any items or materials, including but not limited to vehicles, structures, building materials, trash, or refuse, is prohibited on the wetland preserves. The Association shall be responsible for maintaining the wetland preserves in a proper manner as may be required to maintain access to the site through nature trails and to preserve existing topography, vegetation, wildlife habitat, and the ecological character and nature of the areas.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any owner who mortgages his unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of a mortgagee of any such unit, which shall provide its name and address, and the unit number or address of the unit on which it has a mortgage, report any unpaid assessments due from the owner of such unit. The Association shall give to the holder of any first mortgage covering any unit in the Project, which shall have provided the information required, written notification of any default in the performance of the obligations of the owner of such unit that is not cured within sixty (60) days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the general common elements against fire, perils covered by extended coverage, and against vandalism and malicious mischief, public liability, and fidelity coverage, and the amount of such coverage to the extent that the Association is obligated by the terms of these By-Laws to obtain such insurance coverage, as well as of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any unit in

the Project 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.

Section 4. Notice. Whenever a notice requirement appears in these By-Laws for the benefit of a mortgagee which requires a response in support of or against a proposal submitted by the Association, the mortgagee shall respond within thirty (30) days of receipt of said notice or the lack of response thereto shall be deemed as approval of the proposal, provided the notice was delivered by certified mail, with a return receipt requested.

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these By-Laws, each owner shall be entitled to one vote for each unit owned.

Section 2. Eligibility to Vote. No owner other than the Developer shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a unit in the Project to the Association, such as a copy of a recorded deed, signed land contract or title insurance policy. A land contract vendee shall be considered the owner for voting purposes. Except as provided in Article XI, Section 2 of these By-Laws, no owner, other than the Developer, shall be entitled to vote prior to the date of the first annual meeting of members held in accordance with Section 2 of Article IX. The vote of each owner may be cast only by the individual representative designated by such owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the first annual meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no units at some time or from time to time during such period. At and after the first annual meeting, the Developer shall be entitled to one vote for each unit which it owns.

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

Section 4. Quorum. The presence in person or by proxy of 30% of the owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Project documents to require a greater quorum. The written vote of any

person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

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

ARTICLE IX

MEETINGS

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

Section 2. First Annual Meeting. The first annual meeting of members of the Association may be convened only by the Developer and may be called at any time after more than fifty percent (50%) of the units in Arbor Creek (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 one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper owners of seventy-five percent (75%) in number of all units that may be created or fifty-four (54) months after the first conveyance of legal or equitable title to a nondeveloper owner of a unit in the Project, whichever first occurs. The Developer may call meetings of members for informative or other appropriate purposes prior to the first annual meeting of members, and no such meeting shall be construed as the first annual meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each owner. The phrase "units that may be created" as used in this paragraph and elsewhere in the Project documents refers to the maximum number of units which the Developer is permitted under the Project documents to include in the Project.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held in the month of October of each succeeding year after the year in which the first annual meeting is held, on such date and 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 owners a Board of Directors in accordance with the requirements of Article XI of these By-Laws. The owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purposes thereof as well as the time and place where it is to be held, upon each owner of record at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these 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 owners cannot be held because a quorum is not in attendance, the owners who are present may adjourn the meeting to a time not less than forty-eight (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 or electing Directors or officers); (g) election of Directors (at annual meeting or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary, and Treasurer.

Section 8. Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of

responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which the 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 the Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meetings that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X

ADVISORY COMMITTEE

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

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The first Board of Directors designated by the Developer shall be composed of three (3) persons, and such first Board of Directors shall manage the affairs of the Association until a successor Board of Directors is elected at the first annual meeting of members of the Association convened at the time required by Article IX, Section 2 of these By-Laws. At such first annual meeting of members of the Association, the Board of Directors shall be increased in size from three (3) persons to five (5) persons. The members of the Board of Directors must be members of the Association or officers, partners, trustees, employees, or agents of members of the Association. 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 nondeveloper owner to the Board. Elections for nondeveloper owner Directors shall be held as provided in subsections (b) and (c) below.

(b) Appointment of Nondeveloper Owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to nondeveloper owners of twenty-five percent (25%) in number of the units that may be created, one (1) out of the three (3) Directors shall be selected by nondeveloper owners. When the required percentage of conveyances has been reached, the Developer shall notify the nondeveloper owners and request that they hold a meeting and elect the required Director. Upon certification to the Developer by the owners 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 is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

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

(1) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to nondeveloper owners of seventy-five percent (75%) in number of the units that may be created, the nondeveloper 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 ten percent (10%) of all units that may be created in the Project. When the seventy-five percent (75%) conveyance level is achieved, a meeting of 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 fifty-four (54) months after the first conveyance of legal or equitable title to a nondeveloper owner of a unit in the Project, the nondeveloper owners have the right to elect a number of members of the Board of Directors equal to the percentage of units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of units which are owned by the Developer and for which all assessments are payable 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 or members of the Board of Directors that the nondeveloper 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 nondeveloper owners under subsection (b) results in a right of nondeveloper 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 nondeveloper 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) At the first annual meeting of members, 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 three or two Directors shall be elected, depending upon the number of Directors whose terms expire. After the first annual meeting, the term of office (except for the two Directors elected for one year 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 owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article IX, Section 3 hereof.

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

Section 4. Other Duties. In addition to the foregoing duties imposed by these 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 Project and the common elements thereof.

(b) To levy, collect and disburse assessments against and from the members of the Association and to use the proceeds thereof for the purposes of the Association, and to impose late charges for nonpayment of said assessments.

(c) To carry insurance and collect and allocate the proceeds thereof.

(d) To rebuild improvements to the common elements after casualty, subject to all of the other applicable provisions of the Project documents.

(e) To contract for and employ persons, firms, corporations, or other agents to assist in the management, operation, maintenance, and administration of the Project, including fulfilling drainage responsibilities within individual units.

(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 Project and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes or obligations 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 sixty percent (60%) of all of the members of the Association.

(h) To make rules and regulations in accordance with Article VI, Section 10 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 Project, and to delegate to such committees any functions or responsibilities which are not by law or the Project documents required to be performed by the Board.

(j) To make rules and regulations and/or to enter into agreements with institutional lenders the purposes of which are to enable owners to obtain mortgage loans which are acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and/or any other agency of the Federal Government or the State of Michigan.

(k) To levy, collect and disburse fines against and from the members of the Association after notice and hearing thereon and to use the proceeds thereof for the purposes of the Association.

(l) To assert, defend or settle claims on behalf of all owners in connection with the common elements of the Project. The Board shall provide at least a ten (10) day written notice to all owners on actions proposed by the Board with regard thereto.

(m) To enforce the provisions of the Project documents.

Section 5. Management Agent. The Board of Directors may employ a professional management agent for the Association (which may be the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Project documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than one (1) year or which is not terminable by the Association upon thirty (30) days' written notice thereof to the other party, and no such contract shall violate the provisions of Section 55 of the Act.

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

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) in number and in value of all of the owners and a successor may then and there be elected to fill any vacancy thus created.

The quorum requirement for the purpose of filling such vacancy shall be the normal thirty percent (30%) requirement set forth in Article VIII, Section 4. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the nondeveloper owners to serve before the first annual meeting may be removed before the first annual meeting in the same manner set forth in this paragraph for removal of Directors generally.

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

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (2) 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 ten (10) days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

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

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

of determining a quorum.

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

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

ARTICLE XII

OFFICERS

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

(a) President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He 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 may in his 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 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 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 shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general perform all duties incident to the office of Secretary.

(d) Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping

full and accurate accounts of all receipts and disbursements in books belonging to the Association. He 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 successor elected, at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

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

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration and which shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association and the owners. Such accounts and all other Association records shall be open for inspection by the owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor that such audit be a certified audit. Any institutional holder of a first mortgage lien on any unit in the Project shall be entitled to receive a copy of such annual audited financial statement within ninety (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. If an audited statement is not available, any holder of a first mortgage on a unit in

the Project shall be allowed to have an audited statement prepared at its own expense.

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 or 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 counsel fees, reasonably incurred by or imposed upon him in connection with any proceedings to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he 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 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 ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all owners thereof. Further, the Board of Directors is authorized 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 one-third (1/3) or more of the owners by instrument in writing signed by them.

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

Section 3. Voting by Board of Directors. These By-Laws may be amended by an affirmative vote of a majority of the Board of Directors, provided that such amendments do not materially alter or change the rights of owners, mortgagees or other interested parties, or amend Article VI without the prior written approval of the Developer (if the Developer continues to own at least one unit in the Project), and to keep these By-Laws in compliance with the Act.

Section 4. Voting by Owners. These By-Laws may be amended by the owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than two-thirds (2/3) of all owners. 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 two-thirds (2/3) of the mortgagees shall be required, with each mortgagee to have one vote for each mortgage held. Consent from the Developer shall be obtained if any amendment of Article VI is proposed and the Developer continues to own at least one unit in the Project. Consent from the Township of Pittsfield shall be obtained if any public interest is affected. A person causing or requesting an amendment to the Project documents shall be responsible for costs and expenses of the amendment except for amendments based upon a vote of a prescribed majority of owners or based upon the Advisory Committee's decision, the costs of which are expenses of administration.

Section 5. By Developer. Prior to the first annual meeting of members, these By-Laws must be recorded in the Office of the Washtenaw County Register of Deeds, and they may be amended prior to that meeting by the first Board of Directors upon proposal of amendments by the Developer, without approval from any person, to keep these By-Laws in compliance with the Act and to make such other amendments to these By-Laws as shall not increase or decrease the benefits or obligations or materially affect the rights of any member of the Association.

Section 6. When Effective. Any amendment to these By-Laws shall become effective upon the recording of such amendment in the Office of the Washtenaw County Register of Deeds.

Section 7. 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.

Section 8. Notice. Eligible mortgage holders, those holders of a first mortgage on a unit who have requested the Association to notify them on any proposed action that requires the consent of a specified percentage of eligible mortgage holders, also shall have the right to join in the decision making about certain amendments to the Project documents.

ARTICLE XVII

COMPLIANCE

The Association and all present or future owners, 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 Project shall signify that the Project documents are accepted and ratified. In the event the Project 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.

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by an owner shall entitle the Association or another owner or owners to the following relief:

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

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

Section 3. Removal and Abatement. The violation of any of the provisions of the Project 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 when reasonably necessary and summarily remove and abate, at the expense of the owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Project documents. The Association shall have no liability to any owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Project documents by any owner shall be grounds for assessment by the

Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless 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 owners in the same manner as prescribed in Article IX, Section 5 of these By-Laws. Thereafter, fines may be assessed only upon notice to the offending owners as prescribed in said Article IX, Section 5, and after an opportunity for such owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these By-Laws. No fine shall be levied for the first violation. No fine shall exceed Twenty-Five Dollars (\$25.00) for the second violation, Fifty Dollars (\$50.00) for the third violation, or One Hundred Dollars (\$100.00) for any subsequent violation.

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

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

Section 7. Enforcement of Provisions of Project Documents. An owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Project documents. An owner may maintain an action against any other owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Project documents or the Act.

ARTICLE XX

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Project 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 by 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 Article I of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Project and shall not, under any circumstances, be construed to apply to or cause the termination and expiration 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 XXI

SEVERABILITY

In the event that any of the terms, provisions or covenants of these By-Laws or the Project 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 Project documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

13:wp60:condos: arborcrby. dox