

EMERALD GLEN OF MANCHESTER

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

Emerald Glen of Manchester, a residential Condominium Project located in the Village of Manchester, Washtenaw County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II

ASSESSMENTS

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

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

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

(a) **Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those General Common Elements that must be repaired or replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to 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 Association of Co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-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 Condominium, (2) to provide repairs or replacements of existing General Common Elements, Limited Common Elements and improvements located on Limited Common Elements and Units to the extent the Association is obligated to repair and replace, (3) to provide additions to the General Common Elements not exceeding \$2,000.00 annually for the entire Condominium Project, or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without Co-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 Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the General Common Elements of a cost exceeding \$2,000.00 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 2(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 six and two thirds (66-2/3%) percent of the Unit Co-owners, except as hereinafter provided. 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.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned equally among and paid by the Co-owners, without increase or decrease for the existence of any rights to the use of any Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in regular 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. A late charge not exceeding \$25 per installment may be assessed automatically by the Association upon each installment in default five or more days until each installment together with all applicable late charges is paid in full. The Board of Directors shall also have the right to

increase the amount of the late charge upon notification to all Co-owners. The Association also may, pursuant to Article XX hereof, levy fines for late payment of assessments in addition to the late charge. Each Co-owner (whether 1 or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Unit. No Co-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 Co-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 services to a Co-owner in default upon 7 days written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to serve on committees or as a Director of the Association, to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XX of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b) **Foreclosure Proceedings.** Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose 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 Co-owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-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 of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of 10 days after mailing, by first class mail, postage

prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that 1 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 20 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-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 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 Co-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 late charges, interest, fines, costs, actual attorney's fees (not limited to statutory fees) advances for taxes or other liens paid by the Association to protect its lien and other costs, shall be chargeable to the Co-owner in default and shall be secured by the lien on his Unit.

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

Section 7. Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, including the improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall the 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 building is located. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. 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 claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. During the Development and Sales Period, the Developer may (without the consent of the Association or any other Co-owner) waive the payment of assessments by any particular Co-owner during the period of time commencing as of the date upon which that Co-owner acquires fee simple interest or a land contract vendee's interest in and to a Unit and ending upon the earlier to occur of (a) two (2) years thereafter, or (b) the date upon which a completed building is on the Unit owned by that Co-owner. A "completed building" shall mean a building with respect to which a certificate of occupancy has been issued by the Village of Manchester.

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 Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

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

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, interest, late charges, fines, costs and other fees as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least 5 days prior to the closing of the purchase of such Unit shall render any unpaid assessments against the Condominium Unit together with interest, costs, fines, late charges and attorney fees, and the lien securing the same, fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

ARTICLE III

ARBITRATION

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

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Co-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 Co-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 in light of the nature of the General Common Elements of the Project, carry fire and extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount to be determined by the Developer or the

Association in its discretion, but in no event, less than \$1,000,000 per occurrence) officers and directors liability insurance, and workmen's compensation insurance if applicable, and any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the General Common Elements 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, the Developer and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners.

(b) **Insurance of Common Elements.** If applicable and appropriate, all General Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. The Association shall not be responsible, in any way, for maintaining insurance with respect to Limited Common Elements.

(c) **Premium Expenses.** All premiums on insurance purchased by the Association pursuant to these Bylaws 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 Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article VI of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

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

Section 3. Responsibilities of Co-owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the dwelling and all other improvements constructed or to be constructed within the perimeter of his Condominium Unit and for his personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner also shall be obligated to obtain insurance coverage for his personal liability for occurrences within the perimeter of his Unit or the improvements located thereon (naming the Association and the Developer as insureds), and also for any other personal insurance coverage that the Co-owner wishes to carry.

The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described above in this Section 3 or have any liability to any person for failure to do so. The Association may elect, however, through its board of directors, to undertake the responsibility for obtaining the insurance described in this Section 3, or any portion thereof, exclusive of insurance covering the contents located within a Co-owner's residence, and the cost of the insurance shall be included as an expense item in the Association budget. All Co-owners shall be notified of the Board's election to obtain the insurance at least sixty (60) days prior to its effective date which notification shall include a description of the coverage and the name and address of the insurer. Each Co-owner shall also be provided a certificate of insurance as soon as it is available from the insurer. Co-owners may obtain supplementary insurance but in no event shall any such insurance coverage undertaken by a Co-owner permit a Co-owner to withhold payment of the share of the Association assessment that relates to the equivalent insurance carried by the Association. The Association also shall not reimburse Co-owners for the cost of premiums resulting from the early cancellation of an insurance policy. To the extent a Co-owner does or permits anything to be done or kept on Co-owner's Unit that will increase the rate of insurance each Co-owner shall pay to the Association, the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition shall be charged to the Co-owner responsible for such activity or condition.

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

Section 5. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Development and Sales Period). This Section 5 shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner, however.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium Premises 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 unless all of the Co-owners and all of the institutional holders of mortgages on any Unit in the Project unanimously agree to the contrary, except that all General Common Elements depicted on the site plan approved by the Village of Manchester at the time of initial development of the Condominium as improvements to be installed, as said site plan may from time to time be amended, shall be rebuilt even if the Co-owners and mortgagees agree not to repair the General Common Elements.

(b) **Unit or Improvements Thereon.** If the damaged property is a Unit or any improvements thereon, the Co-owner of such Unit shall, so long as the Co-owner is obligated to obtain the insurance, apply the insurance proceeds towards and be responsible for rebuilding or repairing the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property.

(c) **Repair and/or Restoration.** Property damaged for which the Association is obligated to insure shall be repaired in accordance with Section 3 below. Either the Co-owner or the Association shall, depending on which has the obligation to insure the Unit and improvements thereon, remove all debris and restore the Unit and the improvements thereon to a clean and slightly condition satisfactory to the Association and in accordance with the provisions of Article VI hereof as soon as reasonably possible following the occurrence of the damage.

Section 2. Repair in Accordance with Master Deed, Etc. Any such reconstruction or repair shall be in accordance with the architectural character adopted pursuant to Article VI, Section 3 below unless the Co-owners shall unanimously decide otherwise, except that the site plan approved by the Village of Manchester at the time of initial development of the Condominium, as said site plan may from time to time be amended, shall not be altered in any way as a result of the Co-owners decision not to rebuild without the prior approval of the Village.

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, reconstruction and insuring, 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 cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 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 Co-owner of such Unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and his mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium 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 Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% of the Co-owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

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

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

(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. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI

RESTRICTIONS

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

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residential purposes and the Common Elements shall be used only for purposes consistent with single-family residential use and in accordance with the ordinances of the Village of Manchester. No commercial uses shall be permitted on the Condominium Premises.

Section 2. Leasing and Rental.

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

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

(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least 10 days before presenting a lease or otherwise agreeing to grant possession of a Condominium Unit to potential lessees or occupants and at the same time, shall supply the Association with a copy of the exact lease for its review for its compliance with the Condominium Documents. The Co-owner or Developer shall also provide the Association of Co-owners with a copy of the executed lease. If no lease is to be used, then the Co-owner or Developer shall supply the Association with the name and address of the potential lessee, along with the rental amount and due dates of any rental or compensation payable to a Co-owner or Developer, the due dates of that rental and compensation, and the term of the proposed arrangement.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements shall so state.

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

(i) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.

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

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions do not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following:

(i) Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.

(ii) Initiate proceedings pursuant to subsection (3)(iii).

Section 3. Architectural Control. The Developer of the Project intends that there shall be a residential dwelling and certain other improvements within the boundaries of each of the Condominium Units in the Project. Developer shall be entitled to require that the builder or Co-owner furnish to the Association adequate security, in Developer's discretion, to protect the Association against costs and expenses which it might incur in connection with the failure to complete construction in a timely and diligent manner in accordance with the approved plans and specifications for the dwelling and its appurtenances. Developer shall also be entitled to request a bond or other form of security from a builder as assurance that the infrastructure and other Common Element improvements in the Condominium will be repaired in the event builder's activities, or any of builder's agents or subcontractor's activities, cause damage to any of those improvements. No building, structure or other improvement shall be constructed within a Condominium Unit or elsewhere within the Condominium Project, nor shall any exterior modification be made to any existing buildings, structure or improvement, unless plans and specifications therefor, containing such detail as the Developer may reasonably request, have first been approved in writing by the Developer. Co-owners shall also be responsible for installing all requisite silt fences and other protective type measures as required by governmental entities. No log, modular homes, manufactured homes, mobile homes or any other type of

residential housing constructed off-site will be permitted. All residences must be constructed on site. Such plans and specifications shall contain, at a minimum, the following:

- (a) A topographic survey showing the existing and proposed grades, the proposed location of each building or structure and the proposed location of the driveway and parking areas, if applicable;
- (b) Construction and architectural plans including dimensioned floor plans, typical sections and all building elevations;
- (c) Specifications setting forth the type and quality of all materials and workmanship and including a detailed finish schedule for all exterior materials, products and finishes, with actual brick, stain and shingle samples; and
- (d) A construction schedule.

Construction of any building or other improvements must also receive any necessary approvals from the local public authority and a copy of the building permit shall be delivered to Developer before commencement of any construction on a Unit. Developer shall have the right to refuse to approve any such plans or specifications or grading 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, preservation of trees and the natural setting, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole. No residence shall be less than 1,400 square feet, exclusive of porches, patios, garages, storing sheds and basements (keeping in mind that local ordinances in effect from time to time may require a greater minimum and will be controlling under such circumstances).

No home shall exceed thirty-five (35) feet in height.

The pitch of the major portion of the roof that services the residence shall be a minimum 6/12.

All exterior materials on all structures shall be subject to the prior approval of the Developer. Proposed exterior materials may include wood or vinyl siding, brick, stone or artificial stone. No texture 1-11 siding shall be permitted. No foundation shall be exposed from the street.

Windows shall be either insulated wood, vinyl clad or vinyl. No aluminum windows shall be permitted.

Exterior colors and architectural styles shall be chosen to blend in with existing Village historic residences and the natural surroundings and shall be subject to the prior approval of the Developer.

All garages shall be for a minimum of two cars and attached. Side entry garages are encouraged.

All driveways shall be surfaced with concrete at the time of construction of the dwelling served thereby, weather permitting.

All chimneys intended for live fires shall have spark arresters.

Builders or Co-owners shall supply and install mailboxes in accordance with Developer's standards.

No temporary shelters shall be permitted on the Premises; provided, however, a temporary storage building for materials and supplies used during construction of a residence is permitted so long as such storage shed is promptly removed when the residence is completed.

In the event that Developer shall fail to approve or disapprove or take any other action upon such plans and specifications within thirty (30) days after complete plans and specifications have been delivered to Developer, such approval will not be required; provided, however, that such plans and locations of structures on the Unit conform to or are in harmony with existing structures in the Condominium, these Bylaws and any zoning or other local laws applicable thereto. If Developer takes action with respect to the plans and specifications within such 30-day period, then the affected Co-owner shall respond appropriately to the Developer's requests until approval shall have been granted. No construction of any building or improvement pursuant either to express approval properly obtained hereunder or by virtue of failure of action either by the Developer or the Association may be constructed as a precedent or waiver, binding on the Developer, the Association, any Co-owner or any other person as to any other structure or improvement which is proposed to be built.

The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners. Developer's rights under this Article VI, Section 3 may, in Developer's discretion, be assigned to the Association or other successor to Developer. Developer may construct any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents.

Once commenced, all construction activity shall be prosecuted and carried out with all reasonable diligence, and the exterior of all dwellings and other structures must be completed as soon as practical after construction has commenced and in any event within 12 months after such commencement, except where such completion is impossible or would result in exceptional hardship due to strikes, fires, national emergencies or natural calamities. All landscaping is to be completed within 90 days, weather permitting, after initial occupancy of the dwelling or, in the case of speculative or unsold homes, within 90 days after the exterior of the dwelling has been (or with due diligence should have been) substantially completed.

Section 4. Setbacks. No building or other structure on any Unit shall be erected, placed, altered or located nearer to the front side or rear lot lines than is permitted by the ordinances of the Village of Manchester and as may be in effect from time to time.

Section 5. Alterations and Modifications of Common Elements and Exterior of Residences. No Co-owner shall make alterations, modifications or changes in any of the Common Elements or the exterior of residences without the express written approval of the Developer during the Development and Sales Period and the Association thereafter, which such approval shall be left to the sole discretion of Developer (or Association), including, without limitation, the erection of antennas, saucers or similar devices, lights, awnings, flag poles or other exterior attachments or modifications provided, that not more than one satellite communications dish not exceeding one meter in diameter or traditional stick-type antenna, may be installed on a Unit subject to reasonable requirements of Developer or the Association concerning screening and location and further provided that the Co-owner is responsible for any damage or expense to the Common Elements or to the Association resulting from such installation and the Co-owner obtains insurance for the benefit of the Association for any such damage. No Co-owner shall in any way restrict access to any utility line, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way.

Section 6. Activities. No immoral, improper, unlawful or offensive activity, including without limitation the playing of music, 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 Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No outdoor fires shall be permitted. No Co-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 Condominium without the written approval of the Association,

and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices. Without limiting the scope or application of the foregoing, outdoor spotlights that shine into or otherwise illuminate the homes on surrounding Units shall be deemed to be nuisances, as shall outdoor horns, sirens or other noise making devices, whether attached to security systems or otherwise, which go off repeatedly or for an extended period of time. Each Unit Owner shall be responsible for their security systems with such noise making devices when the Unit Owner is not at the dwelling. No outdoor floodlights shall be permitted without the prior approval of the Developer during the Development and Sales Period and the Association thereafter.

Section 7. Protected Trees. No large trees measuring eight (8) inches or more in diameter at ground level may be removed from the Units without the prior approval of the Association and, during the Development and Sales Period, the Developer. Prior to commencement of construction, each Owner shall submit to Developer for its written approval, a plan for the preservation of trees in connection with the construction process. No more than twenty-five (25%) percent of all trees measuring four (4) inches or more in diameter at ground level can be removed from a Unit. It shall be the responsibility of each Owner to maintain and preserve all large trees on his Unit, which responsibility includes felling trees, if necessary. Each Owner shall also plant up to two (2) trees of a minimum caliper of 2 ½ inches along the road right-of-way, of a type and at the location(s) determined by Developer.

Section 8. Pets. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association.

Section 9. Aesthetics. The Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium. Without written approval by the Association, no Co-owner shall change in any way the exterior appearance of the residence and other improvements and appurtenances located within his Unit. Thus, in connection with any maintenance, repair, replacement, decoration or redecoration of such residence, improvements or appurtenances, no Co-owner shall modify the design, material or color of any such item including, without limitation, windows, doors, screens, roofs, siding or any other component which is visible from a Common Element or other Unit.

Section 10. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles,

automobiles or vehicles other than those used primarily for general personal transportation purposes, may be parked or stored upon the Common Elements or Units without the Association's prior written approval. Garage doors shall be kept closed when not in use. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. The purpose of this Section is to accommodate reasonable Co-owner parking but to avoid unsightly conditions which may detract from the appearance of the Condominium as a whole. Use of motorized vehicles anywhere on the Condominium Premises, other than passenger cars and road motorcycles, authorized maintenance vehicles and commercial vehicles as provided in this Section, is absolutely prohibited.

Section 11. 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, without written permission from the Association and, during the Development and Sales Period, from the Developer.

Section 12. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners.

Section 13. Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary to carry out any responsibilities imposed on the Association by the Condominium Documents. The Association or its agents shall also have access to Units and Limited Common Elements appurtenant thereto as may be necessary to respond to emergencies. The Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby. This provision, in and of itself, shall not be construed to permit access to the interiors of dwellings or other structures.

Section 14. Driveways, Garages. All driveways shall be paved with concrete and shall be completed prior to occupancy unless delayed due to inclement weather or ground conditions, or other circumstances beyond the control of the Owner, in which case such work shall be completed as soon as practicable after occupancy. All garages shall be attached to the dwelling located on the Unit and side entry garages are encouraged.

Section 15. Swimming Pools, Equipment. No above ground pools shall be erected or maintained on any Unit or Common Element. Hot tubs shall be permitted subject to the prior approval of the Association and, during the Development and Sales Period, the Developer. The hot tub and all mechanical and electrical equipment and other equipment associated with the hot tub, shall be enclosed or screened so as not to be visible from the outside of any building or structure in the Condominium. The appearance and materials of such enclosure or screening shall be in harmony with and compatible with the rest of the building or structure on the Unit.

Section 16. Fences. No fences, dog runs, kennels or similar pen shall be erected or maintained on any Unit without prior approval of Developer. Perimeter fences around swimming pools shall be required to be constructed in accordance with all applicable building codes.

Section 17. Antennae, Satellite Dishes. No outside television antenna or other antenna, or aerial saucer, dish or similar device shall be placed, constructed, altered or maintained on any Unit, unless the Developer determines that the absence of an outside antenna causes substantial hardship with respect

to a particular Unit; provided, that not more than one satellite communications dish not exceeding eighteen inches (18") in diameter may be installed on a Unit subject to reasonable requirements of Developer or the Association concerning screening and location.

Section 18. Dog Kennels. No dog kennels or runs or other enclosed shelters for animals shall be permitted.

Section 19. No Temporary Structures. No mobile home, trailer, house or camping trailer, tent, shack, tool storage shed, barn, tree house or other similar outbuilding or structure shall be utilized for residence purposes on any Unit at any time, either temporarily or permanently.

Section 20. Lawn Ornaments and Play Structures. Lawn ornaments, sculptures or statues shall be placed or permitted to remain in the rear yard areas only of any Unit subject to the prior written permission of the Developer during the Development and Sales Period, and the Association thereafter. Wood play structures only shall be permitted in rear yard areas only, with their location being subject to the prior approval of the Developer during the Development and Sales Period, and the Association thereafter.

Section 21. Common Element Maintenance. Sidewalks, yards, landscaped areas, driveways, and parking areas shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended.

Section 22. Co-owner Maintenance. Each Co-owner shall maintain his Unit, dwelling located thereon and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements which are appurtenant to or which may affect any other Unit. The exterior of all buildings in the Project shall be repainted not less than every five-years. The roof on all buildings shall also be resingled no less than on a twenty-year cycle or as recommended by the manufacturer if premium shingle are installed. Further, each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by 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 Co-owner shall bear the expense to the extent of the deductible amount). Each individual Co-owner shall indemnify the Association and all other Co-owners against such damages and costs, including attorneys fees, and all such costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof. Developer reserves for itself and the Association the right to enter upon any Unit not owned by Developer for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, or to abate any nuisance which in the opinion of Developer or the Association detracts from the overall beauty, setting, safety and enjoyment of the Project. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. Developer or the Association and its agents may likewise enter upon a Unit to remove any trash which has collected on such Unit without such entrance and removal being deemed a trespass. The provisions of this paragraph shall not be construed as an obligation on the part of Developer or the Association to mow, clear, cut or prune any Unit nor to provide garbage or trash removal services now to abate any nuisance. All costs associated with the foregoing work shall be reimbursed pursuant to Article II above. The foregoing notwithstanding, except in the case of emergencies or extended absence or vacation of the Unit Owners, neither the Developer nor the Association shall take any action to abate a nuisance without first providing the Unit Owner with notice and reasonable opportunity to cure or remove such nuisance.

Section 23. Basketball Backboards and Flag Poles. No basketball backboards or flagpoles shall be permitted within Units, on any of the improvements located within the Units, or on any of the General Common Elements except that portable basketball poles with clear back-boards shall be permitted, provided that such portable basketball poles are stored during off season.

Section 24. Failure of Co-owner to Perform Maintenance Responsibilities. In the event a Co-owner fails to maintain, decorate, repair or replace any items for which it is responsible either to the standard established from time to time by the Association or in accordance with any of the restrictions set forth in the Condominium Documents, the Association (and/or the Developer during the Development and Sales Period) shall have the right, but not the obligation, to take whatever action or actions it deems desirable to so maintain, decorate, repair or replace any such improvements within a Unit, all at the expense of the Co-owner of the Unit. Such right shall be conditioned upon 10 days advance written notice to the Co-owner of the intention to take such action. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time nor shall the Developer or the Association be liable to any Co-owner or any other person for failure to take any such action. The Developer and the Association shall have easements in furtherance of the rights accorded them hereunder as set forth in Article IX, Section 4 of the Master Deed and no exercise of such rights shall be deemed to be a trespass or other infringement of the rights of any Co-owner, lessee or other person and shall not render the Developer or the Association liable to any person whatsoever on account of such exercise. All costs incurred by the Association or the Developer in performing any responsibilities under the Condominium Documents which are required in the first instance to be borne by any Co-owner shall be assessed against such Co-owner and shall be due and payable with his regular assessment next falling due; further, the lien for non-payment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the Condominium Documents and by law for the collection of regular assessments including, without limitation, legal action, foreclosure of the lien securing payment and imposition of fines. Any costs becoming assessable hereunder shall include not only the direct costs of such maintenance, repair or replacement but shall also include such reasonable indirect costs as are determined, in the discretion of the assessing party, to have been incurred by it in taking such action.

Section 25. Non-Disturbance of Wetlands. A certain portion of the land within the Condominium is a wetland which is protected by federal and state law. Under the provisions of the Natural Resources & Environmental Protection Act, any disturbance of a wetland by depositing material in it, dredging or removing material from it, or draining water from the wetland may be done only after a permit has been obtained from the Department of Environmental Quality or its administrative successor. The penalties specified in the Wetlands Protection Act are substantial. In order to assure no inadvertent violations of the Natural Resources & Environmental Protection Act occur, no Co-owner may disturb the wetlands shown on the Condominium Subdivision Plan without obtaining: (1) written authorization of the Association; (2) any necessary Village permits; and (3) any necessary State Permits.

Section 26. Natural Preserve Area. The Association shall undertake and/or supervise and control any programs of use, maintenance or restoration of the Natural Preserve Area depicted on the Condominium Subdivision Plan which it determines to be appropriate to preserve the desirable features of the natural environment or restore previously existing features of the environment of the Natural Preserve Area which may have deteriorated. Any maintenance or restoration shall be conducted after the approval, if applicable, of the Village or as otherwise required by applicable law. The following uses and practices, though not an exhaustive recital of consistent uses and practices, are consistent with the intent and the purpose of the Village's Nature Preserve Ordinance and are desirable and not precluded, prevented or limited by it:

(a) The establishment of a system of pedestrian paths constructed over portions of the Natural Preserve Area, in a manner which protects the Natural Preserve Area's environment but permits persons walking through the path system to enjoy the Natural Preserve Area through the low-impact activities of hiking and observation;

(b) The use by all Co-owners of the Natural Preserve Area for passive recreation, hiking along any path system established or to be established through the Natural Preserve Area;

(c) The removal of dead or dying vegetation and debris within the Natural Preserve Area so that the enjoyment of the Natural Preserve Area by the Owners may be enhanced, and, if considered desirable by the Association, to replace any removed vegetation with native plant materials.

No right of access by the general public to any portion of the Natural Preserve Area is conveyed or created by these provisions. During the Development and Sales Period, the Developer shall be entitled to make such changes within the Natural Preserve Area as Developer may determine in Developer's sole discretion without approval by any Co-owner or mortgagee and subject only to approval by the Village and any other public agency having jurisdiction.

Section 27. Right for Village to Enforce. If the Association should fail in the proper maintenance or preservation of the Natural Preserve Area as set forth in Section 26 above, the Village may hire workmen and buy materials necessary to cure the violation and may charge the Association the actual expense incurred for such violations plus an administrative fee to cover the expenses attendant in correcting the damage resulting from the violation of these provisions and to help defray the extra expenses incurred by the Village in undertaking the necessary repairs and the supervision of such repairs.

Section 28. Reserved Rights of Developer.

(a) **Prior Approval by Developer.** During the Development and Sales Period, no buildings, fences, walls, retaining walls, drives, walks or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with the Developer. The Developer shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole. The purpose of this Section is to assure that drainage patterns established by Developer are not altered by the Co-owner or his landscape architect, and to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners.

(b) **Developer's Rights in Furtherance of Development and Sales.** None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer shall have the right to maintain a sales office, at least two trailers (2) for either marketing or construction purposes, model units, advertising display signs, 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 and may continue to do so during the entire Development and Sales Period.

(c) **Enforcement of Bylaws.** The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period

which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Co-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, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

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

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

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

Section 2. Eligibility to Vote. No Co-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 Condominium Project to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Co-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 Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members 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 Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-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 thirty-five (35) percent of Unit Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than fifty (50) percent 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.

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 Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

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

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held in the month of April or May, or as otherwise determined by the Board of Directors, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight months after the date of the First Annual Meeting at such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by not less than 1/3 of the Co-owners presented to the Secretary of the Association Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 24. Failure of Co-owner to Perform Maintenance Responsibilities. In the event a Co-owner fails to maintain, decorate, repair or replace any items for which it is responsible either to the standard established from time to time by the Association or in accordance with any of the restrictions set forth in the Condominium Documents, the Association (and/or the Developer during the Development and Sales Period) shall have the right, but not the obligation, to take whatever action or actions it deems desirable to so maintain, decorate, repair or replace any such improvements within a Unit, all at the expense of the Co-owner of the Unit. Such right shall be conditioned upon 10 days advance written notice to the Co-owner of the intention to take such action. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time nor shall the Developer or the Association be liable to any Co-owner or any other person for failure to take any such action. The Developer and the Association shall have easements in furtherance of the rights accorded them hereunder as set forth in Article IX, Section 4 of the Master Deed and no exercise of such rights shall be deemed to be a trespass or other infringement of the rights of any Co-owner, lessee or other person and shall not render the Developer or the Association liable to any person whatsoever on account of such exercise. All costs incurred by the Association or the Developer in performing any responsibilities under the Condominium Documents which are required in the first instance to be borne by any Co-owner shall be assessed against such Co-owner and shall be due and payable with his regular assessment next falling due; further, the lien for non-payment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the Condominium Documents and by law for the collection of regular assessments including, without limitation, legal action, foreclosure of the lien securing payment and imposition of fines. Any costs becoming assessable hereunder shall include not only the direct costs of such maintenance, repair or replacement but shall also include such reasonable indirect costs as are determined, in the discretion of the assessing party, to have been incurred by it in taking such action.

Section 25. Non-Disturbance of Wetlands. A certain portion of the land within the Condominium is a wetland which is protected by federal and state law. Under the provisions of the Natural Resources & Environmental Protection Act, any disturbance of a wetland by depositing material in it, dredging or removing material from it, or draining water from the wetland may be done only after a permit has been obtained from the Department of Environmental Quality or its administrative successor. The penalties specified in the Wetlands Protection Act are substantial. In order to assure no inadvertent violations of the Natural Resources & Environmental Protection Act occur, no Co-owner may disturb the wetlands shown on the Condominium Subdivision Plan without obtaining: (1) written authorization of the Association; (2) any necessary Village permits; and (3) any necessary State Permits.

Section 26. Natural Preserve Area. The Association shall undertake and/or supervise and control any programs of use, maintenance or restoration of the Natural Preserve Area depicted on the Condominium Subdivision Plan which it determines to be appropriate to preserve the desirable features of the natural environment or restore previously existing features of the environment of the Natural Preserve Area which may have deteriorated. Any maintenance or restoration shall be conducted after the approval, if applicable, of the Village or as otherwise required by applicable law. The following uses and practices, though not an exhaustive recital of consistent uses and practices, are consistent with the intent and the purpose of the Village's Nature Preserve Ordinance and are desirable and not precluded, prevented or limited by it:

- (a) The establishment of a system of pedestrian paths constructed over portions of the Natural Preserve Area, in a manner which protects the Natural Preserve Area's environment but permits persons walking through the path system to enjoy the Natural Preserve Area through the low-impact activities of hiking and observation;
- (b) The use by all Co-owners of the Natural Preserve Area for passive recreation, hiking along any path system established or to be established through the Natural Preserve Area;

(c) The removal of dead or dying vegetation and debris within the Natural Preserve Area so that the enjoyment of the Natural Preserve Area by the Owners may be enhanced, and, if considered desirable by the Association, to replace any removed vegetation with native plant materials.

No right of access by the general public to any portion of the Natural Preserve Area is conveyed or created by these provisions. During the Development and Sales Period, the Developer shall be entitled to make such changes within the Natural Preserve Area as Developer may determine in Developer's sole discretion without approval by any Co-owner or mortgagee and subject only to approval by the Village and any other public agency having jurisdiction.

Section 27. Right for Village to Enforce. If the Association should fail in the proper maintenance or preservation of the Natural Preserve Area as set forth in Section 26 above, the Village may hire workmen and buy materials necessary to cure the violation and may charge the Association the actual expense incurred for such violations plus an administrative fee to cover the expenses attendant in correcting the damage resulting from the violation of these provisions and to help defray the extra expenses incurred by the Village in undertaking the necessary repairs and the supervision of such repairs.

Section 28. Reserved Rights of Developer.

(a) **Prior Approval by Developer.** During the Development and Sales Period, no buildings, fences, walls, retaining walls, drives, walks or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with the Developer. The Developer shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole. The purpose of this Section is to assure that drainage patterns established by Developer are not altered by the Co-owner or his landscape architect, and to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners.

(b) **Developer's Rights in Furtherance of Development and Sales.** None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer shall have the right to maintain a sales office, at least two trailers (2) for either marketing or construction purposes, model units, advertising display signs, 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 and may continue to do so during the entire Development and Sales Period.

(c) **Enforcement of Bylaws.** The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period

which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Co-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, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

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

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

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

Section 2. Eligibility to Vote. No Co-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 Condominium Project to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Co-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 Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members 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 Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-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 thirty-five (35) percent of Unit Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than fifty (50) percent 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.

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 Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

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

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held in the month of April or May, or as otherwise determined by the Board of Directors, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight months after the date of the First Annual Meeting at such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by not less than 1/3 of the Co-owners presented to the Secretary of the Association Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

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

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

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

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

Section 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

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

ARTICLE X

ADVISORY COMMITTEE

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

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall be comprised of three members and shall continue to be so comprised until enlarged to five members in accordance with the provisions of Section 2 hereof. Thereafter, the affairs of the Association shall be governed by a Board of five Directors, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) **First Board of Directors.** The first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-developer Director to the Board. Immediately prior to the appointment of the first non-developer Co-owners to the Board, the Board shall be increased in size from three (3) persons to five (5) persons. Thereafter, elections for non-developer Co-owner Directors shall be held as provided in subsections (b) and (c) below.

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

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

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

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

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

(4) At the First Annual Meeting three Directors shall be elected for a term of two (2) years and two Directors shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one (1) slate and the three persons receiving the highest number of votes shall be elected for a term of two (2) years and the two persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either two or three Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for two of the Directors elected at the First Annual Meeting) of each Director shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(5) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article XI, Section 3 hereof.

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

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

- (a) To manage and administer the affairs of and to maintain the Condominium Project and the General Common Elements thereof.
- (b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty.
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.
- (f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.
- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association.
- (h) To make rules and regulations in accordance with Article VI, Section 12 of these Bylaws.
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.
- (j) To enforce the provisions of the Condominium Documents.

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

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

Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Co-owners qualified to vote and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 35% requirement set forth in Article VIII, Section 4 and shall not be reduced. Any Director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

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

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, telephone or telegraph, at least 10 days prior to the date named for such meeting.

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

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

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

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

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

Section 15. Civil Actions. The Association has the authority to commence civil actions on behalf of the Co-owners subject to the prior approval of no less than 66 2/3 percent of the Unit Owners; provided, however, the Board of Directors of the Association shall be permitted, acting upon a majority vote of the Board, to bring a civil action to enforce the following: (i) provisions of the Condominium Master Deed and Bylaws and (ii) payment of assessments against and from the Co-owners. All civil actions requiring the approval of the Co-owners shall first be reviewed by the Board of Directors to evaluate its merit. A special meeting of the Co-owners shall be held for the purpose of voting on whether or not to proceed with the litigation. A special assessment to fund any such litigation will also require the approval of no less than a 66 2/3 percent of the Unit Owners. Each member of the Association shall have the right to enforce the provisions of this Section 15.

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 the Secretary.

(d) **Treasurer.** The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He 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, 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 Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

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

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

LIMITATION AND ASSUMPTION OF LIABILITY OF VOLUNTEERS; INDEMNIFICATION

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

of Section 551(1) of the Michigan Non-Profit Corporation Act; (d) Any transaction from which the volunteer Director or officer derived an improper personal benefit; or (e) An act or omission that is grossly negligent.

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

Section 3. Indemnification of Volunteers. The Association shall also indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Association, by reason of the fact that the person is or was a volunteer Director, volunteer officer, or nondirector volunteer of the Association, against all expenses including attorney's fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association or its members, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe that the conduct was unlawful. In the event of any claim for indemnification hereunder based upon a settlement by the volunteer Director, volunteer officer, or nondirector volunteer seeking such indemnification, the indemnification herein shall apply only if the Board of Directors (with any Director seeking indemnification abstaining) approves such settlement and indemnification as being in the best interest of the corporation. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement or expenses may be entitled under the Articles of Incorporation, the Bylaws, contractual agreement, or otherwise by law and shall continue as to a person who has ceased to be a volunteer Director or volunteer officer or nondirector volunteer of the corporation and shall inure to the benefit of the heirs, executors, and administrators of such person. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all members thereof. The Association shall maintain insurance coverage to cover indemnification payments made pursuant to this Article XV.

ARTICLE XVI

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by one third (1/3) or more of the Unit Co-owners by instrument in writing signed by them.

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

Section 3. Voting. These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 66 2/3 % of all Unit Co-owners. No consent of mortgagees shall be required to amend these Bylaws unless as otherwise provided in Section 90a of the Act.

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially

alter or change the right of a Co-owner or mortgagee or the Village as its rights relate to the approved site plan and Condominium Documents.

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

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

ARTICLE XVII

DEFINITIONS

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

ARTICLE XVIII

COMPLIANCE

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

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

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

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

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements or into any Unit (but not into any dwelling or related garage), where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium

Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

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

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

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

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

ARTICLE XX

ASSESSMENT OF FINES

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

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

(a) **Notice.** Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address as shown in the notice required to be filed with the Association pursuant to Article VIII, Section 3 of the Bylaws.

(b) **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, or at a special meeting called for such

purpose, but in no event shall the Co-owner be required to appear less than 10 days from the date of the Notice.

(c) **Default.** Failure to respond to the Notice of Violation constitutes a default.

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

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

(a) **First Violation.** Fifty Dollar (\$50.00) fine.

(b) **Second Violation.** One Hundred Dollar (\$100.00) fine.

(c) **Third Violation.** One Hundred Fifty Dollar (\$150.00) fine.

(d) **Fourth Violation and Subsequent Violations.** Two Hundred Dollar (\$200.00) fine.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable together with the regular Condominium assessment on the first of the next following month. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Documents including, without limitation, those described in Article II and Article XIX of the Bylaws.

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

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

ARTICLE XXII

SEVERABILITY

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