

above shall be payable by co-owners in twelve (12) equal monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a unit, or with the acquisition of fee simple title to a unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof is not paid to the Association in full on or before the due date for such payment.

Each installment in default for five (5) or more days from the due date shall be subject to a late charge of one dollar (\$1.00) per day, or such additional sum which the Board of Directors may prescribe, until each installment is paid in full.

Section 4. Waiver of Use or Abandonment of Unit. A co-owner may exempt himself/herself from liability for his/her 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/her 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 money judgement 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/her unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a co-owner subsequent to providing notice of its intent to do so. A co-owner in default shall not be entitled to utilize any of the general common elements of the project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided however, this provision shall not operate to deprive any co-owner of ingress or egress to and from his/her unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the unit from the co-owner thereof or any persons claiming under him/her and, if the unit is not occupied, to lease the unit and collect and apply the rental therefrom to any delinquency owed to the Association. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

(b) Foreclosure Proceedings. Each 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 purpose 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/she was notified of the provisions of this subparagraph and that he/she voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement of the lien for non-payment 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 judgement shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent co-owner(s) at his/her or their known address, of a written notice that one or more installments of the annual assessment levied against the pertinent unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the statutory and other authority for the lien; (3) the amount outstanding (exclusive of interest costs, attorney's fees, and future assessments); (4) the legal description of the subject unit(s); and (5) the name(s) of the co-owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county of _____ the project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take remedial action as may be available to it hereunder or under Michigan law. In the event Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent co-owner and shall inform him/her that he/she may request a judicial hearing by bringing suit against the Association.

(d) Expenses of Collection. The expenses incurred in collecting unpaid assessments, including interest, cost, actual attorney's fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be charged to the co-owner in default and shall be secured by the lien on his/her unit.

Section 6. Liability of Mortgagee. Notwithstanding any other provision of the Condominium documents, the holder of any first mortgage covering any unit in the project which comes into possession of the unit pursuant to the remedies provided in the mortgage or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder comes into possession of the unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all units, including the mortgaged unit).

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

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

Section 11. Mechanic's Lien. A mechanic's lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

ARTICLE I
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 judgement of any circuit court of the State of Michigan may be rendered upon any awards pursuant to such arbitration) and upon written notice to the Association shall be submitted to arbitration, and the parties thereon 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 court 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 may, to the extent appropriate given the nature of the general common elements of the project, carry "all risk" property coverage and liability insurance, fidelity coverage, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the general common elements of the condominium project, and such insurance shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Association. All such insurance may be purchased by the Association for the benefit of the Association and the co-owner and their mortgagees, as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners.

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

(c) Premium Expenses. All premiums for insurance purchased by the Association pursuant to these 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 V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than 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/her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of "all risk" property coverage, flood, vandalism and malicious mischief, liability insurance, fidelity coverage and workmen's compensation insurance, if applicable, pertinent to the Condominium project and the common elements appurtenant thereto, and such insurer as may, from time to time, provide such insurance to 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 their respective mortgagees as their interests appear (subject always to the Condominium documents) to execute release 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. Responsibility of Co-owners. Each co-owner shall be obligated and responsible for obtaining "all risk" property coverage and vandalism and malicious mischief insurance with respect to his/her residential dwelling and all other improvements constructed or to be constructed within the perimeter of his/her condominium unit and for his/her personal property located therein or thereon or elsewhere on the Condominium project. All such insurance shall be carried by each co-owner in an amount equal to the maximum insurance replacement value, excluding foundation and excavation costs. In event of the failure of a co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such co-owner and the premises secured shall constitute a lien against the co-owner's unit which may be collected from the co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each co-owner also shall be obligated to obtain insurance coverage for his/her personal liability for occurrences within the perimeter of his/her unit or the improvements located thereon, and also for alternative living expenses in the event of fire. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

Section 4. Waiver of Right of Subrogation. The Association and all 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 rights of subrogation as to any claims against any co-owner or the Association.

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 by the Association 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.

(b) Unit or Improvements Thereon. If the damaged property is a unit or any improvements thereon, the co-owner of such unit alone determines whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such co-owner shall be responsible for any reconstruction or repair that he/she elects to make. The co-owner shall in any event remove all debris and restore his/her unit and the improvements thereon to a clean and sightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage.

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

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

Section 4. Timely Reconstruction and Repair. If damage to the general common elements adversely affects the appearance of the project, the Association shall proceed with replacement of the

damaged property without delay.

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

(a) Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a unit or any improvements thereon by eminent domain, the award for such taking shall be paid to the 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/her mortgagee shall, after acceptance of the condemnation award thereof, 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 interest in the common elements, and the affirmative vote of more than fifty percent (50%) of the co-owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

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

(d) Notification of Mortgages. 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 acquiring by a condemning authority, the Association shall so notify each institutional holder of a first mortgage lien on any 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. Notification of FHLMC. In the event mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), then upon request therefor by FHLMC, the Association shall give it written notice at such address as it may from time to time direct of any loss to or taking of the common elements of the Condominium if the loss or taking exceeds \$10,000 in amount or damage to a Condominium unit covered by a mortgage purchased in whole or in part by FHLMC if such damage exceeds \$1,000.00.

Section 7. Priority of Mortgagee Interest. Nothing contained in the Condominium documents shall be construed to give a co-owner or any other party priority over any rights of the first mortgagee of a unit(s) pursuant to their mortgage in the case of a distribution to co-owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or common elements.

ARTICLE VI
RESTRICTIONS

All of the units in the 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 residential purposes, and the common elements shall be used only for purposes consistent with residential purposes and Amboy Township's ordinances.

Section 2. Leasing and Rental.

(a) Right to Lease: A co-owner may lease his/her unit and related dwelling for the same purpose set forth immediately above in Section 1.

(b) Leasing Procedures: The leasing of units and related dwelling shall conform to the following provisions:

(1) A co-owner, including the Developer, desiring to rent or lease a unit and related dwelling shall do so in a written instrument, which incorporate, at least by reference, the Master Deed and Bylaws as recorded in the office of the Hillsdale County Register of Deeds.

(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 to his/her last known address, advising of the alleged violation by the tenant.

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

iii. If, after fifteen (15) days, the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this paragraph may be by summary proceeding. The Association may hold both the tenant and the co-owner liable for any damages to the common elements caused by the co-owner or tenant in connection with the unit in the 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 the co-owner's unit a lease or rental agreement and the tenant, after receiving the notice shall deduct from rental payments due the co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.

Section 3. Architectural Control. No dwelling, 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 dwelling, structure or improvement, unless plans and specifications therefor containing such details as the Developer may reasonably request have first been approved by the Developer. Construction of any dwelling or other improvement must also receive any necessary approvals from the local public authority(s). The Developer shall have the right to refuse to approve any plans or specifications or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, proposed exterior materials and exterior colors which shall blend in with existing residences and the natural surroundings, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole and the area of future development described in the

Master Deed. 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. The Developer's rights under this Article VI, Section 3 may, in the Developer's discretion, be assigned to the Association or other successor to the Developer. The Developer may construct any improvements upon the Condominium premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium documents.

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

Section 5. Activities. No immoral, improper, unlawful, unreasonable noisy activity, and no offensive activity shall be carried on in any unit or upon the common elements, nor shall anything be done which will be or become a annoyance or nuisance to the co-owners of the Condominium.

Section 6. Aesthetics. Neither the common elements nor the Condominium unit outside of the walking and garage constructed thereon shall be used for storage of supplies, materials, or trash or refuse of any kind except as provided in duly adopted rules of the Association, and except as to the Developer.

Section 7. 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 rules and regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the common elements may be made and amended by any Board of Directors of the Association. Copies of all such rules and regulations and amendments thereto shall be furnished to all co-owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each co-owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all of the co-owners in number and in value. Such rules may not be applied to limit the Developer's activities, construction, sales or related operations.

Section 8. Co-owner Maintenance. Each co-owner shall maintain his/her unit and the improvements thereon in a safe, aesthetically pleasing, clean, sanitary condition. Each co-owner shall maintain and be individually responsible for the lawn care of any common element or easement traversing his/her unit.

Section 9. 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 having an interest in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace, or landscape in the manner consistent with the maintenance of such high standards, then the Developer, or his/her successor or appointee, may elect to maintain, repair, and/or replace any common elements and/or do any landscaping thereon, and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the construction and sales period notwithstanding that he may no longer own a unit in the Condominium, which right of enforcement shall include (without limitation) an action to restrain the Association or any co-owner from any activity prohibited by these Bylaws.

ARTICLE VII

VOTING

Section 1. Voting. Except as limited by 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/she has presented evidence of ownership of a unit in the Condominium project to the Association. Except as provided in Article X, 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 VII. The vote of each co-owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the first annual meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no units at some time or from time to time during such period. At and after the first annual meeting the Developer shall be entitled to one vote for each unit which it owns.

Section 3. Designation of Voting Representative. Each 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