EXHIBIT A

CONDOMINIUM BYLAWS OF GUN LAKE ESTATES

ARTICLE I

CONDOMINIUM PROJECT

1.01. **Organization.** Gun Lake Estates, a residential site condominium project located in the Township of Wayland, Allegan County, Michigan (the "Project") is being developed so as to comprise a maximum of twenty eight (28) building sites. Upon the recording of the Master Deed, the management, maintenance, operation and administration of the Project shall be vested in an association of co-owners organized as a non-profit corporation (the "Association") under the laws of the State of Michigan. The entity created for this purpose is Gun Lake Estates Condominium Association.

1.02. **Compliance.** All present and future Co-owners, mortgagees, lessees and other persons who may use the facilities of the Project in any manner shall be subject to and comply with the provisions of Michigan's Condominium Act, Act No. 59, P.A. 1978, as amended (the "Act"), the Master Deed, the Articles of Incorporation of the Association, the Association Bylaws, and the other Condominium Documents, as they may be amended from time-to-time, which pertain to the use and operation of the Condominium Project. Each Co-owner shall bear responsibility for the conduct of his or her family members, guests, pets and invitees. The Association shall keep current copies of these documents available for inspection at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Project. The acceptance of a deed, land contract or other document of conveyance, the entering into of a lease or the act of occupancy of a Unit in the Project shall constitute an acceptance of the provisions of these instruments and an agreement to comply with such provisions. The use of the property within the Project is also subject to all local zoning and building and use ordinances. It is the obligation of each Co-owner and other person using any part of this Project to determine what local zoning and building and use ordinances, if any, affect the Project.

ARTICLE II

MEMBERSHIP AND VOTING

2.01. **Membership.** Each Co-owner of a Unit in the Project, present and future, shall be a member of the Association during the period of the Co-owner's ownership of a Unit and no other person or entity shall be entitled to membership. Neither Association membership, nor the share of a member in the Association's funds and assets, shall be assigned, pledged or transferred in any manner, except as an appurtenance to a Unit and any attempted

assignment, pledge or transfer in violation of this provision shall be void. No Co-owner may resign or be expelled from membership in the Association as long as he or she continues to be a Co-owner.

2.02. **Voting Rights.** Except as limited in the Master Deed and in these Condominium Bylaws, voting on Association matters shall be as follows:

a. **Weight of Vote.** The Co-owner(s) owning each Unit shall collectively be entitled to one vote when voting by number and one vote, the value of which shall equal the percentage assigned to the Unit as set forth in the Master Deed, when voting by value. Voting shall be by number, except in those instances where voting is specifically required to be in both value and in number. No cumulation of votes shall be permitted.

b. **Directors.** Directors of the Association shall be elected by a plurality of the votes cast at an election by members entitled to vote.

c. **Other Action.** When an action, other than the election of Directors, is to be taken by vote of the members, it shall be authorized by a majority of the votes cast by members entitled to vote, unless a greater plurality is required by the Condominium Documents or the Act.

d. **Majority.** A "majority vote" means a vote by more than fifty percent (50%) of the Association members present in person or proxy and entitled to vote at a duly convened meeting at which a quorum is present.

2.03. **Members Entitled to Vote.**

a. **Eligibility.** No Co-owner, other than the Developer, shall be entitled to vote on any action of the Association until he or she has presented to the Board of Directors written evidence of ownership of a Unit in the Project or such other evidence that satisfies the Board that the person is Co-owner. Such written evidence of ownership shall be specified by the Board of Directors and provided to the Association on or before the record date for the action which is the subject of the vote or by such other deadline as the Board may establish. No Co-Owner is eligible to vote at any meeting of members if payment of any assessment on his or her Unit is delinquent by more than sixty (60) days, as of the record date for the action to be voted upon, and the Co-owner is unable to prove to the Board's satisfaction that the delinquency has been cured as of the date and time of the vote.

b. **Developer**. As a member of the Association, the Developer shall be entitled to vote on Association matters only those Units for which it holds title and is paying assessments levied by the Association. Nothing contained in this Section shall be construed to prevent the Developer from designating persons to fill vacancies on the First Board of Directors pursuant to Section 4.03 of these Bylaws.

c. **Record Date**. For purposes of determining the members entitled to vote at a meeting of members or any adjournment of such a meeting or entitled to express consent or dissent from a written proposal without a meeting, and for the purpose of establishing the validity of any other action, the Board of Directors of the Association may fix, in advance, a record date for the determination of members. If a record date is not fixed, then the record date for determination of members entitled to notice of or to vote at a meeting of members shall be 2:00 o'clock p.m. on the day next preceding the day on which notice is given, or, if no notice is given, then the day next preceding the day on which the meeting is held.

2.04. Certificate. The Co-owner entitled to cast the vote for the Unit and to receive all notices and other communications from the Association may be designated by a certificate signed by all the Co-owners of the Unit and filed with the Secretary of the Association. Such certificate shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned, and the name and address of every person or persons, firm, corporation, partnership, association, trust or other legal entity who is the Co-owner of the Unit or Units. All certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the Unit(s) concerned.

2.05. Proxies. Votes of members may be cast in person or by proxy. Proxies may be made by any Co-owner entitled to vote. Proxies shall be valid only for the particular meeting of the Association designated and any adjournment of the meeting, and must be filed with the Association before the appointed time of the meeting or such other deadline as may be established in writing by the Board.

ARTICLE III

MEETINGS AND QUORUM

3.01. Annual Meeting. An annual meeting of members for the election of Directors and for such other business as may come before the meeting shall be held as set forth in the Association Bylaws; provided however, that the initial annual meeting of the members of the Association shall be convened only by the Developer and may be called at any time after fifty percent (50%) or more of the Units in the Project have been sold to non-Developer Co-owners. In no event, however, shall such meeting be called later than one hundred twenty

(120) days after the conveyance of legal or equitable title to non-Developer Co-owners of seventy-five percent (75%) of the total number of Units that may be created or fifty-four (54) months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit, whichever first occurs. The Developer may call meetings of members of the Association for informational or other appropriate purposes prior to the initial annual meeting of members, but no such informational or other meeting shall be construed as the initial meeting of members.

3.02. Special Meetings. During the Development Period, the Developer may call special meetings of members at any time for informational purposes or other appropriate purposes. The Association Bylaws may also specify times when special meetings of members may be called.

3.03. Advisory Committee. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of one-third of the Units that may be created, or one year after the initial conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs, three (3) persons shall be selected by the Developer from among the Co-owners other than the Developer to serve as an Advisory Committee to the Board of Directors. The purpose of the Advisory Committee is to facilitate communication between the Board of Directors and non-developer Co-owners and to aid in the ultimate transition of control of the Association. The members of the Advisory Committee shall serve for one (1) year, or until their successors are selected, and the Advisory Committee shall automatically cease to exist on the Transitional Control Date. The Board of Directors and the Advisory Committee shall meet with each other at such reasonable times as may be requested by the Advisory Committee; provided, however, that there shall be not more than two (2) such meetings each year unless both parties agree.

3.04. Notice. At least ten (10) days prior to the date of a meeting of members, written notice of the time, place and purpose of the meeting shall be mailed or delivered to each member entitled to vote at the meeting; provided, that not less than twenty (20) days written notice shall be provided to each member of any proposed amendment to these Bylaws or to the other Condominium Documents. The notice provisions of this Section 3.04 shall not apply if the Association employs a written consent resolution to effect the action and Michigan law authorizes the use of such consent resolution.

3.05. Quorum of Members. The presence in person or by proxy of thirty percent (30%) in number of the Co-owners entitled to vote shall constitute a quorum of members for any meeting of members.

ARTICLE IV

ADMINISTRATION

4.01. Board of Directors. The business, property, and affairs of the Association shall be managed and administered by a Board of Directors, all of whom must be members of the Association or officers, partners, trustees, employees or agents of entity members of the Association. Notwithstanding the foregoing, any person appointed to the Board by the Developer need not be a member of the Association. All Directors shall serve without compensation. The number of Directors shall be set forth in the Association Bylaws.

4.02. Nomination of Directors. Persons qualified to be Directors may be nominated for election: (1) by the Board of Directors; or (2) by a nominating petition, signed by Co-owners representing at least four (4) Units, and either signed by the nominee or accompanied by a document signed by the nominee indicating his or her willingness to serve as a Director, and submitted to the Board of Directors at least twenty (20) days before the meeting at which the election is to be held; or (3) by nomination made from the floor at the meeting at which the election is held if the nominee is either present at the meeting and consents to the nomination or has indicated a willingness to serve as set forth in writing delivered to the meeting. This Section 4.02 does not apply to persons appointed to the Board by the Developer.

4.03. Term. The term of office for all Directors, except Directors of the first Board of Directors, shall be two (2) years, or until their successors are elected and qualified.

a. **First Board of Directors.** The terms of office for the Directors of the first Board of Directors designated by the Developer, including any successor Directors designated by the Developer (collectively, the "First Board") shall expire on the date the Development Period ends, unless terminated earlier by operation of subsection b below. At any election of Directors by non-developer Co-owners required by subsection b below, the Developer shall designate the Directorship term of the First Board which has expired so that a Directorship may be filled in accordance with Section 52 of the Act, as amended.

b. **Election of Non-Developer Co-owners.**

(1) The term of office of one (1) of the Directors (but not less than twenty-five percent of the Board) of the First Board of Directors, as selected by the Developer, shall expire one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of twenty-

five percent (25%) of the Units which may be created. Co-owners other than the Developer shall elect an individual to fill such position(s) prior to its or their vacancy.

(2) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of fifty percent (50%) of the Units that may be created, not less than thirty-three and one-third percent (33 1/3%) of the Board of Directors shall be elected by non-Developer Co-owners.

(3) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy-five percent (75%) of the Units that may be created, and before conveyance of ninety percent (90%) of such Units, non-developer Co-owners shall elect all Directors on the Board, except that the Developer will have the right to designate at least one Director as long as the Developer owns and offers for sale at least ten percent (10%) of the Units in the Project or as long as ten percent (10%) of the Units remain that may be created.

(4) Regardless of the percentage of Units which have been conveyed, if less than seventy-five percent (75%) of the Units that may be created have not been conveyed, upon the expiration of fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, Co-owners other than the Developer shall have the right to elect a number of Directors of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of Directors of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but will not reduce, the minimum election and designation rights of Co-owners other than the Developer otherwise established above in subsections b(1), b(2) and b(3). Application of this subsection does not require a change in the size of the Board of Directors.

(5) If the calculation of the percentage of Directors of the Board of Directors that the non-developer Co-owners have the right to elect under subsections b(1), b(2), and b(3) above, or if the product of the number of Directors of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection b(4) results in a right of non-developer Co-owners to elect a fractional number of Directors of the Board of Directors, then a fractional election right of 0.5 or greater will be

rounded up to the nearest whole number, which number will be the number of Directors of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula, the Developer will have the right to designate the remaining Directors of the Board of Directors. Notwithstanding the foregoing, application of this subsection b(5) will not eliminate the right of the Developer to designate one (1) Director to the Board as provided in subsection b(3).

(6) For purposes of calculating the timing of events described in this subsection b, and in subsection d of this Section 4.03, conveyance by the Developer to a residential builder, regardless of whether the residential builder is an affiliate of the Developer, is not considered a sale to a non-Developer Co-owner until such time as the residential builder conveys the Unit with a completed residence on it or until the Unit contains a completed residence which is occupied as a home, whichever first occurs.

c. **Removal of Directors.** Except for the First Board of Directors, or any successor Director designated by the Developer, a Director or the entire Board may be removed with or without cause by a majority vote of the members entitled to vote. The Developer shall have the exclusive right to remove and replace any and all of the First Board of Directors or any Director designated by the Developer, at any time or from time to time, and in its sole discretion.

d. **Vacancies During Initial Development Period.** As long as the Developer owns and offers for sale at least ten percent (10%) of the Units in the Project or as long as ten percent (10%) of the Units remain that may be created, whichever is longer, the Developer shall have the exclusive right to designate persons to serve as Directors for the remaining unexpired term of any vacant Directorship; provided however, that only non-developer Co-owners shall have the right to fill any vacancy occurring in a Directorship which was previously filled by an election of Co-owners other than the Developer.

e. **Vacancies After Development Period.** Vacancies in the Board of Directors which occur after the Developer no longer owns and offers for sale at least ten percent (10%) of the Units in the Project or which occur after ten percent (10%) of the Units that may be created are no longer unsold, whichever is longer and which vacancies are caused by any reason other than the removal of a Director by a vote of the members of the Association, will be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person elected by vote of the Directors shall serve as a Director until a successor is elected and qualified at the next annual meeting of the Association. Vacancies caused by the

removal of a Director by a vote of the members of the Association shall only be filled by a vote of the members.

f. **Actions of First Board.** All actions of the First Board shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association, so long as such actions are within the scope of the powers and duties which may be exercised by a Board of Directors as provided in the Condominium Documents.

4.04. **Powers and Duties.** The Board shall have all powers and duties necessary for the management and administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or specifically required by the Condominium Documents to be exclusively done and exercised by the Co-owners. In addition to the foregoing general duties and powers and those which may be imposed by resolution of the members of the Association or which may be set forth in the Association Bylaws, the Board of Directors shall have the following specific powers and duties:

a. Care, upkeep and maintenance of the Common Elements, including the trimming, cutting down, planting, and/or cultivation of trees and other plantings;

b. Development of an annual budget, and the determination, assessment and collection of amounts required for the operation and other affairs of the Association;

c. Contract for and employ persons to assist in the management, maintenance, administration and security of the Project;

d. Subject to Sections 7.06 and 13.03 of these Bylaws, adoption and amendment of Rules of Conduct covering the details of the use of the Condominium Project;

e. Opening bank accounts, borrowing money and issuing evidences of indebtedness in furtherance of the purposes of the Association and/or the Project and designating signatories required for such purposes;

f. Obtaining insurance for Condominium Property, the Association, and/or the Board, the premiums of which shall be an expense of administration;

g. Authorizing the execution of contracts, deeds of conveyance, easements and rights-of-way affecting any real or personal property of the Association on behalf of the Co-owners;

h. Making repairs, additions and improvements to, or alterations of, the Project, and repairs to and restoration of the Condominium Property in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

i. Asserting, defending or settling claims on behalf of all Co-owners in connection with the Project and, upon written notice to all Co-owners, instituting actions on behalf of and against Co-owner(s) in the name of the Association;

j. Establishing such committees as it deems necessary, convenient or desirable, and appointing persons to the committees for the purpose of implementing the management and administration of the Project and delegating to such committees any function or responsibilities which are not by law or the Condominium Documents required to be performed by the Board;

k. Exercising such further duties as may be imposed by resolution of the members of the Association or which may be set forth in the Condominium Documents;

l. Granting concessions, easements or licenses for the use of the General Common Elements of the Project on behalf of the Co-owners and in furtherance of any of the purposes of the Association, including easements to utilize, tap, tie into and enlarge and maintain all utility mains or laterals located in the Common Element areas of the Project for water, gas, storm or sanitary sewer and all other utility purposes, whether or not the same are dedicated; and

m. Dedicating all or any portion of the General Common Elements to or for the use of the public, including all roadways and utilities serving the Project.

4.05. **Books of Account.** The Association shall keep books and records containing a detailed account of the expenditures and receipts affecting the administration of the Project, which shall specify the maintenance and repair expenses of the Common Elements, the operating expenses for the Project and any other expenses incurred by or on behalf of the Association and its Co-owners. Such accounts shall be open for inspection by the Co-owners during reasonable working hours at a place to be designated by the Association. The Association shall prepare and distribute to all Co-owners at least once each year a financial statement, the contents of which shall be defined by the Association. The books and records shall be reviewed annually. The books and records shall be reviewed or audited by qualified independent accountants (who need not be certified public accountants), at such times as required by law (including, without limitation, Section 57 of the Act) or by the Board of

Directors and the cost of each such review or audit shall be an expense of administration. An audit need not be certified.

4.06. **Maintenance and Repair.**

a. **Unit.** All maintenance of and repair to a Unit, and to Limited Common Elements which are appurtenant to a single Unit, to the extent set forth in the Master Deed, other than maintenance of and repair to any General Common Element contained within the Unit, shall be made by the Co-owner of such Unit. Without limiting the generality of the foregoing, this obligation includes the maintenance and repair of any septic tank or individual sewage system located within the Unit or appurtenant Limited Common Element area.

b. **Damage to Units and Common Elements.** Each Co-owner shall be responsible for all damages to any other Units or to the Common Elements resulting from the repair and maintenance of the Co-owner's Unit or Limited Common Elements, or from the Co-owner's failure to effect such maintenance and repair. The Association may, after notice and a hearing, specially assess such Co-owner for the amount of the damage to any other Units or to the Common Elements resulting from such conduct or from the Co-owner's failure to effect maintenance and repair of the Unit or Limited Common Elements.

c. **Other Limited Common Elements.** Except as may be otherwise specifically provided in the Condominium Documents, all maintenance of and repair to the Limited Common Elements which are appurtenant to more than one Unit shall be made by the Association and specially assessed to all of the Co-owners of Units to which the Limited Common Elements are appurtenant, unless necessitated by the negligence, misuse or neglect of a Co-owner or person or pet for whom the Co-owner is responsible, in which case such expense may be specially assessed by the Association against such Co-owner after notice and a hearing.

d. **Right of Access.** The Association and its agents shall have access to each Unit from time to time during reasonable working hours, and upon reasonable notice to the occupant of the Unit, for the purpose of maintenance, repair or replacement of any of the General Common Elements located in the Unit or accessible from the Unit, and for the purpose of making emergency repairs necessary to prevent damage to other Units, the Common Elements or both, provided however, that nothing contained in this subsection shall be construed to permit the Association access to the residence constructed within each Unit without the express permission of the Unit's Co-owner. Nothing contained in this subsection shall be construed to

require the Association to repair or maintain the individual septic tank or sewage disposal system associated with any Unit.

4.07. **Reserve Fund.** The Association shall maintain a reserve fund, to be used only for major repair and replacement of the Common Elements, as required by Section 105 of the Act, as amended. Such fund shall be established in the minimum amount set forth in this Section on or before the Transitional Control Date, and shall, to the extent possible, be maintained at a level which is equal to or greater than ten percent (10%) of the then current annual budget of the Association on a noncumulative basis. The minimum reserve standard required by this Section may prove to be inadequate, and the Board should carefully analyze the Project from time to time in order to determine if a greater amount should be set aside or if additional reserve funds shall be established for other purposes.

4.08. **Construction Liens.** A construction lien arising as a result of work performed upon a Unit or appurtenant Limited Common Element shall attach only to the Unit upon which the work was performed, and a lien for work authorized by the Developer or principal contractor shall attach only to Units owned by the Developer at the time of recording the statement of account and lien. A construction lien for work authorized by the Association shall attach to each Unit only to the proportionate extent that the Co-owner of such Unit is required to contribute to the expenses of administration. No construction lien shall arise or attach to a Unit for work performed on the General Common Elements not contracted for by the Association or the Developer.

4.09. **Managing Agent.** The Board may employ for the Association a management company or managing agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the powers and duties listed in Section 4.04. The Developer or any person or entity related to the Developer may serve as Managing Agent if so appointed. A service contract or management contract entered into between the Association and the Developer or affiliates of the Developer shall be voidable by the Board of Directors on the Transitional Control Date or within ninety (90) days after that date, and on thirty (30) days notice at any time thereafter for cause.

4.10. **Officers.** The Association Bylaws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of Officers of the Association and may contain any other provisions pertinent to Officers and Directors of the Association not inconsistent with these Condominium Bylaws. Officers may be compensated, but only upon a majority vote of all Co-owners entitled to vote.

4.11. **Indemnification.** All Directors and Officers of the Association shall be entitled to indemnification against costs and expenses incurred as a result of their actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on

behalf of the Association, upon ten (10) days' notice to all Co-owners, in the manner and to the extent provided by the Association Bylaws. In the event that no judicial determination as to indemnification has been made, an opinion of independent counsel as to the propriety of indemnification shall be obtained if a majority of Co-owners vote to procure such an opinion. At least ten (10) days' prior written notice of any payment to be made under this Section shall be given to all Co-owners.

ARTICLE V

ASSESSMENTS

5.01. Determination of Regular Assessments. The Board of Directors shall, from time to time, and at least annually, adopt a budget for the Association which shall include the estimated funds required to defray common expenses of the Condominium Project for which the Association has responsibility for the next ensuing year, including a reasonable allowance for contingencies and reserves, and the Board shall allocate and assess such common charges ("Regular Assessments") against all Co-owners as set forth in Section 5.04 of these Condominium Bylaws.

5.02. Increase of Regular Assessment During Fiscal Year. Absent Co-owner approval as provided in these Condominium Bylaws, Regular Assessments shall only be increased by the Board during a given fiscal year of the Association in accordance with the following:

a. If the Board shall find the annual budget as originally adopted is insufficient to pay the costs of operation and maintenance of the Common Elements; or

b. To provide for the replacement of existing Common Elements; or

c. To provide for the purchase of additions to the Common Elements in an amount not exceeding One Thousand Dollars ($1,000) per improvement or Seventy-Five Dollars ($75) per Unit annually, whichever is less; or

d. In the event of emergency or unforeseen development.

Any increase in Regular Assessments for a given fiscal year other than or in addition to the foregoing shall require approval by a vote of sixty percent (60%) or more of the Co-owners entitled to vote.

5.03. **Administrative Expenses.** The common expenses of the Condominium Project shall consist, among other things, of such amounts as the Board may deem proper for the operation and maintenance of the Project under the powers and duties delegated to it under the Condominium Documents and applicable law, and may include, without limitation, amounts to be set aside for working capital of the Association, for a general operating reserve, for a reserve for replacement, for costs of easement, services and/or facilities shared with others (including, but not limited to, the portions of Browning and Berreta Drives located outside the boundaries of the Project) and for meeting any deficit in the common expenses for any prior year. All costs incurred by the Association in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Project, shall be expenses of administration, and all sums received as proceeds of or pursuant to any policy of insurance securing the interests of the Co-owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration shall be receipts of administration. The Association shall be assessed as the entity in possession of any tangible personal property of the Condominium Project owned or possessed in common by the Co-owners, and all personal property taxes on such property shall be treated as expenses of administration.

5.04. **Levy of Assessments.**

a. All Regular Assessments shall be apportioned among and paid by the Co-owners based upon their respective Percentages of Value. As determined by the Board of Directors, Regular Assessments shall be payable in monthly, quarterly, semi-annual or annual installments, in advance, commencing with acceptance of a conveyance of a Unit, or with the acquisition of title to a Unit by any other means.

b. The Board shall advise each Co-owner in writing of the amount payable by the Co-owner and shall furnish to all Co-owners copies of each budget upon which such common charges are based. Failure to deliver a copy of the budget to each member shall not affect any member's liability for any existing or future assessment.

c. The Board of Directors, including the First Board, may relieve any Co-owner who has not constructed a residence within his or her Unit from payment, for a limited period of time, of all or some portion of his or her respective allocable share of the Association budget. The purpose of this provision is to provide fair and reasonable relief from Association assessments until such Co-owner commences utilizing the Common Elements on a regular basis. Notwithstanding the foregoing, the Board of Directors is not obligated to reduce or abate the assessment of any Co-owner who has not constructed a residence within his or her Unit.

5.05. **Determination of Special Assessments.** The Board has the power to levy special assessments against all Co-owners and their Unit(s) and/or against those Co-owner(s) and the Unit(s) of Co-owner(s) that, in the Board's opinion either will benefit from the expenditure for which the special assessment was levied, or which are likely to cause, or will cause, the Association to incur any expense that will not benefit the entire Association. All special assessments levied against a Unit or Units shall be determined by the Board of Directors, after notice to the affected Co-owner(s) on such proposed special assessments. The Board shall, by resolution, determine the terms of payment of any special assessment, and, where an assessment involves more than one Co-owner, equitably apportion the special assessment among Co-owners. Special assessments levied against Units to cover the expenses of administration of Limited Common Element areas shall be apportioned among the affected Co-owners according to their respective Percentages of Value or according to such other formula as may be determined by the Board to be equitable under the circumstances. If more than one affected Co-owner objects to the proposed special assessment or terms of payment in a written notice served on the Board no later than ten (10) days after service of the notice, then the Board promptly shall schedule a meeting on the issue and the proposed special assessment shall be set aside or the payment terms revised if at the meeting forty percent (40%) of all Co-owners entitled to vote vote to set aside the assessment or revise the payment terms, as the case may be.

5.06. **Collection of Assessments.**

a. All assessments, fines and other sums levied against a Co-owner by the Association which are unpaid, together with interest on such sums, advances made by the Association for taxes or other liens to protect the Association's lien ("protective advance"), collection and late charges and attorney fees, constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment, prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record recorded prior to the recording of any notice of lien by the Association. For purposes of this subsection a, the term "assessment" includes, without limitation, all Regular Assessments, all special assessments, all fines, interest, late charges, costs of collection and other sums owed to the Association by reason of a Co-owner's failure to adhere to the Condominium Documents. The lien upon each Unit owned by a Co-owner shall be in the amount assessed against the Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Unit(s) no longer owned by the Co-owner but which became due while the Co-owner had title to the Unit(s).

b. Each Co-owner shall be personally obligated for the payment of all assessments levied with regard to his or her Unit during the time that he or she is the owner of the Unit, and no Co-owner may exempt himself or herself from liability for

his or her contribution by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of his or her Unit.

c. In the event of default by any Co-owner in paying an assessment or an installment of an assessment, the Board may accelerate and declare all unpaid installments of the Regular Assessments for the pertinent fiscal year and all unpaid installments of any special assessment immediately due and payable. In addition, the Board may assess on past due assessments reasonable late charges, as determined from time to time by Board resolution, rule or regulation. The late charges may be in the form of a one-time charge for a payment more than a certain number of days overdue, a daily charge from the due date until the date paid, a charge for each week or month (or portion thereof) that a payment is late and/or such other form(s) as the Board may determine from time to time by resolution, rule or regulation.

d. All expenses incurred in collection of an assessment, including late charges, interest, costs and reasonable actual attorney's fees, and any advances for taxes or other liens paid by the Association to protect its lien for unpaid assessments, may be specially assessed by the Association against the Co-owner in default and while unpaid shall constitute a lien upon the Unit or Units owned by the Co-owner.

e. In addition to any other remedies available to the Association, the Association may enforce the collection of unpaid assessments by suit at law for a money judgment or by foreclosure of the statutory lien securing payment of assessments in the manner provided by Section 108 of the Act, as amended. Each Co-owner, and every other person who from time to time has any interest in the Project, will 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 for foreclosures by advertisement. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to the Unit he or she was notified of the provisions of this subsection, including this power of sale, and that he or she voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and of any hearing on the same prior to the sale of the subject Unit. The Association shall have the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement, in the name of the Association on behalf of the Co-owners. 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 in this subsection 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. The Co-owner in default shall pay to the Association, upon demand, and the Association is entitled to receive, reasonable interest at the then existing judgment interest rate or the highest rate permitted by law, whichever is lower, expenses, costs and attorney fees for foreclosure by advertisement or judicial action.

f. A foreclosure proceeding may not be commenced without the recordation and service of a notice of lien in accordance with the following:

(1) The notice of lien shall set forth:

(a) The legal descriptions of the Unit(s) to which the lien attaches;

(b) The name(s) of the Co-owner(s) of record of the Unit(s); and

(c) The amount due the Association at the date of the notice, exclusive of interest, costs, attorney fees and future assessments.

(2) The notice of lien shall be in recordable form, executed by an authorized representative of the Association and may contain other information as the Association may deem appropriate.

(3) The notice of lien shall be recorded in the office of the Allegan County Register of Deeds and shall be served upon the delinquent Co-owner by first class mail, postage prepaid, addressed to the last known address of the Co-owner at least ten (10) days in advance of commencement of the foreclosure proceeding.

g. In an action for foreclosure, a receiver may be appointed and reasonable rental for the Unit may be collected from the delinquent Co-owner or anyone claiming under the Co-owner. The Association may also discontinue the furnishing of any services to a Co-owner in default in the payment of assessments upon seven (7) day's written notice to such Co-owner of its intent to do so. A Co-owner in default in the payment of assessments shall not be entitled to utilize any of the General Common Elements of the Project and, as provided in Section 2.03 of these Bylaws, shall not be entitled to vote at any meeting of the Association; provided, that this provision shall not operate to deprive any Co-owner of ingress and egress to and from his or her Unit. The foregoing rights of the Association with respect to a Co-owner in default for the payment of an assessment are cumulative, and not alternative, and will not preclude

the Association from exercising such other remedies as may be available at law or in equity.

h. The Association, acting on behalf of all Co-owners, may bid in at the foreclosure sale, and acquire, lease, mortgage, or convey the Unit. An action to recover money judgments for unpaid assessments may be maintained without foreclosing or waiving the lien. Actions for money damages and foreclosure may be combined in one action.

i. The Co-owner of a Unit subject to foreclosure, and any purchaser, grantee, successor or assignee of the Co-owner's interest in the Unit, is liable for assessments by the Association chargeable to the Unit that became due before expiration of the period of redemption, together with interest, protective advances made by the Association and attorney fees.

j. Upon the sale or conveyance of a Unit, all unpaid assessments against the Unit shall be paid out of the sales price by the purchaser in preference over any other assessment or charge of whatever nature except the following: (a) amounts due the State, any subdivision of the State, or any municipality for taxes and/or special assessments due and unpaid on the Unit; and (b) payments due under a first mortgage having priority over the unpaid assessments. A purchaser or grantee shall be entitled to a written statement from the Association setting forth the amount of unpaid assessments against the seller or grantor and such purchaser or grantee shall not be liable for, nor shall the Unit conveyed or granted be subject to a lien for, any unpaid assessments against the seller or grantor in excess of the amount set forth in such written statement, except amounts which may become due subsequent to the date of the statement. Unless the purchaser or grantee requests a written statement from the Association at least five (5) days before sale as provided in the Act, the purchaser or grantee shall be liable for any unpaid assessments against the Unit together with interest, costs, and reasonable actual attorney fees incurred in collecting the assessments.

5.07. Application of Payments. All payments on account of assessments in default shall be applied in the following manner: first, to costs of collection and enforcement of payment, including reasonable actual attorney fees and amounts paid to protect the Association's lien; second, to any interest and charges for late payment on such installments; and third, to installments in default in the order of their due dates.

5.08. Financial Responsibility of the Developer. The following provisions govern the financial responsibilities of the Developer and Residential Builders (as defined in the

Act) who are specifically assigned rights by the Developer, with respect to the payment of Regular Assessments and special assessments levied by the Association:

a. **Pre-Turnover Expenses**. During the time that the Developer controls the Association, it will be its responsibility to keep the books balanced, and to avoid any deficit in operating expenses. At the time of the initial meeting of members, the Developer will be liable for the funding of any continuing Association deficit incurred prior to the Transitional Control Date.

b. **Post-Turnover Expenses**. After the Transitional Control Date has occurred, the Developer will not be responsible for any payment to the Association, including Regular Assessments or special assessments, on a Unit owned by the Developer until such time as the Unit contains a completed residence. For purposes of this provision, a "completed residence" means an occupied residential structure or a residential structure with respect to which a certificate of occupancy or its equivalent has been issued by the applicable local authority.

c. **Exempted Costs**. The Developer, and any Residential Builder who is specifically assigned rights by the Developer, will not be responsible for the payment of any portion of any Regular, general or special assessment which is levied for deferred maintenance or reserves for replacement or capital improvements or additions, except with respect to Units containing completed residences. In no event will the Developer be liable for the portion of any Regular, general or special assessment levied to finance litigation or other claims against the Developer or any cost of investigating and/or preparing such litigation or claim, or any similar related costs.

d. **Act to Govern**. As long as the Developer owns one or more of the Units in the Project, it shall be subject to the provisions of the Condominium Documents and of the Act.

5.09. **Creditors**. The authority to levy assessments pursuant to this Article V is solely for the benefit of the Association and its members and shall not be exercised by or for the benefit of any creditors of the Association. Nothing contained in these Bylaws shall be construed to impose personal liability on the members of the Association for the debts and obligations of the Association.

ARTICLE VI

TAXES, INSURANCE AND REPAIR

6.01. **Taxes.** All special governmental assessments and real property taxes shall be assessed against the individual Units and not against the total property of the Project or any phase of the Project, except for the year in which the Project or any phase was established subsequent to the tax day. Taxes and special assessments which become a lien against the property in any such year shall be expenses of administration of the Association and shall be specially assessed against the Units in proportion to the Percentage of Value assigned to each Unit. Special assessments and property taxes in any year in which the property existed as an established Project on the tax day shall be assessed against the individual Units notwithstanding any subsequent vacation of the Project.

Assessments for subsequent real property improvements to a specific Unit shall be assessed to that Unit description only, and each Unit shall be treated as a separate, single unit of real property for purposes of property tax and special assessment, and shall not be combined with any other Unit or Units, and no assessment of any fraction of any Unit or combination of any Unit with other Units or parts of Units shall be made, nor shall any division or split of the assessment or taxes of a single Unit be made notwithstanding separate or common ownership of the Unit.

6.02. **Insurance.** The Association shall, to the extent appropriate given the nature of the Common Elements of the Project, obtain and maintain, to the extent available, fire insurance with extended coverage, vandalism and malicious mischief endorsements, and liability insurance, Director and officer liability coverage and worker's compensation insurance pertinent to the ownership, use and maintenance of the Common Elements of the Project. All such insurance shall be purchased by the Board of Directors for the benefit of the Association, the Co-owners, the mortgagees and the Developer, as their interests may appear. Such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

a. Each Co-owner shall be responsible for obtaining property insurance at the Co-owner's own expense with respect to the buildings and all other improvements constructed or to be constructed within the perimeter of his or her Unit, and within the Limited Common Elements solely appurtenant to his or her Unit. It shall also be each Co-owner's responsibility to obtain insurance coverage for the personal property located within his or her Unit or elsewhere in the Condominium Project, for personal liability for occurrences within his or her Unit, and for alternative living expenses in the event of fire or other casualty causing temporary loss of use of the Unit.

b. The Association shall obtain property insurance for all of the buildings and all other improvements constructed or to be constructed within the General Common Elements of the Project, and general liability insurance for occurrences within the Project for the benefit of all of the Co-owners of the Project. All expenses for such insurance shall be a general expense of administration of the Association, except for any special endorsements requested by a Co-owner or mortgagee, the cost of which shall be specially assessed by the Association against all of the Co-owners of the Units which request and/or are benefitted by such endorsement. All such property and liability insurance purchased by the Association shall be for the benefit of the Association, the Co-owners, the mortgagees and the Developer, as their interests may appear.

c. The Association shall insure any Limited Common Element of the Project which is appurtenant to more than one Unit against fire and other perils covered by a standard extended coverage endorsement and vandalism and malicious mischief insurance, and for personal liability for occurrences within such Limited Common Element, to the extent applicable and appropriate, and in an amount to be determined annually by the Board of Directors of the Association. All expenses for insurance relating to such Limited Common Elements shall, to the extent possible, be specially assessed by the Association against the Co-owners of the Units to which the Limited Common Elements are appurtenant.

d. The Association shall not be responsible in any way for maintaining insurance with respect to Limited Common Elements which are appurtenant to a single Unit, or to the Units or any improvements constructed within the Units.

e. The Association may maintain adequate fidelity coverage to protect against dishonest acts by its officers, Directors, trustees and employees and all others who are responsible for handling funds of the Association.

f. The Association and all Co-owners shall use their reasonable best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurers waive their rights of subrogation as to any claims against any Co-owner or the Association.

g. The Board of Directors is irrevocably appointed the agent for the Association, each Co-owner, each mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium Property, to adjust and settle all claims arising under insurance policies purchased by the Board, and/or the Association and to execute and deliver releases upon the payment of claims.

h. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages, costs and judgments, including actual attorneys' fees, which any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within such individual Co-owner's Unit or appurtenant Limited Common Elements. This provision shall not be construed to give an insurer any subrogation right or other right or claim against an individual Co-owner, the Developer or the Association.

i. Except as otherwise set forth, all premiums for insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

6.03. **Reconstruction and Repair**. If the Condominium Project or any of its Common Elements are destroyed or damaged, in whole or in part, the determination of whether or not to reconstruct, repair, or replace and the responsibility for such, shall be as follows:

a. If the damaged property is a General Common Element or an easement or right of way benefitting the Condominium Project, the damaged property shall be repaired, rebuilt or replaced, 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. The Board of Directors 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 the funds for the payment of such costs 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 costs of reconstruction or repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

b. If the damaged property is a Unit or Limited Common Element appurtenant to only a single Unit, or any improvement constructed within a Unit or Limited Common Element appurtenant to only a single Unit, the Co-owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagees or other person having an interest in such property, and such Co-owner shall be responsible for the cost of any reconstruction or repair that he or she elects to make. The Co-owner shall in any event remove all debris and restore his or her Unit or appurtenant Limited Common Element and the improvements located in the Unit to a clean and sightly condition satisfactory to the

Association within a reasonable period of time following the occurrence of the damage.

c. If the damaged property is a Limited Common Element appurtenant to more than one Unit, or is an improvement constructed within such Limited Common Element, the following procedure shall apply: (1) the Association shall obtain reliable and detailed estimates of the cost to repair, rebuild or replace the damaged property in a condition as good as that existing before the damage; and (2) the Association shall notify each of the Co-owners and mortgagees of Units to which the Limited Common Element is appurtenant in writing of the damage to the property, the estimated cost to repair, rebuild or replace the damage, and the availability of insurance proceeds to pay for the cost of repairing, rebuilding or replacing the damaged property. If it is possible to repair or rebuild the damaged property in a condition as good as that existing before the damage, or replace the damaged property, the Association shall make such complete repair or replacement unless, within twenty (20) days after the Association gives the above written notice to the Co-owners and mortgagees, more than sixty percent (60%) of the Co-owners of the Units to which the Limited Common Element is appurtenant instruct the Board of Directors in writing not to make such repairs or replacements. If the damaged property is repaired, rebuilt or replaced, all Co-owners of Units to which the Limited Common Element is appurtenant shall be responsible for an equal share of the cost of repair or replacement of the damaged property. If at any time during such repair or replacement, the funds for the payment of such cost are not covered by insurance proceeds or are otherwise insufficient, a special assessment for the cost of repair or replacement of the damaged property in sufficient amounts to provide funds to pay the estimated or actual costs shall be made on an equal basis against the Units to which the Limited Common Element is appurtenant. If the Association has received or will receive insurance proceeds for the damaged property and the Association does not rebuild or repair the damaged property, the Association shall distribute the insurance proceeds to the Co-owners of the Units to which the pertinent Limited Common Elements are appurtenant on an equal basis, subject to the rights of any mortgagees of such Units.

d. Any reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for any damaged improvements located within the Unit unless prior written approval is obtained from the Association or its Design Board.

6.04. Eminent Domain. The following provision shall control upon any taking by eminent domain:

a. **Units.** In the event of the taking of all or any portion of a Unit or any improvements located within the perimeters of a Unit, the award for such taking shall be paid to the Co-owner of the Unit and any mortgagee, as their interests may appear.

If a Co-owner's entire Unit is taken by eminent domain, the Co-owner and his or her mortgagee shall, after acceptance of the condemnation award, be divested of all interest in the Project.

b. **Common Elements.** In the event of the taking of all or any portion of the General Common Elements, the condemnation proceeds relative to the taking shall be paid to the Association for use and/or distribution to its members. The affirmative vote of sixty-six and two-thirds percent (66 2/3%) or more 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. **Amendment to Master Deed.** In the event the Project continues after taking by eminent domain, the remaining portion of the Project shall be re-surveyed and the Master Deed amended accordingly and, if any Unit shall have been taken, Article V of the Master Deed shall also be amended to reflect the taking and to proportionately readjust the Percentages of Value of the remaining Co-owners 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 or specific approval by any Co-owner.

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

e. **Inconsistent Provisions.** To the extent not inconsistent with the provisions of this section, Section 133 of the Act shall control upon any taking by eminent domain.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS

7.01. **Residential Use.** Units shall be used exclusively for residential occupancy, and no Unit or any Common Element shall be used for any purpose other than that of a residence for one family or other purposes customarily incidental to such purpose. Co-owners may use their residences as ancillary facilities to their offices established elsewhere without being deemed to be in violation of this or any other section or provision of the Condominium Documents, so long as such use does not generate traffic by members of the

general public which materially interferes with the other Co-owners' use and enjoyment of their Units and so long as such Co-owners obtain any required approvals for such uses from local governmental authorities. The restrictions as to use in this section shall also not be construed in such manner as to prohibit a Co-owner from using his or her Unit to: (a) maintain a personal professional library; (b) keep personal business or professional records and accounts; or (c) handle personal or business telephone calls and correspondence. Such uses are expressly declared customarily incidental to principal residential use and are not in violation of these restrictions.

7.02. **Common Elements.** The General Common Elements shall be used only by the Co-owners and by their agents, tenants, family members, invitees and licensees for purposes for which they were designed and/or designated and for such other purposes as may be set forth in the Condominium Documents or approved by the Board of Directors of the Association. The use, maintenance and operation of the General Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Co-owner, and shall be subject to any lease, concession or easement, presently in existence or entered into by the Board at some future time, affecting any part or all of Common Elements.

7.03. **Architectural Control.**

a. **Design Board.** The Association's Board of Directors shall establish a standing committee of the Association known as the Architectural Design Board ("Design Board"), comprised of at least two (2) and no more than five (5) persons selected by the Board of Directors. Members of the Design Board shall serve until they resign or are removed or replaced by the Board of Directors of the Association. The Board of Directors may remove any member of the Design Board at any time, with or without cause. Notwithstanding the foregoing, the members of the Design Board shall be appointed, replaced and otherwise selected by the Developer until: (1) a residence has been constructed and completed within each of the Units; (2) six (6) years from the date of recording of this Master Deed; or (3) the Developer assigns to the Board the right to appoint the Design Board, whichever first occurs.

b. **Prior Written Approval Required.** No building, structure or other improvement shall be constructed within the perimeters of a Unit or elsewhere in the Condominium Project unless plans and specifications for the improvement, containing such detail as the Association may reasonably require, have first been approved in writing by the Design Board. No exterior modification may be made to any site, building, structure or improvement, whether presently existing or to be constructed, unless plans and specifications for such modification, containing such detail as the Association may reasonably require, have first been approved in writing by the Design Board. If site modifications are involved, a site grading plan shall be prepared

and submitted along with plans and measures for control of soil erosion during the construction process. Construction or modification of any building or other improvement must also receive any necessary approvals from the local public authority. The Design Board shall have the right to refuse to approve any plans or specifications, color and/or material applications, grading or landscaping plans, or building location plans which are not suitable or desirable in its opinion for aesthetic or other reasons. In passing upon such plans and specifications, the Design Board 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 be constructed, the proposed location within the Unit, the locations of structures within adjoining Units and the degree of harmony of the proposed improvement with the Project as a whole. The Board may adopt and amend Rules of Conduct, as set forth in section 7.06, to provide such details concerning the implementation of the Architectural Controls described in this section 7.03.

c. **General Conditions of Approval**. All approvals required by this section shall comply with the following:

(1) Construction Materials. All residences and other permitted buildings and structures shall be constructed in a substantial and good workmanlike manner using all new building materials that satisfy all applicable building code requirements.

(2) Type of Construction. Mobile homes, double-wide mobile homes and any other factory built structures which may have metal frames or titles (whether referred to as "modular" or not) shall not be permitted. No trailer, motor home, mobile home, basement home, tent, shack, garage, barn or other outbuilding shall be utilized as a residence on a temporary or permanent basis. Factory stick-built modular or panelized structures constructed with conventional building materials may be permitted at the sole written discretion of the Design Board. No used structure shall be moved to any Unit.

(3) Size and Space Requirements. No residence shall be constructed in any Unit with less than the following sizes of finished living areas above grade level excluding any garage, basement (unless such area complies with BOCA requirements for living area), porch, breezeway or entranceway, as determined by the provisions of the most current BOCA National Building Code:

(a) One story -- one thousand two hundred (1,200) square feet.

(b) Two Stories - one thousand six hundred (1,600) square feet, with at least eight hundred (800) square feet on the first floor.

(c) One and one half stories, bi-level or other - one thousand five hundred (1,500) square feet.

(4) Garage and Parking. Each Unit must have a garage that is at least two (2) stalls in size and outside parking for not less than four (4) vehicles on or along the driveway.

(5) Other Structure. No building other than a principal residence may be constructed, installed or occupied within a Unit or used for storage or similar purposes, except that one (1) detached accessory building may be constructed in the rear yard of a Unit with the written consent of the Design Board. No prefabricated storage or accessory building will be allowed. Any permitted accessory building shall be of similar material and architectural style to the principal residence constructed with the Unit. The exterior materials and colors of any permitted accessory building must be the same as the residence unless otherwise permitted in writing by the Design Board.

(6) Heights. All levels of a residence, floor to ceiling, shall be a minimum of eight (8) feet in height, but a "dropped" ceiling may be used. All below-grade level walls shall be of poured concrete or other approved method of construction. The walls shall be not less than eight (8) feet in height. All construction must comply with current applicable state and local building codes and ordinances, and the height of all structures shall also be in compliance with local zoning regulations.

(7) Setbacks. The living area of any residence (including porches and decks for the purposes of this subsection 7 only), the attached garage and any permitted accessory building shall comply with the applicable zoning ordinance setback requirements. The Design Board has the right to require larger and/or different front, side and/or rear setbacks on individual Units so as to preserve the views of adjacent Units and so as to create a pleasing appearance from the public and/or private access roadways. No structures, improvements (except driveways, water well, landscaping and septic systems) or storage (including firewood) will be permitted in any of the setback areas.

(8) Deadline for Completion. The exterior of any improvement shall not remain incomplete for a period of longer than twelve (12) months from the date upon which the construction of the improvement was commenced without the approval of the Design Board prior to the expiration of said period, and all construction shall be pursued diligently to completion. No dwelling shall be occupied until a final Certificate of Occupancy permit from the applicable governmental entity has been received for that dwelling. Construction of a dwelling shall be commenced only prior to or together with the construction of the attached garage.

(9) Land Cuts. All land cuts caused by driveway installation or home construction must be stabilized as soon as practical.

(10) Construction Damage. Each Co-owner shall be responsible for any damage to the private access roadway(s) and any adjacent Unit(s) or its improvements which occurs as a result of construction on the Co-owner's Unit and all such damage shall be repaired within thirty (30) days of occurrence by the responsible Co-owner.

(11) Debris. Any debris resulting from the construction or improvement or alteration of a Unit shall be removed with all reasonable dispatch from the Unit in order to prevent an unsightly or unsafe condition, but in no event later than one (1) year after the commencement of construction activity.

(12) Sidewalk. Each Unit Owner shall be responsible for the construction of a sidewalk along the entire frontage of the road(s) abutting the Unit prior to occupancy of the home. The sidewalk shall comply with specifications provided to the Co-owner.

(13) Grade Drainage. The grades of the respective Units shall be maintained in harmony with the topography of the area and with respect to adjoining Units. No Co-owner shall permit construction or landscaping within that Co-owner's Unit to materially and adversely affect drainage of other Units or of any Common Element.

(14) Erosion Prevention. In the interest of preserving the existing established condition of natural slopes, the Co-owner shall maintain groundcover to prevent water and wind erosion.

(15) Improvement Locations. All improvements shall be designed and located so as to be compatible with the natural surroundings contained

within the Unit and with the other improvements and natural surroundings in the other Units.

(16) Completion of Landscaping. Any and all landscaping necessary to comply with Design Board and/or Association requirements must be completed within twelve (12) months after the date of completion of the exterior of the house or other improvement in the Unit.

(17) Fences. Any fencing shall be vinyl-clad chain link or other type approved by the Design Board, is only permitted in the rear yard of the Unit and must be approved in writing by the Design Board prior to installation.

(18) Utilities. All utilities, including telephone, cable, if any, and electric, shall be underground from the private roads to all structures. Overhead utility service is not permitted on any Unit for other than temporary uses.

(19) Driveways and Driveway Lighting. All driveways servicing the Units from the General Common Element roadways shall be constructed of asphalt, concrete or decorative pavers. No street or site lighting shall be permitted except with the written approval of the Design Board. Access to each Unit shall be solely via a driveway connected with a private road within the Project, and no other alternate means of access shall be provided to any other public or private road. All construction must comply with current applicable state and local building ordinances and codes and zoning regulations.

(20) Roof Pitch. The minimum roof pitch shall be six (6) in twelve (12), unless otherwise specifically permitted in writing by the Design Board.

(21) Design Professionals. With the consent of the Board of Directors, the Design Board may engage one or more architects, community planners, landscapers or other design professionals to assist in the review process to be undertaken by the Design Board and all costs of such persons shall be an expense of administering the Project.

(22) Procedure. No Co-owner shall apply to the Township or other governmental authority for a building or construction permit to undertake work which requires the consent of the Design Board without first obtaining the written approval of the Design Board. The Design Board shall indicate its approval of any plans and specifications by signing and dating each page of

such documents. The approval of any plans or specifications shall not be construed as a warranty or guarantee of the viability of the designs represented in the plans or of their compliance with any Township, governmental or other requirements. All construction must comply with all applicable state and local building statutes, ordinances and codes and all zoning regulations. It is the responsibility of each Co-owner to make certain that all construction within his or her Unit so complies.

(23) Licensed Builder. Unless otherwise specifically approved in writing by the Design Board, all houses shall be constructed only by residential builders licensed by the State of Michigan.

(24) Soil from Excavation. All soil moved within any Unit in connection with grading or excavating will, at the option of the Developer, become the property of the Developer and when moved will be placed by the Owner of the Unit, at the Owner's expense, in such place or places within the Project, including the Common Elements, as the Developer may designate.

(25) Governmental Fees. Each Co-owner is responsible for paying all fees, permits, charges and other costs charged by any governmental entity in connection with construction within that Co-owner's Unit. For example, before initial connection to the sanitary sewer servicing the Project, each Co-owner will be required to pay a sewer connection fee to the Gun Lake Sewer and Water Authority.

d. **General Plan**. The Developer recognizes that there can be an infinite number of concepts and ideas for the development of Units consistent with the Developer's plan for the Project and the Developer wishes to encourage the formulation of new or innovative concepts and ideas. However, architectural controls for a neighborhood provide quality, value and stability when properly implemented. The purpose of this section is to assure the continued maintenance of the Project as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners. Notwithstanding the foregoing, during the Development Period, the Developer may construct, or approve the construction of, dwellings or other improvements within the Condominium Project without the necessity of prior consent from the Association or Design Board or any other person or entity, subject only to the express limitations contained in the Condominium Documents; provided, however, that all such dwellings and improvements shall, in the reasonable judgment of the Developer or its architect, be architecturally compatible with the structures and improvements constructed elsewhere in the Condominium Project. Any consent

obtained from the Developer pursuant to this paragraph shall have the same legal significance as consent obtained from the Design Board in Section 7.03b.

e. **Variances**. Upon a showing of practical difficulty or for other good cause, the Developer (and the Association and Design Board after assignment of such rights from the Developer) from time to time may grant variances to the restrictions and requirements of this Section 7.03, but only to the extent and in such manner as not to violate the spirit and intent of this section.

7.04 **Developer's Reserved Rights.** During the Development Period, no building, fence, wall, retaining wall, driveway, walk or other structure or improvement shall be commenced, erected or maintained, nor shall any addition to, or change or alteration to any structure be made (including color and design) except alterations to the interior of any building, nor shall any hedge, tree, or substantial planting or landscaping modification be installed, 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 and until the applying Co-owner has delivered a copy of the plans and specifications, as finally approved, to the Developer for its files. 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 specifications, grading or landscaping plans, 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 erect the same, and the degree of harmony thereof with the Project as a whole. The Developer shall have the right, in its sole discretion, to reject any builder selected by a Co-owner who is not in the Developer's opinion suitable or desirable for the Project. The purpose of this section is to assure the continued maintenance of the Project as a beautiful and harmonious residential development, and shall be binding upon the Association, its Design Board, and upon all Co-owners. The Developer's review set forth in this Section shall occur, at the Developer's option, either in lieu of or simultaneously with the review by the Design Board. If Design Board review is also conducted, then the Developer shall make reasonable efforts to coordinate its review and response with those of the Design Board.

The restrictions contained in this Article VII shall not apply to the commercial activities, signs or billboards, if any, of the Developer during the Development Period, or of the Association in furtherance of its powers and purposes. Notwithstanding anything in the Condominium Documents to the contrary, Developer shall have the right to maintain a sales office, advertising display signs, storage areas and reasonable parking incident to such purposes and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer.

The Condominium Project shall at all times be maintained in a manner consistent with high standards of a beautiful, serene, private and residential community for the benefit of the Co-owners and all persons interested in the Project. If at any time the Association fails or refuses to carry out its obligations to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any person to whom it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development Period, which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by the Condominium Documents.

7.05 **Specific Prohibitions.** Without limiting the generality of the foregoing provisions, use of the Project and all Common Elements by any Co-owner shall be subject to the following restrictions:

a. **Trash.** All trash, garbage, refuse, rubbish and plant cuttings shall be kept inside a garage or other fully enclosed area or in an attractive container screened from view outside the Unit except for short periods of time reasonably necessary to permit collection. No dumping or disposal of trash, debris or any other item shall be permitted on any Common Element.

b. **Maintenance of Units and Residences.** No Unit and no residence shall be permitted to become overgrown or unsightly or to fall into disrepair. All residences and accessory buildings shall at all times be kept in good condition and repair and adequately painted or otherwise finished in accordance with specifications established by the Design Board. Each Co-owner, for the Co-owner and the Co-owner's successors and assigns, grants to the Association the right to make any necessary alterations, repairs or maintenance approved by the Design Board to carry out the intent of this provision and each Co-owner further agrees to reimburse the Association on demand for any expenses incurred in carrying out the foregoing. The Association may assess and collect such reimbursement in the same manner as it assesses and collects condominium assessments pursuant to Article V above, and such amounts shall become a lien upon the Unit as provided in Article V.

c. **Landscaping.** The Units shall be landscaped according to plans approved by the Design Board. All shrubs, trees, grass and plantings of every kind shall be kept well maintained, properly cultivated and free of trash and other unsightly material. If any Co-owner does not maintain a landscaped area to the satisfaction of the Association, the Association may require the owner to hire a professional lawn care service to do the work and if the Co-owner does not cure any deficiency in the

landscaping within thirty (30) days after the date of service of written notice from the Association to do so, the Association, may contract to have the work performed at such Co-owner's expense. Each Co-owner agrees to reimburse the Association on demand for any expenses incurred by the Association in connection with the enforcement of the Association's rights under this subsection after failure by that Co-owner to maintain properly the landscaping within the Co-owner's Unit. The Association may assess and collect such reimbursement in the same manner as it assesses and collects condominium assessments pursuant to Article V above and such amounts shall become a lien on the Unit as provided in Article V.

d. Satellite Dishes and Other Antennas. Except as may be permitted by duly adopted Rules of Conduct, no device or equipment used for the receipt of video programming services, including direct broadcast satellite, television broadcast and multipoint distribution service (collectively, "Satellite Dish") larger than one meter in diameter in size may be installed within the Project except that antennas designed to receive television broadcast signals may be installed, regardless of size, in accordance with duly adopted Rules of Conduct. Satellite dishes one meter and smaller in diameter may be installed in the Project as permitted by duly adopted Rules of Conduct. The Rules of Conduct adopted pursuant to this subparagraph d shall not be inconsistent with any then valid and existing rule of the Federal Communications Commission or its successor. No ham radio antenna may be installed.

e. Drilling, Refining, Quarrying and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Unit. No derrick or other structure designed for the use in boring for oil or natural gas shall be erected, maintained or permitted upon any Unit.

f. Animals. No savage, dangerous or farm animal or bird shall be kept in the Project and no animal may be kept or bred for any commercial purposes. No animal other than customary household pets in reasonable numbers may be kept within any Unit without the prior written approval of the Association. Animals permitted under the provisions of this subsection shall be kept only in compliance with any Rules of Conduct which may be promulgated by the Board of Directors from time to time, and must at all times be kept under such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. No animal shall be permitted to run loose upon the Common Elements of the Project or any Unit except the Unit owned by the owner of such animal, and the owner of such animal shall be responsible for cleaning up after the animal. The Association may, without liability to the owner of the animal, remove or cause any animal to be removed from the Project which it determines to be in violation of, or which repeatedly violated, the restrictions imposed by this subsection or any Rule of Conduct adopted by the Association. Any person who causes or permits any animal to be brought or kept in

the Project shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal in the Project. The Association may, after notice and hearing, specially assess the Co-owner of any Unit for any expenses incurred by the Association as a result of damage caused to the Common Elements or to another person, animal or property by the Co-owner's animal or by any other animal the Co-owner, or the Co-owner's tenants or guests, bring into the Project.

g. **Private Roadways.** The private roadways, Browning Drive, Berreta Drive, Remington Court and Winchester Court, serving the Units have not been dedicated to the public and are not required to be maintained by the Allegan County Road Commission.

h. **Individual Water Supply Systems.** No individual water supply system shall be installed, maintained or used on any Unit in the Project, except in compliance with the requirements of the Allegan County Health Department ("ACHD"). A water well servicing a Unit shall be drilled to a minimum depth of sixty eight (68) feet. Each Co-owner shall be responsible for ensuring that the water supply system servicing that Co-owner's Unit complies with the requirements of the ACHD.

In the event a public water supply is made available to service the Project, all Units shall connect to the public water supply; provided, however, that each residence which has received a certificate of occupancy from the relevant governmental authority prior to the date the public water supply is made available for hook up may continue to use its individual water supply system until the same fails or becomes obsolete. In no case shall the Co-owner of a Unit be permitted to drill a new water well within the Project for other than irrigation purposes once a public water supply is made available to service the Project.

All water wells shall be located within the boundaries of individual Units and their appurtenant Limited Common Elements; provided however, that if conditions do not permit the installation of a private water well within the Unit and Limited Common Elements which it serves, then the Township may allow such facilities to be located outside of the dimensions of the Unit and Limited Common Elements, provided that such location does not unreasonably impair the use and enjoyment of the surrounding General Common Elements and does not produce an adverse effect upon adjacent or nearby lands or surface waters, or upon wetlands within the Project. No use of a General Common Element by a Co-owner for the foregoing purpose shall be permitted without the prior consent by the Association, as expressed by a Master Deed amendment which converts the subject areas into Limited Common Element areas for the designated purpose.

Water samples were collected from test wells within the Project and were tested for chemical and bacteriological suitability. According to the ACHD, "the partial chemical

results were found to be satisfactory with the exception of iron and hardness. Although not considered to be a health concern, this may require treatment of the water supply to improve taste, color and odor and prevent staining of water fixtures."

i. **Environmental Impact.** Each Co-owner shall maintain his or her Unit in an environmentally friendly manner. Fertilizers, pesticides, paints, cleaners and other materials containing substances which could harm the environment shall be used and disposed of in appropriate manner so as to minimize the risk of environmental contamination and/or impact. The Association my enact Rules of Conduct to implement this provision.

j. **Outdoor Lights**. No outdoor night light of any kind shall be permitted to cast its direct rays beyond any of the boundary lines of the Unit in which it is installed or maintained. Although properly shielded timed or automatic lighting devices will be permitted, no form of dusk to dawn lighting will be permitted to be in operation unless that area of the Unit is being utilized at the time by a Co-owner or guest of a Co-owner.

k. **Swing Sets and Play Equipment**. No swing set or children's play equipment will be permitted in the front yard of any Unit or elsewhere within a Unit without the prior written approval of the Design Board. Basketball hoops, backboards and related equipment shall be permitted within the Units with the Design Board's prior written approval.

l. **Signs.** Except as may be otherwise permitted by duly adopted Rules of Conduct, no signs or other advertising devices shall be displayed which are visible from the exterior of a Unit, with the exception of "For Sale" signs, without written permission from the Board.

m. **Restoration**. No improvement which has partially or totally been destroyed by fire or otherwise shall be allowed to remain in such state for more than three (3) months from the date of such destruction or damage.

n. **Single Owner Contiguous Units**. Whenever two (2) or more contiguous Units in the Project shall be owned by the same person, and such Co-owner shall desire to use two (2) or more of Units as a site for a single residence, the Co-owner shall apply in writing to the Design Board for permission to so use the Units. If permission for such a use shall be granted, the Units constituting the site for such single residence shall be treated as a single Unit for all purposes under the Condominium Documents, so long as the Units remain improved with one single residence.

o. **Tot Lot Park.** The Tot Lot Park as described in the Condominium Subdivision Plan is for the common enjoyment of Co-owners and their families and guests. Any improvements made to this area after the installation of improvements (if any) by the Developer will require approval by the Association.

p. **Fires.** Unless the Association provides otherwise by duly adopted rule, no outdoor fire for the purpose of burning leaves, grass or other forms of trash shall be permitted to burn in the Project and no outside incinerator shall be kept, allowed or used on any Unit.

q. **Storage.** The Common Elements shall not be used for the storage of supplies or personal property (except for such short periods of time as may be reasonably necessary to permit periodic collection of trash), without the prior written consent of the Association. No activity shall be carried on nor condition maintained by any Co-owner either in the Co-owner's Unit or upon the Common Elements which would despoil the appearance of the Project.

r. **Changes.** No Co-owner shall make any addition, alteration, or modification to any of the Common Elements, nor make any change to the exterior appearance of any house, accessory building or other improvement located within the perimeters of the Co-owner's Unit without prior approval of the Association or its Design Board. No Co-owner shall in any way restrict access to any utility line or other Common Element that must be accessible to service the Common Elements or which affects an Association responsibility in any way, without the prior written consent of the Association.

s. **Nuisances.** No nuisance shall be permitted on the Project, nor shall any use or practice be permitted which is a source of annoyance to its residents, or which interferes with the peaceful possession or proper use of the Project by its residents. No Co-owner shall use, or permit any occupant, agent, tenant, invitee, guest or member of the Co-owner's family to use, any firearm, air rifle, pellet gun, B-B gun, bow and arrow, illegal firework or other dangerous weapon, projectile or device anywhere on or about the Project.

t. **Activities.** No immoral, improper, offensive or unlawful use shall be made of any part of the Common Elements of the Project, and nothing shall be done or kept in any Unit or on the Common Elements which will increase the rate of insurance for the Project without the prior written consent of the Board. In the event the Board consents to an activity which increases the rate of insurance for the Project, the Board shall specially assesses the Co-owner for any increased cost of insurance. No Co-owner shall permit anything to be done or kept in his Unit or on the Common Elements which will result in the cancellation of insurance on any Unit, or any part of the Common Elements, or which would be in violation of any law.

u. **Advertising**. No sign or other advertising device (except "for sale" signs for individual residences) shall be displayed which are visible from the exterior of any Unit or upon the Common Elements without the prior written permission of the Board.

v. **Vehicles**. The number of automobiles or other vehicles customarily used for transportation purposes which may be kept in a Unit outside of a closed garage or elsewhere in the Project by those persons residing in any Unit may be limited by Rules of Conduct adopted by the Association; provided, that no automobile or other vehicle which is not in operating condition shall be permitted at any time outside of a closed garage for more than seven (7) consecutive days or for more than fourteen (14) days in any twelve (12)-month period. No semi-trucks shall be parked in or about the Project except for the making of deliveries or pick-ups in the normal course of business. Except as may be permitted by duly adopted Rules of Conduct: (1) no recreational vehicle, motor home, lawnmower, tractor, farm vehicle, boat or trailer shall be parked outside of a garage, except for temporary storage for no more than seven (7) consecutive days or more than fourteen (14) days in any twelve (12)-month period, or stored for such periods of time in any garage if such storage would prevent full closure of the garage door, without the written approval of the Association, and (2) no snowmobile, dirt bike, go-cart, all-terrain vehicle or other motorized recreational vehicle shall be operated within the Project.

w. **Pollutants**. Oil, gasoline, other petroleum products, and any materials that may be defined from time to time as being "hazardous," "polluting," "toxic" or of a similar contaminating quality under any federal or Michigan law promulgated to protect the environment shall not be disposed of or released on or in any of the lands in the Project.

x. **Swimming Pools**. Swimming pools, hot tubs and whirlpools shall be permitted within the Units with the prior written approval of the Design Committee as to their locations, which shall be in the rear yards. Each Co-owner shall be solely responsible for constructing, installing and maintaining all necessary and/or required safety measures pertaining to access to, use of, and operation of, any pool, hot tub or whirlpool within that Co-owner's Unit and shall indemnify the Association and the Co-owners against, and hold them harmless from, any liabilities arising from such improvements.

y. **Personal Property**. No Co-owner shall display, hang or store any clothing, sheet, blanket, laundry or other article of personal property outside a residence or closed accessory building. This restriction shall not be construed to prohibit a Co-owner from placing and maintaining outdoor furniture and decorative foliage of a customary nature and appearance on a patio, deck or balcony appurtenant to a residence located within his or her Unit; provided, that no such furniture or other

personal property shall be stored on any open patio, deck or balcony which is visible from another Unit or from the Common Elements of the Project during the winter season.

z. **Mailboxes.** Only mailboxes, paper boxes and other delivery receptacle boxes approved by the Design Board may be installed and used within the Units.

aa. Easement Areas Within Units. As shown on the attached Condominium Subdivision Plan, many Units are burdened by easements for uses such as ingress and egress, utilities, storm water retention and/or drainage. No Co-owner shall use any portion of a Unit so burdened in a manner inconsistent with the easement(s) affecting the Unit or in a manner which increases the costs to the Association of exercising the Association's easement rights.

bb. Special Provisions Regarding Grading, Planting and Drainage. No grading of any part of the Project, including any Unit, shall be made which would materially and adversely affect the drainage of storm water or other surface water within the Project. No planting other than grass for a lawn shall be made in any part of the Project, including a Unit, designated as an area to drain, detain or retain surface water or storm water.

cc. **Arbitration and Hearing**. Absent an election to arbitrate pursuant to Article X of these Bylaws, a dispute or question as to whether a violation of any specific regulation or restriction contained in this Article has occurred shall be submitted to the Board. The Board shall conduct a hearing and render a decision on the issue in writing, which decision shall be binding upon all Co-owners and other parties having an interest in the Condominium Project.

dd. Construction. The restrictions placed upon the Project will not be construed or deemed to create negative reciprocal covenants, easements or any restrictions upon the use of the adjacent lands unless, until and only to the extent any such land is included in this Project by amendment.

7.06. Rules of Conduct. Reasonable rules and regulations concerning the use of Units and Common Elements and the administration of the Project may be promulgated and amended by the Board ("Rules of Conduct"). Rules of Conduct may be promulgated and amended to implement the provisions of the Condominium Documents regardless of whether a specific provision expressly acknowledges that Rules of Conduct may be enacted. Copies of the Rules of Conduct shall be furnished by the Board to each Co-owner at least ten (10) days prior to their effective date, and may be revoked at any time by the affirmative vote of more than a majority of all Co-owners eligible to vote. During the Development Period, no Rule of Conduct may be adopted, amended or revoked without the written consent of the Developer.

7.07. **Remedies on Breach.** A default by a Co-owner shall entitle the Association to the following relief:

a. Failure to comply with any restriction on use and occupancy contained in the Bylaws or with any other term or provision of the Condominium Documents shall be grounds for relief, which may include, in addition to any other remedy available under applicable law and/or equity: (1) an action to recover sums due for damages, (2) injunctive relief, (3) foreclosure of lien, (4) the discontinuance of services upon seven (7) days notice, (5) the levying of fine(s) after notice and hearing, and (6) the imposition of late charges for non-payment of assessments. All such remedies shall be deemed to be cumulative, shall be selected by the Board and shall not be considered as an election of remedies.

b. In a proceeding arising because of an alleged default by a Co-owner, the Association, if successful, shall be entitled to recover the cost of the proceeding and reasonable and actual attorney fees as may be determined by the court.

c. The failure of the Association to enforce any right, provision, covenant or condition which is granted by the Condominium Documents shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

d. Notwithstanding the foregoing, the Developer reserves the exclusive right and option to repurchase a Unit from any Co-owner who fails to comply with Section 7.05(l) above, by the Developer paying to such Co-owner at any time prior to the completion of a residence within the Unit, the purchase price which such Co-owner paid to acquire the Unit, together with an amount equal to the Developer's estimate of the reasonable value of any improvements constructed within the Unit. Upon receipt of such amounts, the Co-owner shall convey marketable title to the Unit to the Developer by execution and delivery of a warranty deed in statutory form.

e. By duly adopted Rule of Conduct, the Association may provide for other and more specific remedies and procedures for enforcement of the Condominium Documents including, but not limited to, the recovery of attorney fees if the Association incurs such fees as the direct result of non-compliance with any provision of the Condominium Documents by a Co-owner or by anyone for whom the Co-owner is responsible.

ARTICLE VIII

MORTGAGES

8.01. Mortgage of Units. Any Co-owner who mortgages a Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Units." Such information relating to mortgagees will be made available to the Developer at no cost to the Developer for the purpose of obtaining consent from, or giving notice to, mortgagees concerning amendments to the Master Deed or taking other actions requiring consent or notice to mortgagees under the Condominium Documents or the Act.

8.02. Notice of Insurance. The Association shall notify each mortgagee appearing in the "Mortgagees of Units" 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. The holder of the mortgage is entitled, upon written request, to notification from the Association of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under the Condominium Documents which is not cured within thirty (30) days of the date of default.

8.03. Rights of Mortgagee. Notwithstanding any other provision of the Condominium Documents, except as otherwise required by mandatory law or regulation, with respect to any first mortgage of record of a Unit, the following provisions shall apply:

a. **Inspection and Notice.** At the written request of a mortgagee of any such Unit, the mortgagee shall be entitled to: (1) inspect the books and records relating to the Project during normal business hours, upon reasonable notice; (2) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Co-owners; and (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings. Failure, however, of the Association to provide any of the foregoing to a mortgagee who has so requested the same shall not affect the validity of any action or decision by the Association.

b. **Exemption from Restrictions.** A mortgagee which comes into possession of a Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, shall be exempt from any option, "right of first refusal" or other restriction on the sale or rental of the mortgaged Unit including but not limited to, restrictions on the posting of signs pertaining to the sale or rental of the Unit.

c. **Past Due Assessments.** A mortgagee which comes into possession of a Unit pursuant to the remedies provided in the mortgage, or by deed (or assignment) in lieu of foreclosure, shall take the Unit free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes

into possession (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments charged to all Units including the mortgaged Unit).

8.04. Additional Notification. When notice is to be given to a Mortgagee, the Board of Directors shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages of Units in the Project if the Board of Directors has actual notice of such participation. However, failure of the Association to provide proper notice under this Section shall not affect the validity of any action or decision by the Association.

8.05. Notice of Foreclosure. The mortgagee of a first mortgage of record of a Unit shall give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address as shown on the records of the bureau administering corporations of the State of Michigan, or to the address the Association provided to the mortgagee, if any, in those cases where the address is not registered, within ten (10) days after the first publication of the notice. The mortgagee of a first mortgage of record of a Unit shall give notice to the Association of intent to commence foreclosure of the first mortgage by judicial action by servicing a notice setting forth the names of the mortgagors, the mortgagee, and the foreclosing assignee of a recorded assignment of the mortgage; the date of the mortgage and the date the mortgage was recorded; the amount claimed to be due on the mortgage on the date of the notice; and a description of the mortgage premises that substantially conforms with the description contained in the mortgage upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the Agent's address as shown on the records of the bureau administering corporations of the State of Michigan, or to the address the Association provided to the mortgagee, if any, in those cases where the address is not registered, not less than ten (10) days before commencement of the judicial action.

8.06. Amendment of Act. If the Act is amended to change the rights of mortgagees with respect to notice and voting on amendments, then to the fullest extent permitted by law, the provisions of the Act shall automatically be incorporated by reference into these Condominium Bylaws.

ARTICLE IX

LEASES

9.01. Notice of Lease. No Unit shall be rented, leased or occupied by people other than the Co-owner and his or her family unless the term of such occupancy equals or exceeds

twelve months (12) and then only in accordance with the provisions of this Article and the other Condominium Documents. A Co-owner, including the Developer, desiring to rent or lease a Unit or otherwise permit occupancy of third parties as provided in the preceding sentence shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form or other document which sets forth the provisions pertaining to such occupancy ("lease") to a prospective tenant and, at the same time, shall supply the Association with a copy of the exact lease form for its review for compliance with the Condominium Documents. Without the prior express written consent of the Association, no part of a Unit or improvement within a Unit may be leased except in connection with a lease of the entire Unit. A Developer proposing to rent Units before the Transitional Control Date shall notify either the Advisory Committee or each Co-owner in writing.

9.02. Terms of Lease. Tenants and all other non Co-owner occupants shall comply with all the provisions of the Condominium Documents of the Project, and all leases shall so state.

9.03. Remedies. If the Association determines that any tenant or other non Co-owner occupant has failed to comply with any provision of the Condominium Documents, the Association shall take the following action:

a. The Association shall notify the Co-owner by certified mail advising of the alleged violation by the Co-owner's tenant or other occupant.

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

c. If, fifteen (15) days after receipt of the Co-owner's notice (or 30 days after service of the Association's notice in subsection a above, whichever first occurs) the Association believes that the alleged breach has not been cured or may be repeated, it may institute an action for eviction against the tenant or non Co-owner occupant and a simultaneous action for money damages (in the same or in a separate action) against the Co-owner and tenant or non Co-owner occupant for breach of the provision(s) of the Condominium Documents. The relief set forth in this Section may be by summary proceeding. The Association may hold both the tenant or other occupant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner, tenant or other person.

9.04. Assessments. When a Co-owner is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to a tenant or other occupant occupying the Co-owner's Unit under a lease and the tenant or other occupant, after receiving such notice, shall deduct from rental payments due the Co-owner the full arrearage and future assessments as they fall due and shall pay them to the Association. Such

deductions shall not be a breach of the lease by the tenant or other occupant. 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:

a. Issue to the tenant a statutory Notice to Quit for non-payment of rent and shall have the right to enforce that notice by summary proceedings; and/or

b. Initiate proceedings pursuant to Section 9.03c above.

9.05. **Exceptions**. The Association may grant written permission for exceptions to this Article in unusual or other appropriate circumstances.

ARTICLE X

ARBITRATION

10.01. Submission to Arbitration. Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, Bylaws or other Condominium Documents, or to any disputes, claims or grievances arising among or between the Co-owners or between Co-owners and the Association may, upon the election and written consent of the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration by the Arbitration Association and the parties shall accept the Arbitrator's award as final and binding. All arbitration under this Article shall proceed in accordance with the commercial arbitration rules of the American Arbitration Association.

10.02. Disputes Involving the Developer. A contract to settle by arbitration may also be executed by the Developer and any claimant with respect to any claim against the Developer that might be the subject of a civil action, provided that:

a. At the exclusive option of a Purchaser or Co-owner in the Project, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim involves an amount less than Two Thousand Five Hundred Dollars ($2,500.00) and arises out of or relates to a purchase agreement, Unit or the Project.

b. At the exclusive option of the Association, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Project, if the amount of the claim is Ten Thousand Dollars ($10,000.00) or less.

10.03. **Preservation of Rights.** Election by a Co-owner or by the Association to submit any such dispute, claim or grievance to arbitration shall preclude such party from litigation of such dispute, claim or grievance in the courts; provided, however, that except as otherwise set forth in this Article, no interested party shall be precluded from petitioning the courts to resolve any dispute, claim or grievance in the absence of an election to arbitrate.

ARTICLE XI

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 will be made by appropriate instrument in writing in which the assignee or transferee will join for the purpose of evidencing its consent to the acceptance of such powers as given and reserved to the Developer. Any rights and powers reserved or retained by Developer will expire and terminate, if not sooner assigned to the Association, one hundred eighty (180) days after the conclusion of the Development Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the expiration and termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to Developer's rights to approve and control the administration of the Condominium and will not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights or interests granted or reserved to the Developer 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 will not be terminable in any manner under the Condominium Documents and which will be governed only in accordance with the terms of their creation or reservation and not by this provision).

ARTICLE XII

ASSESSMENT OF PENALTIES

12.01 **General.** The violation by any Co-owner, occupant or guest of any provision of the Condominium Documents (including any duly adopted rule or regulation) shall be grounds for relief by the Association, acting through its duly constituted Board of Directors, and may involve the assessment of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur as a result of his or her personal actions or the actions of the Co-owner's family, pet, guest, tenant or any other person admitted through such Co-owner to the Condominium Project.

12.02 **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 setting 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 the Co-owner at the address shown in the notice required to be filed with the Association pursuant to Section 2.04 of these 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 matter, but in no event shall the Co-owner be required to appear less than ten (10) days from the date of service 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.

12.03 **Relief**. Upon the Board's decision that a violation of the Condominium Documents has occurred, the Board shall determine what relief to pursue against the defaulting Co-owner under Section 7.07 of these Bylaws or otherwise. If the Board chooses to fine a Co-owner, it shall determine a reasonable fine based upon the type of conduct involved and whether the conduct is recurring. In no event shall the fine exceed one hundred dollars ($100) per occurrence or such other maximum amount as the Board, by duly adopted Rule of Conduct, may prospectively establish from time-to-time.

12.04. **Continuing Violation**. In the event that a violation continues beyond 10 days from the date of the offending Co-owner's hearing at which the Board determines that a violation has occurred, additional fines may be levied on each occasion of any subsequent violation without the necessity of a further hearing or hearings on the matter.

12.05. **Collection**. The fines levied pursuant to Section 12.03 above shall be specially assessed against the Co-owner and shall be due and payable together with the defaulting Co-owner's next payment of the Regular Assessment, unless the Board sets another date. Any fines which have been specially assessed against a Unit shall be collectible in the same manner as assessments under Article V.

12.06 **Inapplicability to Assessments.** The Association, acting through the Board, need not utilize the provisions of this Article XII when enforcing its rights and remedies after failure by a Co-owner to pay any assessment.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.01. Severability. In the event that any term, provision, or covenant of these Bylaws or any Condominium Document is 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 term, provision or covenant of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable, and in such event the document shall be construed in all respects as if such invalid or unenforceable provisions were omitted or were deemed enforceable to the fullest extent permitted by law.

13.02. Notices. Except as may be provided otherwise in writing, notices provided for in the Act or in any Condominium Document shall be in writing, and shall be addressed to any Co-owner at the address set forth in the deed of conveyance, or at such other address as may designated by the Co-owner in writing. All notices to the Association shall be sent to the registered office of the Association. The Association may designate a different address for notices to it by giving written notice of such change of address to all Co-owners. Notices addressed as above shall be deemed delivered when mailed by United States mail with postage prepaid, or when delivered in person.

13.03. Amendment. These Bylaws may be amended, altered, changed, added to or repealed only in the manner set forth in Article VIII of the Master Deed of Gun Lake Estates.

ARTICLE XIV

CONFLICTING PROVISIONS

In the event of a conflict between the provisions of the Act (or other laws of the State of Michigan) and any Condominium Document, the Act (or other laws of the State of Michigan) shall govern. In the event of any conflict between the provisions of any one or more Condominium Documents, the following order of priority shall prevail and the provisions of the Condominium Document having the highest priority shall govern:

a. the Master Deed, including the Condominium Subdivision Plan but excluding these Bylaws;

b. these Bylaws;

c. the Articles of Incorporation of the Association;

d. the Association Bylaws;

e. the Rules of Conduct of the Association.