

**MASTER DEED  
STONEHEDGE SITE CONDOMINIUM**

(Act 59, Public Acts of 1978, As Amended)

THIS MASTER DEED is made and executed on this 21st day of December, 2001, by EDWARDS DEVELOPMENT LLC, hereinafter referred to as the "Developer", whose office is situated at 7134 Donegal Drive, Onsted, Michigan 49265, in pursuance of the provisions of the Michigan Condominium Act as amended (being Section 559.2 of the Compiled Laws of 1948 and Act 59 of the Public Acts of 1978, as amended), hereinafter referred to as the "Act".

WITNESSETH:

WHEREAS, the Developer is the owner of certain real property located in Cambridge Townships, Lenawee County, Michigan described as follows:

**SEE EXHIBIT "C"**

WHEREAS, the Developer desires, by recording this Master Deed, together with the Bylaws attached hereto as Exhibit "A" and together with the Condominium Subdivision Plan attached hereto as Exhibit "B" (both of which are hereby incorporated by reference and made a part hereof), to establish the real property, together with the improvements located and to be located thereon and the appurtenances thereto, as a Condominium project under the provisions of the Act;

NOW, THEREFORE, the Developer does, upon the recording hereof, establish STONEHEDGE SITE CONDOMINIUM, (hereinafter referred to as the "Condominium" or the "Condominium Project") shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations, and affirmative obligations set forth in this Master Deed and Exhibits "A" and "B" hereto, and further subject to a specific reservation onto the Developer, his successors and assigns of all gas, oil, and mineral rights of the above described parcel, all of which shall be deemed to run with the land and shall be a burden and a benefit to the Developer, its successors and assigns, and any persons acquiring or owning an interest in the said real property, their grantees, successors, heirs, personal representatives, and assigns. In furtherance of the establishment of said Condominium Project, it is provided as follows:

FIRST: Certain terms are utilized not only in this Master Deed and Exhibits "A" and "B" hereto, but are or may used in various other instruments such as, by way of example and not in limitation, the Articles of Incorporation and Rules and Regulations of the Stonehedge Site Condominium association, a Michigan nonprofit corporation, and deeds, mortgages, liens, land contracts, easements, and other instruments affecting the establishments of or transfer of interest in Stonehedge Site Condominium. Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

(1) The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

(2) "Association" means the non-profit corporation organized under Michigan law of which all co-owners shall be members, which corporation shall administer, operate manage, and maintain the Condominium. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless specifically reserved to its members by the Condominium documents or the bylaws of the State of Michigan.

(3) "Bylaws" means Exhibit "A" hereto, being the Bylaws setting forth the substantive right and obligations of the co-owners and required by Section 3 (8) of the Act to be recorded as part of the Master Deed. The Bylaws shall also constitute the corporate Bylaws of the Association as provided for under the Michigan Non-Profit Corporation Act.

(4) "Elements", where used without modification, shall mean both the general and limited elements described on paragraph FOURTH hereof.

(5) "Condominium documents", wherever used, means and includes this Master Deed and Exhibits "A" and "B" hereto the Articles of Incorporation and the Rules and Regulations, if any, of the Association.

(6) "Condominium premises" means and includes the land, all improvements and structures thereof, and all easements, rights and appurtenances belonging to Stonehedge Site Condominium as described above.

(7) "Condominium", "Condominium project" or "Project" means Stonehedge Site Condominium, established in conformity with the provisions of the Act.

(8) "Condominium attached hereto. Subdivision Plan" means Exhibit "B",

(9) "Consolidating Master Deed" means the final amended Master Deed which shall describe Stonehedge Site Condominium as a completed Condominium project and shall reflect the entire land area added to the Condominium from time to time under paragraph NINTH and all Condominium units and elements therein, and which shall express percentages of value pertinent to each Condominium unit as finally readjusted. Such Consolidating Master Deed, when recorded in the office of the Lenawee County Register of Deeds, shall supersede all previously recorded Master Deeds for Stonehedge Site Condominium.

(10) "Construction and sales period" means, for the purpose of the Condominium documents and the rights reserved to the Developer there under, the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any unit which it offers for sale.

(11) "Co-owner" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof who or which owns one or more units in the Condominium project. The term "owner", wherever used, shall be synonymous with the term "co-owner". "Co-owner" shall also include a land contract vendee.

(12) "Developer" means Edwards Development, LLC, which has made and executed this Master Deed, and his successors and assigns.

(13) "First Annual Meeting" means the initial meeting at which non-developer co-owners are permitted to vote for the election of all Directors and upon all other matters which property may be brought before the meeting. Such meeting (i) may be held at any time, in the Developer's sole discretion, after 50% of the units created are sold, and (ii) must be held within (a) fifty-four (54) months from the date of the first unit conveyance, or (b) one hundred- twenty (120) days after the tenth unit is sold, whichever occurs first.

(14) "Transitional control date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

(15) "Unit" means a single residential Site Condominium unit in Stonehedge Site Condominium, as described in paragraph FIFTH hereof and Exhibit "B" hereto, and shall have the same meaning as "Condominium unit" as defined in the Act.

(16) Whenever any reference herein is made to one's gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, wherever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate.

SECOND: The Condominium project shall be known as Stonehedge Site Condominium, Lenawee County, Condominium Subdivision Plan No. 36. The engineering and architectural plans for the project (including all improvements to be constructed therein) are or will be on file with the Township of Cambridge, Lenawee County, State of Michigan. The Condominium project is established in accordance with the Act.

THIRD: The units contained in the Condominium, including the number, boundaries, dimensions, and area of each Condominium unit therein, are set forth completely in the Condominium Subdivision Plat attached in

Exhibit "B" hereto. Each unit has been created for residential purposes and each unit is capable of individual utilization on account of having its own access to an element of the Condominium project. Each co-owner in the Condominium project shall have an exclusive right to his/her Condominium unit and shall have undivided and inseparable rights to share with other co-owners the elements of the Condominium project as are designated by this Master Deed.

FOURTH: The "B" attached maintenance, follows:

(1) Elements of the project described in Exhibit hereto and the respective responsibilities for the decoration, repair, or replacement thereof are as the general elements are:

(a) The land described in page one (1) hereof (other than that portion thereof described in paragraph FIFTH below) and in Exhibit "B" hereto as constituting the Condominium units, including roads and other improvements not designated as limited elements and not located within the boundaries of a Condominium unit. Those structures and improvements that now or hereafter are located within the boundaries of Condominium unit shall be owned in their entirety by the co-owner of the unit in which they are located and shall not, unless otherwise expressly provided in the Condominium documents, constitute elements;

(b) The Stonehedge Drive and Stonehedge Court Roadways;

(c) The electrical wiring network throughout the project up to, but not including, that which now or hereafter are constructed within the perimeter of a unit;

(d) The gas line network throughout the project up to, but not including, that now or hereafter are constructed with the perimeter of a unit;

(e) The telephone wiring network throughout the project up to, but not including, that now or hereafter are constructed within the perimeter of a unit;

(f) The sanitary sewer system throughout the project but not including the are within the perimeter of the Unit.

(g) Such other elements of the project not herein designated as general or limited elements which are not located within the perimeter of a unit and which are intended for use or necessary to the existence, upkeep and safety of the project, including fences and gates;

(h) Some or all of the utility line (including service leads) and equipment described in paragraph FOURTH (1) (b), (c), (d), and (e) may be owned by the local municipal authority or by the company that is providing the pertinent utility service. Accordingly, such utility lines and equipment shall be general common elements only to the extent of the co-owners' interest therein, and the Developer makes no warranty whatsoever with respect to the nature or extent of such interest, if any.

(2) Limited Elements, including Units 1A, 2A, 6A, 7A, SA, 9A, 11A and 12A shall be subject to the exclusive use and enjoyment of the co-owner of the unit or units to which such limited common elements are appurtenant, except as such may be encumbered by an easement (such as the area of Units 1A, 2A, 6A, 7A, SA, 9A, 11A, and 12A). Limited common elements shall also exist above each Unit to perpetuity, and below such Unit to the depth of the private well.

(3) The respective responsibility for the maintenance, repair and replacement of the common elements are as follows:

(a) Association Responsibilities: The responsibility for and the cost of maintenance, repair and replacement of Stonehedge Drive and Stonehedge Court roadways, any utilities situated therein to the extent such are not "public" utilities, which are located within common elements, shall be borne by the Association.

(b) Co-owners' Responsibilities: The co-owners individually shall be responsible for the installation, repair, maintenance and payment of all utilities, structures and appurtenances within the perimeter of his unit, including but not limited to, the Co-Owner's individual ON-SITE PRIVATE WELL/WATER SYSTEM (which shall meet or

exceed the requirements of the Lenawee County Health Department relative to construction and isolation, and for the Co-Owners ON-SITE CONNECTION TO THE LOCH ERIN DRAINAGE DISTRICT SEWAGE DISPOSAL SYSTEM. The co-owner is also responsible for the care of the elements or easements, which traverse his/her unit as set forth in Article VI, Section 8 of the Bylaws.

FIFTH:

(1) Each unit of the Condominium project as described in this paragraph with reference to the Condominium Subdivision Plan of Stonehedge Site Condominium was surveyed by Associated Engineers & Surveyors, and is attached hereto as EXHIBIT "B". Each unit shall consist of the land contained within the unit boundaries as shown on EXHIBIT "B" hereto and delineated with heavy outlines.

(2) The percentage value assigned to all units shall be equal. The determination that percentages of value should be equal was made after reviewing the comparative characteristics of each unit in the project and concluding that there are no material differences among the unit insofar as the allocation of percentages of value is concerned. The percentage of value assigned to each unit shall be determinative of each co-owner's respective share of the same elements of the Condominium project, the proportionate share of each respective co-owner in the proceeds and the expenses of administration and the value of such co-owner's vote at meetings of the Association. The total value of the project is one hundred percent (100%).

SIXTH: Notwithstanding any other provision in this Master Deed or the Bylaws or any other documents, the following provisions shall apply and may not be amended or deleted without the prior written consent of the holder of each first mortgage of a Condominium unit of record.

(1) A first mortgagee, at its request, is entitled to written notification from the Association of any default by the co-owner of such Condominium unit in the performance of such co-owner's obligations under the Condominium documents, which is not cured within sixty (60) days.

(2) Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure shall be exempt from any "right of first refusal" contained in the Condominium documents and shall be free to sell or lease such unit without regards to any such provision.

(3) Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure shall be liable for such unit's unpaid dues or charges, which accrue prior to the acquisition of title to such unit by the mortgagee.

(4) Unless at least two-thirds (2/3) of the co-owners (other than the Developer) of the individual Condominium units have given their prior written approval, and unless all of the Developer's interest had been assigned, the Association shall not be entitled to;

(a) by act or omission seek to abandon or terminate the condominium project;

(b) change the pro rate interest or obligations of any condominium unit for the purpose of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each unit in the elements;

(c) partition or subdivide any condominium unit;

(d) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the elements by the condominium project shall not be deemed a transfer within the meaning of this clause, except as such attempts to grant lake access rights.

(5) Each first mortgagee has the right to examine the books and records of the Association and the Condominium project.

(6) No Condominium unit owner, or any other party, shall have priority over any rights of first mortgagees of Condominium units pursuant to their mortgages in the case of a distribution to Condominium unit owners of insurance proceeds or condemnation awards for losses to or taking of Condominium units and/or elements.

(7) Any agreement for professional management of the condominium regime or any other contract providing for services which exists between the Association and the Developer or affiliates of the Developer is voidable by the Board of Directors of the Association on the transitional control date or within ninety (90) days thereafter, and on thirty (30) days notice at any time thereafter for cause. To the extent that any management contract extends beyond one (1) year after the transitional control date, the excess period under the contract may be voided by the Board of Directors of the Association by notice to the management agent at least thirty (30) days before the expiration of one (1) year.

SEVENTH: In the event the Condominium is partially or totally damaged or destroyed or partially taken by eminent domain, the repair, reconstruction or disposition of the property shall be as provided by the Bylaws attached hereto as Exhibit "A".

EIGHTH: There shall be easements to, through and over the entire project, including all of the land, structures, buildings, and improvements, therein, for the continuing maintenance and repair of all utilities in the Condominium. In the event any improvements located on one unit encroach upon another unit or upon an element, easements shall exist for the maintenance of such encroachment for so long as such encroachment exist and for maintenance, repair and replacement thereof following damage or destruction. The Board of Directors of the Association may grant easements over or through or dedicate any portion of any general element of the Condominium for utility, roadway or safety purposes.

NINTH: The Condominium project established pursuant to the initial Master Deed of Stonehedge Site Condominium and consisting of thirteen (13) units will be developed in a one-stage process, which is depicted in the Exhibit "B" documents as "MUST BE BUILT".

TENTH: There shall be easements to and in favor of the Association, and its officers, directors, agents, and designees to all units and elements in the project for access to the water main, storm drains, sanitary sewers and roads that are constructed within the project to permit the maintenance, repair and replacement thereof on accordance with the terms hereof. Except as otherwise expressly provided herein, the Association shall be responsible up to the perimeter of a unit, for performing the routine repairs and maintenance of the road, sanitary sewers, storm drains and swales, to the extent such are not or do not become public utilities, with the individual co-owner thereof to reimburse the Association for all costs thereof within fifteen (15) days of billing or the Association shall have the right to recover its expenses in the same manner as established for the collection of assessments on Article II of the Bylaws. In addition to the foregoing, the co-owners shall be individually responsible for the costs of maintenance, repair and replacement of all driveways, lawns, shrubs, residential dwellings, both interior and exterior, and on unit utilities. The co-owner shall also be individually responsible for the lawn care of any general element traversing his/her unit. In no event shall the Association be liable for the decoration, maintenance, repair or replacement of any portion of the unit or the exterior or interior of any such dwelling, located thereon.

ELEVENTH: The Developer further reserves the right at any time to grant easements for utilities over, under and across the Condominium premises to appropriate governmental agencies or public utility companies and to transfer title of utilities to governmental agencies or to utility companies. Any such easement or transfer of title may be made by the Developer without the consent of any co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to Exhibit "B" hereto, recorded in the Lenawee County Records. All of the co-owners and mortgagees of units and other persons interested or to become interested in the project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed as may be required to effectuate the foregoing grant of easement or transfer of title.

TWELFTH: The Association, acting through its lawfully constituted Board of Directors, shall be empowered and obligated to grant such easement, licenses, right-of-entry, and rights-of-way over, under and across the Condominium premises for utility purposes, access purposes or other lawful purposes as may be necessary for

the benefit of .the Condominium or for the benefit of any other land described in the paragraph NINTH hereof, subject, however, to the approval of the Developer during the construction and sales period. No easement created under the Condominium documents may be modified nor any of the obligations with respect thereto be varied without the consent of each person benefited thereby.

THIRTEENTH: The Developer, the Association and all public or private utilities shall have such easements over, under, across, and through the Condominium premises, including all units and elements, as may be necessary to fulfill any responsibilities of maintenance, repair, decoration, or replacement which they or any of them are required or permitted to perform under the condominium documents or by law. These easements include, without limitation, the right of the Association to obtain access, during reasonable hours and upon reasonable notice, to electric and gas meters, and other elements located within any unit.

FOURTEENTH: All units hereafter conveyed by Developer or his successor shall be used for one-family residential purposes only and shall be further subject to the following restrictions:

1. All units shall be subject to the zoning and building ordinances of Cambridge Townships, Lenawee County, Michigan and shall be further subject to all laws, rules and regulations of the State of Michigan, the Lenawee County Health Department and the Department of Environmental Quality as such pertain to wells, sanitation and the established one hundred year flood plain.

2. No units shall be re-subdivided nor shall any easements or licenses be granted which provides for access to the lake across any unit. All units in this subdivision shall be used exclusively for residential purposes.

3. Except as provided below, no structure or other building shall be erected or permitted to remain on any unit other than one single family residential dwelling with an attached two car garage. No structure shall be erected on any parcel that does not conform in general appearance and architecture with the dwelling on such unit.

The construction of the single family residential dwelling and gazebo (if any), shall be subject to the following: No mobile homes, modular homes, tents, shacks or similar structures shall be erected, moved onto or placed upon any Lot for use as a residence, building or any structure for any other purpose. For purposes of this restriction, mobile home shall include any residence or structure substantially fabricated at a location or site other than the Lot and is of a vehicular, portable design, or built on a chassis with or without wheels and capable of being moved from one site to another, and to be used with or without a permanent foundation, or any other steel frame assembly similar in design and purpose. It is the intent of this restriction to require all residences, buildings and other structure to be "stick built", at the site and of quality construction, utilizing customary residential building materials and methods, to the exclusion of all mobile, manufactured or other similar buildings or structures. Roofs of all residences shall have a minimum pitch of 5/12 with a minimum soffit extension of 12 inches from the vertical face(s) of the dwelling. Interior ceiling heights shall be a minimum of 8 feet over a minimum of 89% of the first floor enclosed living area.

All residential Dwellings shall be constructed with a minimum of two private inside bathroom facilities. No outside toilets shall be permitted. No waste shall be permitted to discharge into Loch Erin Lake, and all toilet facilities shall be inspected by the local or state health officers, or their designee. All residential dwellings shall be connected to the Loch Erin Drainage District sanitary sewer system. No on-site drainfield systems shall be permitted.

4. No sheds or accessory structures of any kind except gazebos shall be allowed. Any unattached structures must be approved by the Developer, or its successor Architectural Review Committee as set forth below.

5. No unlawful, noxious or offensive activities shall be carried on upon the Unit nor within any dwelling, nor shall anything be done which may be or may become an annoyance or nuisance to the neighborhood.

No signs, except "For Sale Signs", or other mediums of advertising may be displayed on any Unit or from any dwelling. Commercial traffic generated from any Unit, other than normal delivery of services related to mail, - UPS, Federal Express, garbage removal, lawn maintenance or activities such activities normally related to non-commercial single-family residential dwellings, shall constitute an offensive activity and a nuisance.

6. All buildings constructed or erected on said units must be built with new solid and permanent material; no aluminum siding may be used for the exterior surface of any structure to be situated upon any of the units. All wood exteriors shall be stained or painted; no building shall have tar paper, brick siding or similar materials on the outside walls. The exterior surface of such structures shall be of brick, stone, cedar, vinyl, hardboard, drivit or comparable building products, with at least 30% of roadside main level elevation from grade level to be brick or stone. No geodesic dome or earth-covered homes may be built on any site. The exteriors of all buildings must be completed within six (6) months from the date that construction commences.

7. While no structure or preconstructed home modules shall be moved onto any unit, including modular homes or trailers, Polysteel concrete or Pre-constructed wall panels may be utilized.

8. No dwelling or any other structure shall be erected, placed or altered on any unit until the building plans, specifications and site plan have been approved (at no cost) by the LEPOA, for conformity and harmony of external design, the location of the building with respect to set-back distances and conformity to deed restrictions. If the LEPOA fails to approve or disapprove such plans and specifications within thirty (30) days after the plans have been submitted for approval, approval shall be presumed.

9. No dwelling shall be erected, altered, placed or permitted on any unit not in conformance with the following minimum size requirements as to living area, exclusive of porches, breezeways and garages with no limitations as to minimum ground floor area except as permitted; measurements to be made of external walls:

One, bi-level and one and one half story  
Two story  
Tri-level

1600 square feet  
2400 square feet  
2800 square feet

Measurements do not include basements or walkout basements.

10. Every building erected on any unit shall have a minimum roof pitch of 5/12 (5" of rise for every 12" horizontal distance).

11. All construction undertaken on any dwelling must be under building permit issued by Cambridge Township, and shall meet all requirements thereof. No variance will be issued without approval of Stonehedge Site Condominium Association. No dock shall encroach on any unit line as projected into the lake.

A. Lakefront units shall have a minimum lakeside yard setback of thirty-five (35) feet.

B. No boat docks, boat lifts or covers, floats or other structures extending into the lake more than thirty (30) feet shall be constructed or placed into or on said lake without the approval of the Loch Erin Property Owners Association. Co-owners shall comply with the rules and regulations pertaining to the use of the lake as such shall be enacted and amended from time to time by the Loch Erin Property Owners Association.

12. No structure, including fences, shall be closer than thirty-five (35) feet from the lakefront unit line. No fences shall be constructed in any fashion on the lakeside of lakefront units. Only an ornamental fence of metal, masonry, wood, or a growing hedge, of not more than a three (3) foot height, which is commensurate with the surrounding area, may be placed along an adjoining unit line. Fences around swimming pools may be four (4) feet in height (or as shall be required by ordinance). No chain link fence shall be permitted on any unit.

13. No above ground pools of any kind are permitted on any

14. No basement construction, temporary construction, garage, trailer, tent or mobile home shall be used as living quarters in whole or part at any time, and no trailers, motor coaches, house trailers, campers or similar vehicles shall be store thereon (except Developer's temporary construction or sales trailer).
15. All recreation vehicles, vans, campers, boats, carts, trailers or any kind, wagons or similar or related vehicles shall be stored inside a garage, when not in use.
16. The number of dogs and cats per each residence shall not exceed 2 animals.
17. No other animals, livestock or poultry of any kind shall be raised on any unit, except those mentioned above. Household pets may be kept provided they are not kept, bred or maintained for commercial purposes. Dogs shall not be permitted to run at large at any time. No dog runs or kennels of any kind will be permitted.
18. Satellite dishes exceeding thirty-six (36) inches shall not be permitted at any time on any unit or residence.
19. No trash burning shall be allowed on any unit.
20. No outdoor lighting nuisance shall be permitted.
21. No signs shall be allowed in areas or road right of ways.
22. The owner of each unit shall belong to the Loch Erin Property Owners Association and Stonehedge Condominium Association and shall be bound by the By-laws, Articles, Rules and Regulations of the Association as they may be amended from time to time. All dues, assessments and special assessments levied against the co-owners, by the Loch Erin Property Owners Association or the. Stonehedge Site Condominium Association shall constitute an. obligation binding upon and running with the land. In the event of nonpayment, either Association may file a lien on the unites) by recording the appropriate lien with the Lenawee County Register of Deeds and may enforce such lien by foreclosure in the same manner that real estate mortgages may be foreclosed under Michigan law.
23. The grade level of each unit shall be such as to blend into the adjacent unit and the grade level for all dwelling construction shall be such as to provide necessary drainage away from dwelling.
24. All dwellings shall be completed within one (1) year after the start of construction and no dwelling shall be occupied until it is fully completed, both inside and outside.
25. All dwellings shall be connected to municipal sewers.
26. No underground tanks, to store any liquid whatsoever, shall be constructed within any unit, except as required for the sewage disposal systems with the exceptions of ground water heat pump apparatus.
27. Driveways must be constructed in asphalt, concrete, brick, or similar material. Gravel driveways are not permitted.
28. No more than five (5) boats or water craft of any kind including but not limited to motor craft, sailboats, fishing boats and jet skis may be docked in front of any lakefront unit at any time.
29. Private easements for public drainage are for the use of roadway drainage, and are to be considered a grass waterway and no structures, shrubbery, trees or fences are permitted within the easement.
30. The construction of on-site wells or water supply systems shall not commence until permits are secured from the Lenawee County Health Department in accordance with EXHIBIT D, attached hereto and made apart hereof by reference.
31. Development will be restricted to units served by the community sewage system.



32. The elevation of the lower floor, excluding basement, of all residential buildings shall be not less than 928.8 feet N.G.V. Datum.

33. The basement opening of any residential building shall not have an elevation less than 927.8 feet N.G.V. Datum.

34. All residential buildings having basement walls and floors lower than 927.8 feet N.G.V. Datum, shall be constructed water tight and reinforced to withstand hydrostatic pressure from a water level equal to 927.8 feet N.G.V. Datum.

35. All residential buildings having construction at or lower than 927.8 N.G.V. Datum shall be equipped with a positive means of preventing sewer backups from sewer lines and drains which serve the building and shall be securely anchored to prevent floatation.

36. The 100 year flood plain elevation of Loch Erin is defined by the Department of Natural Resources at 927.8 feet N.G.V. Datum.

37. (Unless amended by the Developer) restrictions in paragraphs 1-36, shall run with the land and shall bind the purchasers, successors, assigns and any persons claiming under them for twenty years. These restrictions shall be automatically extended for successive ten (10) year periods unless, prior to the expiration of any 10 year period, an Instrument changing, altering, amending or revoking these restrictions in whole or part signed by the then owners of record of 3/4th of the units has been recorded.

38. Prior to developing any Unit with a permanent structure of any kind, the Co-Owner shall submit a set of plans, showing the proposed development, to Loch Erin Property Owners Association (LEPOA). The Architectural Review Committee shall have 30 days from receipt of the Co-Owners plans to approve or reject the proposed development, after which time (absent action by the Committee), the plans shall be deemed approved.

Said LEPOA shall act without compensation in the event no authorized representative have been designated by LEPOA to receive plans, the Developer, or its respective Members may continue to act and serve for successive periods of one (1) year, or may elect to designate a representative of the then record owners.

Except as provided in proceeding paragraphs, the Condominium project shall not be terminated, nor shall any of the provisions of this Master Deed or Exhibits attached thereto, unless done in compliance with the following provisions:

A. Prior to the first annual meeting of the Association, the Developer may (without the consent of any co-owner or any other person) amend this Master Deed and the plans attached as Exhibit "B" in order to correct the surveyor any error made in said documents and to make such other amendments to such instruments and to the Bylaws attached hereto as Exhibit "A" as do not materially affect any rights of any co-owner in the project or impair the security of any mortgage, including but not limited to, amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective co-owner and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and/or any other agency of the Federal government or the State of Michigan.

B. If there is no co-owner other than the Developer, the Developer with the consent of any interested mortgage, may unilaterally terminate the Condominium project or amend the Master Deed. A termination or amendment under this section shall become effective upon the recordation thereof if executed by the Developer.

C. If there is a co-owner other than the Developer, then the Condominium project shall be terminated only by the unanimous agreement of the Developer, unaffiliated co-owners of Condominium units to which all of the votes in the Association appertain and the mortgages of all the mortgages covering the Condominium units.

D. Agreement of all of the co-owners and mortgages to the termination of the Condominium shall be evidenced by their execution of the termination agreement or of ratification's thereof, and the termination shall become effective only when the agreement is so evidenced in the Lenawee County Records.

E. Upon recordation of an instrument terminating a Condominium project, the project constituting the Condominium project shall be owned by the co-owners as tenants in proportion to their respective undivided interests in the elements immediately before recordation. As long as the tenancy in lasts, each co-owner or the heirs, successors or assigns thereof shall have an exclusive right of occupancy of that portion of the property, which formerly constituted the Condominium unit.

F. Upon recordation of an instrument terminating a Condominium project, any rights the units may have the assets of the Association shall be in proportion to their respective undivided interests in the elements immediately before recordation, except that profits shall be distributed in accordance with the Condominium documents and the Act.

G. The Condominium documents may be amended by the Developer, on behalf of itself, and on behalf of itself, and on behalf of the Association, for a proper purpose without the consent of co-owners, mortgages and other interested parties, including changes deemed necessary to comply with the Act and the modification of sizes of unsold Condominium units, as long as the amendments do not materially alter or change the rights of the co-owner, mortgages or other interested parties.

H. The Condominium documents may be amended for a proper purpose, other than as set forth above, even if the amendment will materially alter or change the rights of the unit, mortgages or other interested parties with the prior written consent of two thirds (2/3) of the first mortgagees (based upon one (1) vote for each mortgaged owned) and co-owner of the individual Condominium units. A co-owners Condominium unit dimensions or the nature or extend of any appurtenant limited elements or the responsibility for maintenance, repair and replacement thereof may not be modified in any material way without his/her consent and that of his/her mortgagee.

I. A person causing or requesting an amendment to the Condominium documents shall be responsible for costs and expenses of the amendments except for amendments based upon a vote of a prescribed majority of co-owners or based upon the Advisory Committee's decision, the costs of which are expenses of administration.

J. A Master Deed amendment, including the consolidating Master Deed dealing with the addition, withdrawal or modification of units or other physical characteristics of the project shall comply with the standards prescribed in the Act for preparation of an original Condominium Subdivision Plan for the project.

K. During the construction and sales period, restrictions shall not be amended, nor shall the provisions hereof be modified by any other amendment to this Master Deed, without the written consent of the Developer.

Any or all of the rights and powers granted or reserved to the Developer in the Condominium documents or by laws including the power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by it to any other entity or to the association. Any such assignment or transfer shall be made by appropriate instrument in writing duly recorded in the office of the Lenawee County Register of Deeds. Enforcement of these restrictions shall be by proceedings at law or in equity by the Developer, the Condominium Association of any co-owner(s) of a unit, against any person(s) violating or attempting to violate any covenant or restrictions herein mentioned or any part thereof, either to restrain such violations or to recover damages, or both.

Any co-owners shall have the right to bring legal action against any person violating these restrictions and, if such action is successful, the Court of Jurisdiction shall have the right to assess all costs, including a reasonable attorney's fees, against the person or persons who violated these restrictions.

Invalidation of anyone or more of these restrictions by judgment or court order shall in no way effect any of the other provisions, which shall remain in full force and effect. These restrictions are to run with the land herein described and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25)

years from the date these covenants and restrictions are recorded, after which time the covenants will be extended automatically for successive periods of ten (10) years unless an instrument signed by a majority of the then co-owners has been recorded agreeing to change said covenants in full or in part.

FIFTEENTH: Except as provided in preceding paragraphs, the Condominium project shall not be terminated, nor shall any of the provisions of this Master Deed or Exhibits attached thereto, unless done in compliance with the following provisions:

(1) Prior to the first annual meeting of the Association, the Developer may (without the consent of any co-owner or any other person) amend this Master Deed and the plans attached as Exhibit "B" in order to correct the surveyor any error made in said documents and to make such other amendments to such instruments and to the Bylaws attached hereto as Exhibit "A" as do not materially affect any rights of any co-owner in the project or impair the security of any mortgagee, including but not limited to, amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective co-owners and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and/or any other agency of the Federal government or the State of Michigan.

(2) If there is no co-owner other than the Developer, the Developer, with the consent of any interested mortgagee, may unilaterally terminate the Condominium project or amend the Master Deed. A termination or amendment under this section shall become effective upon the recordation thereof by the Developer.

(3) If there is a co-owner other than the Developer, then the Condominium project shall be terminated only by the unanimous agreement of the Developer, unaffiliated co-owners of Condominium units to which all of the votes in the Association appertain and the mortgagees of all the mortgages covering the Condominium units.

(4) Agreement of all of the co-owners and mortgagees to the termination of the Condominium shall be evidenced by their execution of the termination agreement or of ratifications thereof, and the termination shall become effective only when the agreement is so evidenced in the Lenawee County Records.

(5) Upon recordation of an instrument terminating a Condominium project, the property constituting the Condominium project shall be owned by the co-owners as tenants in proportion to their respective undivided interests in the elements immediately before recordation. As long as the tenancy in lasts, each co-owner or the heirs, successors or assigns thereof shall have an exclusive right of occupancy of that portion of the property, which formerly constituted the Condominium unit.

(6) Upon recordation of an instrument terminating a Condominium project, any rights the co-owners may have the assets of the Association shall be in proportion to their respective undivided interests in the elements immediately before recordation, except that profits shall be distributed in accordance with the Condominium documents and the Act.

(7) The Condominium documents may be amended by the Developer, on behalf of itself, and on behalf of the Association, for a proper purpose without the consent of co-owners, mortgagees and other interested parties, including changes deemed necessary to comply with the Act and the modification of sizes of unsold Condominium units, as long as the amendments do not materially alter or change the rights of the co-owners, mortgagees or other interested parties.

(8) The Condominium documents may be amended for a proper purpose, other than as set forth above, even if the amendment will materially alter or change the rights of the co-owner, mortgagees or other interested parties, with the prior written consent of two thirds (2/3) of the first mortgagees (based upon on one (1) vote for each mortgage owned) and co-owners of the individual Condominium units. A co-owner's Condominium unit dimensions or the nature or extent of any appurtenant limited elements or the responsibility for maintenance, repair and replacement thereof may not be modified in any material way without his/her consent and that of his/her mortgagee.

(9) A person causing or requesting an amendment to the Condominium documents shall be responsible for costs and expenses of the amendment except for amendments based upon a vote of a prescribed majority of co-owners or based upon the Advisory Committee's decision, the costs of which are expenses of administration.

(10) A Master Deed amendment, including the consolidating Master Deed dealing with the addition, withdrawal or modification of units or other physical characteristics of the project shall comply with the standards prescribed in the Act for preparation of an original Condominium Subdivision Plan for the project.

(11) During the construction and sales period, paragraphs EIGHTH through this paragraph, shall not be amended, nor shall the provisions hereof be modified by any other amendment to this Master Deed, without the written consent of the Developer.

SIXTEENTH: Any or all of the rights and powers granted or reserved to the Developer in the Condominium documents or by law, including the power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing duly recorded in the office of the Lenawee County Register of Deeds.

**EXHIBIT A  
STONEHEDGE SITE CONDOMINIUM  
BYLAWS  
ARTICLE I  
ASSOCIATION OF CO-OWNERS**

STONEHEDGE SITE CONDOMINIUM, a residential condominium project located in the Township of Cambridge, Lenawee County, Michigan, shall be administered by an association of co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the elements, easements and affairs of the condominium project in accordance with the condominium documents and the laws of the State of Michigan. These Bylaws shall constitute the Bylaws referred to in the Master Deed and required by Section 3 (8) of the Condominium Act. Each co-owner shall be entitled to membership, and no other person or entity shall be entitled to membership. The share of a co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his/her unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Condominium documents for the condominium project available at reasonable hours to co-owners, prospective purchasers and prospective mortgagees of units in the condominium project. All co-owners in the condominium project and all persons using or entering upon or acquiring any interest in any unit therein or the elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium documents.

**ARTICLE II  
ASSESSMENTS**

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

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

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

(a) Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below, rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular project, the Board of Directors should carefully analyze the Condominium project to determine if a greater amount should be set aside or if additional reserve funds should be established for other purposes from time to time and, in the event of such a determination, the Board of Directors shall be empowered to establish such greater or other reserves without co-owner approval. If it is determined by the Board that expenses for maintenance, repairs and replacement of elements are minimal, a cumulative balance of \$2,000 may be maintained in the budget and funding by regular monthly payments, as set forth in Section 3, may be suspended. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each co-owner shall not affect or in any way diminish the liability of any co-owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium; (2) to provide replacements of existing elements; (3) to provide additions to the elements not exceeding \$2,000 annually for the entire Condominium project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); or (4) that an emergency exists, then the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the elements of a cost exceeding \$2,000 per year for the entire Condominium project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); (2) assessments to purchase a unit upon foreclosure of the lien for assessments described in Section 5 hereof; (3) assessments for the purchase of a unit in the Condominium project pursuant to Article VI, Section 16, or (4) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph (a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all co-owners. The authority to levy assessments pursuant to this subparagraphs solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

Section 3. Apportionment of Assessments and Penalty for Default.

Unless otherwise provided herein or in the Master Deed, all assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners in accordance with the percentage of value allocated to each unit in paragraph FIFTH of the Master Deed, without increases or decreases for the existence of any rights to use of limited as limited as determined in accordance with Article II, Section 2 (a) above shall be payable by co-owners in twelve (12) equal monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a unit, or with the acquisition of fee simple title to

a unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof is not paid to the Association in full on or before the due date for such payment. Each installment in default for five (5) or more days from the due date shall be subject to a late charge of one dollar (\$1.00) per day, or such additional sum which the Board of Directors may prescribe, until each installment is paid in full.

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

Section 5. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any co-owner in the payment of any installment of the annual assessment levied against his/her unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a co-owner subsequent to providing notice of its intent to do so. A co-owner in default shall not be entitled to utilize any of the general elements of the project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided however, this provision shall not operate to deprive any co-owner of ingress or egress to and from his/her unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the unit from the co-owner thereof or any persons claiming under him/her and, if the unit is not occupied, to lease the unit and collect and apply the rental there from to any delinquency owed to the Association. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

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

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent co-owner(s) at his/her or their known address, of a written notice that one or more installments of the annual assessment levied against the pertinent unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the statutory and other authority for the lien; (3) the amount outstanding (exclusive of interest costs, attorney's fees, and future assessments); (4) the legal description of the subject unit(s); and (5) the name(s) of the co-owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county of which the project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take remedial action as may be available to it hereunder or under Michigan law. In the event Association elects to foreclose the lien by advertisement, the

Association shall so notify the delinquent co-owner and shall inform him/her that he/she may request a judicial hearing by bringing suit against the Association.

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

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

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

Section 8. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

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

Section 10. Statement as to Unpaid Assessments. The purchaser of any unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association, accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to closing of the purchase of such unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the unit itself to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the unit and the proceeds of the sale thereof prior to all claims except real property taxes and first mortgages of record.

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

### **ARTICLE III ARBITRATION**

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

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

Section 3. Election of Remedies. Such election and written consent by co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

### **ARTICLE IV INSURANCE**

Section 1. Extent of Coverage. The Association may, to the extent appropriate given the nature of the general elements of the project, carry "all risk" property coverage and liability insurance, fidelity coverage, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the general elements of the condominium project, and such insurance shall be carried and administered in accordance with the following provisions:

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

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

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

(d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than repair, replacement or reconstruction of the project unless all of the institutional holders of first mortgages on units in the project have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each co-owner, by ownership of a unit in the Condominium project, shall be deemed to appoint the Association as his/her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of "all risk" property coverage, flood, vandalism



and malicious mischief, liability insurance, fidelity coverage and workmen's compensation insurance, if applicable, pertinent to the Condominium project and the elements appurtenant thereto, and such insurer as may, from time to time, provide such insurance to the Condominium project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute the same to the Association, the co-owners and their respective mortgagees as their interests appear (subject always to the Condominium documents), to execute release of liability and to execute all documents and to do all things on behalf of such co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibility of Co-owners. Each co-owner shall be obligated and responsible for obtaining "all risk" property coverage and vandalism and malicious mischief insurance with respect to his/her residential dwelling and all other improvements constructed or to be constructed within the perimeter of his/her condominium unit and for his/her personal property located therein or thereon or elsewhere on the Condominium project. All such insurance shall be carried by each co-owner in an amount equal to the maximum insurance replacement value, excluding foundation and excavation costs. In event of the failure of a co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such co-owner and the premises thereof shall constitute a lien against the co-owner's unit which may be collected from the co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each co-owner also shall be obligated to obtain insurance coverage for his/her personal liability for occurrences within the perimeter of his/her unit or the improvements located thereon, and also for alternative living expenses in the event of fire. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

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

## **ARTICLE V RECONSTRUCTION OR REPAIR**

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

(a) General Common Elements. If the damaged property is a general common element, the damaged property shall be rebuilt or repaired by the Association unless all of the co-owners and all of the institutional holders of mortgages on any unit in the project unanimously agree to the contrary.

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

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

Section 3. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time

during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all co-owners for the costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of amounts to provide funds to pay the estimated or actual costs of repair.

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

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

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

(b) Taking of General Common Elements. If there is any taking of any portion of the general common elements, the condemnation proceeds relative to such taking shall be paid to the co-owners and their mortgagees in proportion to their respective interest in the common elements, and the affirmative vote of more than fifty percent (50%) of the co-owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

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

(d) Notification of Mortgages. In the event any unit in the Condominium, or any portion thereof, or the common elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquiring by a condemning authority, the Association shall so notify each institutional holder of a first mortgage lien on any units in the Condominium.

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

Section 6. Notification of FHLMC. In the event mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), then upon request therefore by FHLMC, the Association shall give it written notice at such address as it may from time to time direct of any loss to or taking of the common elements of the Condominium if the loss or taking exceeds \$10,000 in amount or damage to a Condominium unit covered by a mortgage purchased in whole or in part by FHLMC if such damage exceeds \$1,000.00.

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

## **ARTICLE VI RESTRICTIONS**

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

Section 1. Residential Use. No unit in the Condominium shall be used for other than single-family residential purposes, and the common elements shall be used only for purposes consistent with single-family residential purposes and Summit Township's ordinances.

Section 2. Leasing and Rental.

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

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

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

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

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

*i.* The Association shall notify the co-owner by certified mail to his/her last known address, advising of the alleged violation by the tenant.

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

*iii.* If, after fifteen (15) days, the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the co-owners on behalf of the Association or if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the co-owner liable for any damages to the common elements caused by the co-owner or tenant in connection with the unit or the Condominium project.

(4) When a co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a co-owner's unit a lease or rental agreement and the tenant, after receiving the notice shall deduct from rental payments due the co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.

Section 3. Architectural Control. No dwelling, structure or other improvement shall be constructed within a condominium unit or elsewhere within the condominium project, nor shall any exterior modification be made to any existing dwelling, structure or improvement, unless plans and specifications therefore containing such detail as the Developer may reasonably request have first been approved by the Developer. Construction of any dwelling or other improvements must also receive any necessary approvals from the local public authority(s). The Developer shall have the right to refuse to approve any plans or specifications or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, proposed exterior materials and exteriors colors which shall blend in with existing residences and the natural surroundings, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole and the area of future development described *in* the Master Deed. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all co-owners. The Developer's rights under this Article VI, Section 3 may, in the Developer's discretion, be assigned

to the Association or other successor to the Developer. The Developer may construct any improvements upon the Condominium premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium documents.

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

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

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

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

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

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

## **ARTICLE VII VOTING**

Section 1. Voting. Except as limited by these Bylaws, each co-owner shall be entitled to one vote for each Condominium unit owned.

Section 2. Eligibility to Vote. No co-owner other than the Developer shall be entitled to vote at any meeting of the Association until he/she has presented evidence of ownership of a unit in the Condominium project to the Association. Except as provided in Article X, Section 2 of these Bylaws, no co-owner, other than the Developer, shall be entitled to vote prior to the date of the first annual meeting of members held in accordance with Section 2 of Article VIII. The vote of each co-owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the first annual meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no units at some time or from time to time during such

period. At and after the first annual meeting the Developer shall be entitled to one vote for each unit which it owns.

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

Section 4. Quorum. The presence in person or by proxy of thirty percent (30%) of the co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting questions specifically required by the Condominium documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum respect to the question upon which the vote is cast.

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

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than fifty percent (50%) of those qualified to and present in person or by proxy (or by written vote if applicable).

## **ARTICLE VIII MEETINGS**

Section 1. Place of Meeting. Meetings of the Association shall be held at such suitable place convenient to the co-owners as may be determined by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedures, Robert's Rules of Order or some other generally recognized manual of parliamentary procedure when not otherwise in conflict with the Condominium documents or the laws of this State.

Section 2. First Annual Meeting. The first annual meeting of the members of the Association may be convened only by the Developer and may be called at any time after the tenth unit has been sold and the purchaser thereof qualified as a member of the Association. In no event, however, shall such meeting be called later than one hundred twenty (120) days after the conveyance of legal title or equitable title to nondeveloper co-owners of the tenth unit has been sold, or fifty-four (54) months after the conveyance of legal or equitable title to nondeveloper co-owners of the units in the project, which ever occurs first. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days written notice thereof shall be given to each co-owner.

Section 3. Annual Meeting. Annual meetings of members of the Association shall be held in the month of June of each succeeding year after year in which the first annual meeting is held, on such date and at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight months after the date of the first annual meeting. At such meetings there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Article X of these Bylaws. The co-owners may also transact at annual meeting such other business of the Association as may properly come before them.

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

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

Section 6. Adjournment. If any meeting of co-owners cannot be held because a quorum is not in attendance, the co-owners who are present may adjourn the meeting to a time not less than twenty-four (24) hours from the time the original meeting was called.

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

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

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

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

## **ARTICLES IX ADVISORY COMMITTEE**

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

## **ARTICLE X BOARD OF DIRECTORS**

Section 1. Number and Qualification of Directors. The first Board of Directors designated in the Article of Incorporation shall be composed of one (1) person, and such first Board of Directors shall manage the affairs of the Association until a successor Board of Directors is elected at the first annual meeting of members of the Association convened at the time required by Article VIII, Section 2, of these Bylaws. At such first annual meeting of members of the Association, the Board of Directors shall be increased in size from one (1) person to five (5) persons. The members of the Association or officers, partners, trustees, employees, or agents of members of the Association. Directors shall sever without compensation.

Section 2. Election of Directors.

(a) First Board of Directors. The first Board of Directors, or its successors shall manage the affairs of the Association until the election of the first Board.

(b) Election of Directors At and First Annual Meeting.

(1) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to nondeveloper co-owner of the tenth unit, the nondeveloper co-owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one Director as long as the units that remain to be created and sold equal at least ten percent (10%) of all units that may be created in the project.

(2) Regardless of the percentage of units which have been conveyed, upon the expiration of fifty-four (54) months after the first conveyance of legal or equitable title to a nondeveloper co-owner of a unit in the project, the nondeveloper co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.

(3) If the calculation of the percentage of members of the Board of Directors that the nondeveloper co-owner have to elect under subsection (2) or if the product of the number of members of the Board of Directors multiplied by the percentage of units held by the nondeveloper co-owners under subsection (b) results in a right of nondeveloper co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the nondeveloper co-owners have the right to elect. After

application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (1).

(4) At the first annual meeting of members, three Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. At such meetings, all nominees shall stand for election as one slate, and the three (3) persons receiving the highest number of votes shall be elected for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either three (3) or two (2) Directors shall be elected, depending upon the number of Directors whose terms expire. After the first annual meeting, the term of office (except for the two (2) Directors elected for one (1) year at the first annual meeting) of each Director shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

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

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

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

(a) To manage and administer the affairs of and to maintain the Condominium project and the common elements thereof.

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

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

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

(e) To contract for and employ persons, firms, corporations, or other agents to assist in the management, operation, maintenance, and administration of the Condominium project.

(f) To acquire, maintain and improve, and to buy, operate, manage, sell, assign, mortgage, or lease any real or personal property (including any unit in the Condominium and easements, right-of-way and license) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) To borrow money and issue evidence of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of seventy-five percent (75%) of all of the members of the Association.

(h) To make rules and regulations in accordance with Article VI, Section 10 of these Bylaws.

(i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium, and to delegate to such committees any functions or responsibilities which are not by law or the Condominium documents required to be performed by the Board.



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

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

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

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

Section 5. Management Agent. The Board of Directors may employ a professional management agent for the Association (which may be the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to, the duties listed in Section 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than one (1) year or which is not terminable by the Association upon sixty (60) days written notice thereof to the other party, and no such contract shall violate the provisions of Section 55 of the Act.

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

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, anyone or more of the Directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) in number and in value of all of the co-owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal thirty percent (30%) requirement set forth in Article VII, Section 4. Any Director whose removal has been proposed by the co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time in its sole discretion. Likewise, any Director selected by the nondeveloper co-owners to serve before the first annual meeting may be set forth in this paragraph for removal of Directors generally.

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

Section 9. Regular Meeting. Meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by majority of the Directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meeting of the Board of Directors shall be given to each Director personally by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President with three (3) days notice of each Director given personally, by mail, telephone or telefax, which notice shall state

the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

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

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

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

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

## **ARTICLES XI OFFICERS**

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

(a) President. The President shall be the chief executive officer of the Association. He/she shall preside at all meetings of the Association and of the Board of Directors. He/she shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he/she may in his/her discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) Vice President. The Vice President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors.

(c) Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he/she shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he/she shall, in general, perform all duties incident to the office of Secretary.

(d) Treasurer. The Treasurer shall have responsibility for the Association's funds and accurate accounts of all receipts and disbursements in books belonging to the Association. He/she shall be responsible for the deposit

of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meetings of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his/her successor elected, at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

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

## **ARTICLE XII SEAL**

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

## **ARTICLE XIII FINANCE**

Section 1. Records. The Association shall keep detailed books of accounts showing all expenditures and receipts of administration and which shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association and the co-owners. Such accounts and all other Association records shall be open for inspection by the co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each co-owner at least once a year a financial statement, the contents of which shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor that such audit be a certified audit. Any institutional holder of a first mortgage lien on any unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within ninety (90) days following the end of the Association's fiscal year upon request therefore. The costs of any such audit and any accounting expenses shall be expenses of administration.

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

Section 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agent as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest bearing obligations of the United States Government.

## **ARTICLE XIV IDENTIFICATION OF OFFICERS AND DIRECTORS**

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him/her in connection with any proceedings to which he/she may be a party or in which he/she may become involved by reason of his/her being or having been a Director or officer of the Association, whether or not he/she is a Director or officer at the same time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty

of willful or wanton misconduct or gross negligence in the performance of his/her duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Directors or officer may be entitled. At least ten (10) days prior to payment of any indemnification, which it has approved, the Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers deem appropriate.

## **ARTICLE XV AMENDMENTS**

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

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

Section 3. Voting. These Bylaws may be amended by the coowners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than sixty-six and two-thirds percent (66 2/3%) of all co-owners. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of sixty-six and two-thirds percent (66 2/3%) of the mortgagees shall be required, with each mortgage to have one vote each mortgage held.

Section 4. By Developer. Pursuant to Section 90 (l) of the Act, the Developer hereby reserves the right, on behalf of itself and on behalf of the Association, to amend these Bylaws without approval of any co-owner or mortgagee unless the amendment would materially alter or change the rights of a co-owner or mortgagee, in which event co-owner or mortgagee consent shall be required as provided in Section 3 above.

Section 5. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that are adopted in accordance with this Article shall be binding upon all persons who have an interest in the project irrespective of whether such persons actually receives a copy of the amendment.

## **ARTICLE XVI COMPLIANCE**

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

## **ARTICLE XVII DEFINITIONS**

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

## **ARTICLE XVIII REMEDIES FOR DEFAULT**

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

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Condominium documents shall be grounds for action to recover sums due for damages, injunctive relief, foreclosure of lien (if defaulting payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved co-owner or coowners.

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

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the common elements or into any unit when reasonably necessary and summarily remove and abate, at the expense of the co-owner in violation, any structure, things or condition existing or maintained contrary to the provisions of the Condominium documents. The Association shall have no liability to any co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium documents by any co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless rules and regulations established such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all coowners in the same manner as prescribed in Article VIII, Section 5 of these Bylaws. Thereafter, fines may be assessed only upon notice to the offending co-owners as prescribed in said Article VIII, Section 5, and after an opportunity for such co-owners to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these Bylaws. No fine shall be levied for the first violation. No fine shall exceed Twenty-five Dollars (\$25) for the second violation, Fifty Dollars (\$50) for the third violation, or One Hundred Dollars (\$100) for any subsequent violation.

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

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

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

## **ARTICLE XIX RIGHTS RESERVED TO DEVELOPER**

Any or all of rights and powers granted or reserved to the Developer in the Condominium documents or by law, including the right and power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights, and such assignee or transferee shall thereupon have the

same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved by or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the construction and sale period as defined in paragraph FIRST of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall be governed only in accordance with the terms of their creation or reservation, and not hereby.

## **ARTICLE XX SEVERABILITY**

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

## **EXHIBIT C**

All that part Of the North 1/2, Southwest 1/4, Section 25, Town5 South, Range 2 East, described as beginning on the south line, North 1/2, Southwest 1/4 of said Section 25, 1315.07 feet tal01°43t3a" E along the North and South 1/4 line of Section 25 aforesaid and 603.47 feet N 88°29'34" W from the South 1/4 corner of said Section 25: thence N 88°29'34" W433.21 feet along sold South line, North 1/2, Southwest 1/4, Section 25: thence N 07.10'28" E 60.29 feet: thence following and Intermediate traverse line along Loch Erin S 86°55'23" E 237.89 feet; thence along the arc of a 80.0 foot radius curve left 115.17 feet (chord bearing and distance being N 50°16'06" E 105.48 feet): thence N 09°01'40" E 311.91 feet: thence. N 00°32'08" E 173.92 feet: thence N 16°05'11" E 205.39 feet; thence S 89°51'58" E 111,4.59 feet: thence S .38849'45" E 138.37 feet: thence S 19°45'10" E 515.46 feet: thence S Q1'r28'13"W139.\$'11feet: thence S 41812'58" W63.98 feet: thence N 87851'26" Vi 337.9'1 feet: thence S 55°18'48" W64.08 feet to the point of beginning. Containing 7.92 acres within the closed traverse line and approximately 0.4 acres between the waters edge and traverse line for a total of 8.32 acres.

## **EXHIBIT D**

Lenawee County Health Department restrictions for the development are as follows:

- 1.) Development shall be limited to construction of single-family homes.
- 2.) Each home shall be served by its own on-site well water supply until such time as public utility(s) become available.
- 3.) Each lot utilizing individual well water supply(s) is subject to review by the Lenawee County Health Department. Each site condominium owner shall demonstrate compliance with Lenawee County Health Department requirements before construction permits are issued. Permits for construction of wells shall be obtained from the Lenawee County Health Department prior to obtaining a building permit.
- 4.) Wells:
  - a.) shall have at least 80' of cased well depth;
  - b.) shall be located 50 feet or more from the sewer main, sewer tap, pressure line, grinder tank; and,
  - c.) shall be owned, operated and maintained by the individual condominium owner.

5.) If a well drilling contractor drills below 200' without obtaining adequate quantities of water and the depth is verified by the Lenawee County Health Department, the department may approve other specifications meeting criteria established by the Michigan Department of Environmental Quality for wells in Michigan Site Condominium/Subdivisions.

6.) Health Department restrictions shall run with the land and shall be binding upon all owners.