

EXHIBIT A

CONDOMINIUM BY-LAWS

Ledgestone

ARTICLE I

CONDOMINIUM PROJECT

1.01. Organization. Ledgestone, a residential condominium project located in Grand Rapids Township, Kent County, Michigan (the "Project") is being constructed in multiple phases so as to comprise a maximum of one hundred (100) condominium units. Upon the recording of the Master Deed, the management, maintenance, operation and administration of the Project shall be vested in an association of co-owners organized as a non-profit corporation (the "Association") under the laws of the State of Michigan.

1.02. Compliance. All present and future Co-owners, mortgagees, lessees or other persons who may use the facilities of the Condominium in any manner shall be subject to and comply with the provisions of the Michigan Condominium Act, Act No. 59, P.A. 1978, as amended (the "Act"), the Master Deed, the Articles of Incorporation of the Association, the Association By-Laws, and the other Condominium Documents, and all amendments thereto which pertain to the use and operation of the Condominium Project. The Association shall keep current copies of these documents available for inspection at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Project. The acceptance of a deed, land contract or conveyance, the entering into of a lease or the act of occupancy of a Condominium Unit in the Project shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith. The use of the property within the Project is also subject to all local zoning and building and use ordinances, notwithstanding anything contained herein to the contrary.

ARTICLE II

MEMBERSHIP AND VOTING

2.01. Membership. Each Co-owner of a Unit in the Project, present and future, shall be a member of the Association and no other person or entity shall be entitled to membership. Neither Association membership, nor the share of a member in the Association's funds and assets shall be assigned, pledged or transferred in any manner, except as an appurtenance to a Condominium Unit and any attempted assignment, pledge or transfer in violation of this provision shall be wholly void. No Co-owner may resign or be expelled from membership in the Association as long as he continues to be a Co-owner.

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

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

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

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

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

2.03. Members Entitled to Vote.

(a) **Eligibility.** No Co-owner, other than the Developer, shall be entitled to vote on any action of the Association until he has presented written evidence of ownership of a Condominium Unit in the Project. Such written evidence of ownership shall be specified by the Board of Directors and provided the Association on or before the record date for the action which is the subject of the vote. No Co-Owner is eligible to vote at any meeting of members if payment of any assessment on his Unit is delinquent by more than thirty (30) days, as of the record date for the action to be voted upon.

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

(c) **Record Date.** For purposes of determining the members entitled to vote at a meeting of members or any adjournment of a meeting, or to express consent or dissent from a written proposal without a meeting, or for the purpose of any other action, the Board of Directors of the Association may fix, in advance, a record date for the determination of members. If a record date is not fixed: (i) the record date for determination of members entitled to notice of or to vote at a meeting of members shall be 2:00 o'clock p.m. on the day next preceding the day on which notice is given, or, if no notice is given, the day next preceding the day on which the meeting is held; and (ii) the record date for determining members for any purpose other than that specified in (i) above, shall be the close of business on the day on which the resolution of the Board of Directors relating thereto is adopted.

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

2.05. Proxies. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. Proxies shall be valid only for the particular meeting designated and any adjournment thereof, and must be filed with the Association before the appointed time of the meeting.

2.06 Mortgagees. The following procedure shall apply whenever an amendment to the Condominium Documents is proposed and the Act or the Condominium Documents require the mortgagees of Units to vote to approve the amendment:

(a) The date on which the proposed amendment is approved by the requisite majority of Co-owners shall be the "Control Date". Only those mortgagees ("first mortgagees") who hold a duly recorded first mortgage or a duly recorded assignment of a first mortgage against one or more condominium units in the Project on the Control Date are entitled to vote on the amendment.

(b) Each first mortgagee entitled to vote shall have one vote for each condominium unit in the Project that is subject to its mortgage or mortgages, without regard to how many mortgages the mortgagee may hold on a particular Condominium Unit.

(c) The Association shall give a notice to each mortgagee entitle to vote as required by the Act.

(d) The Association shall mail the notice to the mortgagee at the address provided in the mortgage or assignment for notices by certified mail, return receipt requested.

(e) The Association shall maintain a copy of the notice, proofs of mailing of the notice, and the ballots returned by mortgagees for a period of two years after the Control Date.

(f) The failure of a mortgagee to return a ballot within ninety (90) days from the date of mailing of the notice shall be deemed to constitute a vote for approval of the measure voted upon. The measure voted upon shall be considered approved by mortgagees if it is approved by the requisite number of mortgagees whose ballots are received, or are deemed approved or considered to have been received, by the person(s) authorized by the Board of Directors to tabulate mortgagee votes.

ARTICLE III

MEETING AND QUORUM

3.01. Annual Meeting. An annual meeting of members for the election of directors and for such other business as may come before the meeting shall be held on the day, time and place designated by the Board of Directors, provided however, that no annual meeting shall be held until Co-owners other than the Developer have acquired the right to elect one or more members to the Board of Directors, as more fully specified in Section 4.03(b) of these Bylaws.

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

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

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

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

ARTICLE IV**ADMINISTRATION**

4.01. Board of Directors. The business, property, and affairs of the Association shall be managed and administered by a member of the Board of Directors, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association. All directors shall serve without compensation. The number of directors shall be set forth in the Association Bylaws.

4.02. Nomination of Directors. Persons qualified to be directors may be nominated for election: (1) by the Board of Directors; or (2) by a nominating petition, signed by Co-owners representing at least three Units, and either signed by the nominee or accompanied by a document signed by the nominee indicating his willingness to serve as a director, and submitted to the Board of Directors at least 20 days before the meeting at which the election is to be held; provided, however, that in either case, additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been nominated. In this instance, the nominees must either be present at the meeting and consent to the nomination or have indicated in writing a willingness to serve. This Section 4.02 does not apply to persons appointed to the Board by the Developer.

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

(a) **Developer Appointed Board of Directors.** The terms of office for the members of the first Board of Directors designated by the Developer, including any successor Directors designated by the Developer prior to the Transitional Control Date (together herein "First Board"), shall expire on the date the Development and Sales Period ends, unless terminated earlier by operation of subsection (b) below. At any election of directors by non-developer Co-owners required by subsection (b) below, the Developer shall designate the directorship term of the member of the First Board which has expired so that a directorship position may be filled in accordance with Section 52 of the Act, as amended.

(b) **Election of Non-Developer Co-owners to the Board.**

(i) The term of office of one of the members of the First Board of Directors, as selected by the Developer, shall expire 120 days after the conveyance of legal or equitable title to non-developer Co-owners of 25% of the Units which may be created. Co-owners other than the Developer shall elect an individual to fill this position prior to its vacancy. The term of office for all directors, except members of the first Board of Directors, shall be two years, or until their successors are elected and qualified.

(ii) Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created, and before conveyance

of 90% of such Units, non-developer Co-owners shall elect all Directors on the Board, except that the Developer will have the right to designate at least one Director as long as the Developer owns and offers for sale at least 10% of the Units in the Project or as long as 10% of the Units remain that may be created.

(iii) Regardless of the percentage of Units which have been conveyed, if less than 75% of the Units that may be created have not been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, Co-owners other than the Developer shall 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 will not reduce, the minimum election and designation rights of Co-owners other than the Developer otherwise established above in subsections (i) and (ii). Application of this subsection does not require a change in the size of the Board of Directors.

(iv) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsections (b)(i) and (b)(ii) above, or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection (b)(iii) results in a right of non-developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater will be rounded up to the nearest whole number, which number will be the number of members of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula the Developer will have the right to designate the remaining members of the Board of Directors. Notwithstanding the foregoing, application of this subsection (iv) will not eliminate the right of the Developer to designate one member to the Board as provided in subsection (b)(ii).

(v) For purposes of calculating the timing of events described in this subsection (b), and in subsection (d) of this Section 4.03, conveyance by the Developer to a residential builder, even though not an affiliate of the Developer, is not considered a sale to a nondeveloper Co-owner until such time as the residential builder conveys that unit with a completed residence on it or until the Unit contains a completed residence which is occupied.

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

(d) **Vacancies During Period When Developer May Be Represented on Board.**

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

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

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

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

- (a) Care, upkeep and maintenance of the common elements, including the trimming, cutting down, planting, and/or cultivation of trees and other plantings;
- (b) Development of an annual budget, and the determination, assessment and collection of amounts required for the operation and other affairs of the Condominium property;
- (c) Contract for and employ persons to assist in the management, maintenance, administration and security of the Condominium Project.
- (d) Adoption and amendment of rules and regulations covering the details of the use of the Condominium Project;

(e) Opening bank accounts, borrowing money and issuing evidences of indebtedness in furtherance of the purposes of the Condominium, and designating signatories required therefor;

(f) Obtaining insurance for Condominium property, the premiums of which shall be an expense of administration;

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

(h) Making or authorizing repairs, additions and improvements to, or alterations of, the Condominium Project, and repairs to and restoration of the property in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(i) Consenting to or authorizing or disapproving actions of the Co-owners which require the consent of the Association under this Master Deed or the other Condominium Documents;

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

(k) To make rules and regulations in accordance with Section 7.06 of these Bylaws;

(l) 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 function or responsibilities which are not by law or required to be performed by the Board;

(m) Such further duties as may be imposed by resolution of the members of the Association or which may be set forth in the Condominium Documents; and

(n) To grant concessions, easements or licenses or to enter into oil and gas leases, for the use of the general common elements of the Condominium Project on behalf of the Co-owners and in furtherance of any of the purposes of the Association, including easements to utilize, tap, tie into and enlarge and maintain all utility mains or laterals located in the Common Element areas of the Condominium for water, gas, storm or sanitary sewer purposes, whether or not the same are dedicated.

4.05. Books of Accounts. The Association shall keep books and records containing a detailed account of the expenditures and receipts affecting the administration of the Condominium, 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 its Co-owners. Such accounts shall be open for inspection by the Co-owners during reasonable working hours at a place to be designated by the Association, and the Association shall prepare therefrom, and distribute to all Co-owners at least once each year, a financial statement, the contents of which shall be defined by the Association. The books and records shall be reviewed annually and audited at least once every three years by qualified independent auditors (who need not be certified public accountants), and the cost of such review or audit shall be an expense of administration. An audit need not be certified.

4.06. Maintenance and Repair; Submetering of Utilities.

(a) **Units and Limited Common Elements.** All decoration, maintenance, repair, and replacement of a Condominium Unit, and the Limited Common Elements which are appurtenant thereto, other than maintenance of and repair to any General Common Element contained within the Condominium Unit, shall be made by the party who is responsible for the cost of the work under Article IV of the Master Deed, unless otherwise provided herein.

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

(c) **Other Limited Common Elements.** All maintenance of and repair to the Limited Common Elements which are appurtenant to more than one Condominium Unit shall be made by the Association and specially assessed to all of the Co-owners of Units to which the Limited Common Elements are appurtenant on an equal basis, unless necessitated by the negligence, misuse or neglect of a Co-owner, in which case such expense may be specially assessed by the Association against such Co-owner after notice and a hearing thereon.

(d) **Submetered Utilities.** Any utilities consumed in the Project by Co-owners and whose cost is billed to the Association may be sub-metered by the Association or individually measured; the Association may specially assess the cost of servicing an individual unit or units against such Unit(s). If more than a single unit is included on the same sub-meter or measuring device, the Association shall specially assess the cost of the utility on a uniform basis to those consuming the utility.

(e) **Right of Access.** The Association, or its agents, shall have access to each Unit from time to time during reasonable working hours, and upon reasonable notice to the

occupant thereof, for the purpose of maintenance, repair or replacement of any of the General Common Elements located therein or accessible therefrom, and for the purpose of making emergency repairs necessary to prevent damage to other Units, the Common Elements or both.

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

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

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


4.10. Officers. The Association By-Laws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of officers of the Association and may contain any other provisions pertinent to officers and directors of the Association not inconsistent herewith. Officers may be compensated, but only upon a majority vote of the Co-owners present in person or by proxy at a meeting of members.

4.11. Indemnification. All directors and officers of the Association shall be entitled to indemnification against costs and expenses incurred as a result of their actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on behalf of the Association, upon 10 days notice to all Co-owners, in the manner and to the extent provided by

the Association By-Laws. In the event that no judicial determination as to indemnification has been made, an opinion of independent counsel as to the propriety of indemnification shall be obtained if a majority of Co-owners vote to procure such an opinion.

ARTICLE V

ASSESSMENTS



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5.01. Annual Budget. The Board of Directors shall, from time to time, and at least annually, adopt a budget for the Association which shall include the estimated funds required to defray common and special expenses of the Condominium for which the Association has responsibility for the next ensuing year, including a reasonable allowance for contingencies and reserves, and the Board shall allocate and assess such common charges against all Co-owners in the manner required by this Article.

5.02. Common Expenses.

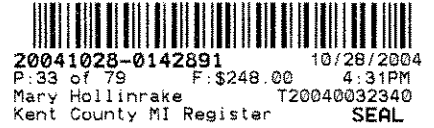
(a) The common expenses of the Condominium shall consist, among other things, of such amounts as the Board may deem proper for the operation and maintenance of the Condominium Project under the powers and duties delegated to it hereunder, and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating reserve, for a reserve for repair and replacement of the Common Elements or other Association property, and for meeting any deficit in the common expense for any prior year. All costs incurred by the Association in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Project shall be common expenses of administration, and all sums received as proceeds of or pursuant to any policy of insurance securing the interests of the Co-owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration thereof shall be receipts of administration. The Association shall be assessed as the entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

(b) Common expenses shall be apportioned among all Units on an equal basis.

5.03 Special Expenses.

(a) The special expenses of the Association include the costs of utilities which are billed to the Association and specially assessed to individual Units, such as water and sewer. Special expenses also include costs or activities attributable to the acts or omissions of less than all of the Co-owners, and/or from the maintenance, repair or replacement of certain Limited Common Elements, all of which may be specially assessed against individual Unit or Units pursuant to the terms of the Master Deed.

(b) Special expenses associated with the administration of a Limited Common Element area shall be apportioned equally among the Co-owners whose Units are appurtenant to the Limited Common Element area.



5.04. Levy of Assessments.

(a) The Board shall advise each Co-owner in writing of the amount of common and special expenses payable by him or her and shall furnish copies of each budget upon which such charges are based to all Co-owners, although failure to deliver a copy of the budget to each member shall not affect any member's liability for any existing or future assessment. All assessments which arise from the annual budgeting process shall be known as "regular assessments."

(b) Regular assessments shall be payable in monthly or quarterly assessments as determined by the Board of Directors, in advance, commencing with acceptance of a conveyance to a Unit, or with the acquisition of title to a Unit by any other means.

5.05. Increase of Regular Assessment During Fiscal Year. Absent Co-owner approval as herein provided, regular assessments shall only be increased during a given fiscal year of the Association in accordance with the following:

- (a) If the Board shall find the annual budget as originally adopted is insufficient to pay the costs of operation and maintenance of administering the Project;
- (b) To provide for the replacement of existing Common Elements;
- (c) To provide for the purchase of additions to the common elements in an amount not exceeding \$1,000 per improvement and \$75 per Unit annually, whichever is less; or
- (d) In the event of emergency or unforeseen development.

Any increase in regular assessments other than or in addition to the foregoing shall require approval by a vote of 60% or more of the Co-owners.

5.06. Determination of Special Assessments. All assessments which are not included in the annual budget of the Association shall be determined and levied by the Board of Directors, after notice to the affected Co-owners and a hearing thereon, and they shall be known as special assessments. The Board shall, by resolution, determine the terms of payment of any special assessment, and, where an assessment involves more than one Co-owner, apportion the special assessment among Co-owners on a reasonable basis.

5.07. Collection of Assessments.

(a) All assessments and all fines levied against a Co-owner by the Association which are unpaid, together with interest on such sums, collection and late charges, advances

made by the Association for taxes or other liens to protect its lien (a "protective advance"), and attorneys fees, constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment or other charge became due, prior to all other liens except tax liens in favor of any state or federal taxing authority, and sums unpaid on a first mortgage of record except that assessments that are evidenced by a notice of lien, have priority over a first mortgage recorded subsequent to the recording of the notice of lien. For purposes of this subsection (a), the term "assessment" includes, without limitation, all regular and special assessments described in this Article V and all special assessments against Co-owners described in Article XII or elsewhere in these Bylaws. The assessment lien upon each Condominium Unit owned by the Co-owner shall be in the amount assessed against the Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Condominium Unit(s) no longer owned by the Co-owner but which become due while the Co-owner had title to the Unit(s).

(b) Each Co-owner shall be obligated for the payment of all assessments, fines, interest, late fees, protective advances, and attorneys fees levied with regard to his Unit during the time that he is the owner thereof, and no Co-owner may exempt himself from liability for his contribution by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of his or her Unit.

(c) In the event of default by any Co-owner in paying an assessment, the Board may accelerate and declare all unpaid installments of the regular assessments for the pertinent fiscal year immediately due and payable. In addition, the Board may assess reasonable late charges, or interest at twelve percent (12%) per annum or the highest legal rate, whichever is lower, on such assessment from the date thereof.

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

(e) In addition to any other remedies available to the Association, the Association may enforce the collection of unpaid assessments by suit at law for a money judgment or by foreclosure of the statutory lien securing payment of assessments in the manner provided by Section 108 of the Act, as amended. Each Co-owner, and every other person who from time to time has any interest in the Project, will be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law for foreclosures by advertisement. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to the Unit he was notified of the provisions of this subsection, including this power of sale, and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and of any hearing on the same prior to the sale of the subject Unit. The Association shall have the unqualified right to elect to foreclose

the lien securing payment of assessments either by judicial action or by advertisement, in the name of the condominium Project on behalf of the Co-owners. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. The Association is entitled to reasonable interest, expenses, costs, and attorney fees for foreclosure by advertisement or judicial action.

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

(i) Notice of lien shall set forth:

a. The legal description of the Condominium Unit or Units to which the lien attaches.

b. The name of the Co-owner of record.

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

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

(iii) The notice of lien shall be recorded in the office of the register of deeds in the county in which the Project is located and shall be served upon the delinquent Co-owner by first class mail, postage prepaid, addressed to the last known address of the Co-owner at least ten (10) days in advance of commencement of the foreclosure proceeding.

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

(h) The Association, acting on behalf of all Co-owners, may bid in at the foreclosure sale, and acquire, lease, mortgage, or convey the Condominium Unit. An action to

recover money judgments for unpaid assessments may be maintained without foreclosing or waiving the lien. An action for money damages and foreclosure may be combined in one action.

(i) The Co-owner of a Condominium Unit subject to foreclosure, and any purchaser, grantee, successor, or assignee of the Co-owner's interest in the Condominium Unit, is liable for assessments by the Association of Co-owner chargeable to the Condominium Unit that become due before expiration of the period of redemption together with interest, advances made by the Association for taxes or other liens to protect its lien, costs, and attorneys fees incurred in their collection.

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

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

5.09. Obligations of the Developer and Certain Residential Builders. Notwithstanding any provision in this Article to the contrary, the Developer of the Condominium Project, and any residential builder who is specifically assigned rights by the Developer, although a member or members of the Association, will not be responsible during the Development and Sales Period for payment of the regular Association assessments or special assessments, except with respect to Units owned by it on which a completed Unit is located and occupied. The Developer (and/or designated residential builder) will at all times pay all expenses of maintaining the Units that it owns, including the other improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of other improvements constructed within or appurtenant to the Units that are not owned by Developer (and/or by a designated residential builder). For purposes of the foregoing sentence, the Developer's (and/or

designated residential builder's) proportionate share of such expenses will be based upon the ratio of all Units owned by such party at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer (and/or designated residential builder) be responsible for payment of any charges for or with respect to deferred maintenance, reserves for replacement, reserves for contingencies, capital improvements or other special assessments, except with respect to completed Units owned by it. In no event shall the Developer (and/or designated residential builder) be liable for any expense or assessment levied in whole or in part to purchase a Unit from the Developer (and/or designated residential builder) or to finance litigation or other claims against the Developer (and/or designated residential builder), any cost of investigating and preparing such litigation or claim or any similar related costs. In no event shall the Developer (and/or designated residential builder) be liable for any special assessment levied pursuant to Section 4.06(b) or 4.06(c). For purposes of this paragraph, a "completed unit" shall mean a unit with respect to which a Certificate of Occupancy or its equivalent has been issued by the applicable local authority and which is occupied.

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

ARTICLE VI

TAXES, INSURANCE AND REPAIR

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

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

6.02. Insurance. The Association shall, to the extent appropriate given the nature of the Common Elements of the Project, obtain and maintain, to the extent available, fire insurance with extended coverage, vandalism and malicious mischief endorsements, and liability insurance,

director and officer liability coverage and worker's compensation insurance pertinent to the ownership, use and maintenance of the Common Elements of the Project. All such insurance shall be purchased by the Board of Directors for the benefit of the Association, the Co-owners, the mortgagees and the Developer, as their interests may appear. Such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Board of Directors for the benefit of the Association, the Co-owners, the mortgagees and the Developer, as their interests may appear, and provision shall be made for the issuance of certificate of mortgagee endorsements to all mortgagees. Each Co-owner shall be responsible for obtaining insurance coverage at the Co-owner's expense for the personal property located within the Co-owner's Unit or elsewhere in the Project and for personal liability for occurrences within the Co-owner's Unit or upon Limited Common Elements appurtenant to the Co-owner's Unit, and the Association shall have no responsibility for obtaining such coverage.

(b) If insurance proceeds shall be held by the Association for the benefit of individual Co-owners, then such Co-owners shall be entitled to receive such proceeds, provided that any proceeds for reconstruction of the interior of the Co-owner's Unit may be used by the Association to reconstruct the interior of the Unit or, to the extent not reconstructed by the Association, subject to such disbursement procedures as the Association may use to assure all such insurance proceeds are used to reconstruct the Unit with a contractor or contractors approved by the Association for such work at the Project. The Association and all Co-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(c) All Common Elements of the Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding land, foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall include interior walls within any Unit and the pipes, wires, conduits and ducts contained therein and the fixtures, appliances, equipment and trim within a Unit which were originally furnished with the Unit as standard items (or replacements thereof of approximately equal value). Any additions which are fixtures attached to the real estate made by a Co-owner within his Unit shall be covered by the insurance obtained by and at the expense of the Association; provided that any additional premium cost to the Association attributable to any additions made by a Co-owner within his Unit may, at the election of the Association, be specially assessed to and borne solely by said Co-owner and collected as a part of the assessments against said Co-owner as provided herein.

(d) The property insurance policy obtained by the Association shall include either a guaranteed replacement cost endorsement under which the insurer agrees to replace the insurable property regardless of the cost and, if the policy includes a coinsurance clause, an agreed amount endorsement which waives the requirement for coinsurance, or a replacement cost endorsement under which the insurer agrees to pay up to 100% of the property's insurable


replace cost, but not more and, if the policy includes a coinsurance clause, an agreed amount endorsement which waives the requirement for coinsurance. Unless a higher deductible is allowed under State law, the maximum deductible amount will be the lesser of \$10,000 or 1% of the policy face amount. The Association should keep funds to cover the deductible amounts in the operating reserve account it maintains. The policy should also include an inflation guard endorsement, when it can be obtained, and a building ordinance or law endorsement which provides for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction.

(e) The property insurance policy should also provide: that the right to subrogation against Co-owners will be waived; the insurance will not be prejudiced by any acts or omissions of individual Co-owners that are not under the control of the Association; the policy will be primary, even if a unit owner has other insurance that covers the same loss; and that insurance trust agreements will be recognized.

(f) The liability insurance maintained by the Association shall consist of a commercial general liability insurance policy (or its equivalent) for the entire project, including all common element areas, public ways, and any other areas that are under its supervision which provides coverage of at least one million dollars for bodily injury and property damage for any single occurrence. If the policy does not include "severality of interest" in its terms, a specific endorsement shall be included to preclude the insurer's denial of a Co-owner's claim because of the negligent acts of the Association or of other Co-owners. The policy should provide for at least ten day's notice to the Association and to any registered mortgagees before the insurer can cancel or substantially modify it.

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

(a) If the damaged property is a General Common Element, or part of a Unit insured by the Association, or an easement or right of way benefiting the Condominium Project, the damaged property shall be repaired, rebuilt or replaced, unless all of the Co-owners and all of the institutional holders of mortgages on any Unit in the Project unanimously agree to the contrary. The Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual costs thereof. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.


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(b) If the damaged property is part of a Unit or Limited Common Element appurtenant to only a single Unit, and not insured by the Association or any improvement constructed within a Unit or Limited Common Element appurtenant to only a single Unit, and not insured by the Association, the Co-owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgages or other person having an interest in such property, and such Co-owner shall be responsible for the cost of any reconstruction or repair that he elects to make. The Co-owner shall in any event remove all debris and restore his Unit or appurtenant Limited Common Element and the improvements located therein to a clean and slightly condition satisfactory to the Association within a reasonable period of time following the occurrence of the damage.

(c) If the damaged property is a Limited Common Element appurtenant to more than one Unit, or if it is any improvement constructed within such Limited Common Element, the following procedure shall apply: (1) the Association shall obtain reliable and detailed estimates of the cost to repair, rebuild or replace the damaged property in a condition as good as that existing before the damage; and (2) the Association shall notify each of the Co-owners and mortgagees of Units to which the Limited Common Element is appurtenant in writing of the damage to the property, the estimated cost to repair, rebuild or replace the damage, and the availability of insurance proceeds to pay for the cost of repairing, rebuilding or replacing the damaged property.

If it is possible to repair or rebuild the damaged property in a condition as good as that existing before the damage, or replace the damaged property, the Association shall make such complete repair or replacement unless, within 20 days after the Association gives the above written notice to the Co-owners and mortgagees, more than 60 percent of the Co-owners of the Units to which the Limited Common Element is appurtenant instruct the Board of Directors not to make such repairs or replacements. If the damaged property is repaired, rebuilt or replaced, all Co-owners of Units to which the Limited Common Element is appurtenant shall be responsible for an equal share of the cost of repair or replacement of the damaged property. If at any time during such repair or replacement the funds for the payment of the cost thereof are not covered by insurance proceeds or are otherwise insufficient, a special assessment for the cost of repair or replacement of the damaged property in sufficient amounts to provide funds to pay the estimated or actual costs thereof shall be made on an equal basis against the Units to which the Limited Common Element is appurtenant. If the Association has received or will receive insurance proceeds for the damaged property and the Association does not rebuild or repair the damaged property, the Association shall distribute the insurance proceeds to the Co-owners of the Units to which the Limited Common Element is appurtenant on an equal basis, subject to the rights of any mortgagees of such Units.

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

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


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(a) If any portion of the Common Elements is taken by eminent domain, the award therefor shall be allocated to the Co-owners in proportion to their respective undivided interests in the Common Elements, after taking into consideration any specific loss attributable to a Unit because the condemned Common Element is "limited" in nature. The Association, acting through its Board of Directors, may respond to any good faith offer from the condemning authority or otherwise negotiate on behalf of all Co-owners for any taking of the Common Elements and any negotiated settlement approved by more than two-thirds of Co-owners in value shall be binding on all Co-owners.

(b) If a Condominium Unit is taken by eminent domain, the undivided interest in the Common Elements appertaining to the Condominium Unit shall thenceforth appertain to the remaining Condominium Units, being allocated to them in proportion to their respective undivided interest in the Common Elements. The court shall enter a decree reflecting the reallocation of undivided interest produced thereby, and the award shall include, without limitation, just compensation to the Co-owner of the Condominium Unit taken for his undivided interest in the Common Elements as well as for the Condominium Unit.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS


7.01. Primary Use Restrictions. Condominium Units shall be used exclusively for residential occupancy, and no Unit or any Common Element appurtenant thereto shall be used for any purpose other than that of a single family residence or other purposes customarily incidental thereto, except that with required approval of the local public authority professional and quasi-professional Co-owners may use their residence as an ancillary facility to an office established elsewhere, so long as such use does not generate traffic by members of the general public. The foregoing restrictions as to use shall not, however, be construed in such manner as to prohibit a Co-owner from: (a) maintaining his personal professional library; (b) keeping his personal business or professional records and accounts; or (c) handling his personal or business telephone calls and correspondence. Such uses are expressly declared customarily incidental to principal residential use and not in violation of said restrictions.

7.02. Common Areas. The General Common Element Areas shall be used only by the Co-owners of Units in the Condominium and by their agents, tenants, family members, invitees and licensees for access, ingress to and egress from the respective Units and for other customary purposes incidental to use of the Units; provided, however, that any roadways, storm water detention basins, storage areas or other common areas designed for a specific use shall be used only for the purposes approved by the Board of Directors of the Association. The use, maintenance and operation of the General Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Co-owner, and shall be subject to any lease, concession or easement, presently in existence or entered into by the Board at some future time, affecting any part or all of said common elements.

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

The restrictions contained in this Article VII shall not apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period, or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, the Developer and its duly authorized agents, representatives, and employees, and any residential builders who receives an assignment of rights from the Developer, shall have the right to maintain a sales office, advertising display signs, storage areas and reasonable parking incident to the foregoing within the Project and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer.

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


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

(a) **Sump Pumps.** Each building of the Project is serviced by at least one sump pump which has been installed by the Developer and which is maintained by the Association. If the sump pump is wired into the electrical service of a less than all Co-owners who are benefited by the operation of the sump pump, the Association shall estimate the electrical usage of the sump pump from time to time, but not less than annually, and issue a credit against the assessment liability of the Co-owner whose unit houses the pump, for the cost of furnishing electricity to the sump pump.

(b) **Storage.** The Common Elements shall not be used for the storage of supplies or personal property, without the prior written consent of the Association. This includes, without limitation, the areas beneath the decks of the Project. In general, no activity shall be carried nor condition maintained by any Co-owner either in his Unit or upon the Common Elements which would despoil the appearance of the Condominium.

(c) **Displays.** No Co-owner shall display, hang or store any clothing, sheets, blankets, laundry or other articles outside his Unit, or which may be visible from the outside of his Unit (other than draperies or curtains, blinds and/or shades of a customary nature and appearance), or paint or adorn the outside of his Unit, or install outside his Unit any CB, short wave or other radio or television antennae, window air-conditioning unit, awning, screens on porch and/or patio, solar equipment or panels of any kind, weathervanes or other roof attachments, without the prior written permission of the Association. The foregoing restrictions shall not be construed to prohibit a co-owner from placing and maintaining outdoor furniture and decorative live foliage (not plastic or other artificial compound) of a customary nature and appearance on a patio, deck or courtyard constructed adjacent to his Unit; provided, that no patio, deck or balcony which is visible from another Unit or from the General Common Elements of the Project during the winter season. No Co-owner may store firewood outside of his Unit or outside his garage except with the prior written consent of the Association.

(d) **Changes.** No Co-owner shall make any alterations, additions or improvements to any Common Element, nor make changes to the exterior appearance or structural members of his Unit (including without limitation, windows and doors) without the prior written approval of the Association, including without limitation, outside courtyard areas. The Association shall not approve any alterations or structural modifications which would jeopardize or impair the soundness, safety or appearance of the Project. An Owner may make alterations, additions or improvements within his Unit with the prior written approval of the Association, and any relevant governmental authority, but such Owner shall be responsible for any damage to other Units, the Common Elements, the property, or any part thereof, resulting from such alterations, additions or improvements. No Co-owner shall in any way restrict access to any utility line or other Common Element that must be accessible to service the Common Elements or any

Common Element which affects an Association responsibility in any way, without the prior written consent of the Association.

(e) **Signs**. No signs or other advertising devices shall be displayed which are visible from the exterior of any Unit or upon the Common Elements, including but not limited to "for sale" signs, without the prior written permission of the Association. Nothing herein will be construed to prevent the Developer from erecting, placing, or maintaining signs and offices as may be deemed necessary by the Developer in connection with the sale of Units.

(f) **Leasing**. No portion of a Unit may be rented and no transient tenants may be accommodated therein, provided, that nothing herein shall prevent the rental or sublease of an entire Unit together with the limited common elements appurtenant to such Unit for residential purposes in the manner set forth in Article IX.

(g) **Nuisances**. No nuisances shall be permitted in the Condominium Project nor shall any use or practice be permitted which is a source of annoyance to its residents, or which interferes with the peaceful possession or proper use of the Project by its residents.

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

(i) **Dangerous Projectiles**. No Co-owner shall use, or permit the use by any occupant, agent, tenant, invitee, guest or member of his family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, illegal fireworks or other dangerous weapons, projectiles or devices anywhere on or about the Condominium Project.

(j) **Animals**.

(1) No animal or bird (together "pet" or "pets") may be kept in the Condominium without the prior written consent of the Developer, provided such permission is requested from the Developer during the Development and Sales Period. Any consent given by the Developer shall apply only to the particular pet involved, for as long as such pet resides with the same Co-owner(s) in the Project, and such permission shall not apply to any substitute or replacement pet, or to any transfers of the pet to another owner who resides in the Condominium. The Developer's right to grant permission under this subparagraph (1) shall terminate thirty (30) days after the Development and Sales Period concludes; provided however, that any permission

granted by the Developer shall not be revocable by the Association except for cause under subsection (3) of this subsection (b).

(2) After the Development and Sales Period concludes, the Association may consent to the keeping of additional domestic household pets in the Condominium in accordance with the rules and regulations of the Association, but the Association is under no obligation to do so. No savage animal or bird, no dangerous animal or bird, and no farm animal or bird shall be kept in the Project. No animal may be kept or bred for any commercial purposes within the Condominium. Any pet permitted under the provisions of this subsection (2) shall be kept only in compliance with the rules and regulations promulgated by the Board of Directors from time to time.

(3) Regardless of whether the Association or the Developer grants permission for the keeping of a pet, all pets: (1) must be registered with the Association; (2) must be kept only in compliance with the Rules of Conduct promulgated by the Board of Directors from time to time; (3) must at all times be kept under such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions; and (4) shall not be permitted to run loose upon the Common Elements. At all time, all pets must be kept under such care and restraint as not to be obnoxious on account of noise, odor, or unsanitary conditions. No farm animals are allowed. The Co-owner of the Unit which keeps the pet shall be exclusively responsible for cleaning up after the pet. The Association may, without liability to the owner thereof, remove or cause any animal to be removed from the Project which it determines to be in violation of the restrictions imposed by this subsection (3). Any person who causes or permits any animal or bird to be brought or kept in the Condominium shall indemnify and hold harmless the Developer and the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal or bird in the Condominium Project. The Association may, after notice and hearing, specially assess the Co-owner of any Unit for any expenses incurred by the Association as a result of damage caused to the Common Elements or to another person, animal or property by the Co-owner's pet, or by any other animal or bird the Co-owner, or his tenants or guests, bring into the Condominium Project.

(k) **Shelters.** No mobile home, trailer, tent, shack, garage, accessory building, outbuilding or other structures of a temporary character shall be erected, occupied or used at any time within the Condominium Project without the prior written consent of the Association.

(l) **Insurance Increase.** Nothing shall be done or kept in any Unit or on the Common Elements which will increase the rate of insurance for the Project without the prior written consent of the association. No Co-owner shall permit anything to be done or kept in his Unit or on the Common Elements which will result in the cancellation of insurance on any Unit, or any part of the Common Elements.

(m) **Trash.** All trash shall be kept inside a garage or other fully enclosed area except for short periods of time reasonably necessary to permit collection.

(o) **Recreational and Commercial Vehicles.** No recreational vehicles, house trailers, trailers, boats, camping vehicles, motorcycles, all terrain vehicles, vans (other than mini-vans), snowmobiles, or boats shall be parked or stored on the private roads of the Project, nor parked in any driveway or kept in any garage if such storage would prevent full closure of the door thereto, for more than three (3) days without the written approval of the Association. The three (3) day period must either immediately precede or follow a bona fide trip. No more than one (1) automobile or other vehicle customarily used for transportation purposes shall be kept or stored outside a garage by those persons residing in any Unit; provided however, that no commercial vehicles, trucks (including pick-up trucks), or motorcycles shall be parked in or about the Condominium, outside of a closed garage, except for the making of deliveries or pick-ups in the normal course of business. A "commercial vehicle" includes all motor vehicles used for the transportation of passengers for hire, or constructed or used for the transportation of goods, wares or merchandise, and/or all motor vehicles designed and used for drawing other vehicles and not so constructed as to carry any load thereon either independently or any part of the weight of a vehicle or load so drawn. A commercial vehicle includes all motor vehicles weighing in excess of seven thousand (7,000) pounds and/or all motor vehicles which have lettering on the outside of their vehicle's body advertising or indicating the name of a commercial enterprise. Vehicles owned by a police or fire department, or which identify a state, county, or municipal office are not commercial vehicles as long as they do not exceed the weight limit provided in this section for commercial vehicles. A truck includes every motor vehicle designed, used, or maintained primarily for the transportation of property.

(p) **Outside Plantings.** Only live plantings (e.g., no plastic or artificial foliage) may be displayed in the areas of the Project located outside of Unit dimensions (e.g., porches, patios, decks and courtyards).

(q) **Guest Parking.** Co-owners and residents shall not use or obstruct any guest parking areas which may be located on the General Common Elements of the Project without the prior consent of the Association. All windows, porches, balconies and exteriors of all Dwelling Units shall at all times be maintained in a neat and orderly manner.

(r) **Lighting.** All exterior garage lights shall be attached to a joint sensor administered by the Association, and all light bulbs used in the lights shall be of uniform shape and design, as designated by the Association. No exterior light fixtures may be modified or replaced with a different style, except with the consent of the Association. No vapor lights, dusk to dawn lights or other lights regularly left on during the night may be installed or maintained on the exterior of any Unit without the prior approval of the Board of Directors.

(s) **Fires; Hazardous Materials.** No outdoor fires for the purpose of burning leaves, grass or other forms of trash shall be permitted within the Project. No outside incinerators shall be kept, allowed or used on any Unit nor may trash be disposed of by burning on any Unit. No Co-owner may bring or maintain environmentally hazardous materials in the Condominium unless for domestic use at the Co-owner's residence and in reasonable quantities limited to the immediate need. No more than ten (10) gallons of petroleum products may be stored at any Unit (not including fuel within the tanks of cars or other vehicles).

(t) **Storage; Garage Doors.** The Common Elements shall not be used for the storage of supplies or personal property (except for such short periods of time as may be reasonably necessary to permit periodic collection of trash), without the prior written consent of the Association. No activity shall be carried on nor condition maintained by any Co-owner either in his Unit or upon the Common Elements which would despoil the appearance of the Condominium. For security and aesthetic reasons, garage doors will be kept closed at all times except as may be reasonably necessary to gain access to and from any garage. Each garage door must have a functional remote controlled garage door opener attached to the garage door at all times.

(u) **Sales.** No garage sales, estate sales or similar events may be held in the Project unless first approved by the Association.

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

(w) **Construction.** The restrictions hereby placed upon the Condominium Project will not be construed or deemed to create negative reciprocal covenants, easements or any restrictions upon the use of the area of adjacent lands owned by the Developer.

7.06. Rules of Conduct. Reasonable rules and regulations concerning the use of Condominium Units and Common Elements, limited and general, may be promulgated and amended by the Board. Copies of such rules and regulations shall be furnished by the Board to each Co-owner at least ten (10) days prior to their effective date, and may be revoked at any time by the affirmative vote of more than a majority of all Co-owners in value.

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

(a) Failure to comply with any restriction on use and occupancy contained herein or of any other term or provision of the Condominium Documents shall be grounds for relief, which may include an action to recover sums due for damages, injunctive relief, foreclosure of lien or any other remedy which in the sole discretion of the Board of Directors is appropriate to the nature of the breach as may be set forth in the Condominium Documents including, without limitation, the discontinuance of services upon seven days notice, the levying of fines against Co-owners after notice and hearing thereon and the imposition of late charges for non-payment of assessments. All such remedies shall be deemed to be cumulative and shall not be considered as an election of remedies.

(b) In a proceeding arising because of an alleged default by a Co-owner, the Association, if successful, may recover the cost of the proceeding and such actual attorneys fees as may be determined by the court.

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

(d) A co-owner may maintain an action against the Association and its officers and directors to compel these persons to enforce the terms and provisions of the Condominium Documents. In such a proceeding, the Association or the Co-owner, if successful, shall recover the costs of the proceeding and reasonable attorneys fees, as determined by the Court.

ARTICLE VIII

MORTGAGES

8.01. Mortgage of Condominium Units. Any Co-owner who mortgages a Condominium Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain a list with such information. Any mortgagee may also request the Association to be included in the list of mortgagees. At the written request of a mortgagee of any such Unit, the mortgagee shall be entitled to: (a) inspect the books and records relating to the Project during normal business hours, upon reasonable notice; (b) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Owners; and (c) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings. Failure, however, of the Association to provide any of the foregoing to a mortgagee who has so requested the same shall not affect the validity of any action or decision which is related thereto. A mortgagee shall also have the right to audit the books and records of the Association at its expense.

8.02. Notice of Insurance. The Association shall notify each mortgagee who is registered with the Association of the name and each company insuring the condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage. The holder of the mortgage is entitled, upon written request, to notification from the Association of any default by the mortgagor of such Condominium Unit in the performance of such mortgagor's obligations under the Condominium Documents which is not cured within thirty (30) days.

8.03. Notice of Foreclosure. The mortgagee of a first mortgage of record of a Condominium Unit shall give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address as shown on the records of the bureau administering corporations of the State of Michigan, or to the address the Association provided to

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

8.04 Notice of Mortgagees. If the Co-owner of a Unit fails to notify the Association of the names and addresses of the mortgagee(s) of its Unit, or if the Association has reason to believe the information concerning the mortgagee(s) of the Unit is incorrect or incomplete, the Association may order a title search of the Unit and the Association may specially assess the cost of the same against the Co-owner.


ARTICLE IX

LEASES

9.01. Notice of Lease. A Co-owner, including the Developer, desiring to rent or lease a Condominium Unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a prospective tenant or otherwise agreeing to grant possession of a Condominium Unit to a potential tenant, and, at the same time, shall supply the Association with a copy of the exact lease form for its review for compliance with the Condominium Documents. If no lease form is to be used, then the Co-owner or Developer shall supply the Association with the name and address of the potential tenant, along with the rental amount and due dates under the proposed agreement. A Developer proposing to rent Condominium Units before the Transitional Control Date, shall notify either the Advisory Committee or each Co-owner in writing.

9.02. Terms of Lease. Tenants or non Co-owner occupants shall comply with all the conditions of the Condominium Documents of the Project, and all lease and rental agreements shall so state.

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


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

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

(c) If, after 15 days the Association believes that the alleged breach has not been cured or may be repeated, it may institute an action for eviction against the tenant or non Co-owner occupant and a simultaneous action for money damages (in the same or in a separate action) against the Co-owner and tenant or non Co-owner occupant for breach of the conditions of the Condominium Documents. The relief set forth in this Section may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the General Common Elements caused by the Co-owner or tenant in connection with the Condominium Unit or Condominium Project.

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

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

(b) Initiate proceedings pursuant to Section 9.03(c) above.

ARTICLE X

ARBITRATION

10.01. Submission to Arbitration.

(a) Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, By-Laws or other Condominium Documents, or to any disputes, claims or grievances arising among or between the Co-owners or between such owners and the Association may, upon the election and written consent of the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration by the Arbitration Association and the parties thereto shall accept the Arbitrator's award as final and binding. All arbitration hereunder shall proceed in accordance with Sections 5001-5065 of Act 236 of the

Public Acts of 1961, as amended, according to the arbitration rules specified by Section 54 of the Act, as amended, if any are specified.


(b) In the absence of the election and written consent of the parties under subsection (a), neither a Co-owner nor the Association is prohibited from petitioning a Court of competent jurisdiction to resolved any dispute, claim or grievance. The election by the parties to submit any dispute, claim, or grievance to arbitration prohibits the parties from petitioning the Courts regarding that dispute, claim or grievance.

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


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

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

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


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ARTICLE XI



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RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer will be made by appropriate instrument in writing in which the assignee or transferee will join for the purpose of evidencing its consent to the acceptance of such powers as herein given and reserved to the Developer. Any rights and powers reserved or retained by Developer or its successors will expire and terminate, if not sooner assigned to the Association, 180 days after the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the expiration and termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar that the Developer is concerned, only to Developer's rights to approve and control the administration of the Condominium and will not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights or interests granted or reserved to the Developer 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 will not be terminable in any manner hereunder and which will be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XII

VIOLATIONS; ASSESSMENT OF FINES

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

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

(a) **Notice.** Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address shown in the notice required to be filed with the Association pursuant to Section 2.04 of these Bylaws.

(b) **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, but in no event shall the Co-owner be required to appear less than 10 days from the date of the notice.

(c) **Default.** Failure to respond to the notice of violation constitutes a default.

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

12.03 **Relief.** Upon violation of any of the provisions of the Condominium Documents and after default of the offending Co-owner or upon the decision of the Board as recited above, the Board shall determine what relief to pursue against the defaulting Co-owner under Section 7.07 of these Bylaws. If the Board chooses to fine a Co-owner, it shall determine a reasonable fine based upon the type of conduct involved and whether the conduct is recurring. In no event shall the fine exceed two hundred fifty dollars (\$250) per occurrence.

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

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

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.01. **Severability.** In the event that any of the terms, provisions, or covenants of these By-Laws or any Condominium Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable, and in such event the document shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

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

13.03. Amendment. These By-Laws may be amended, altered, changed, added to or repealed only in the manner set forth in Article IX of the Master Deed of Ledgestone.

13.04 Inflation Index. Whenever a specific monetary amount is specified in these Bylaws, such as for a fine or cap, such amount shall be subject to adjustment each year. Commencing January, 2007, and continuing each year thereafter, such monetary amount shall be increased, but not decreased, by using the immediately prior year's index as a base year, and by increasing the monetary amount by the annual change in the Consumer Price Index (CPI) published by the United States Dept. of Labor (All Cities Index), or any replacement or successor index established by the United States Dept. of Labor.

ARTICLE XIV

CONFLICTING PROVISIONS.

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

- (a) the Master Deed, including the Condominium Subdivision Plan but excluding these Bylaws;
- (b) these Bylaws;
- (c) the Articles of Incorporation of the Association;
- (d) the Association Bylaws;
- (e) the Rules of Conduct of the Association.


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