

CONDOMINIUM BYLAWS OF LAKE PINES

ARTICLE 1 THE CONDOMINIUM PROJECT

1. **ORGANIZATION.** LAKE PINES CONDOMINIUM, a residential condominium project located in Berrien Township, is being constructed in a single phase to comprise a total of 20 units. Once the Master Deed is recorded, the management, maintenance, operation and administration of the project shall be vested in an association of co-owners organized as a nonprofit corporation under Michigan law.

2. **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 Michigan Condominium Act, MCLA 559.101 et seq., MSA 26.50 (101) et seq., the Master Deed and its amendments, the articles of incorporation, the association bylaws, and other condominium documents that pertain to the use and operation of the condominium property. The association shall keep current copies of these documents and make them available for inspection at reasonable hours to co-owners, prospective purchasers and prospective mortgagees of units in the project. If the Michigan Condominium Act conflicts with any condominium documents referred to in these bylaws, the act shall govern. A party's acceptance of a deed of conveyance or of a lease or occupancy of a condominium unit in the project shall constitute an acceptance of the provisions of these documents and an agreement to comply with them.

ARTICLE II MEMBERSHIP AND VOTING

1. **MEMBERSHIP.** Each present and future co-owner of a unit in the project shall be a member of the association, and no other person or entity shall be entitled to membership. The share of a member in the funds and assets of the association may be assigned, pledged, or transferred only as an appurtenance to the condominium unit.

2. **VOTING RIGHTS.** Except as limited in the Master Deed and in these bylaws, each co-owner shall be entitled to one vote for each unit owned when voting by number, except owner of Lots 13 through 20, inclusive, (lots located on Lake Chapin Road) shall have no voting rights and no obligation for the payment of Condominium fees or assessments.

3. **MEMBERS ENTITLED TO VOTE.** No co-owner, other than the developer, may vote at a meeting of the association until the co-owner presents written evidence of the ownership of a condominium unit in the project, nor may a co-owner vote before the initial meeting of members (except for elections held pursuant to Article III, provision 4). The developer may vote only for those units to which it still holds title and for which it is paying the full monthly assessment in effect when the vote is cast.

The person 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 record

owners of the unit and filed with the secretary of the association. Such a certificate shall state the name and address of the designated individual, and the name and address of the party who is the legal co-owner. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until the ownership of the unit concerned changes.

4. **PROXIES.** Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and for any adjournment of that meeting and must be filed with the association before the appointed time of the meeting.

5. **MAJORITY.** At any meeting of members at which a quorum is present, fifty one percent (51%) of the co-owners entitled to vote and present in person or by proxy, shall constitute a majority for the approval of the matters presented to the meeting, except as otherwise required in these bylaws, in the Master Deed or by law.

ARTICLE III MEETINGS AND QUORUM

1. **INITIAL MEETING OF MEMBERS.** The initial meeting of the members of the association shall be convened within one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper co-owners of twenty five percent (25%) of the units that may be created or within fifty four (54) months after the first conveyance of legal or equitable title to a nondeveloper co-owner of a unit in the project, whichever occurs first. At the initial meeting, the eligible co-owners may vote for the election of directors of the association. The developer may call meetings of members of the association for informational or other appropriate purposes before the initial meeting, but no such informational meeting shall be construed as the initial meeting of members.

2. **ANNUAL MEETING OF MEMBERS.** After the initial meeting, an annual meeting of the members shall be held in each year at the time and place specified in the association bylaws. At least ten (10) days before an annual meeting, written notice of the time, place and purpose of the meeting shall be mailed to each member entitled to vote at the meeting. At least twenty (20) days written notice shall be provided to each member of any proposed amendment to these bylaws or to other condominium documents.

3. **ADVISORY COMMITTEE.** Not later than one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper 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 nondeveloper co-owner of a unit in the project, whichever occurs first, the developer shall select three (3) nondeveloper co-owners to serve as an advisory committee to the Board of Directors. The purpose of the advisory committee shall be to facilitate communication between the Board of Directors and the nondeveloper co-owners and to aid in the ultimate transfer of control to 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 when the advisory committee requests. However, there shall not be more than two (2) such meetings each year unless both parties agree.

4. **COMPOSITION OF THE BOARD.** Not later than one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper co-owners of twenty five percent (25%) of the units that may be created, at least one director and at least one-fourth of the Board of Directors of the association shall be elected by nondeveloper co-owners. Not later than one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper co-owners of seventy five percent (75%) of the units, the nondeveloper co-owners shall elect all directors on the board except that the developer may designate at least one director as long as the developer owns or offers for sale at least ten percent (10%) of the units in the project or as long as ten percent (10%) of the units that may be created remain unbuilt.

Notwithstanding the formula provided above, fifty four (54) months after the first conveyance of legal or equitable title to a nondeveloper co-owners of a unit in the project, if title to at least seventy five percent (75%) of the units that may be created has not been conveyed, the nondeveloper co-owners may elect the number of members of the Board of Directors of the association equal to the percentage of units they hold, and the developer may elect the number of members of the board equal to the percentage of units that it owns and pays assessments for. This election may increase but not reduce the minimum election and designation rights otherwise established in these bylaws. The application of this provision does not require a change in the size of the board as stated in the corporate bylaws.

If the calculation of the percentage of members of the board that the nondeveloper co-owners may elect or if the product of the number of members of the board multiplied by the percentage of units held by the nondeveloper co-owners results in a right of nondeveloper co-owners to elect a fractional number of members of the board, a fractional election right of 0.5 or more shall be rounded up to the nearest whole number, which shall be the number of members of the board that the nondeveloper co-owners may elect. After applying this formula, the developer may elect the remaining members of the board. The application of this provision shall not eliminate the right of the developer to designate at least one member, as provided in these bylaws.

5. **QUORUM OF MEMBERS.** The presence in person or by proxy of thirty percent (30%) of the co-owners entitled to vote shall constitute a quorum of members. The written vote of any person furnished at or before any meeting at which the person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question on which the vote is cast.

ARTICLE IV ADMINISTRATION

1. **BOARD OF DIRECTORS.** The business, property and affairs of the association shall be managed and administered by a Board of Directors to be elected in the manner stated in the association bylaws. The directors designated in the articles of incorporation shall serve until their successors have been elected and qualified at the initial meeting of members. All actions of

the first board of directors of the association named in its articles of incorporation or any successors elected by the developer before the initial meeting of members shall be binding on the association as though the actions had been authorized by a Board of Directors elected by the members of the association at the initial meeting or at any subsequent meeting, as long as the actions are within the scope of the powers and duties that may be exercised by a Board of Directors as provided in the condominium document. The Board of Directors may void any service contract or management contract between the association and the developer or affiliates of the developer on the transitional control date, within ninety (90) days after the transitional control date, or on thirty (30) days notice at any time after that for cause.

2. POWERS AND DUTIES. The board shall have all powers and duties necessary to administer the affairs of the association. The powers and duties to be exercised by the board shall include the following:

- (a) maintaining the common elements
- (b) developing an annual budget and determining, assessing and collecting amounts required for the operation and other affairs of the condominium
- (c) employing and dismissing personnel as necessary for the efficient management and operation of the condominium property
- (d) adopting and amending rules and regulations for the use of condominium property
- (e) opening bank accounts, borrowing money and issuing evidences of indebtedness to further the purposes of the condominium and designating required signatories therefor
- (f) obtaining insurance for condominium property, the premiums of which shall be an administration expense
- (g) leasing or purchasing premises suitable for use by a managing agent or custodial personnel, on terms approved by the board
- (h) granting concessions and licenses for the use of parts of the common elements for purposes not inconsistent with the Michigan Condominium Act or the condominium documents.
- (i) authorizing the signing of contracts, deeds of conveyance, easements, and rights of way affecting any real or personal property of the condominium on behalf of the co-owners
- (j) making repairs, additions, improvements and alterations to the condominium property and repairing and restoring the property in accordance with the other provisions of these bylaws after damage or destruction by fire or other casualties or condemnation or eminent domain proceedings.

(k) asserting, defending, or settling claims on behalf of all co-owners in connection with the common elements of the project and, on written notice to all co-owners, instituting actions on behalf of and against the co-owners in the name of the association

(l) other duties as imposed by resolutions of the members of the association or as stated in the condominium documents

3. **ACCOUNTING RECORDS.** The association shall keep detailed records of the expenditures and receipts affecting administration of the condominium. These records 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. These records shall be open for inspection by the co-owners during reasonable working hours at a place to be designated by the association. The association shall prepare a financial statement from these records and distribute it to all co-owners at least once a year. The association shall define the contents of the annual financial statement. Qualified independent auditors (who need not be certified public accounts) shall review the records annually and audit them every fifth year. The cost of these reviews and audits shall be an administration expense. Audits need not be certified.

4. **MAINTENANCE AND REPAIR.**

(a) Co-owners must maintain and repair their condominium units. Any co-owner who desires to repair a common element or structurally modify a unit must first obtain written consent from the association and shall be responsible for all damages to any other units or to the common elements resulting from such repairs or from the co-owner's failure to effect such maintenance and repairs.

(b) The association shall maintain and repair the general common elements outside the units to the extent stated in the Master Deed and shall charge the costs to all the co-owners as a common expense unless the repair is necessitated by the negligence, misuse, or neglect of a co-owner, in which case the expense shall be charged to the co-owner. The association and its agents shall also have access to each unit at all times without notice for emergency repairs necessary to prevent damage to other units or the common elements.

5. **RESERVE FUND.** The association shall maintain a reserve fund, to be used only for major repairs and replacement of the common elements, as required by MCLA 559.205, MSA 26.50(205). The fund shall be established in the minimum amount stated in these bylaws on or before the transitional control date and shall, to the extent possible, be maintained at a level that is equal to or greater than ten percent (10%) of the current annual budget of the association. The minimum reserve standard required by this provision may prove to be inadequate, and the board shall carefully analyze the project from time to time to determine whether a greater amount should be set aside or if additional reserve funds shall be established for other purposes.

6. **MECHANICS LIENS.** A mechanics lien for work performed on a condominium unit shall attach only to the unit on which the work was performed. A lien for work authorized by the developer or the principal contractor shall attach only to condominium units owned by the

developer when the statement of account and lien are recorded. A mechanics lien for work authorized by the association shall attach to each unit in proportion to the extent to which the co-owner must contribute to the administration expenses. No mechanics lien shall arise or attach to a condominium unit for work performed on the general common elements that is not contracted by the association or the developer.

7. **MANAGING AGENT.** The board may employ for the association a management company or managing agent at a compensation rate established by the board to perform duties and services authorized by the board, including the powers and duties listed in provision 2 of this article. The developer or any person or entity related to it may serve as managing agent if the board appoints the party.

8. **OFFICERS.** The association bylaws shall provide for 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 of the association that are not inconsistent with these bylaws. Officers may be compensated, but only on the affirmative vote of more than sixty percent (60%) of all co-owners, in number and in value.

9. **INDEMNIFICATION.** All directors and officers of the association shall be entitled to indemnification against costs and expenses incurred as a result of actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on behalf of the association on ten (10) days notice to all co-owners, in the manner and to the extent provided by the association bylaws. If no judicial determination of indemnification has been made, an opinion of independent counsel on the propriety of indemnification shall be obtained if a majority of co-owners vote to procure such an option.

ARTICLE V ASSESSMENTS

1. **ADMINISTRATION EXPENSES.** 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. Personal property taxes based on such assessments shall be treated as administration expenses. All costs incurred by the association for any liability connected with the common elements or the administration of the project shall be administration expenses. All sums received pursuant to any policy of insurance securing the interests of the co-owners against liabilities or losses connected with the common elements or the administration of the project shall be administration receipts.

2. **DETERMINATION OF ASSESSMENTS.** The initial annual assessment commencing with the year 1997 shall be \$250.00 per unit. From time to time and at least annually, the board shall adopt a budget for the condominium that shall include the estimated funds required to defray common expenses for which the association is responsible for the next year, including a reasonable allowance for contingencies and reserves and shall allocate and assess these common charges against all co-owners according to their respective common interests on a monthly basis.

In the absence of co-owner approval as provided in these bylaws, such assessments shall be increased only if one of the following conditions is met:

(a) The board finds the budget as originally adopted is insufficient to pay the costs of operating and maintaining the common elements.

(b) It is necessary to provide for the repair or replacement of existing common elements.

(c) An emergency or unforeseen development necessitates the increase. Any increase in assessments other than under these conditions, shall be considered a special assessment requiring approval by a vote of sixty percent (60%) or more of the co-owners, in number and in value.

3. LEVY OF ASSESSMENTS. All assessments levied against the units to cover administration expenses shall be apportioned among and paid by the co-owners equally, in advance. The common expenses shall include expenses the board deems proper to operate and maintain the condominium property under the powers and duties delegated to it under these bylaws and may include amounts to be set aside for working capital for the condominium, for a general operating reserve, and for a reserve to replace any deficit in the common expenses for any prior year. Any reserves established by the board before the initial meeting of members shall be subject to approval by the members at the initial meeting. The board shall advise each co-owner in writing of the amount of common charges payable by the co-owner and shall furnish copies of each budget on which such common charges are based to all co-owners.

4. COLLECTION OF ASSESSMENTS. Each co-owner shall be obligated to pay all assessments levied on the co-owner's unit while the co-owner owns the unit. No co-owner may be exempted from liability for the co-owner's contribution toward the administration expenses by a waiver of the use or enjoyment of any of the common elements or by the abandonment of the co-owner's unit. If any co-owner defaults in paying the assessed charges, the board may impose reasonable fines or charge interest at the legal rate on the assessment from the date it is due. Unpaid assessments shall constitute a lien on the unit that has priority over all other liens except state or federal tax liens and sums unpaid on a first mortgage of record recorded before any notice of lien by the association. The association may enforce the collection of a lien by a suit at law for a money judgment or by foreclosure of the liens, securing payment as provided in MCLA 559.k208, MSA 26.50 (208). In a foreclosure action, a receiver may be appointed and reasonable rent for the unit may be collected from the co-owner or anyone claiming possession under the co-owner. All expenses incurred in collection, including interest, costs and actual attorney fees, and any advances for taxes or other liens paid by the association to protect its lien shall be chargeable to the co-owner in default.

On the sale or conveyance of a condominium unit, all unpaid assessments against the unit shall be paid out of the sale price by the seller in preference over any other assessments or charges except as otherwise provided by the condominium documents or by the Michigan Condominium Act. A purchaser or grantee shall be entitled to a written statement from the association stating the amount of unpaid assessments against the seller or grantor. Such a purchaser or grantee shall not be liable for liens for any unpaid assessments against the seller or grantor in excess of the

amount in the written statement; neither shall the unit conveyed or granted be subject to any such liens. Unless the purchaser or grantee requests a written statement from the association at least five (5) days before a sale, as provided in the Michigan condominium Act, the purchaser or grantee shall be liable for any unpaid assessments against the unit, together with interest, costs and attorney fees incurred in the collection of unpaid assessments.

The association may also enter the common elements to remove or abate any condition or may discontinue the furnishing of any services to a co-owner in default under any of the condominium documents on seven (7) days written notice to the co-owner. A co-owner in default may not vote at any meeting of the association as long as the default continues.

5. OBLIGATIONS OF THE DEVELOPER.

(a) Until the regular monthly assessments paid by co-owners other than the developer are sufficient to support the total costs of the administration (excluding reserves), the developer shall pay the balance of such administration costs on account of the units owned by it, whether or not they are constructed.

(b) Once the regular monthly assessments paid by co-owners other than the developer are sufficient to support the total costs of administration (excluding reserves), the developer shall be assessed by the association for actual costs, if any, incurred by the association that are directly attributable to the units being constructed by the developer, together with a reasonable share of the costs of administration that indirectly benefit the developer (other than costs attributable to the maintenance of dwellings), such as legal fees, accounting fees, and maintenance of the landscaping, drives and walks. If a unit owned by the developer is leased or otherwise permanently occupied by a person holding under or through the developer, the developer shall pay all regular monthly assessments for the unit. In no event shall the developer be responsible for the cost of capital improvements or additions, by special assessment or otherwise, except for occupied units owned by it.

ARTICLE VI TAXES, INSURANCE AND REPAIRS

1. **TAXES.** After the year when the construction of a unit is completed, all special assessments and property taxes shall be assessed against the individual units and not against the total property of the project or any part of it. Special assessments and property taxes in any year when 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 only. Each unit shall be treated as a separate, single unit of real property for the purpose of property taxes and special assessments and shall not be combined with any other units.

2. **INSURANCE.** The association shall be appointed as attorney in fact for each co-owner to act in connection with insurance matters and shall be required to obtain and maintain, to the

extent available and applicable, liability insurance and worker compensation insurance pertinent to the ownership, use and maintenance of the common elements to the project. 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, their mortgagees and the developer, according to their interests. Each co-owner shall be responsible for obtaining insurance coverage at the co-owner's expense for the co-owner's unit. Each co-owner is responsible for obtaining insurance for the personal property located within the co-owner's unit or elsewhere in the condominium, for personal liability for occurrences within the co-owner's unit and for expenses to cover alternate living arrangements if a casualty causes temporary loss of the unit. 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 for the insurer to waive its right of subrogation regarding any claims against any co-owner or the association.

(b) If required, the association shall maintain adequate fidelity coverage to protect against dishonest acts by its officers, directors, trustees and employees and all others who are responsible for handling the association funds. Such fidelity bonds shall meet the following requirements:

(1) The association shall be named as an obligee.

(2) The policy shall be written in whatever amount any lending institution or other agency requesting the policy requires, according to the estimated annual operating expenses of the condominium project, including reserves.

(3) The policy shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of employee or similar terms.

(4) The policy shall provide that it may not be canceled or substantially modified, including for nonpayment of premiums, without at least thirty (30) days written notice.

(c) The Board of Directors is irrevocably appointed the agent for each co-owner, each mortgagee, other named insureds and their beneficiaries, and any other holders of liens or other interests in the condominium or the property, to adjust and settle all claims arising under insurance policies purchased by the board and to sign and deliver releases once claims are paid.

(d) Except as otherwise set forth in these bylaws, all premiums on insurance purchased by the association pursuant to these bylaws shall be administration expenses.

3. **RECONSTRUCTION AND REPAIRS.** If the condominium project or any of its common elements are destroyed or damaged, in whole or in part, and the proceeds of any policy insuring the project or common elements and payable because of the destruction or damage are sufficient to reconstruct the project, then the proceeds shall be applied to reconstruction. As used in this provision, reconstruction means restoration of the project to substantially the same condition that

it was in before the disaster, with each unit and the common elements having the same vertical and horizontal boundaries as before.

(a) If the property is not insured against peril causing the loss or the proceeds of the policies insuring the project, provisions for reconstruction may be made by the affirmative vote of at least seventy five percent (75%) of the co-owners voting at a meeting called for that purpose. Any such meeting shall be held within thirty (30) days after the final adjustment of insurance claims, if any, or within ninety (90) days after the disaster, whichever occurs first. At any such meeting, the Board or its representative shall present to the co-owners present an estimate of the cost of the reconstruction and the estimated amount of necessary special assessments against each unit to pay for it. If the property is reconstructed, any insurance proceeds shall be applied to the reconstruction, and special assessments may be made against the units to pay the balance.

(b) If the property is not insured against peril causing the loss or the proceeds of the policies insuring the project and payable because of the loss are insufficient to reconstruct the project and no provisions for either reconstruction or withdrawal are made pursuant to the preceding paragraphs, the provisions of the Michigan Condominium Act shall apply. Prompt written notice of all material damage or destruction to a unit or any part of the common elements shall be given to the holders of first mortgage liens on any affected units.

4. **EMINENT DOMAIN.** The following provisions shall pertain on any taking by eminent domain:

(a) If any part of the common elements is taken by eminent domain, the award shall be allocated to the co-owners in proportion to their undivided interests in the common elements. The association, through its Board of Directors, may negotiate on behalf of all co-owners for any taking of common elements, and any negotiated settlement approved by more than two-thirds of the co-owners based on assigned voting rights shall bind all co-owners.

(b) If a unit is taken by eminent domain, that unit's divided interest in the common elements shall be reallocated to the remaining units in proportion to their undivided interests in the common elements. The court shall enter a decree reflecting the reallocation of undivided interests and the award shall include just compensation to the co-owner of the unit taken for the co-owner's undivided interest in the common elements, as well as for the unit.

(c) If part of a unit is taken by eminent domain, the court shall determine the fair market value of the part of the unit not taken. The undivided interest for the unit in the common elements shall be reduced in proportion to the diminution in the fair market value of the unit resulting from the taking. The part of the undivided interest in the common elements thus divested from the co-owner of a unit shall be reallocated among the other units in the project in proportion to their undivided interests in the common elements. A unit that is partially taken shall receive the reallocation in proportion to its undivided interest as reduced by the court order under this provision. The Court shall enter a decree reflecting the reallocation of undivided interests, and the award shall include just compensation to the co-owner of the unit partially taken for that part of the undivided interest in the common elements divested from the co-owner

and not revested in the co-owner pursuant to provision (d), as well as for the part of the unit taken by eminent domain.

(d) If the taking of part of a unit makes it impractical to use the remaining part of that unit for lawful purpose permitted by the condominium documents, the entire undivided interest in the common elements appertaining to that unit shall be reallocated to the remaining units in the project in proportion to their undivided interests in the common elements. The remaining part of the unit shall then be a common element. The court shall enter an order reflecting the reallocation of undivided interests, and the award shall include just compensation to the co-owner of the unit for the co-owner's entire undivided interest in the common elements and for the entire condominium unit.

(e) Votes in the association and liability for future administration expenses pertaining to a unit that is taken or partially taken by eminent domain shall be reallocated to the remaining units in proportion to their voting strength in the association. The voting strength in the association of a unit that is partially taken shall be reduced in proportion to the reduction in its undivided interest in the common elements.

ARTICLE VII USE AND OCCUPANCY RESTRICTIONS

1. **RESIDENTIAL USE.** Condominium units shall be used exclusively for residential occupancy. No unit or common element shall be used for any purpose other than as a single family residence or for other purposes customarily incidental to that use, however, these restrictions on use shall not be construed to prohibit a co-owner from (a) maintaining a personal professional library, (b) keeping personal business or professional records or accounts, or (c) handling personal business or professional telephone calls or correspondence. Such uses are customarily incidental to principal residential use and not in violation of these restrictions.

2. **COMMON AREAS.** Only co-owners of units in the condominium and their agents, tenants, family members, invitees and licensees may use the common elements for access to and from the units and for other purposes incidental to the use of the units. Any recreational facilities, storage areas, and other common areas designed for a specific use shall be used only for the purposes approved by the board. The use, maintenance and operation of the common elements shall not be obstructed or unreasonably interfered with by a co-owner and shall be subject to any leases, concessions or easements now or later entered into by the board.

3. **SPECIFIC PROHIBITIONS.** Without limiting the generality of the preceding provisions in this article, the use of the project and all common elements by any co-owner shall be subject to the following restrictions:

(a) All of the units in said condominium shall be subject to the following restrictions:

(1) Each housing unit exclusive of basement, porches and garages, shall contain a minimum of square feet of living area as follows: Lots 1 through 6, inclusive, 2300 square feet;

except a one story residence may contain 2000 square feet if at the time of construction, the basement level has a finished walk-out area completed at the same time as initial construction, Lots 13 through 20, inclusive, 2000 square feet and Lots 7 through 12, inclusive, 2100 square feet.

(2) Exterior of said units shall be stone or brick, in part, in combination with wood or vinyl siding. Chimneys shall be constructed of masonry or cultured stone. (No 4' x 8' siding shall be permitted).

(3) All housing units shall have a minimum two (2) car garage.

(4) All proposed building plans and specifications shall be approved by the developer, prior to the commencement of construction.

(b) No part of a unit may be rented and no transient tenants may be accommodated in a unit. However, this restriction shall not prevent the rental or sublease of an entire unit for residential purposes.

(c) An owner may make alterations, additions, or improvements within a unit without written approval from the board, but the owner shall be responsible for any damage to other units, the common elements, the property, or any part of them that result from such alterations, additions or improvements.

(d) No nuisances shall be permitted on the condominium property, nor shall any use or practice that is a source of annoyance to the residents or that interferes with the peaceful possession or proper use of the project by its residents be permitted.

(e) No immoral, improper, offensive or unlawful use shall be made of the condominium property or any part of it, and nothing shall be done or kept in any unit or on the common elements that would increase the insurance premiums for the project without written consent from the board. No co-owner shall permit anything to be done or kept in a unit or on the common elements that would result in the cancellation of insurance on any unit or on any part of the common elements or that would violate any law.

(f) No signs, banners, or advertising devices shall be displayed that are visible from the exterior of any unit or on the common elements, including "for sale" signs, without written permission from the association or the managing agent.

(g) Pets permitted by the association shall be kept in compliance with the rules and regulations promulgated by the Board of Directors and must always be kept and restrained so they are not obnoxious because of noise, odor, or unsanitary conditions. No animal shall be permitted to run loose on the common elements, and the owner of each pet shall be responsible for cleaning up after it.

(h) The association may charge any co-owner maintaining animals a reasonable additional assessment to be collected as provided in these bylaws if the association determines such assessment to be necessary to defray the maintenance costs to the association of accommodating animals within the condominium. Any person who permits any animal to be brought on the condominium property shall indemnify the association for any loss, damage, or liability the association sustains as a result of the presence of the animal on the condominium property.

(i) No mobile home, van, trailer, tent, shack, garage, accessory building, outbuilding, or other temporary structure shall be erected, occupied, or used on the condominium property without written consent from the association. No mobile homes, unlicensed cars or more than one utility trailer shall be parked or stored outside on the condominium property for more than 24 hours without written approval from the association, and snowmobiles or other motorized recreational vehicles can be operated on the 66 foot road right of way on the condominium property at the posted speed limit. No maintenance or repair shall be performed on any boat or vehicle except within a garage or unit where it is totally isolated from public view.

(j) No more than three automobiles or other vehicle customarily used for transportation shall be kept outside a closed garage on the condominium property by persons residing in a unit, and no automobiles or other vehicles that are not in operating condition shall be permitted on the condominium property. No commercial vehicles or trucks shall be parked on the condominium property except to make deliveries or pickups in the normal course of business.

(k) The common elements shall not be used to store supplies or personal property (except garages and other areas specifically designated for this purpose). In general, no activity or condition shall be allowed in any unit on properties or on the common elements that would spoil the appearance of the condominium.

(l) In the absence of an election to arbitrate pursuant to Article X of these bylaws, a dispute or question whether a violation of any specific regulation or restriction in this article has occurred shall be submitted to the Board of Directors of the association, which shall conduct a hearing and render a written decision. The board's decision shall bind all owners and other parties that have an interest in the condominium project.

4. **RULES OF CONDUCT.** The board may promulgate and amend reasonable rules and regulations concerning the use of condominium units and general common elements. The board shall furnish copies of such rules and regulations to each co-owner at least ten (10) days before they become effective. Such rules and regulations may be revoked at any time by the affirmative vote of more than sixty six percent (66%) of all co-owners, in number.

5. **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 in these bylaws or with any other provisions of the condominium documents shall be grounds for relief, which may include an action to recover sums due for damages, injunctive relief, the foreclosure of a lien, or any

other remedy that the Board of Directors determines is appropriate as may be stated in the condominium documents, including the discontinuance of services on seven (7) days notice, the levying of fines against co-owners after notice and hearing, and the imposition of late charges for the nonpayment of assessments. All such remedies shall be cumulative and shall not preclude any other remedies.

(b) In a proceeding arising because of an alleged default by a co-owner, if the association is successful, it may recover the cost of the proceeding and actual attorney fees as the court may determine.

(c) The failure of the association to enforce any provision of the condominium documents shall not constitute a waiver of the right of the association to enforce the provision in the future. An aggrieved co-owner may compel the enforcement of the condominium documents by an action for injunctive relief or damages against the association, its officers, or another co-owner in the project.

6. **USE BY THE DEVELOPER.** While a unit is for sale by the developer, the developer and its agents, employees, contractors, subcontractors, and their agents and employees may access any part of the project as is reasonably required for the purpose of the sale. Until all the units in the project have been sold by the developer and each unit is occupied by the purchaser, the developer may maintain a sales office, model dwellings, a business office, a construction office, trucks, other construction equipment, storage areas, and customary signs to enable the development and sale of the entire project. The developer shall restore all areas and equipment to habitable status when it is finished with this use.

ARTICLE VIII MORTGAGES

1. **RIGHTS OF MORTGAGEES.** Notwithstanding any other provision of the condominium documents, except as required by law, any first mortgage of record of a condominium unit is subject to the following provisions:

(a) The holder of the mortgage is entitled, on written request, to notification from the association of any default by the mortgagor in the performance of the mortgagor's obligations under the condominium documents that is not cured within thirty (30) days.

(b) The holder of any first mortgage that comes into possession of a condominium unit pursuant to the remedies provided in the mortgage, deed or assignment in lieu of foreclosure shall be exempt from any option, right of first refusal, or other restriction on the sale or rental of the mortgage unit, including restrictions on the posting of signs pertaining to the sale or rental of the unit.

(c) The holder of any first mortgage that comes into possession of a condominium unit pursuant to the remedies provided in the mortgage, deed or assignment in lieu of foreclosure shall receive the property free of any claims for unpaid assessments or charges against the

mortgaged unit that have accrued before the holder comes into possession of the unit (except for claims for a pro rata share of assessments or charges resulting from a pro rata reallocation of assessments charged to all units, including the mortgaged unit).

ARTICLE IX LEASES

1. **NOTICE OF LEASES.** Any co-owner, including the developer, who desires to rent or lease a condominium unit for more than thirty (30) consecutive days shall inform the association in writing at least ten (10) days before presenting a lease form to a prospective tenant and, at the same time, shall give the association copy of the exact lease form for its review for compliance with the condominium documents. No unit shall be rented or leased for less than sixty (60) days without written consent from the association. If the developer proposes to rent condominium units before the transitional control date, it shall notify either the advisory committee or each co-owner in writing.

2. **TERMS OF LEASES.** Tenants and non-co-owner occupants shall comply with the provisions of the condominium documents of the project, and all lease and rental agreements shall state this condition.

3. **REMEDIES.** If the association determines that any tenant or non-owner occupant has failed to comply with the provisions of the condominium documents, the association may take the following actions:

(a) The association shall notify the co-owner by certified mail addressed to the co-owner at the co-owner's last known residence of the alleged violation by the tenant.

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

(c) If, after fifteen (15) days, the association believes that the alleged breach has not been cured or might 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 another action) against the co-owner and the tenant or non-co-owner occupant for breach of the provisions of the condominium documents. The relief stated in this provision 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 the tenant.

4. **ASSESSMENTS.** When a co-owner is in arrears to the association for assessments, the association may notify any tenant occupying a co-owner's unit under a lease or rental agreement of the arrearage in writing. After receiving such a notice, the tenant shall deduct from rental payments due to the co-owner the full arrearage and future assessments as they fall due and shall pay them to the association. Such deductions shall not be a breach of the rental agreement or lease.

ARTICLE X ARBITRATION

1. **SUBMISSION TO ARBITRATION.** Any dispute, claim, or grievance relating to the interpretation or application of the Master Deed, Bylaws, or other condominium documents among co-owners or between owners and the association may, on the election and written consent of the parties to the dispute, claim, or grievance and written notice to the association, be submitted to arbitration by the arbitration association. The parties shall accept the arbitrator's award as final and binding. All arbitration under these bylaws shall proceed in accordance with MCLA 600.5001 et seq., MSA 27A.5001 et seq., and applicable rules of the arbitration association.

2. **DISPUTES INVOLVING THE DEVELOPER.** A contract to settle by arbitration may also be signed by the developer and any claimant with a claim against the developer that may be the subject of a civil action, subject to the following conditions:

(a) At the exclusive option of purchaser, co-owner or person occupying a restricted unit in the project, the developer shall sign a contract to settle by arbitration a claim that may be the subject of a civil action against the developer that involves less than \$2,500.00 and relates to a purchase agreement, condominium unit, or the project.

(b) At the exclusive option of the association of co-owners, the developer shall sign a contract to settle by arbitration a claim that may be the subject of a civil action against the developer that relates to the common elements of the project and involve less than \$10,000.00.

3. **PRESERVATION OF RIGHTS.** The election of a co-owner or the association to submit a dispute, claim or grievance to arbitration shall preclude that party from litigating the dispute, claim or grievance in the courts. However, except as otherwise stated in this article, no interested party shall be precluded from petitioning the courts to resolve a dispute, claim, or grievance in the absence of an election to arbitrate.

ARTICLE XI MISCELLANEOUS PROVISIONS

1. **SEVERABILITY.** If any of the provisions of these bylaws or any condominium document are held to be partially or wholly invalid or unenforceable for any reason, that holding shall not affect, alter, or impair any of the other provisions of these documents or the remaining part of any provision that is held to be partially invalid or unenforceable. In such an event, the documents shall be construed as if the invalid or unenforceable provisions were omitted.

2. **NOTICES.** Notices provided for in the Michigan Condominium Act, the Master Deed, and the bylaws shall be in writing and shall be addressed to the association at 4623 Lake Chapin Road, Berrien Springs MI 49103, or to the co-owner at the address stated in the deed of conveyance, or to either party at a subsequently designated address. The association may

designate a different address by notifying the association in writing. Notices shall be deemed delivered when they are sent by U.S. mail with the postage prepaid or when they are delivered in person.

3. **AMENDMENTS.** These bylaws may be amended or repealed only in the manner stated in Article VII of the Master Deed.