

**FOREST BAY**  
**MASTER DEED**  
  
and  
  
**BYLAWS**

A Condominium Project

in

Waterford Township, Michigan

PURCHASER INFORMATION BOOKLET

FOR FOREST BAY

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MASTER DEED

FOREST BAY

This Master Deed is made and executed on this 24th day of April, 1990 by Forest Bay Limited Partnership, a Michigan Limited Partnership, (hereinafter referred to as "Developer"), whose address is 28544 Orchard Lake Road, Suite 100, Farmington Hills, Michigan 48018, in pursuance of the provisions of the Michigan Condominium Act (being Act 59 of the Public Acts of 1978, as amended), hereinafter referred to as the "Act".

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

NOW, THEREFORE, the Developer does, upon the recording hereof, establish Forest Bay as a Condominium Project under the Act and does declare that Forest Bay (hereinafter referred to as the "Condominium", "Project" or the "Condominium Project" ) shall, after such establishment be held conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of the Act, and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Master Deed and Exhibits A and B hereto, all of which shall be deemed to run with the land and shall be a burden and a benefit to the Developer, its successors and assigns, and any persons acquiring or owning an interest in the Condominium Premises, and its successors and assigns. In furtherance of the establishment of the Condominium Project, it is provided as follows:

ARTICLE I

TITLE AND NATURE

The Condominium Project shall be known as Forest Bay, Oakland County Condominium Subdivision Plan No. 672. The Condominium Project is established in accordance with the Act. The Units contained in the Condominium, including the number, boundaries, dimensions and area of each, are set forth completely in the Condominium Subdivision Plan attached as Exhibit B hereto. Each Unit is capable of individual utilization on account of having its own entrance from and exit

to a Common Element of the Condominium Project. Each Co-owner in the Condominium Project shall have an exclusive right to his Unit and shall have undivided and inseparable rights to share with other Co-owners the Common Elements of the Condominium Project.

## ARTICLE II

### LEGAL DESCRIPTION

The land which is submitted to the Condominium Project established by this Master Deed is described as follows:

Part of the southeast 1/4 and part of the southeast 1/4 of the southwest 1/4 of Section 34, T. 3N., R. 9E., Waterford Township, Oakland County, Michigan, being more particularly described as follows:

Beginning at a point on the westerly line of "Meniwaters" Subdivision as recorded in Liber 51 of Plats, Page 46, Oakland County Records. Said point being S 00°48' 00" E 324.81 feet from the northwest corner of said "Meniwaters" Subdivision; thence S 00° 48' 00" E 1023.24 feet along the centerline of Robinwood Avenue and the southerly extension thereof; thence S 89° 57' 10" W 120.00 feet; thence S 00°48' 00" E 630.00 feet; thence N 89° 57' 10" E 1360.77 feet to the westerly line of Chalfonte Way; thence S 61° 22' 04" E 80.15 feet along the northerly line of Chenlot Lane to a point on a curve; thence along said northerly line on the arc of a curve to the right 101.19 feet to a point on a curve, said curve having radius of 817.00 feet, central angle of 07° 05' 46" and chord bearing and distance of S 55° 55' 20" E 101.12 feet; thence N 26°14' 33" E 321.35 feet to a point on a curve; thence along the arc of a curve to the left 109.16 feet to a point on a curve, said curve having a radius of 487.71 feet, central angle of 12° 49' 26" and chord bearing and distance of N 19°49' 50" E 108.93 feet; thence S 77° 37' 30" E 120.00 feet to the westerly line of Moccasin Trail; thence S 60° 16' 36" E 62.45 feet to the easterly line of Moccasin Trail; thence S 75° 33' 20" E 120.00 feet to a point on a curve; thence along the arc of a curve to the left 350.38 feet to a point on a curve, said curve having a radius of 800.00 feet, central angle of 25° 05' 38" and chord bearing and distance of N 02° 27' 41" E 347.58 feet; thence N 86° 05' 04" E



120.31 feet to a point on a curve and the westerly line of Hendricks Drive; thence along the arc of a curve to the left 658.34 feet to a point of tangent; said curve having a radius of 1259.29 feet, central angle of 29° 57' 12" and chord bearing and distance N 29° 49' 20" W 650.87 feet; thence continuing along the westerly line of Hendricks Drive (60' Wide). N 44° 47' 56" W 100.47 feet to a point of curve; thence along the arc of a curve to the right 703.76 feet to a point of reverse curve said curve having a radius of 980.28 feet, central angle of 41° 08' 02" and chord bearing and distance N 24° 13' 55" W 688.75 feet; thence along the arc of a curve to the left 28.08 feet to a point of compound curvature; said curve having radius of 15.00 feet, central angle of 107° 14' 39" chord bearing and distance of N 57° 17' 13" W 24.15 feet; thence along the southerly line of Cass Elizabeth Road (120' Wide) for the next four courses and on the arc of a curve to the left 160.22 feet to a point of tangent, said curve having a radius of 938.11 feet, central angle of 09° 47' 07" and chord bearing and distance of S 64° 11' 53" W 160.02 feet; thence S 59° 18' 20" W 216.28 feet to a point of curve; thence along the arc of a curve to the right 586.37 feet to a point of compound curvature, said curve having a radius of 998.25 feet, central angle of 33° 39' 20" and chord bearing and distance of S 76° 08' 00" W 577.98 feet; thence along the arc of a curve to the right 453.53 feet to the centerline of Robinwood Avenue; said curve having a radius of 1023.25 feet, central angle of 25° 23' 41" and chord bearing and distance of N 73° 20' 30" W 449.82 feet to the point of beginning.

Excepting therefrom the Park as platted in "Meniwaters" Subdivision as recorded in Liber 51 of Plats, page 46, Oakland County Records, said Park being bounded on the North by Manitou Lane, on the east by Moccasin Trail, on the south by Omaha Lane and on the west by Snow Breeze Lane, and being more particularly described as follows: Beginning at a point located S 00° 48' 00" E 687.61 feet and N 89° 12' 00" E 1017.84 feet from the northwest corner of said "Meniwaters" Subdivision; thence N 58° 37' 00" E 81.20 feet to a point of curve. Thence along the arc of a curve to the right 31.42 feet to a point of compound curvature, said curve having a radius of 20.00 feet, central angle of 90° 00' 00" and

chord bearing and distance of S 76°23' 00" E 28.28 feet; thence along an arc of a curve to the right 168.00 feet to a point of compound curvature, said curve having a radius of 301.20 feet, central angle of 89° 25' 32" and chord bearing and distance of S 15° 24' 16" E 165.83 feet; thence along the arc of a curve to the right 40.78 feet, to a point of compound curvature, said curve having a radius of 20.00 feet central angle of 27° 24' 45" and chord bearing and distance of S 58°59' 36" W 34.08 feet; thence along the arc of a curve to the left 75.66 feet to a point of compound curvature, said curve having a radius of 835.27 feet, central angle of 22° 13' 21" and chord bearing and distance N 65° 10' 57" W 75.64 feet; thence along the arc of a curve to the right 13.77 to a point of curve, said curve having a radius of 20.00 feet, central angle of 61° 04' 00" and chord bearing and distance of N 48°03' 20" W 13.50 feet; thence N 28° 20' 00" W 84.60 feet to a point of curve; thence along the arc of a curve to the right 30.35 feet to the point of tangent, also being the point of beginning, said curve having a radius of 20.00 feet, central angle of 31° 23' 00" and chord bearing and distance of N 15°08' 30" E 27.52 feet, containing 0.421 acres.

The above description more particularly described lots 1 thru 164 inclusive, lots 336 and 380 inclusive, lots 391 thru 400 inclusive, outlot "B" except the southerly 350 feet thereof and including roadways of "Meniwaters" Subdivision as recorded in Liber 51 of Plats, Page 46, Oakland County Records. Also the North 630.00 feet of the East 120.00 feet of the Southeast 1/4 of the Southwest 1/4 of Section 34, T. 3N., R. 9E., Waterford Township, Oakland County, Michigan. All bearings are based on the Westerly line of "Meniwaters" Subdivision, being the centerline of Robinwood Avenue, S 00°48' 00" E.

### ARTICLE III

#### DEFINITIONS

Certain terms are utilized not only in this Master Deed and Exhibits A and B hereto, but are or may be used in various other instruments such as, by way of example and not limitation, the Articles of Incorporation and rules and regulations of the Forest Bay Association, a Michigan nonprofit corporation, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment of

or transfer of interests in Forest Bay as a condominium. Wherever used in such documents or any other pertinent instruments the terms set forth below shall be defined as follows:

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

Section 2. Association. "Association" means Forest Bay Association which is the non-profit corporation organized under Michigan law of which all Co-owners shall be members which corporation shall administer, operate, manage and maintain the Condominium.

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

Section 4. Common Elements. "Common Elements", where used without modification, means both the General and Limited Common Elements described in Article IV hereof.

Section 5. Condominium Documents. "Condominium Documents" means and includes this Master Deed and Exhibits A and B hereto, and the Articles of Incorporation, Bylaws and rules and regulations, if any, of the Association, as all of the same may be amended from time to time.

Section 6. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements and structures thereon, and all easements, rights and appurtenances belonging to Forest Bay as described above.

Section 7. Condominium Project, Condominium or Project. "Condominium Project", "Condominium" or "Project" means Forest Bay, as a Condominium Project, established in conformity with the Act.

Section 8. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit B hereto.

Section 9. Co-owner or Owner. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Units in the Condominium Project. The term "Owner", wherever used shall be synonymous with the term "Co-owner".

Section 10. Developer. "Developer" means Forest Bay Limited Partnership, a Michigan limited partnership, which has made and executed this Master Deed and its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, however and wherever such terms are used in the Condominium Documents.

Section 11, Development and Sales Period. "Development and Sales Period", for the purposes of the Condominium Documents and the rights reserved to Developer thereunder, shall be deemed to continue for so long as Developer continues to own any Unit in the Project.

Section 12. Annual Meeting. "First Annual Meeting" means the initial meeting at which non-developer Co-owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting is to be held (a) in the Developer's sole discretion after 64 of the Units are sold or (b) mandatorily within (i) 54 months from the date of the first Unit conveyance, or (ii) 120 days after 96 of the Units are sold, whichever first occurs

Section 13. Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Section 14. Unit or Condominium Unit. "Unit" or 'Condominium Unit' each mean a single residential building site in Forest Bay, as described in Article V. Section 1 hereof and on Exhibit B hereto, and shall have the same meaning as the term "Condominium Unit" as defined in the Act. All structures and improvements now or hereafter located within the boundaries of a Unit shall be owned in their entirety by the Co-owner of the Unit within which they are located and shall not, unless otherwise expressly provided in the Condominium Documents, constitute Common Elements. The Developer does not intend to and is not obligated to install any structures whatsoever within the Units or their appurtenant Limited Common Elements except that each Unit shall be entitled to use or share the use of one dock and one adjacent boat slip as more particularly described in Article IV, Section 3(a)(iii) hereof.

Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate and vice versa.

## ARTICLE IV

### COMMON ELEMENTS

The Common Elements of the Project and the respective responsibilities for maintenance decoration, repair or replacement thereof are as follows

Section 1. General Common Elements. The General Common Elements are:

(a) Land. The land described in Article II hereof subject, however to the rights of all other riparian owners relative to that portion of such land lying within the beds of Cass Lake and the Canal Area depicted as such on Exhibit B.

(b) Roads. All internal roads and drives designated as such on the Condominium Subdivision Plan.

(c) Park Areas. All Park Areas designated as such on the Condominium Subdivision Plan.

(d) Boat Launch Area. The Boat Launch Area designated as such on the Condominium Subdivision Plan.

(e) Tennis Courts. The Tennis Courts designated as such on the Condominium Subdivision Plan.

(f) Boat Basin. The Boat Basin Area designated as such on the Condominium Subdivision Plan (but excluding individual boat slips and docks which shall be designated upon completion as Limited Common Elements appurtenant to the various Units)

(g) Canal Area. The Canal Area (but excluding individual boat slips and docks which shall be designated upon completion as Limited Common Elements)

(h) Electrical. The electrical transmission mains throughout the Project, up to the point of lateral connection for Unit service.

(i) Street Lighting. Any lights designed to provide illumination for the Condominium Premises as a whole. (Street lights have not yet been installed by Developer and the nature extent and locations of street lighting, if any, will be determined by Developer in its absolute discretion.)

(j) Telephone. The telephone transmission mains throughout the Project up to the point of lateral connection for Unit service.

(k) Gas. The gas distribution mains throughout the Project, up to the point of lateral connection for Unit service.

(l) Water. The water distribution mains throughout the Project, up to the point of lateral connection for Unit service.

(m) Sanitary Sewer System. The sanitary sewer mains throughout the Project, up to the point of lateral connection for Unit service.

(n) Telecommunications. The telecommunications system, if and when installed, up to the point of lateral connection for Unit service.

(o) Drainage Easements and Stormwater Detention Areas. The drainage easements, drainage areas, and stormwater detention areas depicted on the Condominium Subdivision Plan.

(p) Woods Pond. The body of water designated on the Condominium Subdivision Plan as Woods Pond, except that portion which constitutes the Park as dedicated on the plat of Meniwaters Subdivision recorded in Liber 51, Page 46, Oakland County Records.

(q) Electronic Gates, Fencing and the Gatehouse. The electronic access gates (if any), the perimeter fencing (if any) and the gatehouse and entrance area for the Condominium Project. The Developer is under no obligation to install electronic gates fencing or a gatehouse.

(r) Sea Wall and Board Walk. The sea wall and board walk in the Boat Basin area and along Gerundegut Bay.

(s) Other. Such other elements of the Project not herein designated as General or Limited Common Elements which are not enclosed within the boundaries

of a Unit, and which are intended for common use or are necessary to the existence upkeep, appearance utility or safety of the Project.

Section 2. Limited Common Elements. Limited Common Elements shall be subject to the exclusive use and enjoyment of the Owner of the Unit to which the Limited Common Elements are appurtenant. The Limited Common Elements are as follows:

(a) Yard Areas. Each Yard Area designated on the Condominium Subdivision Plan is limited in use to the Unit which it surrounds.

(b) Private Docks and Boat Slips. Any private boat slips and docks created and assigned pursuant to Article VI hereof.

Section 3. Responsibilities. The respective responsibilities for the maintenance, decoration, repair and replacement of the Common Elements are as follows:

(a) Co-owner Responsibilities.

(i) Units and Yard Areas. The responsibility for and the costs of maintenance decoration repair and replacement of each Unit and the Yard Area appurtenant to each Unit and any General Common Element area lying between the front Yard Area and the road pavement shall be borne by the Co-owner of such Unit; provided however that the appearance of the Units, dwellings and Yard Areas, to the extent visible from any other Unit, dwelling or Common Element in the Project, shall be subject at all times to the approval of the Association and to reasonable aesthetic and maintenance standards prescribed by the Association in duly adopted rules and regulations.

(ii) Utility Services. All costs of electricity, natural gas and any other utility services shall be borne by the Owner of the Unit to which such services are furnished.

(iii) Boat Slips and Docks. Each boat slip and the adjacent dock shall be Limited Common Elements appurtenant to the Unit(s) to which the same shall be assigned in a deed conveying such Unit or by separate recorded assignment. Each such boat slip shall be for the exclusive use and enjoyment of the Owner of the Unit to which the same is appurtenant. Each dock which is adjacent

to boat slips appurtenant to more than one Unit shall be appurtenant to both of such Units and shall be shared equitably by the Owners of both of such Units pursuant to any rules and regulations pertaining to the use thereof as may be promulgated by the Association from time to time.

(b) Association Responsibilities. The costs of maintenance repair and replacement of all General Common Elements and the Limited Common Elements described in Article IV, Section 3(a)(iii), shall be borne by the Association, except as provided in Article IV, Section 3(a)(i) above, and subject to any provisions of the Bylaws expressly to the contrary. The Association shall not be responsible, in the first instance, for performing any maintenance, repair or replacement with respect to residences and their appurtenances located within the Condominium Units or within the Limited Common Elements appurtenant thereto. Nevertheless, in order to provide for flexibility in administering the Condominium, the Association, acting through its Board of Directors, may undertake such other regularly recurring, reasonably uniform, periodic exterior maintenance functions with respect to dwellings or other improvements constructed or installed within any Unit boundaries and their appurtenant Limited Common Elements as it may deem appropriate (including, without limitation, painting or other maintenance, lawn mowing, snow removal and tree trimming) . Nothing herein contained, however, shall compel the Association to undertake such responsibilities. Any such responsibilities undertaken by the Association shall be charged to any affected Co-owner on a reasonably uniform basis and collected in accordance with the assessment procedures established under Article II of the Bylaws. The Developer, in the initial maintenance budget for the Association, shall be entitled to determine the nature and extent of such services and reasonable rules and regulations may be promulgated in connection therewith.

(c) Boat Docks. As stated above, the Association shall be responsible for all ordinary repair, maintenance and replacement of the Boat Docks. Costs for any damage caused to the Docks by a Co-owner or his or her guest shall be charged to the Co-owner responsible for such damage and shall be an assessment against the Unit of the responsible Co-owner collected in accordance with the provisions of Article II of the Bylaws.



Section 4. Utility Systems. Some or all of the utility lines systems (including mains and service leads) and equipment and the telecommunications system described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility lines, systems and equipment, and the telecommunications system shall be General Common Elements only to the extent of the Co-owners' interest therein, if any, and Developer makes no warranty whatever with respect to the nature or extent of such interest if any . The extent of the Developer's and Association's responsibility will be to see to it that telephone, electric and natural gas mains (but not cable television transmission lines) are installed within reasonable proximity to, but not within the Units and their Limited Common Element Yard Areas. Each Co-owner will be entirely responsible for arranging for and paying all costs in connection with extension of such utilities by lateral from the mains to any structures and fixtures located within the Units and their respective Limited Common Element Yard Areas.

## ARTICLE V

### UNIT DESCRIPTIONS AND PERCENTAGES OF VALUE

Section 1. Description of Units. Each Unit in the Condominium Project is described in this paragraph with reference to the Condominium Subdivision Plan of Forest Bay as prepared by JCK & Associates, Inc and attached hereto as Exhibit B. Each Unit shall consist of the space located within the Unit boundaries as shown on Exhibit B hereto and delineated with heavy outlines together with all appurtenances thereto.

Section 2. Percentage of Value. The percentages of value of the Units are equal. The percentage of value assigned to each Unit shall be determinative of each Co-owner's respective share of the Common Elements of the Condominium Project, the proportionate share of each respective Co-owner in the proceeds and expenses of administration and the value of such Co-owner's vote at meetings of the Association of Co-owners.

## ARTICLE VI

### CONVERTIBLE AREAS

Section 1. Designation of Convertible Areas. All Yard Areas adjacent to the respective Units have been designated on the Condominium Subdivision Plan as Convertible Areas within which the Units and Common Elements may be modified as

provided herein. Further the General Common Element areas lying within Cass Lake in the Boat Basin Area and within the Canal Area shall be Convertible Areas for purposes of installation of private docks or assignment of existing docks and slips as Limited Common Elements.

Section 2. Reservation of Rights to Modify Units and Common Elements. The Developer reserves the right, in its sole discretion, to modify the size and or location of Units and/or General or Limited Common Elements appurtenant or geographically proximate to such Units within and around the Convertible Areas designated for such purpose on the Condominium Subdivision Plan, so long as such modifications are compatible with the existing Units and Common Elements. Further, the Developer shall create Private Docks and Boat Slips within the General Common Element Area of Cass Lake, within the Boat Basin Area and/or within the Canal Area as Limited Common Elements appurtenant respectively to Units. The Developer has applied to the Michigan Department of Natural Resources for a permit which would enable the Developer to reconfigure, repair and reconstruct docks currently in existence on the Condominium. Until such time as the permit has been issued or in case that permit is not forthcoming, the Developer may, in its sole discretion, assign to Units as Limited Common Elements, existing docks and boat slips. The Developer reserves the right, upon approval of appropriate governmental agencies, to repair, modify, construct or reconstruct the docks and boat slips and make such reassignments of Limited Common Element docks and boats slips as it shall, in its own discretion, deem necessary and appropriate. Any such Private Docks and Boat Slips shall comply with all pertinent laws, regulations and legal restrictions as to all initial installations and subsequent modifications. All of the foregoing rights of convertibility shall expire, if not previously exercised six years from the date of recording of this Master Deed.

Section 3. Compatibility of Improvements. All improvements constructed within the Convertible Areas described above shall be reasonably compatible with the structures on other portions of the Condominium Project. No improvements other than as above indicated may be created on the Convertible Areas.

Section 4. Amendment of Master Deed. Modification of Units and Common Elements within this Condominium Project shall be given effect by appropriate amendments to the Master Deed in the manner provided by law, which amendments shall be prepared by and at the discretion of the Developer. Such amendments to the Master Deed shall also contain such further definitions and redefinitions of General or Limited Common Elements as may be necessary to adequately describe and service the Units and Common Elements being modified by such

amendments. In connection with any such amendments the Developer shall have the right to change the nature of any Common Element previously included in the Project for any purpose reasonably necessary to achieve the purposes of this Article.

Section 5. Consent of Interested Parties. All of the Co-owners and mortgagees of the Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be proposed by the Developer to effectuate the foregoing. All such interested persons irrevocably appoint the Developer and its successors as agent and attorney for the purpose of execution of such amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording an entire Master Deed or the Exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits thereto.

## ARTICLE VII

### SUBDIVISION CONSOLIDATION AND OTHER MODIFICATIONS OF UNITS

Notwithstanding any other provision of the Master Deed or the Bylaws. Units in the Condominium may be subdivided, consolidated, modified and the boundaries relocated, in accordance with Sections 48 and 49 of the Act and this Article; such changes in the affected Unit or Units shall be promptly reflected in a duly recorded amendment or amendments to this Master Deed.

Section 1. Developer. Developer reserves the sole right during the Development and Sales Period and without the consent of any other Co-owner or any mortgagee of any Unit to take the following action:

(a) Subdivide Units. Subdivide or resubdivide any Units which it owns. Such subdivision or resubdivision of Units shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law which amendment or amendments shall be prepared by and at the sole discretion of Developer its successors or assigns

(b) Consolidate Contiguous Units. Consolidate Under single ownership two or more contiguous Units. Such consolidation of Units shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by Law, which amendment or

amendments shall be prepared by and at the sole discretion of the Developer, its successors or assigns.

(c) Relocate Boundaries. Relocate any boundaries between adjoining Units. The relocation of such boundaries shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner proscribed by law which amendment or amendments shall be prepared by and at the sole discretion of the Developer its successors or assigns.

(d) Amend to Effectuate Modifications. In any amendment or amendments resulting from the exercise of the rights reserved to Developer above, each portion of the Unit or Units resulting from such subdivision, consolidation or relocation of boundaries shall be separately identified by number. In all cases, whether a Unit is created by subdivision or a Unit is eliminated by consolidation, the percentages of value of all resulting Units shall remain equal. Such amendment or amendments to the Master Deed shall also contain such further definitions of General or Limited Common Elements as may be necessary to adequately describe the buildings and Units in the Condominium Project as so modified. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing and to any proportionate real location of percentages of value of Units which Developer or its successors may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer or its successors as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording an entire Master Deed or the Exhibits hereto.

## ARTICLE VIII

### LIMITED ACCESS COMMUNITY

Forest Bay is a community in which vehicular access by road may be limited. In connection therewith, there may be constructed electronic access gates, a gatehouse and a perimeter fence or wall which will serve the Condominium. If constructed, however, the nature and extent of the foregoing improvements and other limitations on access are not intended

to be effective to preclude pedestrian access and there is not nor can there be any assurance that unauthorized persons can be excluded from the Condominium. Each Co-owner in Forest Bay shall pay a proportionate share of the expenses of perpetual maintenance of any such electronic gates, gatehouse, wall, and or fence as are maintained in connection with the Condominium, whether presently existing or added in the future. There shall exist for the benefit of any public authority having jurisdiction or any emergency service agency, perpetual easements for the use by municipal and/or emergency vehicles of the roadway in the Condominium Project for the purposes of ingress and egress to provide, without limitation, fire and police protection, water and sewer services, ambulance and rescue services, telephone, gas and electric services and services for cable television, if installed, and other lawful governmental or private emergency services to the Condominium Project and the Co-owners thereof.

## ARTICLE IX

### RECREATIONAL FACILITIES

The Developer, during the Development and Sales Period, may, in its sole discretion, construct recreational facilities on any portion or portions of the General Common Elements including, but not limited to, gazebos, jogging or walking trails, utility buildings, boat docking facilities, tennis courts, bridges or a community building. (Such foregoing amenities, hereafter being referred to as "Recreational Facilities"). The maintenance, repair and replacement of any such Recreational Facilities shall be an expense of administration of the Condominium. The Developer has no obligation to construct any Recreational Facilities except pursuant to its discretionary election to do so. Final determination of the design layout and location of Recreational Facilities, if any are constructed, will be at the sole discretion of the Developer. The Association shall also be empowered to construct Recreational Facilities within the Condominium upon assignment of such right by the Developer under Article XI hereof and upon the affirmative vote of 60% of the Co-owners in accordance with the special assessment provisions as set forth in Article II, Section 2(b) of the Bylaws. In such event, the cost of construction shall be borne by the Co-owners as a special assessment as defined in Article II, Section 2(b) of the Bylaws.

## ARTICLE X

### EASEMENTS

Section 1. Easement for Maintenance of Encroachments and Utilities. In the event any portion of a building or Common Element encroaches upon a Unit or Common Element due to shifting, settling or moving of a building, or due to survey errors, reciprocal easements shall exist for the maintenance of such encroachment for so long as such encroachment exists and for maintenance thereof after rebuilding in the event of any destruction. There shall be easements to, through and over those portions of the land (including all Units and their Limited Common Element Yard Areas) as the Developer or the Association may deem necessary for the installation maintenance, repair extension, replacement, enlargement of or tapping into all public or private utilities in the Condominium.

Section 2. Grant of Easements by Association. The Association, acting through its lawfully constituted Board of Directors (including any Board of Directors acting prior to the Transitional Control Date) shall be empowered and obligated to grant such easements, licenses, rights-of-entry and rights of way over, under and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium subject, however, to the approval of the Developer so long as the Development and Sales Period has not expired. No easements created under the Condominium Documents may be modified, nor may any of the obligations with respect thereto be varied, without the consent of each person benefited thereby.

Section 3. Association and Developer Easements for Maintenance Repair and Replacement. The Developer, the Association and all public or private utilities shall have such easements over, under, across and through the Condominium Premises, including all Units and Common Elements, as may be necessary to fulfill any responsibilities of maintenance, repair, decoration, replacement or upkeep which they or any of them are required or permitted to perform under the Condominium Documents or by law or to respond to any emergency or common need of the Condominium. While it is intended that each Co-owner shall be solely responsible for the performance and costs of all maintenance, repair and replacement of and decoration of the residence and all other appurtenances and improvements constructed or otherwise located within his Unit, it is nevertheless a matter of concern that a Co-owner may fail to properly maintain the exterior of his Unit, dwelling or any Limited Common Elements appurtenant thereto in a proper manner and in accordance with the standards set forth in Article VI of the Bylaws. Therefore in the event a Co-owner fails as

required by this Master Deed, the Bylaws or any Rules and Regulations promulgated by the Association, to properly and adequately maintain, decorate, repair, replace or otherwise keep his Unit or any improvements or appurtenances located therein or any Limited Common Elements appurtenant thereto the Association (and/or the Developer during the Development and Sale Period) shall have the right, and all necessary easements in furtherance thereof, (but not the obligation) to take whatever action or actions it deems desirable to so maintain, decorate, repair or replace the Unit, its appurtenances or any of its Limited Common Element, all at the expense of the Co-owner of the Unit. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time. All costs incurred by the Association or the Developer in performing any responsibilities which are required in the first instance to be borne by any Co-owner shall be assessed against such Co-owner and shall be due and payable with his monthly assessment next falling due; further the lien for nonpayment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the Condominium Documents and by law for the collection of regular assessments including, without limitation, legal action, foreclosure of the lien securing payment and imposition of fines.

Section 4. Telecommunications Agreements. The Association, acting through its duly constituted Board of Directors and subject to the Developer's approval during the Development and Sales Period, shall have the power to grant such easements, licenses and other rights of entry, use and access and to enter into any contract or agreement, including wiring agreements, right-of-way agreements, access agreements and multi-unit agreements and, to the extent allowed by law, contracts for sharing of any installation or periodic subscriber service fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, earth antenna and similar services (collectively "Telecommunications") to the Project or any Unit therein. Notwithstanding the foregoing, in no event shall the Board of Directors enter into any contract or agreement or grant any easement, license or right of entry or do any other act or thing which will violate any provision of any federal, state or local law or ordinance. Any and all sums paid by any Telecommunications or other company or entity in connection with such service, including fees, if any, for the privilege of installing same or sharing periodic subscriber service fees, shall be receipts affecting the administration of the Condominium Project within the meaning of the Act and shall be paid over to and shall be the property of the Association.

Section 5. Developer's Easements Over Roads and General Common Elements The Developer reserves for itself, its successors and assigns an easement over the roads and general common elements of the Condominium for purposes of ingress and egress to property adjoining the Condominium which Developer now owns or may own in the future. This easement is freely assignable.

Section 6. Oakland County Road Commission Easement. The westerly 20 feet of the Limited Common Element Yard Areas of Units 10, 11, 12, 18, 19 and 20 are subject to an easement granted to the Oakland County Road Commission. Under normal circumstances, the rear yard set-back requirements of the Township of Waterford are determined by measurement from the easement and, as a result, the Limited Common Element Yard Areas of the aforementioned Units would not provide adequate set back distance from the Units. Pursuant to the Consent Judgment entered into between the Developer and the Township of Waterford, rear yard set backs for Units 10, 11, 12, 18, 19 and 20 will be measured from the property line.

## ARTICLE XI

### AMENDMENT

This Master Deed and the Condominium Subdivision Plan may be amended with the consent of 66-2/3% of the Co-owners, except as hereinafter set forth:

Section 1. Modification of Units or Common Elements. No Unit dimension may be modified in any material way without the consent of the Co-owner or mortgagee of such Unit nor may the nature or extent of Limited Common Elements or the responsibility for maintenance, repair or replacement thereof be modified in any material way without the written consent of the Co-owner and mortgagee of any Unit to which the same are appurtenant, except as otherwise expressly provided above to the contrary.

Section 2. Mortgagee Consent. Whenever a proposed amendment would materially alter or change the rights of mortgagees generally, then such amendments shall require the approval of 66-2/3% of all first mortgagees of record allocating one vote for each mortgage held.

Section 3. Developer. Prior to 1 year after expiration of the Development and Sales Period, the Developer may, without the consent of any Co-owner or any other person, amend this Master Deed and the Condominium Subdivision Plan attached as Exhibit B in order to correct survey or other errors made in such documents and to make such other amendments



to such instruments and to the Bylaws attached hereto as Exhibit A (including such amendments requested by institutional mortgage lenders) as do not materially affect any rights of any Co-owners or mortgagees in the Project.

Section 4. Change in Percentage of Value. The value of the vote of any Co-owner and the corresponding proportion of common expenses assessed against such Co-owner shall not be modified without the written consent of such Co-owner and his mortgagee, nor shall the percentage of value assigned to any Unit be modified without like consent except as otherwise provided in this Master Deed.

Section 5. Termination, Vacation, Revocation or Abandonment. The Condominium Project may not be terminated, vacated, revoked or abandoned without the written consent of the Developer and 80% of non-Developer Co-owners and their first mortgagees of record allocating one vote for each mortgage held.

Section 6. Developer Approval. During the Development and Sales Period, this Master Deed and Exhibits A and B hereto shall not be amended nor shall the provisions thereof be modified in any way without the written consent of the Developer.

## ARTICLE XII

### ASSIGNMENT

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

WITNESSES:

FOREST BAY LIMITED PARTNERSHIP. a  
Michigan limited partnership

BY: Paul Collom Investments, Inc.  
a Michigan corporation. General  
Partner

Suzanne S. Reynolds

By Paul Collom. President

STATE OF MICHIGAN     )  
                                  )  
COUNTY OF OAKLAND    )       SS.

On this 24th day of April, 1990, the foregoing Master Deed was acknowledged before me by Paul Collom, President of Paul Collom Investments, Inc., a Michigan corporation, General Partner of Forest Bay Limited Partnership, a Michigan limited partnership, on behalf of the limited partnership.

Suzanne S. Reynolds  
Notary Public Oakland County  
Michigan  
My commission expires: 2-9-92

Master Deed drafted by:

Suzanne S. Reynolds of  
Dykema Gossett  
505 North Woodward Ave, Suite 3000  
Bloomfield Hills, Michigan 48013

When recorded, return to drafter

FOREST BAY

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

Forest Bay, a residential Condominium Project located in Waterford Township, Oakland County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation, and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II

ASSESSMENTS

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

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any activity arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the

Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

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

(a) Budget; Regular Assessments. The Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 2(c) below rather than by special fee assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular project, the Association of Co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Association, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish such lien or the liability of any Co-owner for any existing or future assessments. Should the Association at any time decide, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient (a) to pay the costs of operation and management of the Condominium (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$1,000 annually for the entire Condominium Project, or (2) that an emergency exists, the Association shall have the authority to increase the general assessment or to levy

such additional assessment or assessments as it shall deem to be necessary. The Association also shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Association to levy assessments pursuant to this subparagraph shall rest solely with the Association for the benefit of the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special fee Assessments. Special fee assessments in addition to those required in subparagraph (a) above may be made by the Association from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$1,000 for the entire Condominium Project per year (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Association) shall not be levied without the prior approval of more than 60% of all Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(c) Apportionment of Assessments. All assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with each Co-owner proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in periodic installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means unless commencement is deferred pursuant to the provisions of Section 3 of this Article.

Section 3. Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, including the 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 solely to maintenance and use of Units containing completed dwellings that are not owned by Developer (such as expenses for refuse collection). For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer be responsible for payment of any assessments for or with respect to common element grounds maintenance and landscaping deferred maintenance reserves for replacement reserves for contingencies for capital improvements or other special fee assessments, except with respect to Units owned by it on which a completed building is located. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. A "completed building" shall mean a building with respect to which a certificate of occupancy has been issued by Waterford Township. The Developer may, acting on its own or through its representatives on the Association's Board of Directors, suspend the necessity for making monthly assessment payments by each Co-owner until such time a temporary or final certificate of occupancy has been issued by Waterford Township. Notwithstanding the foregoing all non-Developer Co-owners, including Co-owners of Units on which no dwelling has been constructed shall commence payment of monthly assessments at such time as Developer has conveyed 90% of the Units or January 2, 1992, whichever first occurs. The purpose of this provision is to give Developer the discretionary flexibility to provide relief from payment of assessments during the transitional period of development and marketing prior to the time that a full Association expense budget becomes an operational necessity.

Section 4. Penalties for Default. The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. A late charge not to exceed \$25.00 per installment may be assessed automatically by the Association upon each installment in default for ten or more days until paid in full. The Association may, pursuant to Article XIX, Section 4 and Article XX hereof, levy fines for late payment of assessments in addition to such late charge. Each

Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. If the Developer as land contract seller takes possession of a Unit following extinguishment of a land contract purchaser's rights in a Unit, the Developer's liability for assessments shall be determined by Section 3 of this Article. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 5. Liens for Unpaid Assessments. Sums assessed to the Association which remain unpaid, including but not limited to regular assessments, special fee assessments, fines and late charges, and reasonable attorney fees, shall constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment and upon the proceeds of sale thereof. Any such unpaid sum shall constitute a lien against the Unit as of the first day of the fiscal year to which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Co-owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act.

Section 6. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 7. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. A Co-owner in default shall not be

entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XIX Section 4 of these Bylaws. All of these remedies shall be cumulative and not alternative.

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

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that one or more installments of the annual assessment levied against the



pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the Oakland County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

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

Section 8. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five days prior to the closing of the purchase of such Unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the Unit itself to the extent provided by the Act

Section 9. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit)

Section 10. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 11. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners and personal property taxes based thereon shall be treated as expenses of administration.

Section 12. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

### ARTICLE III

#### ARBITRATION

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

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

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

## ARTICLE IV

### INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, carry all risk insurance coverage and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion, but in no event less than \$1,000,000 per occurrence), officers' and directors' liability insurance, and workmen's compensation insurance, if applicable, and any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the General Common Elements and such insurance shall be carried and administered in accordance with the following provisions:

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

(b) Insurance of Common Elements. All General Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs if any, as determined annually by the board of directors of the Association.

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

(d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, and if such insurance has been purchased by the Association as opposed to insurance purchased by the individual Co-owners pursuant to Section 3 below, pertinent to the Condominium Project and the Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibilities of Co-owners. Each Co-owner shall be responsible for obtaining all risk insurance coverage with respect to the building and all other improvements constructed or to be constructed within the perimeter of Co-owner's Condominium Unit and its surrounding Limited Common Element yard area and for personal property located therein or thereon or elsewhere on the Condominium Project and all appurtenant Limited Common Elements including, but not limited to, the appurtenant Boat Dock and Boat Slip. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. Each Co-owner also shall be obligated to obtain insurance coverage for Co-owner's personal liability for occurrences within the perimeter of Owner's Unit, surrounding Limited Common Element yard area and Boat Dock (naming the Association and the Developer as additional insureds), and also for any other personal insurance coverage that the Co-owner wishes to carry. Each Co-owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the

event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may, but is not required to obtain such insurance on behalf of such Co-owner and the premiums therefor shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof.

The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described above in this Section 3 or have any liability to any person for failure to do so. The Association may elect, however, through its board of directors, to undertake the responsibility for obtaining the insurance described in this Section 3, or any portion thereof, exclusive of insurance covering the contents located within a Co-owner's residence and the cost of the insurance shall be included as an expense item in the Association budget. All Co-owners shall be notified of the Board's election to obtain the insurance at least sixty (60) days prior to its effective date which notification shall include a description of the coverage and the name and address of the insurer. Each Co-owner shall also be provided a certificate of insurance as soon as it is available from the insurer. Co-owners may obtain supplementary insurance but in no event shall any such insurance coverage undertaken by a Co-owner permit a Co-owner to withhold payment of the share of the Association assessment that relates to the equivalent insurance carried by the Association. The Association also shall not reimburse Co-owners for the cost of premiums resulting from the early cancellation of an insurance policy. To the extent a Co-owner does or permits anything to be done or kept on Co-owner's Unit and/or the adjoining Limited Common Element yard area that will increase the rate of insurance each Co-owner shall pay to the Association, the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition shall be charged to the Co-owner responsible for such activity or condition.

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

Section 5. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit appurtenant Limited Common Element Yard Area,

or Boat Dock and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Development and Sales Period). This Section 5 shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co—owner, however.

## ARTICLE V

### RECONSTRUCTION OR REPAIR

Section 1. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to a General Common Element, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 2. Timely Reconstruction and Repair. If damage to the General Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay.

Section 3. Co-Owner's Responsibility. Each Co-owner shall be responsible for all maintenance, repair and replacement required within such Co-owner's Unit or the Limited Common Elements appurtenant thereto. If damage to the residence or other improvements constructed on Co-owner's Unit adversely affects the appearance of the Project, Co-owner shall proceed with removal or replacement of the damaged property without delay. This Section shall also be applicable in the event of destruction during the course of construction of improvements on a Unit.

Section 4. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(a) Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a Unit or any improvements the eon by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as

their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and Co-owner's mortgagee shall, after acceptance of the condemnation award therefore, be divested of all interest in the Condominium Project.

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

(c) Continuation of Condominium After Taking. In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then the percentages of value of the remaining Co-owners shall be proportionately readjusted based upon the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the board of directors without the necessity of execution or specific approval thereof by any Co-owner.

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

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

Section 5. Notification of FHLMC and FNMA. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, upon request therefor by FHLMC, or FNMA, as the case may be, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common

Elements of the Condominium if the loss or taking exceeds \$10,000 in amount or damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds \$1,000.

Section 6. Priority of Mortgage Interests. Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

## ARTICLE VI

### RESTRICTIONS

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

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residential purposes and the Common Elements shall be used only for purposes consistent with single-family residential use and in accordance with the ordinances of Waterford Township.

#### Section 2. Leasing and Rental

(a) Right to Lease. A Co-owner may lease his Unit so long as there is a completed Dwelling within the Unit for the same purpose set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. Leasing of vacant Units is expressly prohibited. Docks and Boat Slips may not be leased independent from lease of a Unit. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least 6 months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in his discretion.

(b) Leasing procedures. The leasing of Units in the Project shall conform to the following provisions:



(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If the Developer desires to rent Units before the Transitional Control Date he shall notify either the Advisory Committee or each Co-owner in writing.

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

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

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

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

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

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice shall

deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.

Section 3. Architectural Control.

(a) Approvals Required. No building, structure or other improvement shall be constructed within a Condominium Unit or elsewhere within the Condominium Project, nor shall any exterior modification be made to any existing buildings, structure or improvement, unless plans and specifications therefore, containing such detail as the Developer may reasonably request, have first been approved in writing by the Developer. Construction of any building or other improvements must also receive any necessary approvals from the local public authority. Developer shall have the right to refuse to approve any such plans or specifications, color and/or material specifications, grading or landscaping plans, or building location plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be constructed, the proposed location within the Unit and the location of structures within adjoining Units and the degree of harmony thereof with the Condominium as a whole.

(b) Construction Materials. All residences shall have finished exteriors of brick, stone or wood or a combination thereof. All exterior paints, stains and material colors must be shown as a part of the plans submitted for approval and which must be approved by Developer; samples thereof shall be furnished to Developer upon request. Visible exteriors of cement, slag or aluminum shall be limited to not more than 15% of the visible exterior. The Developer shall have the right to approve reasonable deviations from these requirements.

(c) Size of Residences. No residence shall be hereinafter constructed on any Unit of less than the following sizes of finished living areas as calculated on exterior dimensions, exclusive of porches, patios, garages and basements:

One Story Home	1,500 square feet
Bi-Level Home	1,900 square feet with 1,200 square feet of ground coverage
One and one-half Story Home	1,800 square feet with minimum 1,200 square feet of ground coverage
Tri-Level Home	1,800 square feet with 1,200 square feet of ground coverage
Two Story Home	1,900 square feet with minimum 1,200 square feet of ground coverage

(d) Elevation of Dwellings. The lower finished floors (including basements) of any dwelling shall be constructed not less than 933 feet above sea level (USGS Data)

(e) General. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners. The Developer may, in its sole discretion waive any part of restrictions set forth in this Section due to unusual topographic, natural or aesthetic considerations or other circumstances which the Developer deems compelling. Any such waiver must be in writing and shall be limited to the Unit to which it pertains and shall not constitute a waiver as to enforcement of the restrictions as to any other Unit. Developer's rights under this Article VI, Section 3 may, in Developer's discretion, be as signed to the Association or other successor to Developer. Developer may construct any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations cont a med in the Condominium Documents.

Section 4. Alterations and Modifications of Common Elements. No Co-owner shall make alterations, modifications or changes in any of the Common Elements without the express written approval of the Developer during the Development and Sales Period and thereafter the Board of Directors, including, without limitation, antennas, lights, aerials, awnings, newspaper holders, basketball backboards, mailboxes, flag poles or other exterior attachments or modifications. No attachment, appliance or other item may be installed which is designed to

kill or repel insects or other animals by light or humanly audible sound. No Co-owner shall in any way restrict access to any utility line, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way.

Section 5. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements nor shall anything be done which may be or become an annoyance, a nuisance or a safety hazard to the Co-owners of the Condominium. Only Co-owners, their families, guests accompanied by Co-owners (subject always to limitation by Association rules) and the Developer may use the Canal Area, Park Areas, Boat slips and Docks. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-owners arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices. Only Co-owners shall be entitled to launch boats into Cass Lake. The only boats which shall be permitted to be launched are boats owned or leased by Co-owners and duly registered to such Co-owners except as the Association may otherwise approve in writing. The Association shall have the right to verify all such registrations. For purposes of this Section, the term Co-owner shall include lessees of a Unit.

Section 6. Pets. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No dog which barks and can be heard on any frequent

or continuing basis shall be kept in any Unit or on the Common Elements even if permission was previously granted to maintain the pet on the premises. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association and/or revoke the privilege of a Co-owner to maintain a pet in the Condominium.

Section 7. Aesthetics. The Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Trash receptacles shall not be permitted to remain on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. Vacant Units and Yard Areas must be neatly maintained with weeds cut and without accumulation of natural or other debris. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium. Without written approval by the Association, no Co-owner shall change in any way the exterior appearance of the residence and other improvements and appurtenances located within his Unit or the Limited Common Elements appurtenant thereto. Thus in connection with any maintenance, repair replacement, decoration or redecoration of such residence, improvements or appurtenances, no Co-owner shall modify the design, material or color of any such item including, without limitation windows, doors, screens, roofs, siding or any other component of any building, dock or other structure which is visible from a Common Element or other Unit. There shall be no boat houses constructed within any Unit or its appurtenant Limited Common Elements.

Section 8. Vehicles and Boats. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all terrain vehicles,

snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored upon the premises of the Condominium except as provided in this Article or as provided in duly adopted Rules and Regulations. All vehicles shall be parked in garages to the extent possible. Garage doors shall be kept closed when not in use. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. The Association may prohibit parking of vehicles other than passenger vehicles on the General or Limited Common Elements. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. Boats and boat trailers shall be stored in garages except as otherwise provided in this Article.

Section 9. Advertising. No signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs, without written permission from the Association and, during the Development and Sales Period, from the Developer.

Section 10. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules regulations and amendments thereto shall be furnished to all Co-owners. Such rules and regulations may include, without limitation, the imposition of speed limits for vehicular traffic on the roads in the Condominium, the nature and extent of use by Co-owners of boats on Cass Lake, and the designation, specification, authorization, limitation and/or restriction of the various uses to which the General Common Element areas may be put . Such uses may include, without limitation, the employment of such General Common Element areas for park purposes, jogging, hiking, walking, cycling or picnicking purposes, visual amenities or other purposes and uses consistent with the establishment and maintenance of Forest Bay as a first-class residential community. Reasonable restrictions and limitations may also be imposed upon the nature and extent of use by all Co-owners of the Boat Launch Area. All such restrictions shall be fairly and equitably administered for the benefit of all Co-owners. The purpose of such regulatory authority crested in the Association is to

assure that all such amenities will be utilized in a reasonable, safe, orderly and environmentally sound manner with due regard for preservation of serenity, avoidance of congestion and maintenance of high community standards and with due consideration, as well, to the reasonable usage of Cass Lake in relation to other lawful users thereof.

Section 11. Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary to carry out any responsibilities imposed on the Association by the Condominium Documents. The Association or its agents shall also have access to Units and Limited Common Elements appurtenant thereto as may be necessary to respond to emergencies. The Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby. This provision, in and of itself, shall not be construed to permit access to the interiors of residences or other structures.

Section 12. Landscaping and Excavation. No Co-owner shall perform any excavation, landscaping or plant any trees, shrubs, or flowers or place any ornamental materials upon the Common Elements without the prior written approval of the Developer during the Development and Sales Period and thereafter the Association.

Section 13. Common Element Maintenance. Sidewalks, yards, landscaped areas, driveways, and parking areas shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements.

Section 14. Co-owner Maintenance. Each Co-owner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is

limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 15. Non-Disturbance of Wetlands. Certain portions of the land within the Condominium are wetlands which are protected by federal and state law. Under the provisions of the Goemaere-Anderson Wetland Protection Act, Public Act No. 203 of 1979, any disturbance of a wetland by depositing material in it, dredging or removing material from it or draining water from the wetland may be done only after a permit has been obtained from the Department of Natural Resources or its administrative successor. The penalties specified in the Goemaere-Anderson Wetland Protection Act are substantial. In order to assure no inadvertent violation of the Goemaere-Anderson Wetland Protection Act occurs, no co-owner may disturb the wetland depicted on the Condominium Subdivision Plan without obtaining: (1) written authorization of the Association; (2) any necessary municipal permits; and (3) any necessary state permits. The Association may assess fines and penalties as provided for in these Bylaws for violation of this Section.

Section 16. Boats, Boat Docks and Boat Slips. The Co-Owners of Units whose Limited Common Yard Areas do not front on water (hereinafter "Off Water Units"), shall be permitted to dock and use only one watercraft of any kind. The Co-owners of Units whose Limited Common Yard Areas front on water (hereinafter "Water Front Units"), shall be permitted to dock and use only one power watercraft, provided that this provision shall not prohibit the use and on-shore outside storage of non-powered watercraft during the boating season by Water Front Unit Co-owners. There shall be no out of water off-season outdoor storage of watercraft or seasonal docks (if any are approved and installed).

Section 17. Woodland Preservation. Co-owners shall comply at all times with the Woodland Ordinance of the Township of Waterford as amended from time to time. It is the intent of the Developer to preserve as many of the existing trees located in the Units and their Limited Common Yard Area as possible. No trees measuring four inches or more in diameter at ground level may be removed without the written approval of Developer. Prior to commencement of construction, each Co-owner shall submit to the Developer, a plan for the preservation of trees in connection with the construction process. It shall be the responsibility of each Co-owner to maintain and preserve all large trees on his Unit and its surrounding Limited Common Element Yard Area, which responsibility includes welling trees, if necessary.



Section 18. Installation of Driveways. Driveways must be paved with asphalt or concrete and must be installed prior to occupancy of the dwelling. The Developer reserves the right to waive this requirement upon application of a Co-owner for up to a maximum of 90 days.

Section 19. Reserved Right of Developer.

(a) Prior Approval by Developer. During the Development and Sales Period, no buildings, fences, walls, retaining walls, drives, walks or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), except interior alterations, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, 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 such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans, specifications, grading or landscaping, 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 effect 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 as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners.

(b) Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall 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, Developer shall have the right to maintain a sales office, model units, advertising display signs, storage areas and reasonable parking incident to the foregoing 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 and may continue to do so during the entire Development and Sales Period.

(c) Enforcement of Bylaws. The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation 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 he may assign this right, at his 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 by these Bylaws.

## ARTICLE VII

### MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

## ARTICLE VIII

### VOTING

Section 1. Vote. Each Co-owner shall be entitled to one vote for each Condominium Unit owned.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Unit which it owns.

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

Section 4. Quorum. The presence in person or by proxy of 35% of the Co-owners in number and in value qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50 % in value of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association . Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth and may require such majority to be one of both number and value of designated voting representatives present in person, or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

## ARTICLE IX

### MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than 50% in number of the Units in Forest Bay have been sold and the purchasers thereof qualified as members of the Association. In

no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Co-owners of 75% in number of all Units or 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 10 days written notice thereof shall be given to each Co-owner.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the third Tuesday of March each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than 8 months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

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

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

Section 6. Adjournment. If any meeting of Co owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not

less than 48 hours from the time the original meeting was called.

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

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

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

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

## ARTICLE X

### ADVISORY COMMITTEE

Within 1 year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of 1/3 of the Units, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least 3 non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if more than 3 of the non-developer Co-owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the other Co-owners and to aid in the transition of control of the Association from the Developer to purchaser Co-owners. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

## ARTICLE XI

### BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall initially be comprised of 3 members and shall continue to be so comprised until enlarged to 5 members in accordance with the provisions of Section 2 hereof. Thereafter, the affairs of the Association shall be governed by a Board of Directors, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) First Board of Directors. The first Board of Directors shall be comprised of 3 persons and such first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-developer Co-owners to the Board. Immediately prior to the appointment of the first non-developer Co-owner to the Board, the Board shall be increased in size from 3 persons to 5 persons. Thereafter elections for non-developer Co-owner Directors shall be held as provided in subsections (b) and (c) below.

(b) Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% of the Units, 1 of the 5 Directors shall be selected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units, 2 of the 5 Directors shall be elected by non-developer Co-owners. When the required number of conveyances have been reached, the Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required Director or Directors, as the case may be. Upon certification by the Co-owners to the Developer of the Director or Directors so elected, the Developer shall then immediately appoint such Director or Directors to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

(c) Election of Directors at and After First Annual Meeting.

(i) Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units, the non-developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least 1 Director as long as he owns at least 10% of the Units in the Project. Such Developer designee, if any, shall be one of the total number of directors referred to in Section 1 above and shall serve a one-year term pursuant to subsection (iv) below. Whenever the required conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.



(ii) Regardless of the percentage of Units which have 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, the non-developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the Board of Directors.

(iii) 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 subsection (ii), 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) 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 shall be rounded up to the nearest whole number, which number shall 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 shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate 1 Director as provided in subsection (i).

(iv) At the First Annual Meeting 3 Directors shall be elected for a term of 2 years and 2 Directors shall be elected for a term of 1 year. At such meeting all nominees shall stand for election as 1 slate and the 3 persons receiving the highest number of votes shall be elected for a term of 2 years and the 2 persons receiving the next highest number of votes shall be elected for a term of 1 year. At each annual meeting held thereafter, either 2 or 3 Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual

Meeting, the term of office (except for 2 of the Directors elected at the First Annual Meeting) of each Director shall be 2 years. The Directors shall hold office until their successors have been elected and hold their first meeting.

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

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

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

(a) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.

(b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

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

(d) To rebuild improvements after casualty.

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

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

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

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

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

(j) To enforce the provisions of the Condominium Documents.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than 3 years or which is not terminable by the Association upon 90 days written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the

Association. Vacancies among non-developer Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than 50% in number and in value of all of the Co-owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 35% requirement set forth in Article VIII, Section 4. Any Director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

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

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on 3 days notice to each Director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be

deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

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

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

## ARTICLE XII

### OFFICERS

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

(a) President. The President shall be the chief executive officer of the Association. He shall preside

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

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

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

(d) Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

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

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

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

## ARTICLE XIII

### SEAL

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

## ARTICLE XIV

### FINANCE

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

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

Section 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to

time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

## ARTICLE XV

### INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement, incurred by or imposed upon him in connection with any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, to which he may be a party or in which he may become involved by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Association (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten days prior to payment of any indemnification which it has approved, the Association shall notify all Co-owners thereof. Further, the Association is authorized to carry officers' and directors' liability insurance covering acts of the officers and directors of the Association in such amounts as it shall deem appropriate.

## ARTICLE XVI

### AMENDMENTS

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

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



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

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the right of a Co-owner or mortgagee.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Oakland County Register of Deeds.

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

## ARTICLE XVII

### COMPLIANCE

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

## ARTICLE XVIII

### DEFFINITIONS

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

## ARTICLE XIX

### REMEDIES FOR DEFAULT

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

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

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

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

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of Article XX thereof.

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

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

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

## ARTICLE XX

### ASSESSMENT OF FINES

Section 1. General. The violation by any Co-owner, occupant or guest of any provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, 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 Premises.

Section 2. 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 as shown in the notice required to be filed with the Association pursuant to Article VIII. Section 3 of the 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 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.

Section 3. Amounts. 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 following fines shall be levied:

(a) First Violation. No fine shall be levied.

(b) Second Violation. Twenty Five Dollars (\$25.00) fine.

(c) Third Violation. Fifty Dollars (\$50.00) fine.

(d) Fourth Violation and Subsequent Violations. One Hundred Dollars (\$100.00) fine.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable together with the regular Condominium assessment on the first of the next following month. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Documents including, without limitation, those described in Article II and Article XIX of the Bylaws.

## ARTICLE XXI

### 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 shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby)

## ARTICLE XXII

### SEVERABILITY

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