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LIBER 13767 PAGE 863
DEED - COMBINED
REMONUMENTATION
TRANSFER TX COMBINED
1999 A.M. RECEIPT#
PAID RECORDED - OAKLAND COUNTY
G. WILLIAM CADDELL, CLERK/REGISTER OF DEEDS

MASTER DEED FOR VILLAGE RIDGE CONDOMINIUMS

as required by the Michigan Condominium Act, MCLA 559.101 et seq., MSA 26.50(101) et seq.
Village Ridge Condominiums Subdivision Plan No. 1106

This master deed is made and signed on December 21 , 1998, by JDK Construction, LLC, a Michigan limited liability company, whose address is 2100 West Auburn Road, Rochester Hills, Michigan 48309 (the "developer").

The developer is constructing a residential condominium project to be known as Village Ridge Condominiums pursuant to the architectural plans approved by the Village of Oxford, on a parcel of land described in Article II of this document. The developer desires, by recording this master deed together with the condominium bylaws and the condominium subdivision plan, both of which are incorporated by reference and made a part of this document, to establish this real property and the improvements and appurtenances now and in the future located on it as a condominium project under the provisions of the Michigan Condominium Act, Act 59 of the Public Acts of 1978, as amended ("Act").

By recording this document, the developer establishes Village Ridge Condominiums as a condominium project under the act and declares that the project shall be held, conveyed, encumbered, leased, rented, occupied, improved, and used subject to the Act and to the conditions stated in this master deed, all of which shall run with the land and burden and benefit the developer; its successors and assigns; any persons acquiring or owning an interest in the real property; and their grantees, successors, heirs, executors, administrators, and assigns.

ARTICLE I
THE PROJECT

The project is a residential condominium that is being constructed in a single phase to comprise a total of 20 residential living units.

The 20 condominium units that compose the project, including the numbers, boundaries, dimensions, and areas of them, are completely described in the condominium subdivision plan. Each unit

O.K. - LG O.K. - RC

is suitable for individual use, having its own entrance from and exit to a common element of the project. Each co-owner in the project shall have a particular and exclusive property right to the co-owner's unit and to the limited common elements appurtenant to it and shall have an undivided and inseparable right to share the general common elements of the project with other co-owners, as designated by this master deed. **see attached page (3) for Title & Nature section.

ARTICLE II
LEGAL DESCRIPTION

The land on which the project is situated and which is submitted for condominium ownership pursuant to the Act, is located in the Village of Oxford and is described as follows:

> ALL OF LOT 1 AND PART OF LOTS 3 AND 4 OF "ASSESSOR'S PLAT NO. 3", BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 AND PART OF THE NORTHWEST 1/4 OF SECTION 27, TOWN 5 NORTH, RANGE 10 EAST, VILLAGE OF OXFORD, OAKLAND COUNTY, MICHIGAN, AS RECORDED IN LIBER 42 OF PLATS, ON PAGE 21 OF OAKLAND COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 4; THENCE SOUTH 88°32'00" WEST 112.50 FEET ALONG THE SOUTH LINE OF BURDICK STREET 66 FEET WIDE (SO CALLED) TO THE POINT OF BEGINNING; THENCE PROCEEDING SOUTH 88°32'00" WEST 609.70 FEET ALONG THE SOUTH LINE OF SAID BURDICK STREET TO THE NORTHWEST CORNER OF SAID LOT 1; THENCE SOUTH 02°58'00" EAST 165.70 FEET ALONG THE EAST LINE OF SAID WEST STREET 49.50 FEET WIDE (SO CALLED) AND THE NORTHWEST CORNER OF SAID LOT 2; THENCE NORTH 87°28'56" EAST 194.00 FEET ALONG THE LINE BETWEEN LOTS 1 AND 2 TO THE SOUTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 19°10'00" WEST 168.00 FEET ALONG THE WESTERLY LINE OF SAID LOT 3 TO A POINT; THENCE NORTH 84°14'33" EAST 252.35 FEET TO A POINT ON THE LINE BETWEEN SAID LOTS 3 AND 4; THENCE SOUTH 03°05'45" EAST 19.99 FEET ALONG THE LINE BETWEEN SAID LOTS 3 AND 4 TO THE NORTHWEST CORNER OF "WEST BURDICK CONDOMINIUM", AS RECORDED IN LIBER 8548, ON PAGES 744 THRU 793 OF OAKLAND COUNTY RECORDS; (THE NEXT FOUR [4] COURSES FOLLOWING ALONG THE WEST, NORTH AND THE NORTHWESTERLY LINES OF SAID "WEST BURDICK CONDOMINIUM"); THENCE NORTH 88°32'00" EAST 117.98 FEET TO A POINT; THENCE NORTH 01°28'00" WEST 66.00 FEET TO A POINT; THENCE NORTH 43°32'00" EAST 142.00 FEET TO A POINT; THENCE NORTH 01°28'00" WEST 154.00 FEET TO THE POINT OF BEGINNING. CONTAINING 3.543 ACRES (GROSS AREA). RESERVED THEREFROM ALL EASEMENTS AND RIGHT OF WAYS OF RECORD. (REVISED)

C4-27-126-046

TREASURERS CERTIFICATE
HEREBY CERTIFY that there are no TAX LIENS or TITLES held by the ... any individual against the within description ... are paid for five years previous to the ... as shown by the records in the office
4/02
12 24 ... County Treasurer
... Act 206, 1893 as amended

009372

ARTICLE I-A
TITLE AND NATURE

The Condominium Project shall be known as VILLAGE RIDGE CONDOMINIUMS, Oakland County Condominium Subdivision Plan No. 1161. The engineering plans for the Project were prepared by KENNEDY SURVEYING, INC. of 105 N. WashingtonSt., Oxford, Michigan 48371. The Condominium Project is established in accordance with the Act. The Units contained in the Condominium, including the number, boundaries, dimensions, area and volume of each Unit therein are set forth entirely in the Condominium Subdivision Plan attached as Exhibit "B" hereto. The individiual Units are for commercial purposes only and each Unit is capable of individual utilization by virtue 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 its Unit and shall have undivided and inseparable rights to share with the other Co-owner the Common Elements of the Condominium Project which are designated by the Master Deed.

ARTICLE III
DEFINITIONS

Certain terms are used not only in this master deed but also in other documents for the condominium, such as the articles of incorporation; the association bylaws; deeds, mortgages, land contracts, easements, and other documents affecting interests in the project. As used in such documents, the following definitions apply unless the context otherwise requires:

1. *The "arbitration association"* means the American Arbitration Association or its successor.

2. *The "association of co-owners"* or *the "association"* means Village Ridge Condominiums Association, which is a nonprofit corporation organized under Michigan law of which all co-owners must be members. This corporation shall administer and maintain the project. Any action required of or permitted to be undertaken by the association may be carried out by its board of directors unless it is specifically reserved to its members by the condominium documents or Michigan law.

3. *The "association bylaws"* means the corporate bylaws of the association organized to maintain and administer the project.

4. *"Common elements,"* if used without modification, means the part of the project other than the condominium units, including all general and limited common elements described in Article IV.

5. *"Condominium bylaws"* means exhibit A, which is the bylaws stating the substantive rights and obligations of the co-owners.

6. *"Condominium documents"* includes this master deed and all its exhibits recorded pursuant to the Act and any other documents referred to in this document that affect the rights and obligations of a co-owner in the condominium.

7. *The "condominium subdivision plan"* means Exhibit B, which is the site drawing, the survey, and other drawings depicting the existing and proposed structures and improvements, including their locations on the land.

8. *"Condominium unit"* or *"unit"* means that part of the project designed and intended for separate ownership and use, as described in this master deed.

9. *"Co-owner"* means a person, a firm, a corporation, a partnership, an association, a trust, or another legal entity or any combination who owns a condominium unit in the project, including a vendee of a land contract of which the purchase is not in default. *Owner* is synonymous with *co-owner*.

10. The *"developer"* means JDK Construction, LLC, a Michigan limited liability company, which has made and signed this master deed, as well as its successors and assigns.

11. *"General common elements"* means those common elements of the project described in Article IV(1), which are for the use and enjoyment of all co-owners, subject to such charges as may be assessed to defray the operation costs.

12. *"Limited common elements"* means those common elements of the project described in Article IV(1)(B), which are reserved for the exclusive use of the co-owners of a specified unit or units.

13. The *"master deed"* means this instrument as well as its exhibits and amendments, by which the project is submitted for condominium ownership.

14. *"Percentage of value"* means the percentage assigned to each unit by this master deed, which determines the value of a co-owner's vote at association meetings when voting by value or by number and value and the proportionate share of each co-owner in the common elements of the project.

15. *"The project"* or *"the condominium"* means Village Ridge Condominium, a condominium development established in conformity with the Act.

16. The *"transitional control* date" means the date when a board of directors for the association takes office pursuant to an election in which the votes that may be cast by eligible co-owners unaffiliated with the developer exceed the votes that may be cast by the developer.

Whenever a reference is made in this document to the singular, a reference shall also be included to the plural if appropriate.

ARTICLE IV
COMMON ELEMENTS

1. Common Elements. The common elements of the condominium described below and in Exhibit "B" applicable hereto and the

respective responsibilities for maintenance, decoration, repair or replacement thereof are as follows:

A. General Common Elements. The general common elements are:

(1) Land. The land described in Article II hereof, including roads, driveways, sidewalks and parking spaces not identified as limited common elements; provided, however, that the association may, in its discretion, assign general common element parking spaces to individual co-owners on an equitable basis as may be determined by the association.

(2) Electrical. The electrical wiring network throughout the project, including exterior security lighting, up to but not including, the electrical meter for each unit, together with the common security lighting for the project, if any is installed;

(3) Gas. The gas transmission lines throughout the project, up to but not including, the gas meter for each unit;

(4) Telephone. The telephone wiring network throughout the project up to the point of connection of each individual unit's service with the main telephone line, board or box;

(5) Plumbing. The plumbing network throughout the project, including that contained within unit walls, up to the point of entry into the unit;

(6) Sewerage. The water distribution mains, storm and sanitary sewer system throughout the project;

(7) Construction Foundations, supporting columns, unit and garage perimeter walls (including all windows, doors and doorwalls located therein), roofs, ceilings, garage floors, floor construction between unit levels, and chimneys;

(8) Sprinkler System. The lawn sprinkler system throughout the project, if any;

(9) Other. Such other elements of the project not herein designated as general or limited common elements which are intended for common use or necessary to the existence, upkeep and/or safety of the project,

regardless of whether located within or without the perimeter of a unit;

(10) Easements. All beneficial easements referred to in this master deed, including, but not limited to, the ingress-egress easements benefiting the land.

Some or all of the utility lines, systems (including mains and service leads) and equipment 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 shall be general common elements only to the extent of the co-owners' interest therein, if any, and the association makes no warranty whatever with respect to the nature or extent of such interest, if any.

B. Limited Common Elements. Limited common elements shall be subject to the exclusive use and enjoyment of the owner of the unit(s) to which the limited common elements are appurtenant. The limited common elements are as follows:

(1) Courtyards Patios and Porches. Each courtyard, patio area (together with all improvements located therein such as landscaping, privacy fences and walks), and porch in the project, if any, is restricted in use to the co-owner of the unit which opens into such courtyard, patio area or porch, as the case may be, as shown on the condominium subdivision plan;

(2) Air Conditioning, Heating. Each individual air conditioner and compressor, furnace and hot water heater, including ductwork, is restricted in use to the co-owner of the unit which such equipment services;

(3) Storms and Screens. Unit window and doorwall storms and screens and storm/screen doors (other than those added by co-owners - which are considered the personal property of the co-owner) in the project are restricted in use to the co-owners of the units to which the same are appurtenant;

(4) Mechanical Systems. Electrical wiring, water distribution lines, sanitary sewer systems, telephone lines, gas distribution system and heating and air conditioning ducts located in limited common elements, the units or passing through general common elements, shall be limited common elements wherever so located, appurtenant and limited in use to that unit or units which are serviced thereby;

(5) Garage Door Openers, Remotes and Door Springs, Tracks and Hardware. All garage door openers and remotes, and all door tracks, hardware and springs and lights shall be limited common elements appurtenant to the unit serviced thereby.

(6) Interior. The interior surfaces of unit and garage perimeter walls, ceilings and floors within a unit, and fireplace combustion chambers shall be subject to the exclusive use and enjoyment of the co-owner of such unit;

(7) Sump Pumps. The sump pump and the related pit and mechanical equipment servicing each unit, if any, in the project is restricted in use to the co-owners of the unit which is serviced by such sump pump.

(8) Other. Such other elements of the project, not enclosed within a unit, which are appurtenant to and/or benefit one or more units, though less than the entire project, shall be limited common elements.

C. Responsibility. Subject at all times to the association's exclusive right and obligation to control and approve the exterior appearance of all units and appurtenant limited common elements, the respective responsibilities for the maintenance, decoration, repair and replacement of the units and common elements comprising the condominium are as follows:

(1) Co-owner Responsibilities:

(a) Unit Limited Common Elements. The primary responsibility for maintenance, decoration, repair and replacement, including all costs associated therewith, of a unit, including any sun room attached to and/or part of such unit, including all fixtures, improvements and personal property located therein or elsewhere throughout the project, and the limited common elements described in Paragraphs B.(2) - (5), (7) and (8), the porch/steps, if any, described in Paragraph B(1), and the fireplace combustion chambers described in Paragraph B.(6), shall be borne by the co-owner of the unit. Each co-owner shall also be responsible for only maintenance and decoration of the limited common elements described in Paragraph B.(6), (except for fireplace combustion chambers, the costs and responsibility for which are addressed in the preceding sentence). Additionally, each co-owner shall be responsible for all costs of maintenance, repair and replacement of all entry door hardware and locks, notwithstanding the fact that said doors are defined as general common elements under Paragraph A.(7), above.

(b) Utility Charges. All costs of electricity, gas, telephone, cable TV and any other utility services shall be borne by the co-owner of the unit to which such services are furnished. The Association shall be responsible for the costs of sewer/water, however, the association shall have the right to surcharge any co-owner, on a reasonable and equitable basis, for abnormal or excessive usage.

(c) Co-owner Additions, Modifications. Co-owner improvements, additions or modifications, including but not limited to, finished basements, storm doors, updates, remodeling and the like, even though approved by the association, shall not be considered limited or general common elements in any case, and shall be the complete responsibility of the co-owner. Should the association require access to any elements of the project which require the moving or destruction of all or part of any such addition or modification, all costs, damages and expenses involved in providing access and restoring the addition or modification shall be borne by the co-owner.

(d) Co-owner Fault. Any and all costs for maintenance, decoration, repair and replacement of any common element caused by the intentional or unintentional act(s) of any co-owner, or family, guests or invitees of a co-owner, shall be borne by the co-owner. The association may incur such costs and charge and collect them from the responsible co-owner in the same manner as an assessment in accordance with the condominium bylaws.

(2) Association Responsibilities:

(a) General Common Elements The costs of maintenance, decoration, repair and replacement of all general common elements, and those limited common elements expressly excepted from co-owner responsibility in the various sub-paragraphs of Paragraph C.(1) above, shall be borne by the association, except that the association shall have no responsibility to maintain (clearing of snow) sidewalks in the winter months, and subject to any provisions of this article and the condominium bylaws expressly to the contrary.

(b) Limited Common Elements for which the Association is Responsible. The association shall be responsible for the maintenance, repair and replacement, except in cases of co-owner fault, of the limited common elements described in Paragraph B.(1), if any; and for the costs of repair and replacement (except in cases of co-owner fault) of all surfaces referred to in Paragraph B.(6), excluding fireplace combustion chambers, which are the responsibility of the co-owners.

(c) Unauthorized Repair. The association shall not be obligated to reimburse co-owners for repairs that the co-owner makes or contracts for. The association shall only be responsible for payments to contractors for work authorized by the association or by the management company hired by the association.

(3) Unusual Expenses Any other unusual common expenses benefiting less than all of the condominium units, or any expenses incurred as a result of the conduct of less than all of those entitled to occupy the condominium project, or by their licensees or invitees, shall be specifically assessed against the condominium unit or condominium units involved in accordance with Section 69 of the Michigan Condominium Act.

2. Except as stated in this master deed, condominium units shall not be separable from the common elements appurtenant to them and shall not be used in any manner inconsistent with the purposes of the project or in any other way that would interfere with or impair the rights of any co-owner to use and enjoy the co-owner's unit or the common elements appurtenant to it.

ARTICLE V
DESCRIPTIONS AND PERCENTAGES OF VALUE OF CONDOMINIUM UNITS

1. A complete description of each condominium unit in the project, with elevations referenced to an official benchmark of the U.S. Geological Survey sufficient to relocate accurately the space enclosed by the description without reference to the structure itself, is provided in the condominium subdivision plan as surveyed by Kennedy Surveying, Inc., consulting engineers. Detailed architectural plans and specifications have been filed with the Village of Oxford. Each unit shall include all the space within certain horizontal planes and vertical planes designated by a heavy outline on the interior finished surface of the walls, floors, and ceilings and depicted in the condominium subdivision plan

and as delineated by detailed dimensional descriptions of the unit in the outline, minus any common elements in the unit. In determining dimensions, each condominium unit shall be measured from the interior finished unpainted surfaces of the walls and ceilings and from the interior surfaces of the finished subfloor.

2. The total value of the project is 100, and the percentage assigned to each condominium unit shall be as stated in provision 3 of this article. The percentage of value assigned to each unit is equal. The determination that percentages of value should be equal was made after reviewing the characteristics of each unit and concluding that there were no material differences among the units insofar as the allocation of percentages of value is concerned.

3. The number of each condominium unit in the project as it appears on the condominium subdivision plan and the percentage of value assigned to each unit are as follows:

Unit No.	Percentage of Value Assigned	Unit No.	Percentage of Value Assigned
1	5	11	5
2	5	12	5
3	5	13	5
4	5	14	5
5	5	15	5
6	5	16	5
7	5	17	5
8	5	18	5
9	5	19	5
10	5	20	5

ARTICLE VI
EASEMENTS

Every part of a condominium unit that contributes to the structural support of a building shall be burdened with an easement of structural support for the benefit of the common elements. If any part of a unit or common element encroaches on another unit or common element due to the shifting, settling, or moving of a building or due to survey errors or construction deviations, reciprocal easements shall exist for the maintenance of such encroachments for as long as they exist and for the maintenance of the encroachments after rebuilding in the event of destruction. There shall also be permanent easements in favor of the association for the maintenance and repair of common elements for which the association is responsible. There shall be easements to, through, and over those parts of the land, structures, buildings, improvements, and walls (including interior unit walls) as is reasonable for the installation, maintenance, and repair of all utility services furnished to the project. Public utilities shall have access to the common elements and to the units at reasonable times for the installation, repair, or maintenance of such services. Any costs incurred in opening and repairing any wall of the project to install, repair, or maintain such services shall be an administration expense assessed against all co-owners in accordance with the condominium bylaws.

Until final completion of the project, the developer reserves nonexclusive easements for the benefit of itself and its successors and assigns to use, at any time without charges other than the reasonable cost of work performed, utilities consumed, or maintenance required as a direct result of such use, (1) for the unrestricted use of all roads, driveways, and walkways in the condominium for the purpose of ingress and egress to and from any part of the land described in Article II and (2) to use, tap into, tie into, extend, or enlarge all utility lines and mains, public and private, located on the land described in Article II.

As long as the developer owns at least one unit in the project, it shall be subject to the provisions of this master deed.

ARTICLE VII
EASEMENT WITH ADJOINING PROPERTY

The project is subject to a "declaration of easements and agreement for maintenance" with West Burdick Condominium (the condominium development located to the east of the project) which is recorded at Liber 8548, page 737 to Liber 8548, page 741. The easement provides for a prorata sharing of the expenses of the maintenance, upkeep, repair and replacement of the access easement (for Condan Lane (private road) - as depicted on the condominium subdivision plan), the retention basin easement, and the utility easements as more fully set forth in the "declaration of easements and agreement for maintenance." Each condominium development shall be responsible for the payment of a prorated portion of the expenses of maintenance, upkeep, repair and replacement of the above referenced easements which shall be equal to a fraction, the numerator of which is the number of completed dwelling units located in each such condominium development and the denominator of which is the total of all completed dwelling units located IN both condominium developments. Village Ridge Condominiums will have twenty (20) condominium units. The adjoining condominium has ________ condominium units.

ARTICLE VIII
AMENDMENTS AND TERMINATION

1. If there is no co-owner other than the developer, the developer may unilaterally amend the condominium documents or, with the consent of any interested mortgagee, unilaterally terminate the project. All documents reflecting such amendment or termination shall be recorded in the public records of Oakland County, Michigan.

2. If there is a co-owner other than the developer, the condominium documents may be amended for a proper purpose only as follows:

   a. An amendment may be made without the consent of any co-owners or mortgagees if the amendment does not materially alter the rights of any co-owners or mortgagees of units in the project, including amendments to modify the types and sizes of unsold condominium units and their appurtenant limited common elements; correcting survey or other errors, amendments to facilitate conventional mortgage loan financing for existing or prospective co-owners; and amendments enabling the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, or any other agency of the federal government or the State of Michigan.

   b. Even if an amendment would materially alter the rights of any co-owners or mortgagees, it can be made if at least two-thirds of the co-owners and mortgagees consent. However, dimensions or limited common elements of a co-owner's unit may not be modified without the co-owner's consent, nor may the formula used to determine percentages of value for the project or provisions relating to the ability or terms under which a unit may be rented be modified without the consent of the developer and each affected co-owner and mortgagee. Rights reserved by the developer in this master deed, shall not be amended without written consent from the developer as long as the developer or its successors continue to own or to offer for sale any unit in the project. For the purpose of this provision, a mortgagee shall have one vote for each mortgage held.

   c. A person causing or requesting an amendment to the condominium documents shall be responsible for the costs and expenses of the amendment, except for amendments based on a vote of the prescribed majority of co-owners and mortgagees or based on the advisory committee's decision, the costs of which are administration expenses.

The co-owners and mortgagees of record shall be notified of proposed amendments under this provision at least 10 days before the amendment is recorded.

d. If there is a co-owner other than the developer, the project may only be terminated with the consent of the developer and at least 80 percent of the co-owners.

This Master Deed has been signed the date set forth above.

JDK Construction, LLC

Witness Lisa M. Hackman

Jonathan Krause, Member

Witness Tom P. Hackman

STATE OF MICHIGAN)
COUNTY OF Oakland) SS.

The foregoing instrument was acknowledged before me this 21st day of December, 1998, by Jonathon Krause, Member of JDK Construction, LLC

Notary Public, Lisa M. Hackman
Oakland County, Michigan
My commission expires: 1/30/00

DRAFTED BY AND RETURN TO:
Jonathan Krause
2100 W. Auburn Rd.
Rochester Hills, MI 48309

EXHIBIT A

VILLAGE RIDGE CONDOMINIUM ASSOCIATION
CONDOMINIUM BYLAWS

ARTICLE I
THE CONDOMINIUM PROJECT

1. Organization. Village Ridge Condominium, a residential condominium project located in the Village of Oxford, Michigan, is being constructed in a single phase to comprise a total of 20 living units. Once the master deed is recorded, the management, maintenance, operation, and management, operation, maintenance and administration of the project shall be vested in Village Ridge Condominium Association (hereafter referred to as the "association"), which is a nonprofit corporation formed under Michigan law.

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

ARTICLE II
MEMBERSHIP AND VOTING

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

2. Voting rights. Except as limited in the master deed and in these bylaws, each co-owner shall be entitled to one vote for each unit owned when voting by number and one vote, the value of which shall equal the total of the percentages assigned to the units owned by the co-owner as stated in the master deed, when voting by value. Voting shall be by number, except when voting is specifically required to be both by value and by number, and no cumulation of votes shall be permitted.

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

The person entitled to cast the vote for the unit and to receive all notices and other communications from the association may be designated by a certificate signed by all the record owners of the unit and filed with the secretary of the association. Such a certificate shall state the name and address of the designated individual, the number of units owned, and the name and address of the party who is the legal co-owner. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until the ownership of the unit concerned changes.

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

5. Majority. At any meeting of members at which a quorum is present, 51 percent of the co-owners entitled to vote and present in person or by proxy, in accordance with the percentages allocated to each condominium unit in the master deed for the project, shall constitute a majority for the approval of the matters presented to the meeting, except as otherwise required in these bylaws, in the master deed, or by law.

ARTICLE III
MEETINGS AND QUORUM

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

2. Annual meeting of members. After the initial meeting, an annual meeting of the members shall be held in each year at

the time and place specified in the association bylaws. At least 10 days before an annual meeting, written notice of the time, place, and purpose of the meeting shall be mailed to each member entitled to vote at the meeting. At least 20 days' written notice shall be provided to each member of any proposed amendment to these bylaws or to other condominium documents.

3. <u>Advisory committee.</u> Not later than 120 days after the conveyance of legal or equitable title to nondeveloper co-owners of one-third of the units that may be created or one year after the initial conveyance of legal or equitable title to a nondeveloper co-owner of a unit in the project, whichever occurs first, the developer shall select three nondeveloper co-owners to serve as an advisory committee to the board of directors. The purpose of the advisory committee shall be to facilitate communication between the board of directors and the nondeveloper co-owners and to aid in the ultimate transfer of control to the association. The members of the advisory committee shall serve for one year or until their successors are selected, and the advisory committee shall automatically cease to exist on the transitional control date. The board of directors and the advisory committee shall meet with each other when the advisory committee requests. However, there shall not be more than two such meetings each year unless both parties agree.

4. <u>Composition of the board.</u> Not later than 120 days after the conveyance of legal or equitable title to nondeveloper co-owners of 25 percent of the units that may be created, at least one director and at least one-fourth of the board of directors of the association shall be elected by nondeveloper co-owners. Not later than 120 days after the conveyance of legal or equitable title to nondeveloper co-owners of 50 percent of the units that may be created, at least one-third of the board of directors shall be elected by nondeveloper co-owners. Not later than 120 days after the conveyance of legal or equitable title to nondeveloper co-owners of 75 percent of the units, the nondeveloper co-owners shall elect all directors on the board except that the developer may designate at least one director as long as the developer owns or offers for sale at least 10 percent of the units in the project or as long as 10 percent of the units that may be created remain unbuilt.

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

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

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

ARTICLE IV
ADMINISTRATION

1. Board of directors. The business, property, and affairs of the association shall be managed and administered by a board of directors to be elected in the manner stated in the association bylaws. The directors designated by the incorporator named in the articles of incorporation shall serve until their successors have been elected and qualified at the initial meeting of members. All actions of the first board of directors of the association or any successors elected by the developer before the initial meeting of members shall be binding on the association as though the actions had been authorized by a board of directors elected by the members of the association at the initial meeting or at any subsequent meeting, as long as the actions are within the scope of the powers and duties that may be exercised by a board of directors as provided in the condominium documents. The board of directors may void any service contract or management contract between the association and the developer or affiliates of the developer on the transitional control date, within 90 days after the transitional control date, or on 30 days' notice at any time after that for cause.

2. Powers and duties. The board shall have all powers and duties necessary to administer the affairs of the association. The powers and duties to be exercised by the board shall include

the following:

a. maintaining the common elements

b. developing an annual budget and determining, assessing, and collecting amounts required for the operation and other affairs of the condominium

c. employing and dismissing personnel as necessary for the efficient management and operation of the condominium property

d. adopting and amending rules and regulations for the use of condominium property

e. opening bank accounts, borrowing money, and issuing evidences of indebtedness to further the purposes of the condominium and designating required signatories therefor

f. obtaining insurance for condominium property, the premiums of which shall be an administration expense

g. leasing or purchasing premises suitable for use by a managing agent or custodial personnel, on terms approved by the board

h. granting concessions and licenses for the use of parts of the common elements for purposes not inconsistent with the Michigan Condominium Act or the condominium documents

i. authorizing the signing of contracts, deeds of conveyance, easements, and rights-of-way affecting any real or personal property of the condominium on behalf of the co-owners

j. making repairs, additions, improvements, and alterations to the condominium property and repairing and restoring the property in accordance with the other provisions of these bylaws after damage or destruction by fire or other casualties or condemnation or eminent domain proceedings

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

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

3. Accounting records. The association shall keep detailed records of the expenditures and receipts affecting the administration of the condominium. These records shall specify the maintenance and repair expenses of the common elements and

any other expenses incurred by or on behalf of the association and its co-owners. These records shall be open for inspection by the co-owners during reasonable working hours at a place to be designated by the association. The association shall prepare a financial statement from these records and distribute it to all co-owners at least once a year. The association shall define the contents of the annual financial statement. Qualified independent auditors (who need not be certified public accountants) shall review the records annually and audit them every fifth year. The cost of these reviews and audits shall be an administration expense. Audits need not be certified.

4. Maintenance and repair.

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

   b. The association shall maintain and repair the general common elements, inside and outside the units, and limited common elements to the extent stated in the master deed and shall charge the costs to all the co-owners as a common expense unless the repair is necessitated by the negligence, misuse, or neglect of a co-owner, in which case the expense shall be charged to the co-owner. The association and its agents shall have access to each unit during reasonable working hours, on notice to the occupant, for the purpose of maintaining, repairing, or replacing any of the common elements in the unit or accessible from it. The association and its agents shall also have access to each unit at all times without notice for emergency repairs necessary to prevent damage to other units or the common elements.

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

6. Construction liens. Pursuant to the provisions of MCLA 559.232 a construction lien for work performed on a condominium unit or a limited common element shall attach only to the unit or element on which the work was performed. A lien for work authorized by the developer or the principal contractor shall attach only to condominium units owned by the developer when the statement of account and lien are recorded. A construction lien for work authorized by the association shall attach to each unit in proportion to the extent to which the co-owner must contribute to the administration expenses. No mechanics lien shall arise or attach to a condominium unit for work performed on the general common elements that is not contracted by the association or the developer.

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

8. Officers. The association bylaws shall provide for the designation, number, terms of office, qualifications, manner of election, duties, removal, and replacement of officers of the association and may contain any other provisions pertinent to officers of the association that are not inconsistent with these bylaws. Officers may be compensated, but only on the affirmative vote of more than 60 percent of all co-owners, in number and in value.

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

ARTICLE V
ASSESSMENTS

1. Administration expenses. The association shall be assessed as the entity in possession of any tangible personal property of the condominium owned or possessed in common by the co-owners. Personal property taxes based on such assessments shall be treated as administration expenses. All costs incurred by the association for any liability connected with the common elements or the administration of the project shall be administration expenses. All sums received pursuant to any policy of insurance securing the interests of the co-owners

against liabilities or losses connected with the common elements or the administration of the project shall be administration receipts.

2. Determination of assessments. From time to time and at least annually, the board shall adopt a budget for the condominium that shall include the estimated funds required to defray common expenses for which the association is responsible for the next year, including a reasonable allowance for contingencies and reserves and shall allocate and assess these common charges against all co-owners according to their respective common interests on a monthly basis. In the absence of co-owner approval as provided in these bylaws, such assessments shall be increased only if one of the following conditions is met:

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

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

   c. The board decides to purchase additions to the common elements, the costs of which may not exceed $1,500 per unit annually.

   d. An emergency or unforeseen development necessitates the increase.

   Any increase in assessments other than under these conditions, including assessments to purchase or lease a unit for the use of a resident manager, shall be considered a special assessment requiring approval by a vote of 60 percent or more of the co-owners, in number and in value.

3. Levy of assessments. All assessments levied against the units to cover administration expenses shall be apportioned among and paid by the co-owners in accordance with the percentage of value allocated to each unit in the master deed, in advance in twelve (12) equal monthly installments and without any increase or decrease in any rights to use limited common elements. The common expenses shall include expenses the board deems proper to operate and maintain the condominium property under the powers and duties delegated to it under these bylaws and may include amounts to be set aside for working capital for the condominium, for a general operating reserve, and for a reserve to replace any deficit in the common expenses for any prior year. Any reserves established by the board before the initial meeting of members shall be subject to approval by the members at the initial meeting. The board shall advise each co-owner in writing of the amount of common charges payable by the co-owner and shall furnish copies of each budget on which such common charges are based to all co-

owners.

4. Collection of assessments. Each co-owner shall be obligated to pay all assessments levied on the co-owner's unit while the co-owner owns the unit. No co-owner may be exempted from liability for the co-owner's contribution toward the administration expenses by a waiver of the use or enjoyment of any of the common elements or by the abandonment of the co-owner's unit. If any co-owner defaults in paying the assessed charges, the board may impose reasonable fines or charge interest at the legal rate on the assessment from the date it is due. Unpaid assessments shall constitute a lien on the unit that has priority over all other liens except state or federal tax liens and sums unpaid on a first mortgage of record recorded before any notice of lien by the association. The association may enforce the collection of a lien by a suit at law for a money judgment or by foreclosure of the liens, securing payment as provided in MCLA 559.208, MSA 26.50(208). In a foreclosure action, a receiver may be appointed and reasonable rent for the unit may be collected from the co-owner or anyone claiming possession under the co-owner. All expenses incurred in collection, including interest, costs, and actual attorney fees, and any advances for taxes or other liens paid by the association to protect its lien shall be chargeable to the co-owner in default.

On the sale or conveyance of a condominium unit, all unpaid assessments against the unit shall be paid out of the sale price by the purchaser in preference over any other assessments or charges except as otherwise provided by the condominium documents or by the Act. A purchaser or grantee shall be entitled to a written statement from the association stating the amount of unpaid assessments against the seller or grantor. Such a purchaser or grantee shall not be liable for liens for any unpaid assessments against the seller or grantor in excess of the amount in the written statement; neither shall the unit conveyed or granted be subject to any such liens. Unless the purchaser or grantee requests a written statement from the association at least five (5) days before a sale, as provided in the Act, the purchaser or grantee shall be liable for any unpaid assessments against the unit, together with interest, costs, and attorney fees incurred in the collection of unpaid assessments.

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

5. Obligations of the developer. The developer, 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 to maintenance and use of the units in the project and of the improvements constructed within or appurtenant to the units that are not owned by developer. For purposes of the foregoing sentence, the developer's proportionate share of such expenses shall be based upon the 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 by responsible for payment of any assessments for or with respect to common element grounds maintenance and landscaping, deferred maintenance, reserves for contingencies, capital improvements or other special assessments, except with respect to units owned by the developer. 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. For so long as the developer is constructing improvements within the development, the developer shall be responsible for maintaining all streets and roadways within the development and the condominium common areas so that they are fit for safe travel and free of hazards to pedestrians and vehicle movement. Further, the developer shall, to the extent reasonable practical in connection with its construction activities, remove unnecessary construction debris from the development on at least a weekly basis.

ARTICLE VI
TAXES, INSURANCE, AND REPAIRS

1. Taxes. After the year when the construction of the building containing a unit is completed, all special assessments and property taxes shall be assessed against the individual units and not against the total property of the project or any part of it in accordance with Section 131 of the Act. In the initial year in which the building containing a unit is completed, the taxes and special assessments that become a lien against the property of the condominium shall be administration expenses and shall be assessed against the units according to their percentages of value. Special assessments and property taxes in any year when the property existed as an established project on the tax day shall be assessed against the individual units, notwithstanding any subsequent vacation of the project.

Assessments for subsequent real property improvements to a specific unit shall be assessed to that unit only. Each unit shall be treated as a separate, single unit of real property for the purpose of property taxes and special assessments and shall not be combined with any other units. No assessment of a fraction of any unit or a combination of any unit with other units or fractions of units shall be made, nor shall any division or split of an assessment or tax on a single unit be made, notwithstanding separate or common ownership of the unit.

2. Insurance. The association shall be appointed as attorney-in-fact for each co-owner to act in connection with insurance matters and shall be required to obtain and maintain, to the extent available and applicable, fire insurance with extended coverage; vandalism and malicious mischief endorsements; and liability insurance and worker compensation insurance pertinent to the ownership, use, and maintenance of the common elements to the project. Such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

   a. All such insurance shall be purchased by the board of directors for the benefit of the association, the co-owners, their mortgagees, and the developer, according to their interests. Each co-owner shall be responsible for obtaining insurance coverage at the co-owner's expense for the interior of the co-owner's unit, including wall coverings, floor coverings, sliders, windows, and screens. Each co-owner is responsible for obtaining insurance for the personal property located within the co-owner's unit or elsewhere in the condominium, for personal liability for occurrences within the co-owner's unit or on limited common elements appurtenant to the unit, and for expenses to cover alternate living arrangements if a casualty causes temporary loss of the unit. The association shall have no responsibility for obtaining such insurance. The association and all co-owners shall use their best efforts to see that all property and liability insurance carried by the association or any co-owner shall contain appropriate provisions for the insurer to waive its right of subrogation regarding any claims against any co-owner or the association.

   b. All common elements of the project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, as determined annually by the board of directors of the association. Such coverage shall also include interior walls within any unit; the pipes, wires, conduits, and ducts in these walls; and all appliances, fixtures, equipment, and trim within a unit that were furnished with the unit as standard items in accordance with the plans and specifications for the unit on file with the association (or any replacements that do not exceed the costs of such standard items). Any improvements made by a co-owner within a unit shall be covered by insurance obtained at the expense of the co-owner. If the association elects to include owner improvements under its insurance coverage, any additional premium cost to the association attributable to the coverage shall be assessed to the co-owner and collected as a part of the assessments against the co-owner as provided in these bylaws.

c. If required, the association shall maintain adequate fidelity coverage to protect against dishonest acts by its officers, directors, trustees, and employees and all others who are responsible for handling the association's funds.

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

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

3. Reconstruction and repairs. If any part of the condominium project shall be partially or completely destroyed, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

a. If the damaged property is a common element or a unit, the property shall be rebuilt or repaired if any unit in the condominium project is tenantable, unless it is determined by a unanimous vote of all of the co-owners that the condominium project shall be terminated; and each holder of a first mortgage lien on any unit in the condominium project has given prior written approval of such termination.

b. If the condominium project is so damaged that no unit is tenantable, and if each holder of a first mortgage lien on any unit in the condominium project has given its prior written approval of the termination of the condominium project, the damaged property shall not be rebuilt and the condominium project shall be terminated unless seventy-five (75%) percent or more of all co-owners in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction. The seventy-five (75%) percent majority required by this subsection shall be applied to all existing co-owners of record.

c. Any such reconstruction or repair shall be substantially in accordance with the master deed and the plans and specifications for the condominium project to a condition as comparable as possible to the condition existing prior to damage unless the co-owners shall unanimously decide otherwise.

d. If the damage is to all or a part of a unit which is the responsibility of a co-owner to maintain and repair, it shall be the responsibility of the co-owner to repair such damage in accordance with section e. below. In all other cases, the responsibility for reconstruction and repair shall be that of the association.

e. Each co-owner shall be responsible for the reconstruction and repair of the interior of the co-owner's unit including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any common elements therein), interior trim, furniture, light fixtures and all appliances, whether freestanding or built-in. In the event of damage to the foregoing, or to interior walls within a co-owner's unit or to pipes, wires, conduits, ducts or other common elements therein is covered by insurance held by the association, then the reconstruction or repair shall be the responsibility of the association in accordance with section f. below. If any other interior portion of a unit is covered by insurance held by the association for the benefit of the co-owner, the co-owner shall be entitled to receive the proceeds of insurance relative thereto; and if there is a mortgagee endorsement, the proceeds shall be payable to the co-owner and the mortgagee jointly. In the event of substantial damage to or destruction of any unit or any part of the common elements, the association promptly shall so notify each holder of a first mortgage lien on any unit in the condominium project.

f. The association shall be responsible for the reconstruction and repair of the common elements (except as specifically otherwise provided in the master deed) and any incidental damage to a unit caused by such common elements or the reconstruction and repair thereof. Immediately after a casualty causing damage to property for which the association has the responsibility of repair and reconstruction, the association shall obtain reliable and detailed estimates of the cost to replace the damages property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs 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 repayment of the costs thereof are insufficient, assessments 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.

4. Eminent domain. The following provisions shall pertain on any taking by eminent domain:

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

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

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

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

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

ARTICLE VII
USE AND OCCUPANCY RESTRICTIONS

1. Residential use. Condominium units shall be used exclusively for residential occupancy. No unit or common element shall be used for any purpose other than as a single-family residence or for other purposes customarily incidental to that use, except that professional and quasi-professional co-owners may use their residences as ancillary facilities to their offices established elsewhere, as long as such use does not generate unreasonable traffic by members of the general public. However, these restrictions on use shall not be construed to prohibit a co-owner from (a) maintaining a personal professional library, (b) keeping personal business or professional records or accounts, or (c) handling personal business or professional telephone calls or correspondence. Such uses are customarily incidental to principal residential use and not in violation of these restrictions.

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

3. Specific prohibitions. Without limiting the generality of the preceding provisions in this article, the use of the project

and all common elements by any co-owner shall be subject to the following restrictions:

a. No more than ____ people shall permanently occupy or reside in any unit, without written approval from the association. If a birth, adoption, or marriage in a family occupying a unit results in a violation of this restriction, the application of the restriction to the family shall be suspended for one year to provide the family a reasonable amount of time to cure the violation or to dispose of the unit.

b. No part of a unit may be rented and no transient tenants may be accommodated in a unit. However, this restriction shall not prevent the rental or sublease of an entire unit for residential purposes or of a limited common element appurtenant to a unit as provided in Article IX.

c. No co-owner shall make any alterations, additions, or improvements to any general common element or make changes to the exterior or structure of a unit or limited common elements without written approval from the association. The association shall not approve any alterations or structural modifications that would jeopardize or impair the soundness, safety, or appearance of the project. An owner may make alterations, additions, or improvements within a unit without written approval from the board, but the owner shall be responsible for any damage to other units, the common elements, the property, or any part of them that results from such alterations, additions, or improvements.

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

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

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

g. No co-owner shall display, hang, or store any clothing, sheets, blankets, laundry, or other articles outside a unit or inside the unit in a way that is visible from the outside of the unit, except for draperies, curtains, blinds, or shades of a customary type and appearance. Neither shall any co-owner paint or decorate the outside of a unit or install any radio or television antenna, window air-conditioning unit, snap-in window divider, awning, or other equipment, fixtures, or items without written permission from the association. These restrictions shall not be construed to prohibit a co-owner from placing and maintaining outdoor furniture and decorative foliage of a customary type and appearance on a deck, patio, or stoop that is a limited common element appurtenant to a unit. However, no furniture or other personal property shall be stored on any open deck, patio, or stoop that is visible from the common elements of the project during the winter season.

h. No co-owner shall use or permit any occupant, agent, tenant, invitee, guest, or family member to use any firearms, air rifles, pellet guns, BB guns, bows and arrows, fireworks, or other dangerous weapons, projectiles, or devices anywhere on or around the condominium premises.

i. No animals, including household pets, shall be kept without written consent from the association. The board of directors may revoke such consent at any time. Pets permitted by the association shall be kept in compliance with the rules and regulations promulgated by the board of directors and must always be kept and restrained so they are not obnoxious because of noise, odor, or unsanitary conditions. No animal shall be permitted to run loose on the common elements, limited or general, and the owner of each pet shall be responsible for cleaning up after it.

j. The association may charge any co-owner maintaining animals a reasonable additional assessment to be collected as provided in these bylaws if the association determines such assessment to be necessary to defray the maintenance costs to the association of accommodating animals within the condominium. The association may also, without liability to the owner, have any animal removed from the condominium if it determines that the presence of the animal violates these restrictions. Any person who permits any animal to be brought on the condominium property shall indemnify the association for any loss, damage, or liability the association sustains as a result of the presence of the animal on the condominium property.

k. No mobile home, van, trailer, tent, shack, garage, accessory building, outbuilding, or other temporary structure shall be erected, occupied, or used on the condominium property without written consent from the association. No recreational vehicles, boats, or trailers shall be parked or stored on the condominium property for more than 24 hours without written approval from the association, and no snowmobile or other motorized recreational vehicle shall be operated on the condominium property. No maintenance or repair shall be performed on any boat or vehicle except within a garage or unit where it is totally isolated from public view.

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

m. The common elements shall not be used to store supplies or personal property (except garages and other areas specifically designated for this purpose). Trash and refuse shall be placed only in common trash receptacles located at the discretion of the board of directors. No vehicles shall be parked on or along the private drives, and owners and residents shall not use or obstruct any guest parking areas abutting such drives without consent from the association. In general, no activity or condition shall be allowed in any unit or on the common elements that would spoil the appearance of the condominium.

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

4. Rules of conduct. The board may promulgate and amend reasonable rules and regulations concerning the use of condominium units and limited and general common elements. The board shall furnish copies of such rules and regulations to each co-owner at least 10 days before they become effective. Such rules and regulations may be revoked at any time by the affirmative vote of more than 66 percent of all co-owners, in number and in value.

5. Remedies on breach. A default by a co-owner shall entitle the

association to the following relief:

a. Failure to comply with any restriction on use and occupancy in these bylaws or with any other provisions of the condominium documents shall be grounds for relief, which may include an action to recover sums due for damages, injunctive relief, the foreclosure of a lien, or any other remedy that the board of directors determines is appropriate as may be stated in the condominium documents, including the discontinuance of services on seven days' notice, the levying of fines against co-owners after notice and hearing, and the imposition of late charges for the nonpayment of assessments. All such remedies shall be cumulative and shall not preclude any other remedies.

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

c. The failure of the association to enforce any provision of the condominium documents shall not constitute a waiver of the right of the association to enforce the provision in the future.

An aggrieved co-owner may compel the enforcement of the condominium documents by an action for injunctive relief or damages against the association, its officers, or another co-owner in the project.

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

ARTICLE VIII
MORTGAGES

1. Mortgage of condominium units. Any co-owner who mortgages a condominium unit shall notify the association of the name and address of the mortgagee, and the association shall maintain such information in a book entitled "Mortgagees of units." At the written request of a mortgagee of any unit, the mortgagee may (a) inspect the records of the project during normal

business hours, on reasonable notice; (b) receive a copy of the annual financial statement of the association, which is prepared for the association and distributed to the owners; and (c) receive written notice of all meetings of the association and designate a representative to attend all such meetings. However, the association's failure to fulfill any such request shall not affect the validity of any action or decision.

2. Notice of insurance. The association shall notify each mortgagee appearing in the book of mortgagees of the name of each company insuring the condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and of the amounts of such coverage.

3. Rights of mortgagees. Notwithstanding any other provision of the condominium documents, except as required by law, any first mortgage of record of a condominium unit is subject to the following provisions:

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

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

   c. The holder of any first mortgage that comes into possession of a condominium unit pursuant to the remedies provided in the mortgage, deed, or assignment in lieu of foreclosure shall receive the property free of any claims for unpaid assessments or charges against the mortgaged unit that have accrued before the holder comes into possession of the unit (except for claims for a pro rata share of assessments or charges resulting from a pro rata reallocation of assessments charged to all units, including the mortgaged unit).

4. Additional notification. When notice is to be given to a mortgagee, the board of directors shall also notify the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association, or any other public or private secondary mortgage market entity participating in

purchasing or guarantying mortgages of units in the condominium if the board of directors has received notice of the entity's participation.

ARTICLE IX
LEASES

1. <u>Notice of leases.</u> Any co-owner, including the developer, who desires to rent or lease a condominium unit shall inform the association in writing at least 10 days before presenting a lease form to a prospective tenant and, at the same time, shall give the association a copy of the exact lease form for its review for compliance with the condominium documents. No unit shall be rented or leased for less than 30 days without written consent from the association. If the developer proposes to rent condominium units before the transitional control date, it shall notify either the advisory committee or each co-owner in writing.

2. <u>Terms of leases.</u> Tenants and non-co-owner occupants shall comply with the provisions of the condominium documents of the project, and all lease and rental agreements shall state this condition.

3. <u>Remedies.</u> If the association determines that any tenant or non-co-owner occupant has failed to comply with the provisions of the condominium documents, the association may take the following actions:

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

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

   c. If, after 15 days, the association believes that the alleged breach has not been cured or might be repeated, it may institute an action for eviction against the tenant or non-co-owner occupant and a simultaneous action for money damages (in the same or another action) against the co-owner and the tenant or non-co-owner occupant for breach of the provisions of the condominium documents. The relief stated in this provision may be by summary proceeding. The association may hold both the tenant and the co-owner liable for any damages to the general common elements caused by the co-owner or the tenant.

4. <u>Assessments.</u> When a co-owner is in arrears to the association for assessments, the association may notify any tenant occupying a co-owner's unit under a lease or rental agreement of the arrearage in writing. After receiving such a notice,

the tenant shall deduct from rental payments due to the co-owner the full arrearage and future assessments as they fall due and shall pay them to the association. Such deductions shall not be a breach of the rental agreement or lease.

ARTICLE X
ARBITRATION

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

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

   a. At the exclusive option of a purchaser, co-owner, or person occupying a unit in the project, the developer shall sign a contract to settle by arbitration a claim that may be the subject of a civil action against the developer that involves less than $2,500 and relates to a purchase agreement, condominium unit, or the project.

   b. At the exclusive option of the association of co-owners, the developer shall sign a contract to settle by arbitration a claim that may be the subject of a civil action against the developer that relates to the common elements of the project and involves less than $10,000.

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

ARTICLE XI
MISCELLANEOUS PROVISIONS

1. Severability. If any of the provisions of these bylaws or any condominium document are held to be partially or wholly invalid or unenforceable for any reason, that holding shall

not affect, alter, or impair any of the other provisions of these documents or the remaining part of any provision that is held to be partially invalid or unenforceable. In such an event, the documents shall be construed as if the invalid or unenforceable provisions were omitted.

2. Notices. Notices provided for in the Michigan Condominium Act, the master deed, and the bylaws shall be in writing and shall be addressed to the association at 2100 West Auburn Road, Rochester Hills, Michigan, 48309, or to the co-owner at the address stated in the deed of conveyance, or to either party at a subsequently designated address. The association may designate a different address by notifying all co-owners in writing. Any co-owner may designate a different address by notifying the association in writing. Notices shall be deemed delivered when they are sent by U.S. mail with the postage prepaid or when they are delivered in person.

3. Amendments. These bylaws may be amended or repealed only in the manner stated in Article VII of the master deed. Such amendment shall be effective upon recordation.