

THE VILLAS OF PEBBLE CREEK

MASTER DEED AND BYLAWS

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Aug 30 96 212323

THE VILLAS OF PEBBLE CREEK \$2.00 DEED

MASTER DEED

\$ 2.00 REMONUMENTATION

30 AUG 96 12:12 P.M.

RECEIPT# 102A

PAID

RECORDED - OAKLAND COUNTY

LYNN D. ALLEN, CLERK/REGISTER OF DEEDS

This Master Deed is made and executed on this 26th day of August, 1996, by Pebble Creek Homes, Inc., a Michigan corporation (hereinafter referred to as "Developer"), the address of which is 29760 Shiawassee Road, Farmington Hills, Michigan 48336, 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 The Villas of Pebble Creek as a Condominium Project under the Act and does declare that The Villas of Pebble Creek (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 The Villas of Pebble Creek, Oakland County Condominium Subdivision Plan No. 996. 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 designed to contain a residential structure and other improvements for residential purposes and each Unit is capable of individual utilization. Each Co-owner in the Condominium Project shall have an exclusive right to his or her Unit and shall have undivided and inseparable rights to share with other Co-owners the General Common Elements of the Condominium Project. The site plan for the Project is on file with the City of Southfield.

9000996

ARTICLE II 021716

OAKLAND COUNTY TREASURERS CERTIFICATE
I HEREBY CERTIFY that there are no TAX LIENS or
TITLES held by the state or any individual against the
within description, and all TAXES on same are paid for
five years previous to the date of this instrument, as
appears by the records in the office except as stated.

LEGAL DESCRIPTION

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

[See Exhibit C attached hereto]

together with and subject to easements and restrictions of record and governmental limitations.

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017-
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019-)

(2418 176 027
177 024
177 025)

OK - G.K. 9960
200

OK - T. SMITH

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 Villas of Pebble Creek Association, a Michigan non-profit corporation, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment of, or transfer of, interests in The Villas of Pebble Creek 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 The Villas of Pebble Creek 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. City. "City" means City of Southfield.

Section 5. Common Elements. "Common Elements", where used without modification, means both the General Common Elements and the Limited Common Elements, if any, described in Article IV hereof.

Section 6. Condominium Documents. "Condominium Documents" means and includes this Master Deed and Exhibits A and B hereto, and the Articles of Incorporation, and rules and regulations, if any, of the Association, as all of the same may be amended from time to time.

Section 7. 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 The Villas of Pebble Creek as described above.

Section 8. Condominium Project, Condominium or Project. "Condominium Project", "Condominium" or "Project" means The Villas of Pebble Creek, as a Condominium Project established in conformity with the Act.

Section 9. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit B hereto.

Section 10. 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 11. Developer. "Developer" means Pebble Creek Homes, Inc., 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. The word "successor" as used in this Section shall not be interpreted to mean a "Successor Developer" as defined in Section 135 of the Act.

Section 12. 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 13. First 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 50% 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 75% of the Units are sold, whichever first occurs.

Section 14. 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 15. Unit or Condominium Unit. "Unit" or "Condominium Unit" each mean a single Unit in The Villas of Pebble Creek, as such space may be 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, if any.

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 including the roads and all other common areas, not identified as Units or Limited Common Elements. The roads shall remain as General Common Elements only until such time as they are dedicated to the public, at which time they will be removed from the Condominium by amendment to this Master Deed.

(b) Easements. All easements, if any, which benefit the Condominium Premises as a whole.

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

(d) Telephone. The telephone system throughout the Project up to the point of lateral connections for Unit service.

(e) Telecommunications. The telecommunications system, if and when any may be installed, up to the point of lateral connections for Unit service.

(f) Sanitary Sewer System. The sanitary sewer system throughout the Project up to the point of lateral connections for Unit service.

(g) Water. The water mains throughout the Project up to the point of lateral connections for Unit service.

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

(i) Storm Sewer System. The storm sewer system throughout the Project and as depicted on the Condominium Subdivision Plan, including without limitation, the retention areas.

(j) Park. The park areas as depicted on the Condominium Subdivision Plan.

(k) 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. No Limited Common Elements exist at the time of recording of this Master Deed. Limited Common Elements may, however, be assigned in the future by the Developer in accordance with this Master Deed.

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

(a) Co-owner Responsibilities.

(i) Units, Dwellings and Extended Yard Areas. It is anticipated that separate residential dwellings will be constructed within the Units depicted on Exhibit B hereto. Except as otherwise expressly provided, the responsibility for and the costs of maintenance, decoration, repair and replacement of each Unit, any dwelling and other related structures constructed within the Unit, shall be borne by the Co-owner of the Unit which is served thereby: provided, however, that the exterior appearance of the dwellings, to the extent visible from any other dwelling or Common Element in the Project, shall be subject to reasonable aesthetic and maintenance standards prescribed by the Association in duly adopted rules and regulations. Failure of any Co-owner to adhere to such maintenance and aesthetic standards shall entitle the Association to enter upon such Co-owner's Unit and to perform the necessary maintenance, decoration, repair or replacement in accordance with the provisions of

removal, tree trimming and exterior painting). 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 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.

Section 4. Utility Systems. Some or all of the utility lines, systems (including mains and service leads) and equipment and any telecommunications, 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 any telecommunications, 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 responsibility will be to see to it that telephone, gas, sanitary, water, storm sewer and electric mains are existing or installed within reasonable proximity to, but not necessarily within, the Units. Each Co-owner will be entirely responsible for arranging for and paying all costs in connection with extension of such utilities by laterals from the mains to any structures and fixtures located within the Units. Utilities shall be metered to each Unit for payment by the Co-owner thereof. All utility lines and facilities shall be placed underground. This requirement for underground utilities and related facilities may not be amended without the prior approval of the Southfield City Council.

Section 5. Use of Units and Common Elements. No Co-owner shall use his or her Unit or the Common Elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of his or her Unit or the Common Elements. No Limited Common Element, if created, may be modified or its use enlarged or diminished by the Association without the written consent of the Co-owner to whose Unit the same is appurtenant.

ARTICLE V

UNIT DESCRIPTIONS, PERCENTAGES OF VALUE AND CO-OWNER RESPONSIBILITIES

Section 1. Description of Units. Each Unit is described in this paragraph with reference to the Condominium Subdivision Plan of The Villas of Pebble Creek as prepared by Mickalich and Associates, Inc. and attached hereto as Exhibit B. Each Unit shall consist of the land located within Unit boundaries as shown on Exhibit B hereto and delineated with heavy outlines together with all appurtenances thereto.

Section 2. Percentage of Value. The percentage of value assigned to each of the Units is equal. The determination that percentages of value should be equal was made after reviewing the comparative characteristics of the Units in the Project and concluding that there are not material differences among the Units which would result in materially differing costs of maintenance. The percentage of value assigned to each Unit shall be determinative of each Co-owner's respective share of the General 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. The total value of the Project is 100%.

ARTICLE VI

EASEMENTS AND RESTRICTIONS

Section 1. Easement for Maintenance of Encroachments and Utilities. In the event any portion of a Unit, dwelling or Common Element encroaches upon another Unit or Common Element due to survey errors, moving of a building or construction deviations, reciprocal easements shall exist for the maintenance of such encroachment for so long as such encroachment exists and for the maintenance thereof after rebuilding in the event of any destruction. There shall be easements to, through and over all portions of the land in the Condominium, including all areas lying within Unit boundaries, for installation and for the continuing existence, maintenance, repair, replacement and enlargement of or tapping into all utilities in the Condominium. There shall also exist such other specific utility easements as are depicted in the Condominium Subdivision Plan.

Section 2. Rights Retained by Developer.

(a) Granting Utility Rights to Agencies. The Developer reserves the right at any time during the Development and Sales Period to grant easements for utilities over, under and across the Condominium and all Units and Common Elements therein to appropriate governmental agencies or public utility companies and to transfer title of utilities to governmental agencies or to utility companies. Any such easement or transfer of title may be conveyed by the Developer without the consent of any Co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to Exhibit B hereto, recorded in the Oakland County Records. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be required to effectuate the foregoing grant of easements or transfers of title.

(b) Right to Dedicate. The Developer reserves the right at any time during the Development and Sales Period to dedicate to the public a right-of-way of such width as may be required by the local public authority over any or all of the roadways in The Villas of Pebble Creek, shown as General Common Elements in the Condominium Subdivision Plan. Any such right-of-way dedication may be made by the Developer without the consent of any Co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to the Condominium Subdivision Plan hereto, recorded in the Oakland County Records. Dedication of the road rights-of-way will result in contraction out of the Condominium of the land which comprises such road rights-of-way. 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 forgoing right-of-way dedication. The Association shall have the right to dedicate as described herein upon expiration of the Development and Sales Period.

Section 3. 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 reasonable easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium Premises, so long as they do not interfere with existing structures, for utility 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 benefitted or burdened thereby.

Section 4. Association Easements for Maintenance, Repair and Replacement. The Developer, the Association and all public or private utility agencies or companies 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; provided, however, that the easements granted hereunder shall not entitle any person other than the Owner thereof to gain entrance to the interior of any dwelling or garage located within a Unit. 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 dwelling and all other appurtenances and improvements constructed or otherwise located within his or her Unit, it is nevertheless a matter of concern that a Co-owner may fail to maintain the exterior of his or her dwelling or structures appurtenant thereto in a proper manner and in accordance with the standards set forth in this Master Deed, the Bylaws and any rules and regulations promulgated by the Association. Therefore, in the event a Co-owner fails, as required by this Master Deed, the Bylaws or any rules and regulations of the Association, to properly and adequately maintain, decorate, repair, replace, landscape or otherwise keep his or her Unit, the dwelling thereon 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 offending features of the dwelling or other structures within the Unit, its appurtenances or any of its Limited Common Elements, and any landscaping, all at the expense of the Co-owner of the Unit. Neither the Developer nor the Association shall be liable to the Co-owner of any Unit or any other person, in trespass or in any other form of action, for the exercise of rights pursuant to the provisions of this Section or any other provision of the Condominium Documents which grant such easements, rights of entry or other means of access. 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 or her regular assessment next falling due; further, the lien for non-payment 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 5. Utility Easements and Locations of Utility Installations. Various utility installations exist within the Units and are depicted on the Condominium Subdivision Plan. Perpetual easements exist and are hereby created in this Master Deed and otherwise in favor of all Units and the Owners thereof for the continued existence, maintenance, repair and replacement of such utilities, whether located above or below ground. Also, other utility mains (including, without limitation, natural gas, electric, cable and telephone conduits) may be installed by or at the instance of Developer across all Units to serve some or all other Units in the Condominium. Developer reserves the right to create all such easements and to install or cause to be installed any and all utilities within and across all Units in such locations as Developer may elect, in Developer's sole and absolute discretion and, further, to tap into, extend and enlarge such utilities as may be necessary, in Developer's judgment.

ARTICLE VII

AMENDMENT

Unless otherwise provided herein, 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 of such Unit.

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 67% of all first mortgagees of record allocating one vote for each mortgage held.

Section 3. By Developer. Prior to one 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 as do not materially affect any rights of any Co-owners or mortgagees in the Project.

Section 4. Change in Percentage of Value. Except as otherwise provided in this Master Deed, 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 or her first mortgagee, nor shall the percentage of value assigned to any Unit be modified without like consent; thus, any change in such matters shall require unanimity of action of all Co-owners.

Section 5. Termination, Vacation, Revocation or Abandonment. The Condominium Project may not be terminated, vacated, revoked or abandoned without the written consent of 80% of non-Developer Co-owners and mortgagees and, during the Development and Sales Period, the Developer. Upon termination and with respect to division of the land, Co-owners shall comply with the Subdivision Control Act and any applicable ordinances of the City.

Section 6. Developer Approval. During the Development and Sales Period, the Condominium Documents shall not be amended nor shall the provisions thereof be modified in any way without the written consent of the Developer.

Section 7. Amendments for Secondary Market Purposes. The Developer or Association may amend the Master Deed or Bylaws to facilitate mortgage loan financing for existing or prospective Co-owners and to enable the purchase or insurance of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans Administration, the Department of Housing and Urban Development, Michigan State Housing Development Authority or by any other institutional participant in the secondary mortgage market which purchases or insures mortgages. The foregoing amendments may be made without the consent of Co-owners or mortgagees.

ARTICLE VIII

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 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 an appropriate instrument in writing duly recorded in the office of the Oakland County Register of Deeds.

WITNESSES:

PEBBLE CREEK HOMES, INC., a
Michigan corporation

Suzanne S. Reynolds
Suzanne S. Reynolds

By: Jamal S. Kalabat
Jamal S. Kalabat
Its: President

Dean C. Prize II
Dean C. Prize II

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

On this 26th day of August, 1996, the foregoing Master Deed was acknowledged before me by Jamal S. Kalabat, President of Pebble Creek Homes, Inc., a Michigan corporation, on behalf of the corporation.

Suzanne S. Reynolds
Suzanne S. Reynolds
Notary Public, Oakland County, MI
My commission expires: October 22, 2000

Master Deed drafted by:

Suzanne S. Reynolds
DROLET, FREEMAN, COTTON,
MACADDINO & NORRIS, P.C.
33 Bloomfield Hills Parkway, Suite 100
Bloomfield Hills, Michigan 48304

When recorded, return to drafter

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THE VILLAS OF PEBBLE CREEK

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

The Villas of Pebble Creek, a residential Condominium Project located in the City of Southfield, 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 or her Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the 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 liability 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 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 \$1,000.00 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 Assessments. Special 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 \$1,000.00 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, or (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's 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 monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means.

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 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 be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments. For instance, the only expenses presently contemplated that the Developer might be expected to pay are a pro rata share of any liability insurance and other administrative costs which the Association might incur from time to time and which relate to a Unit irrespective of whether there is a dwelling located thereon. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. 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.

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. Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) until paid in full. A late charge of 20% of the amount of the payment not to exceed \$25.00 per installment may be assessed automatically by the Association upon each installment in default for ten or more days. 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. 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 assessments, fines and late charges, 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 the 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. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven-day written notice to such Co-owner of its intention to do so. 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 of 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's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five 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 AND LITIGATION

Section 1. Arbitration.

(a) 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.

(b) 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, claims or grievances.

(c) 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.

Section 2. Litigation.

(a) Prior to commencing a civil action on behalf of the Association, other than an action to enforce the Condominium Documents or to collect delinquent assessments, the Board of Directors shall (i) issue a written report to all members at least 10 days prior to the Evaluation Meeting as hereinafter defined, outlining their recommendation that a civil suit be filed, including full disclosure of all attempts to settle the controversy, (ii) call a special meeting of the Co-owners for the express purpose of evaluating the merits of the proposed litigation ("Evaluation Meeting"); (iii) present to the Co-owners prior to or at the Evaluation Meeting the litigation attorney's proposed written fee agreement including the total estimated cost of the civil action through a trial on the merits, a written estimate of the amount of the Association's likely recovery in the suit net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation, the billing and payment policies of the litigation attorney and a commitment to provide written status reports of the litigation, settlement progress and updated cost and recovery estimates no less than every 60 days.

(b) At the Litigation evaluation meeting the Co-owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney proposed by the Board of Directors. The commencement of any civil action by the Association (other than a suit to enforce these Bylaws or collect delinquent assessments) must be approved by 66 2/3% in number and value of the Co-owners.

(c) All fees estimated to be incurred in pursuit of any civil action subject to paragraphs (a) and (b) above shall be paid only by special assessment of the Co-owners,

which special assessment must be approved at the Evaluation Meeting. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

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 extended coverage, vandalism and malicious mischief 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, upon request of a mortgagee.

(b) Insurance of Common Elements. All General Common Elements of the Condominium Project shall be insured against perils covered by a standard extended coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable replacement value as determined annually by the Board of Directors of the Association. The Association shall not be responsible, in any way, for maintaining insurance with respect to Limited Common Elements.

(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. If applicable, 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 and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his or her 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, pertinent to the Common Elements appurtenant to the Condominium, 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 therefor, 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. Unless the Association obtains coverage for the dwelling within the Unit pursuant to the provisions of Article IV, Section 3 below, the Association's authority shall not extend to insurance coverage on any dwelling or other improvement located within a Unit.

Section 3. Responsibilities of Co-owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the dwelling and all other improvements constructed or to be constructed within the perimeter of his or her Condominium Unit and for his or her personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. 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 obligated 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. Each Co-owner also shall be obligated to obtain insurance coverage for his or her personal liability for occurrences within the perimeter of his or her Unit or the improvements located thereon (naming the Association and the Developer as insureds), and also for any other personal insurance coverage that the Co-owner wishes to carry. Such insurance shall be carried in such minimum amounts as may be specified by the Association and such coverage shall not be less than \$1,000,000.00 (and as specified by the Developer during the Development and Sales Period) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer upon request. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

Section 4. Waiver of Right of Subrogation. The Association and all Co-owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Co-owner to contain appropriate provisions whereby the insurer waives its 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 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. Responsibility for Reconstruction or Repair. If any part of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:

(a) General Common Elements. If the damaged property is a General Common Element the damaged property shall be rebuilt or repaired unless all of the Co-owners and all of the institutional holders of first mortgages on any Unit in the Project unanimously agree to the contrary.

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

Section 2. Repair in Accordance with Master Deed, Etc. Any such reconstruction or repair of an improvement within the General Common Elements shall be substantially in accordance with the Master Deed and the original plans and specifications of the improvements unless the Co-owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the 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 4. Timely Reconstruction and Repair. If damage to the General Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay.

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

(a) Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a Unit or any improvements thereon by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and his or her mortgagee shall, after acceptance of the condemnation award therefor, 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 Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners 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 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. Houses shall be designed and erected for occupation by, and occupied by, one single family. Neither the Units nor the Common Elements shall be used in violation of applicable zoning or other ordinances of the City or in violation of other pertinent laws or regulations and all Co-owners and the Association shall, whenever required, obtain affirmative approvals or permits from the City as may be required by applicable ordinances.

Section 2. Leasing and Rental.

(a) Right to Lease. A Co-owner may lease or sell his or her Unit for the same purposes 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. 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 1 year 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 its 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 General 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. No dwelling, structure, fencing, landscaping or other improvement of any nature shall be constructed or installed within a Condominium Unit or elsewhere within the Condominium Project, nor shall any material exterior modification be made to any existing building, structure or improvement, unless architectural plans (including elevations), specifications therefor together

with site plans and grading plans identifying colors and building materials and containing such other details as the Developer may require, have first been received and approved in writing by the Developer. The exterior design of all dwellings shall be comparable to the elevations selected by the Developer and expressly approved by the City of Southfield. The elevations, including front, side and rear, shall be presented to the City Building Department at the time of application for a building permit. This restriction regarding approval of elevations by the City may not be amended without prior approval of the Southfield City Council. A \$50.00 application fee may be required to be paid to the Developer upon submission of plans and specifications for approval to defray the costs of review. Construction of any building or other improvements must also receive any necessary approvals from the City. Developer shall have the right to refuse to approve any such architectural plans or specifications or grading plans which are deemed unusual for this type of Project or are otherwise unsuitable in light of architectural and aesthetic considerations. In passing upon such plans and specifications, the Developer 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 and the degree of harmony thereof with the Condominium as a whole. The Developer shall act upon any such application for approval of plans within 30 days after receipt of such plans and specifications by it. If Developer fails to respond to any such plan approval application within 30 days after receipt, the plan(s) submitted shall be deemed approved. Any modifications or improvements which obtain the required approval of the Developer and/or the Association shall always be made strictly in accordance with all requirements of the ordinances of the City and any other public agency having jurisdiction. Any Co-owner failing to obtain any required permits and approvals from pertinent public agencies shall indemnify the Association against all expense or damage which it may incur as a result thereof.

All dwellings shall have full basements unless the City is satisfied that a high ground water table would prohibit a basement on any given Unit, in which case a bi-level home may be constructed on such Unit. This restriction may not be amended without the prior approval of the Southfield City Council.

The minimum square footage of usable floor area, as calculated under the City Zoning Ordinance, as amended, shall be as follows for all homes other than model homes:

- (a) All one-story ranch homes shall be a minimum of 1,600 square feet.
- (b) A home, except a one-story ranch-style home, constructed under a *bona fide* written and signed custom home contract with the intended occupant of such home shall be a minimum of 1,800 square feet. A copy of the written and signed contract shall be attached to the building permit application (however, the dollar amounts in such contract may be edited out of the copy) for each home for which reliance is made on this provision.
- (c) All other homes not constructed under a *bona fide* written and signed custom home contract with the intended occupant of the home shall, for a period of two (2) years from the date of recordation of the final plat of the subdivision of the Single Family Parcel and completion of all subdivision site improvements, be a minimum of 2,000 square feet. After such two (2) year period, the minimum square footage shall be 1,800 square feet for such homes.

The square foot requirements may not be amended without the prior approval of the City Council.

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. Developer's rights under this Article VI, Section 3 may, in Developer's discretion, be assigned to the Association or other successor to Developer. Developer may construct or authorize any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of prior

consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents and the ordinances of the City.

Section 4. Garages, Driveways and Sidewalks. All dwelling structures shall have a minimum two car attached garage. Driveways must be paved in asphalt or concrete, weather permitting, prior to occupancy of the dwelling. This restriction may not be amended without prior approval of the Southfield City Council.

Section 5. Outbuildings. No outbuildings of any type may be constructed within the limits of a Unit, without the prior written approval of the Developer during the Development and Sales Period.

Section 6. Alterations and Modifications of Units and Common Elements. No Co-owner shall make alterations, modifications or changes to any of the Units or Common Elements, Limited or General, or to the exterior of a dwelling without the express written approval of the Board of Directors (and the Developer during the Development and Sales Period), which approvals shall not be unreasonably withheld (but may be reasonably conditioned) and may not without such prior approval erect television antennas, dish antennas, aerials, awnings, flag poles, volleyball courts, basketball courts, tennis courts, or other exterior attachments or modifications to the dwellings. Mailbox, front elevations and yard lighting designs must be approved by the Board of Directors (and the Developer during the Development and Sales Period) and a design may be prescribed by the Board of Directors or the Developer during the Development and Sales Period for all mailboxes, elevations and yard lighting. 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. When written approval is required under these Bylaws, it shall specify the location within the Unit where such exterior, attachments or modifications may be made.

Section 7. Activities. No 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 or a nuisance to the Co-owners of the Condominium. 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 or her 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 or other similar dangerous weapons, air rifles, pellet guns, B-B guns, bows and arrows, projectiles or devices.

Section 8. Pets. No animal, other than ordinary domesticated household pets, shall be maintained by any Co-owner. All animals kept within the Condominium Premises shall be maintained in strict accordance with the City requirements and each Co-owner shall obtain from the City any permit or approval required by law for the maintenance of any animal for which such Co-owner is responsible. 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 General Common Elements or upon any Unit other than its Owner's Unit and any animal shall at all times be leashed and attended by some responsible person while on the General 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 an obnoxiously 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, 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.

Section 9. Aesthetics. The Common Elements and yard areas of all Units 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 be maintained in concealed areas at all times and shall not be permitted to remain elsewhere 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 or Units shall not be used in any way for the outdoor drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his or her 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 materially change in any way the exterior appearance of the residence and other improvements and appurtenances located within his or her Unit. Thus, in connection with any maintenance, repair, replacement, decoration or redecoration of such residence, improvements or appurtenances, no Co-owner shall substantially modify the design, material or color of any such item, including without limitation, windows, doors, screens, roofs, siding or any other component which is visible from a Common Element or other Unit without the approval of the Developer (during the Development and Sales Period) or the Association (after the Association receives architectural control as provided in these Bylaws).

Section 10. Vehicles. 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 on the Common Elements or within a Unit except in the garage with the garage door closed. All other vehicles shall be parked in garages to the extent possible and garage doors shall be kept closed when not in use. If the number of vehicles exceeds the garage capacity, those excess vehicles shall be parked within the Co-owner's unit in a place designated and approved by the Board of Directors of the Association. The Association may require reasonable screening of such supplementary parking areas within any Unit. 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 purpose of this Section is to accommodate reasonable Co-owner parking but to avoid unsightly conditions which may detract from the appearance of the Condominium as a whole, and to assure that all vehicles and recreational or construction type equipment are not to be visible from the roadway, other Units or the General Common Elements.

Section 11. Advertising. No signs or other advertising devices of any kind shall be displayed on a Unit or Common Elements, except a Co-owner may display one sign advertising the home within a Unit "For Sale" in strict conformity with any applicable ordinances of the City.

Section 12. 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.

Section 13. 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 or her Unit and any Limited Common Elements appurtenant thereto caused thereby. This provision shall not be construed to permit access to the interiors of residences or other structures.

Section 14. Landscaping. Each Co-owner shall submit a landscape plan to Developer (during the Development and Sales Period) or the Board of Directors (after the Development and Sales Period ends) prior or during the construction of any residence. The landscape plan must be approved prior to the commencement of any landscape work. The approval of the Developer or Board of Directors shall be based on a reasonable standard of design which shall be in harmony with a minimum level of quality normally found in this type of Project. All landscaping of the Units must have prior approval of the Developer or the Board of Directors as the case may be. Subsequent changes in landscaping shall not require approval unless the landscaping proposed would materially affect the appearance of the overall project, pose a significant health or safety hazard or would increase the maintenance responsibilities of the Association. Front yards shall consist of well maintained lawns. Landscaping of a Unit, including lawns and required trees, and foundation planting, shall be completed, within ninety (90) days of issuance of a certificate of occupancy with respect to the dwelling constructed on the Unit, except such period shall be reasonably extended to compensate for adverse weather conditions which would prohibit survival of plantings. Landscaping for each Unit shall include at a minimum, two front yard trees (2-1/2" minimum for deciduous, or minimum 5' in height for conifers) and foundation planting which, at a minimum, covers the front elevation of the dwelling with the exception of impervious areas. This restriction may not be amended without prior approval of the Southfield City Council.

Section 15. Tree Preservation. A Co-owner may not remove any trees within his or her Unit without prior written permission of the Developer during the Development and Sales Period and thereafter the Association, except that trees may be removed within the building envelope and to access the site to facilitate construction. Co-owners shall also comply with any Ordinances of the City, including any woodlands regulations, which are applicable from time to time to the Condominium Premises.

Section 16. Fences. No fences shall be constructed on a Unit or any Limited Common Element except a fence may be erected for purposes of child play areas and dog runs which are situated in the rear yard behind the residence, which fence may be no closer than twenty (20) feet from either side lot line and no closer than forty (40) feet from the rear lot line. The total enclosed area may not exceed 100 square feet. Notwithstanding the foregoing, the City may require fencing in connection with issuance of a permit for a swimming pool, which will be subject to Section 19 of this Article. The foregoing restrictions on fencing may not be amended without approval of the City Council. The location, design and materials of all fences shall be subject to prior approval by the Developer during the Development and Sales period and thereafter by the Board of Directors.

Section 17. Co-owner Maintenance. Each Co-owner shall maintain his or her Unit, the dwelling constructed thereon, and any Limited Common Elements appurtenant thereto for which he or she 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 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

her, or his or her family, guests, contractors, 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). Each individual Co-owner shall indemnify the Association and all other Co-owners against such damages and costs, including attorneys' fees, and all such 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 18. Reserved Rights of Developer.

(a) 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, mobile trailer used as a sales office, 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.

(b) 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 it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

Section 19. Swimming Pools. Subject to any approvals and/or permits which may be required to be obtained from the City, in ground swimming pools may be installed in rear yard areas but only upon specific written approval of the Developer based upon plans and specifications therefor. Such approval shall not be unreasonably withheld but may be reasonably conditioned upon compliance with adequate screening and other aesthetic requirements. Above the ground swimming pools are prohibited.

Section 20. Setbacks. No residence shall be erected that does not meet the minimum set back requirements of the City.

Section 21. Construction Activity and Builders. The Developer (or a related entity) intends, but is not obligated to construct the dwellings in the Project. With prior written consent of the Developer, a Co-owner may engage the services of another licensed residential builder to construct a dwelling within his or her Unit. In such event, the Developer shall be entitled to require that such builder or Co-owner furnish to the Association liability insurance, adequate security, and/or a cash bond in Developer's discretion, to protect the Association against costs and expenses which it might incur in connection with the failure to complete construction in a timely and diligent manner in accordance with the approved plans and specifications for the dwelling. Once commenced, construction of a dwelling must be complete and a Certificate of Occupancy issued within eighteen (18) months of commencement, except in cases of strikes,

severe weather conditions or other unanticipated emergencies or acts of God. If a builder damages Common Elements (including without limitation, the roads which serve the Project) and does not restore or repair them, the Co-owner with whom such builder has contracted shall be responsible for such restoration or repair at its own expense. Construction sites shall be kept free of litter, unusable materials and trash. From commencement of construction to completion, each construction site must have an adequate dumpster, if practical, in place for disposal of trash.

Section 22. Vacant Units. Vacant Units shall be maintained in a neat and orderly fashion, free from debris and trash. Weeds and grass shall be cut on a regular basis but not less than once a month during the growing season.

Section 23. Exterior Material Requirements. Unless waived by the Developer, front elevations of all homes shall be 50% brick or stone. The total exterior wall area of each residence, including all elevations, shall consist of not less than thirty-five percent (35%) brick, which brick shall be customary full brick only. This restriction may not be amended without prior approval of the Southfield City Council.

Section 24. Roofs. Roofs where possible shall have a minimum pitch of 6/12. Flat roofs require special architectural approval.

Section 25. General. The purpose of this Article VI is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon all Co-owners. The Developer may, in its sole discretion, waive any part of the restrictions set forth in this Article VI due to unusual topographic, natural or aesthetic considerations or other circumstances which the Developer deems appropriate. 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 may, in Developer's discretion, be assigned 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 contained in the Condominium Documents.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his or her Unit shall notify the Association of the name and address of the mortgagee at closing and shall further notify the Association of any subsequent mortgagee acquiring an interest in the Co-owner's Unit. 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. If a Co-owner fails to provide the information required in this section the Association may charge the Co-owner for any costs it incurs in collecting the information for its records and the costs incurred may be collected from the Owner in the same manner as assessments are collected under these Bylaws.

Section 2. Insurance. The Association shall, if requested, notify each mortgagee appearing in said book of the name of each company insuring the Condominium with extended coverage, and against 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. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he or she 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. If, however, the Developer elects to designate a Director (or Directors) pursuant to its rights under Article XI; it shall not then be entitled to also vote for the non-developer Directors.

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 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% 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 majority defined in the preceding portions of this Section 6.

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% of the Units 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% 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 one 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 one-third (1/3) of the Units, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable. 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 be comprised of 3 members 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, 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. 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, one of the three Directors shall be selected by non-developer Co-owners. When the required number of conveyances has been reached, the Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required Director. Upon certification by the Co-owners to the Developer of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of members unless he or she is removed pursuant to Section 7 of this Article or he or she resigns or becomes incapacitated.

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

(1) 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 one Director as long as the Units that remain to be created and conveyed equal at least 10% of all Units in the Project. Such 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 (4) 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.

(2) 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 subparagraph (1). Application of this subparagraph does not require a change in the size of the Board of Directors.

(3) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsection 2(b) and subparagraph (c)(1), 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 subparagraph (c)(2) 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 one Director as provided in subsection (c)(2).

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

(5) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual 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 General 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.

(h) To make rules and regulations in accordance with Article VI 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. No management contract shall be entered into by the Association where the management fee to be charged to the Association is in excess of five (5%) percent of the total budget, exclusive of reserves for repair and replacement of the common elements.

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% of all of the Co-owners qualified to vote 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 or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, 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 or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he or she may in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to 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 or her by the Board of Directors.

(c) Secretary. The Secretary shall keep minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he or she shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he or she 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 or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational 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 or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

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

ARTICLE 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 or she may be a party or in which he or she may become involved by reason of his or her being or having been a director or officer of the Association, whether or not he or she 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 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. Unless otherwise provided herein, 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. 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 first 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

DEFINITIONS

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

ARTICLE 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 (but not into any dwelling or related garage), 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 hereof.

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 or her personal actions or the actions of his or her 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 these Bylaws.

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

(c) Default. Failure to respond to the Notice of Violation constitutes a default.

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

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 Dollar (\$25.00)

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

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

This schedule of fines may be changed by the Board of Directors by a resolution of the Board. Notwithstanding anything stated in these Bylaws to the contrary, a change in this schedule of fines may be made by Board resolution and will not require that an amendment to these Bylaws be adopted or recorded. Furthermore, should the Board of Directors adopt an appropriate resolution, this schedule of fines may escalate to keep pace with adjustments to the Consumer Price Index as announced by the Bureau of Labor Statistics which Index shall be the Index published to the metropolitan statistical area in which the Project is located.

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 this Article XX of these 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.

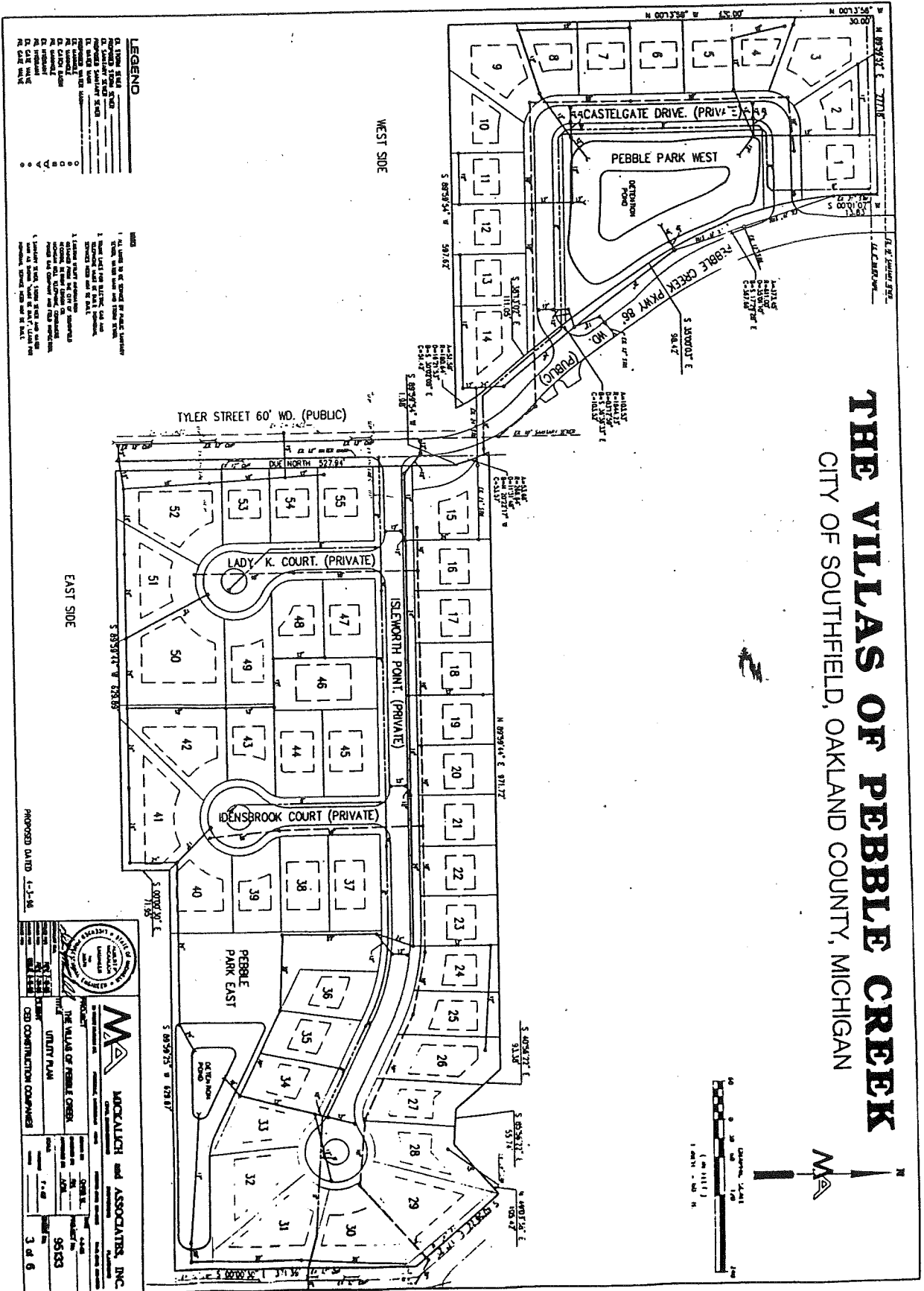
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SHEET NO. 1



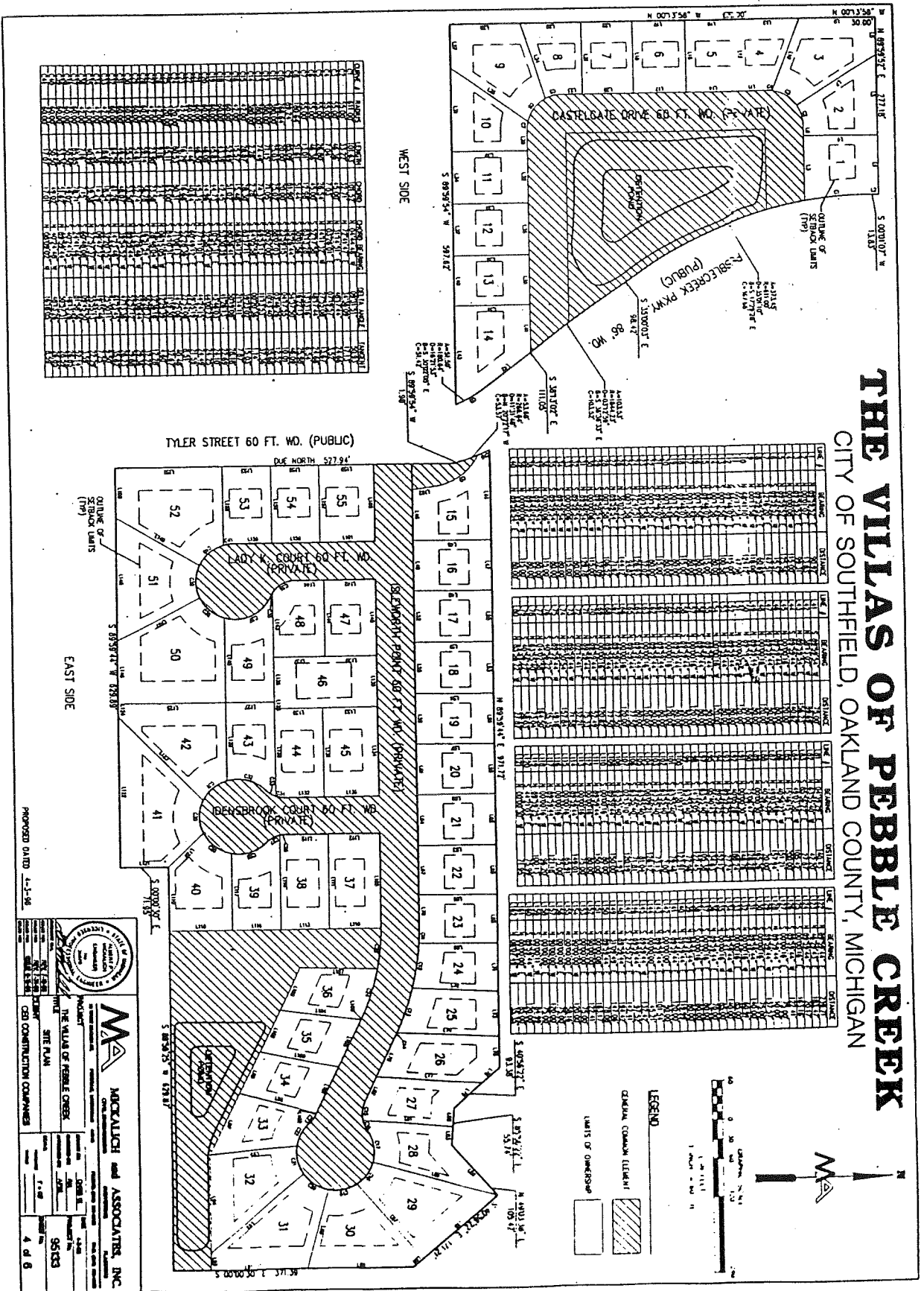
THE VILLAS OF PEBBLE CREEK

CITY OF SOUTHFIELD, OAKLAND COUNTY, MICHIGAN




THE VILLAS OF PEBBLE CREEK

CITY OF SOUTHFIELD, OAKLAND COUNTY, MICHIGAN



PROPOSED DATED 4-3-96





MCCALLACH and ASSOCIATES, INC.
CRS, INCORPORATED
 1400 N. 10TH ST.
 SUITE 200
 DENVER, CO 80202

TO: **PROJECT**

FROM: **THE FIRM OF FRANK OREKH**

SUBJECT: **COORDINATE LIST**

DATE: **02/23/01**

PROJECT NO: **95133**

DATE: **6 of 6**

EXHIBIT C

the land
is described as follows:

situated in the County of Oakland, City of Southfield, State of Michigan,

Land located in the City of Southfield, Oakland County, Michigan, lying within that part of SUPERVISOR'S PLAT NO. 7, being the East 1/2 of the Northwest 1/4 of Section 18, Town 1 North, Range 10 East, Southfield Township (now City of Southfield), Oakland County, Michigan, as recorded in Liber 53 of Plats, page 1, Oakland County Records, described as follows: All of Lot 11, and part of Lots 12, 42, 43 and 44, the Southerly 1/2 of Wilhelm Avenue (60 feet wide) as vacated in Liber 10819, pages 24 through 35, Oakland County Records, being Northerly of and adjoining above mentioned Lot 11 and a portion of above mentioned Lot 12 extended Easterly 277.18 feet approximately from the Westerly line of said Lot 11 extended Northerly, all being more particularly described as: Beginning at the Southwest corner of said Lot 42 of said SUPERVISOR'S PLAT NO. 7, said point also being a point on the East subdivision line of "San Marino Villas No. 1", according to the plat thereof recorded in Liber 83 of Plats, page 18, Oakland County Records; thence along said East subdivision line North 00 degrees 13 minutes 58 seconds West, 630.00 feet; thence continuing along said East subdivision line North 00 degrees 13 minutes 58 seconds East, 30.00 feet to the centerline of Wilhelm Avenue, (60 feet wide); thence along said centerline North 89 degrees 59 minutes 52 seconds East, 277.18 feet; thence South 00 degrees 01 minutes 07 seconds West, 13.83 feet; thence 373.45 feet along the arc of a curve to the left having a radius of 611.00 feet, a central angle of 35 degrees 01 minutes 10 seconds with a chord of 367.66 feet that bears South 17 degrees 29 minutes 28 seconds East; thence South 35 degrees 00 minutes 03 seconds East, 98.42 feet; thence 103.53 feet, along the arc of a curve to the left having a radius of 1,844.23 feet, a central angle of 03 degrees 12 minutes 59 seconds with a chord of 103.52 feet that bears South 36 degrees 36 minutes 33 seconds East; thence South 38 degrees 13 minutes 02 seconds East, 111.05 feet; thence 51.59 feet along the arc of a curve to the right, said curve having a radius of 180.64 feet, a central angle of 16 degrees 21 minutes 53 seconds, a chord length of 51.42 feet and a chord bearing of South 30 degrees 02 minutes 05 seconds East; thence South 89 degrees 59 minutes 54 seconds West, 597.62 feet to the point of beginning.

24-18-176-027
BT 24-18-126-030

Land located in the City of Southfield, Oakland County, Michigan, lying within that part of SUPERVISOR'S PLAT NO. 7 being the East 1/2 of the Northwest 1/4 of Section 18, Town 1 North, Range 10 East, Southfield Township (now City of Southfield), Oakland County, Michigan, according to the plat thereof recorded in Liber 53 of Plats, page 1, Oakland County Records, described as follows: Part of Lot 21 and all of Lots 22 through 25, also that part of Tyler Street (60 feet wide) as vacated in Liber 10819, pages 24 through 35, Oakland County Records, being Westerly of and adjoining part of said Lot 21 and extending Westerly to the East right-of-way line of Pebble Creek Parkway together with land located in the City of Southfield, Oakland County, Michigan, lying within that part of SUPERVISOR'S PLAT NO. 4, being a part of the West 1/2 of the Northeast 1/4 of Section 18, Town 1 North, Range 10 East, Michigan, according to the plat thereof recorded in Liber 52 of Plats, page 44, Oakland County Records, described as follows: All of Lots 29 through 31, inclusive, and part of Lot 32, all being more particularly described as: Beginning at the Southwest corner of said Lot 25 of said SUPERVISOR'S PLAT NO. 7, said point also being a point on the East right-of-way line of Tyler Street, 60 feet wide; thence continuing along said East right-of-way line due North 527.94 feet; thence South 89 degrees 59 minutes 54 seconds West, 1.98 feet; thence 53.66 feet along the arc of a curve to the left having a radius of 266.64 feet, a central angle of 11 degrees 31 minutes 48 seconds, with a chord of 53.57 feet that bears North 20 degrees 22 minutes 17 seconds West; thence North 89 degrees 59 minutes 44 seconds East, 971.72 feet; thence South 40 degrees 56 minutes 22 seconds East, 93.38 feet; thence South 85 degrees 56 minutes 22 seconds East, 55.74 feet; thence North 49 degrees 03 minutes 38 seconds East, 105.42 feet; thence South 40 degrees 56 minutes 22 seconds East, 171.21 feet along Southwesterly right-of-way line of partially vacated and unvacated Wilhelm Avenue; thence along the West right-of-way line of Maitrott Avenue (60 feet wide); thence South 00 degrees 00 minutes 30 seconds East, 371.39 feet to the Southeast corner of said Lot 29 of said SUPERVISOR'S PLAT NO. 4; thence along the South lot line of said Lot 29 South 89 degrees 59 minutes 25 seconds West, 629.87 feet to the Southwest corner of said Lot 29 of said SUPERVISOR'S PLAT NO. 4; thence South 00 degrees 00 minutes 30 seconds East, 71.95 feet to the Southeast corner of Lot 25 of said SUPERVISOR'S PLAT NO. 7; thence along the South lot line South 89 degrees 59 minutes 44 seconds West, 629.89 feet to the point of beginning.

24-18-177-025

**NON-PROFIT
ARTICLES OF INCORPORATION
OF
THE VILLAS OF PEBBLE CREEK**

744-742

These Articles of Incorporation are signed and acknowledged by the incorporator for the purpose of forming a non-profit corporation under the provisions of Act No. 162 of the Public Acts of 1982, as amended, as follows:

**ARTICLE I
NAME**

The name of the corporation is The Villas of Pebble Creek Association.

FILED

OCT - 8 1996

**ARTICLE II
PURPOSES**

Administrator
MI DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
CORPORATION, SECURITIES & LAND DEVELOPMENT BUREAU

The purposes for which the corporation is formed are as follows:

- (a) To manage and administer the affairs of and to maintain The Villas of Pebble Creek, a condominium (hereinafter called "Condominium");
- (b) To levy and collect assessments against and from the members of the corporation and to use the proceeds thereof for the purposes of the corporation;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To rebuild improvements after casualty;
- (e) To contract for and employ persons, firms or corporations to assist in management, operation, maintenance and administration of said Condominium;
- (f) To make and enforce reasonable regulations concerning the use and enjoyment of said Condominium;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and personal property, including, but not limited to, any Unit in the Condominium, any easements or licenses or any other real property, whether or not contiguous to the Condominium, for the purpose of providing benefit to the members of the corporation and in furtherance of any of the purposes of the corporation;
- (h) To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien;
- (i) To enforce the provisions of the Master Deed and Bylaws of the Condominium and of these Articles of Incorporation and such Bylaws and Rules and Regulations of this corporation as may hereinafter be adopted;
- (j) To do anything required of or permitted to it as administrator of said Condominium by the Condominium Master Deed or Bylaws or by Act No. 59 of Public Acts of 1978, as amended; and
- (k) In general, to enter into any kind of activity in connection with the foregoing purposes, to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of said Condominium and to the accomplishment of any of the purposes thereof.

OCT 07 1996

**ARTICLE III
ADDRESSES**

Address of the first registered office is 29760 Shiawassee Road, Farmington Hills, Michigan 48336.

**ARTICLE IV
RESIDENT AGENT**

The name of the first resident agent is Jamal Kalabat.

**ARTICLE V
BASIS OF ORGANIZATION AND ASSETS**

Said corporation is organized upon a non-stock, membership basis.

The value of assets which said corporation possesses is--- Real Property: None
Personal Property: None

Said corporation is to be financed under the following general plan: Assessment of members

ARTICLE VI INCORPORATOR

The name of the incorporator is Suzanne S. Reynolds and her place of business is 33 Bloomfield Hills Parkway, Suite 100, Bloomfield Hills, Michigan 48304.

ARTICLE VII EXISTENCE

The term of corporate existence is perpetual.

ARTICLE VIII MEMBERSHIP AND VOTING

The qualifications of members, the manner of their admission to the corporation, the termination of membership, and voting by such members shall be as follows:

- (a) The Developer of the Condominium and each Co-owner of a Unit in the Condominium shall be members of the corporation, and no other person or entity shall be entitled to membership; except that the subscriber hereto shall be a member of the corporation until such time as her membership shall terminate, as hereinafter provided.
- (b) Membership in the corporation (except with respect to the incorporator, who shall cease to be a member upon the recording of the Master Deed) shall be established by acquisition of fee simple title to a Unit in the Condominium and by recording with the Register of Deeds of Oakland County, Michigan, a deed or other instrument establishing a change of record title to such Unit and the furnishing of evidence of same satisfactory to the corporation (except that the Developer of the Condominium shall become a member immediately upon establishment of the Condominium) the new Co-owner thereby becoming a member of the corporation, and the membership of the prior Co-owner thereby being terminated. The Developer's membership shall continue until no Units remain to be created in the Condominium and until the Developer no longer owns any Unit in the Condominium.
- (c) The share of a member in the funds and assets of the corporation cannot be assigned, pledged, encumbered or transferred in any manner except as an appurtenance to his Unit in the Condominium.
- (d) Voting by members shall be in accordance with the provisions of the Bylaws of this corporation.

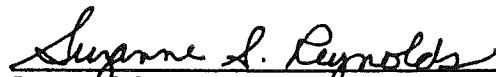
ARTICLE IX LIMITATION OF LIABILITY OF DIRECTORS

No volunteer director, as that term is defined in Act 162, Public Acts of 1982, as amended ("Act"), shall be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as a director, provided that the foregoing shall not eliminate the liability of a director for any of the following: (i) breach of the director's duty of loyalty to the corporation or its members; (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) a violation of Section 551(1) of the Act; (iv) a transaction from which the director derived an improper personal benefit; or (v) an act or omission that is grossly negligent. If the Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability contained herein, shall be limited to the fullest extent permitted by the amended Act. No amendment or repeal of this Article IX shall apply to or have any effect on the liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Signed this 4th day of October, 1996

When filed, return to:

Suzanne S. Reynolds
DROLET, FREEMAN, COTTON,
MACADDINO & NORRIS, P.C.
33 Bloomfield Hills Parkway, Suite 100
Bloomfield Hills, Michigan 48304


Suzanne S. Reynolds, Incorporator

THE VILLAS OF PEBBLE CREEK

ESCROW AGREEMENT

THIS AGREEMENT is entered into this 11 day of October, 1996, between Pebble Creek Homes, Inc. ("Developer"), and First American Title Insurance Company, by and through its authorized agent, Metropolitan Title Company ("Escrow Agent").

WHEREAS, Developer has established or intends to establish The Villas of Pebble Creek as a residential site Condominium Project under applicable Michigan law; and,

WHEREAS, Developer is selling Condominium Units in The Villas of Pebble Creek and is entering into Purchase Agreements with Purchasers for such Units, and each Purchase Agreement requires that all deposits made under such Agreement be held in an escrow account with an Escrow Agent; and,

WHEREAS, the parties hereto desire to enter into an Escrow Agreement to establish such an escrow account for the benefit of Developer and for the benefit of each Purchaser (hereinafter "Purchaser") who makes deposits under a Purchase Agreement; and,

WHEREAS, Escrow Agent is acting as an independent party hereunder pursuant to the provisions of this Agreement and the Michigan Condominium Act (Act No. 59, Public Acts of 1978, as amended, hereinafter the "Act") for the benefit of Developer and all Purchasers and not as the agent of any one or less than all of such parties.

NOW, THEREFORE, it is agreed as follows:

1. **Initial Deposit of Funds.** Developer shall, promptly after receipt, transmit to Escrow Agent all sums deposited with it under a Purchase Agreement, together with a fully executed copy of such Agreement and a receipt signed by the Purchaser for the recorded Master Deed, The Condominium Buyer's Handbook and the Disclosure Statement.

2. **Release of Funds.** The sums paid to Escrow Agent under the terms of any Purchase Agreement shall be held and released to Developer or Purchaser only upon the conditions hereinafter set forth:

A. **Upon Withdrawal by Purchaser.** The escrowed funds shall be released to Purchaser under the following circumstances:

(i) If the Purchase Agreement is contingent upon Purchaser obtaining a mortgage and he fails to do so as provided therein and duly withdraws from the Purchase Agreement as a result thereof, Escrow Agent shall release to Purchaser all sums held by it pursuant to said Agreement.

(ii) In the event that a Purchaser duly withdraws from a Purchase Agreement prior to the time that said Agreement becomes binding under the General Provisions thereof, Escrow Agent shall, within three (3) business days from the date of receipt of notice of such withdrawal, release to Purchaser all of Purchaser's deposits held thereunder.

B. **Upon Default by Purchaser.** In the event that a Purchaser under a Purchase Agreement defaults in making any payments required by said Agreement or in fulfilling any other obligations thereunder for a period of ten (10) days after written notice by Developer to Purchaser, Escrow Agent shall release all sums held pursuant to the Purchase Agreement to Developer in accordance with the terms of said Agreement.

C. **Upon Conveyance of Title to Purchaser.** Upon conveyance of title to a Unit from Developer to Purchaser (or upon execution of a land contract between Developer and Purchaser in fulfillment of a Purchase Agreement), Escrow Agent shall release to Developer all sums held in escrow under such Agreement provided Escrow Agent has received a certificate signed by a licensed professional engineer or architect confirming:

(i) That those portions of the phase of the Condominium Project in which such Purchaser's Unit is located and which on the Condominium Subdivision Plan are labeled "must be built" are substantially complete; and

(ii) That the common elements or facilities intended for common use, wherever located, which on the Condominium Subdivision Plan are labeled "must be built" are substantially complete.

If the elements or facilities referred to in paragraphs 2C(i) and 2C(ii) above are not substantially complete, only sufficient funds to finance substantial completion of such elements or facilities shall be retained in escrow and the balance may be released. All funds required to be retained in escrow may be released, however, if other adequate security shall have been arranged as provided in paragraph 2F below. Determination of amounts necessary to finance substantial completion shall likewise be determined by the certificate of a licensed professional architect or engineer. For purposes of paragraph 2C(i) above, the portion of the Condominium Project in which Purchaser's Unit is located shall be "substantially complete" when all utility mains and the access road (to the extent such items are designated on the Condominium Subdivision Plan as "must be built") are substantially complete as evidenced by certificates of substantial completion issued by a licensed professional architect or engineer as described in Section 3 below. Improvements of the type described in paragraph 2C(ii) above shall be substantially complete when certificates of substantial completion have been issued therefor by a licensed professional architect or engineer, as described in Section 3.

D. **Release of Funds Escrowed For Completion of Incomplete Improvements.** Upon furnishing Escrow Agent a certificate from a licensed professional architect or engineer evidencing substantial completion in accordance with the pertinent plans and specifications of an improvement, facility or identifiable portion thereof for which funds or other security have been deposited in escrow, Escrow Agent shall release to Developer the amount of such funds or other security specified by the issuer of the certificate as being attributable to such substantially completed item(s); provided, however, that if the amounts remaining in escrow after any such partial release would be insufficient in the opinion of the issuer of such certificate to finance substantial completion of any remaining incomplete items for which funds or other security have been deposited in escrow, only the amount in escrow in excess of such estimated cost to substantially complete shall be released by Escrow Agent to Developer.

E. **Release of Interest Earned Upon Escrowed Funds.** Escrow Agent shall be under no obligation to earn interest upon the escrowed sums held pursuant hereto. In the event that interest upon such sums is earned, however, all such interest shall be separately accounted for by Escrow Agent and shall be held in escrow and released as and when principal deposits are released hereunder; provided, however, that all interest earned on deposits refunded to a Purchaser upon the occasion of his withdrawal from a Purchase Agreement shall be paid to Developer.

F. **Other Adequate Security.** If Developer requests that all of the escrowed funds held hereunder or any part thereof be delivered to it prior to the time it otherwise becomes entitled to receive the same, Escrow Agent may release all such sums to Developer if Developer has placed with Escrow Agent an irrevocable letter of credit drawn in favor of Escrow Agent in form and substance satisfactory to Escrow Agent and securing full repayment of said sums, or has placed with Escrow Agent such other substitute security as may be permitted by law and approved by Escrow Agent.

G. **In the Event Elements or Facilities Remain Incomplete.** If Escrow Agent is holding in escrow funds or other security for completion of incomplete elements or facilities under §103b(7) of the Act, such funds or other security shall be administered by Escrow Agent in the following manner:

(i) Escrow Agent shall upon request give all statutorily required notices under §103b(7) of the Act.

(ii) If Developer, The Villas of Pebble Creek Association and any other party or parties asserting a claim to or interest in the escrow deposit enter into a written agreement (satisfactory in its terms and conditions to Escrow Agent for Escrow Agent's protection, as determined by Escrow Agent in its absolute and sole discretion), as to the disposition of the funds or security in escrow under §103b(7) of the Act, Escrow Agent shall release such funds or security in accordance with the terms of such written agreement among such parties.

(iii) Failing written agreement as provided in paragraph 2G(ii) above, Escrow Agent shall be under no obligation whatever to release any such escrowed funds or security, but Escrow Agent may, in its absolute and sole discretion at any time take either of the following actions:

(a) Initiate an Interpleader action in any circuit court in the State of Michigan naming the Developer, The Villas of Pebble Creek Association and all other claimants and interested parties as parties and deposit all funds or other security in escrow under §103b(7) of the Act with the clerk of such court in full acquittance of its responsibilities under this Agreement; or

(b) Initiate an arbitration proceeding under the Commercial Arbitration Rules of the American Arbitration Association pursuant to which proceeding both the Developer and The Villas of Pebble Creek Association shall be named as parties. Escrow Agent shall continue to hold all sums in escrow under §103b(7) of the Act pending the outcome of such arbitration but Escrow Agent shall not be a party to such arbitration. All issues relative to disposition of such escrow deposits or other security shall be decided by the arbitrator or arbitration panel and such decision shall be final and binding upon all parties concerned and judgment thereon may be rendered upon such award by any circuit court of the State of Michigan. Escrow Agent may in any event release all such escrow deposits in accordance with the arbitration decision or may commence an interpleader action with respect thereto as provided above.

3. **Proof of Occurrences; Confirmation of Substantial Completion; Determination of Cost to Complete.** Escrow Agent may require reasonable proof of occurrence of any of the events, actions or conditions stated herein before releasing any sums held by it pursuant to any Purchase Agreement either to a Purchaser thereunder or to Developer. Whenever Escrow Agent is required hereby to receive the certification of a licensed professional architect or engineer that a facility, element, improvement or identifiable portion of any of the same is substantially complete in accordance with the pertinent plans therefor, it may base such confirmation entirely upon the certificate of the Developer to such effect coupled with the certificate to the same effect of a licensed professional architect or engineer. Likewise, all estimates and determinations of the cost to substantially complete any incomplete elements, facilities, structures and improvements for which escrowed funds are being specifically maintained under paragraph 2D above shall be made entirely by a licensed professional engineer or architect and the determination of all amounts to be retained or maintained in the escrow account for the completion of any such elements, facilities or improvements shall be based entirely upon such determinations and estimates as are furnished by such engineer or architect. No inspections of the Project or any portion thereof by a representative of Escrow Agent shall be deemed necessary hereunder, nor must any cost estimates or determinations be made by Escrow Agent and Escrow Agent may rely entirely upon certificates, determinations and estimates as described above in retaining and releasing all escrowed funds hereunder.

4. **Limited Liability of Escrow Agent; Right to Deduct Expenses From Escrow Deposits.** Upon making delivery of the funds deposited with Escrow Agent pursuant to any Purchase Agreement and performance of the obligations and services stated therein and herein, Escrow Agent shall be released from any further liability thereunder and hereunder, it being expressly understood that liability is limited by the terms and provisions set forth in such Agreements and in this Agreement, and that by acceptance of this Agreement, Escrow Agent is acting in the capacity of a depository and is not, as such, responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted to it, or the marketability of title to any Unit sold under any other Agreement. Escrow Agent is not responsible for the failure of any bank used by it as an escrow depository for funds received by it under this Agreement.

Further, Escrow Agent is not a guarantor of performance by Developer under the Condominium Documents or any Purchase Agreement and Escrow Agent undertakes no responsibilities whatever with respect to the nature, extent or quality of such performance thereunder or with regard to the conformity of such performance to the terms of such documents, to the plans and specifications for the Project, to local or state laws or in any other particular. So long as Escrow Agent relies in good faith upon any certificate, cost estimate or determination of the type described Section 3, Escrow Agent shall have no liability whatever to Developer, any Purchaser, any Co-owner or any other party for any error in such certificate, cost estimate or determination or for any act or omission by the Escrow Agent in reliance thereon.

Except in instances of gross negligence or wilful misconduct, Escrow Agent's liability hereunder shall in all events be limited to return, to the party or parties entitled thereto, of the funds retained in escrow (or which were replaced by security) less any reasonable expenses which Escrow Agent may incur in the administration of such funds or otherwise hereunder, including, without limitation, reasonable attorney's fees and litigation expenses paid in connection with the defense, negotiation or analysis of claims against it, by reason of litigation or otherwise, arising out of the administration of such escrowed funds, all of which costs Escrow Agent shall be entitled without notice to deduct from amounts on deposit hereunder.

Notwithstanding any other provision herein to the contrary, Escrow Agent shall be under no obligation to release funds deposited hereunder to any party until it can satisfactorily ascertain that the funds deposited have been paid, settled and fully collected as such terms are defined under the provisions of MCL 440.4101, et seq.

5. **Notices.** All notices required or permitted hereunder and all notices of change of address shall be deemed sufficient if personally delivered or sent by registered mail, postage prepaid and return receipt requested, addressed to the recipient party at the address shown below such party's signature to this Agreement or upon the pertinent Purchase Agreement. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

FIRST AMERICAN TITLE INSURANCE COMPANY

PEBBLE CREEK HOMES, INC., Developer

By: METROPOLITAN TITLE COMPANY, duly authorized agent

By:

Jamal S. Kalabat
President
29760 Shilawassee Road
Farmington, Michigan 48336

Telephone No.: (810) 615-0005

By:

Its:

Marcia R. Harahan
Agent

Telephone No.: (810) 540-9620

THE VILLAS OF PEBBLE CREEK

CLOSING STATEMENT

Owner: _____

Date: _____

Address: _____

Unit Number: _____

Percentage of Value: _____

1. Owner's proportionate share of current Association Assessment due in accordance with paragraph 2 of the General Provisions of the Purchase Agreement \$ _____
2. Owner's working capital contribution _____
3. Owner's share of real estate tax _____
4. Owner's share of insurance reserve _____
- Total due at closing \$ _____

* * * * *

All future payments due the Association are payable on or before the first of each month in the amount of \$ _____ beginning _____. All checks should be made payable to The Villas of Pebble Creek Association and should be mailed or delivered to the Association at:

c/o Pebble Creek Homes, Inc.
29760 Shiawassee Road
Farmington Hills, Michigan 48336

The foregoing statement approved and accepted:

Owner

Owner

DESIGNATION OF VOTING REPRESENTATIVE

The undersigned, being the Co-owner(s) of Unit Number _____ in The Villas of Pebble Creek, a condominium, hereby designates _____, pursuant to Article VIII, Section 3 of the Bylaws, as the individual representative who shall vote at the meetings of the Association and receive all notices and other communications from the Association on behalf of the undersigned Co-owner(s). The address of such designee is _____.

If the Unit is owned by more than one person the, notwithstanding the foregoing, it is further agreed that either (but no more than one) of the undersigned may be counted for quorum purposes and vote in person at any meeting of the Association unless the undersigned cannot agree as to who shall vote at such meeting, in which event only the above-designated representative may cast such vote.

Dated: _____

Co-owner

Co-owner

Address: _____

**VILLAS OF PEBBLE CREEK
ASSOCIATION
CLOSING STATEMENT**

Purchaser: _____

Date: _____

Address: _____

Unit Number: _____

Percentage of Value: _____

1. Purchaser's proportionate share of current
Association Assessment due in monthly prorations
by closing date.
 $\$14.00 / 30 \text{ days} = \$0.4666/\text{day} \times (\quad) \text{ No. of days.} \dots\dots\dots \$$
2. Purchaser's share balance of 1997 in advance.
() month x \$14.00. $\dots\dots\dots \$$
3. Purchaser's share of budget capital reserve (1) year assessment. . . \$ 174.00

Total due at Closing. $\dots\dots\dots \$$ _____

* * * * *

All future payments due the Association are payable on or before the first of the year in the amount of \$ 174.00 beginning January 1, 1998. All checks should be made **payable to Pebble Creek Homes, Inc.** and should be mailed or delivered to the Association at:

c/o Villas of Pebble Creek
28530 Orchard Lake Road, Suite 110
Farmington Hills, MI 48334

The foregoing statement approved and accepted:

Developer

Purchaser

Purchaser

APPENDIX I

**THE VILLAS OF PEBBLE CREEK ASSOCIATION
SOUTHFIELD, MICHIGAN**

**PROPOSED BUDGET FOR 1998
COVERING 55 UNITS**

Insurance	\$ 540.00
Landscape Service for Entranceway	\$ 0.00
Maintenance of Parks	\$ 1,000.00
Roadway Maintenance and Snowplow	\$ 5,530.00
Administrative and Managerial Fees	\$ 1,000.00
Reserve for Repairs and Replacement	\$ 1,500.00
TOTAL ANNUAL BUDGET	\$ 9,570.00

\$225.00 per Unit Annually
\$ 18.75 per Unit Monthly Payment

Developer:

PEBBLE CREEK HOMES, INC.
28530 Orchard Lake Road, Suite 110
Farmington Hills, MI 48334

**VILLAS OF PEBBLE CREEK
ASSOCIATION
CLOSING STATEMENT**

Purchaser: _____

Date: _____

Address: _____

Unit Number: _____

Percentage of Value: _____

1. Purchaser's proportionate share of current Association Assessment due in monthly prorations by closing date.
\$18.75 / 30 days = \$0.625/day x () No. of days. \$
2. Purchaser's share balance of 1998 in advance.
() month x \$18.75. \$
3. Purchaser's share of budget capital reserve (1) year assessment. . . \$ 225.00

Total due at Closing. \$

* * * * *

All future payments due the Association are payable on or before the first of the year in the amount of \$ 225.00 beginning January 1, 1998. All checks should be made **payable to Pebble Creek Homes, Inc.** and should be mailed or delivered to the Association at:

**c/o Villas of Pebble Creek
28530 Orchard Lake Road, Suite 110
Farmington Hills, MI 48334**

The foregoing statement approved and accepted:

Developer

Purchaser

Purchaser