

BYLAWS

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION

ARTICLE I

ASSOCIATION OF LOT OWNERS

The Crossings of Oakland, a single-family residential development (the "Development") located in the Township of Oakland, Oakland County, Michigan, shall be administered by an Association of Lot Owners which shall be a non-profit corporation, organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Areas, easements and affairs of the Development in accordance with the Declaration of Covenants, Restrictions, Easements, Conditions and Liens - Open Space (the "Open Space Declaration") covering the Development and the Declarations of Covenants, Restrictions, Easements, Conditions and Liens covering any subdivision within the Development (the "Subdivision Restrictions"), (collectively the "Declarations"). The Crossings of Oakland Property Owners Association (hereafter the "Association") has been incorporated for that purpose and these Bylaws shall constitute the Bylaws for the Association required by the Michigan Non-Profit Corporation Act. The Association shall be governed by the Declarations, these Bylaws, the Articles of Incorporation, duly adopted Rules and Regulations of the Association, and the laws of the State of Michigan. Each Lot Owner shall be a member and no other person or entity shall be entitled to membership. The share of a Lot Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Lot. All Lot Owners in the Development and all persons using or entering upon or acquiring any interest in any Lot therein or the Common Areas thereof shall be subject to the provisions and terms set forth in the aforesaid Declarations.

ARTICLE II

VOTING

Section 1. VOTES. Except as limited in these Bylaws, or the Open Space Declaration, each Lot Owner shall be entitled to one vote for each Lot owned.

Section 2. ELIGIBILITY TO VOTE. No Lot Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Lot in the Development to the Association. The vote of each Lot Owner may only be cast by the representative designated by such Lot Owner in the notice required in Section 3 of this Article II or by a written proxy given by such individual representative. The Developer shall, at all times, be entitled to one vote for each Lot which it owns or which may be created on land within the Development owned by the Developer but which has not yet been the subject of a recorded plat.

Section 3. DESIGNATION. Each Lot 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 Lot Owner. Such notice shall state the name and address of the individual representative designated, identification of the Subdivision and the number or numbers of the Lot or Lots owned by the Lot Owner and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Lot Owner. Such notice shall be signed and dated by the Lot Owner. The individual representative designated may be changed by the Lot 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 thirty five percent (35%) in number of the Lot Owners qualified to vote shall constitute a quorum for the conduct of business at a meeting of the members of the Association except for voting on questions specifically required herein 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 in person or by proxy 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 fifty percent (50%) in number of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth of designated voting representatives present in person or by proxy, or by written ballot, if applicable, at a given meeting or the members of the Association.

ARTICLE III

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 Declarations shall be levied by the Association against the Lots and the Lot Owners thereof in accordance with the following provisions:

Section 1. COMMON AREAS. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Association and the Common Areas (except Recreational Areas owned or operated by others, which shall be assessed to such owner or operator) and property taxes based thereon shall be treated as expenses of administration.

Section 2. EXPENDITURES AND RECEIPTS. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Areas or the administration of the Development shall constitute expenditures affecting the administration of the Development, and all sums received as the proceeds of, or pursuant to, a policy of insurance securing the interest of the Association or the Lot Owners against liabilities or losses arising within, caused by, or connected with the Common Areas or the administration of the Development shall constitute receipts affecting the administration of the Development.

Section 3. DETERMINATION OF ASSESSMENTS. Assessments shall be determined in accordance with the following provisions:

(a) **BUDGET.** The Board of Directors of 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 Common Areas, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Areas and improvements thereon that must be replaced on a periodic basis must be established in the budget and must be funded by regular assessments rather than by special assessments. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Lot Owner and the assessment for said year shall be established based upon said budget, in accordance with the provisions of the Open Space Declaration and any applicable Subdivision Restrictions. The failure to deliver a copy of the budget to each Lot Owner shall not affect the liability of any Lot Owner for any existing or future assessments. Except, and only to the extent that the Charter Township of Oakland is an intended third-party beneficiary under Article VI, Section 2 of the Open Space Declaration, the Board of Director's authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the Lot Owners and shall not be enforceable by any creditors of the Association or of any Lot Owner.

(b) **SPECIAL ASSESSMENTS.** Special Assessments may be made by the Board of Directors from time to time and approved by the Lot Owners as provided in the Open Space Declaration to meet other needs or requirements of the Association. Except, and only to the extent that the Charter Township of Oakland is an intended third-party beneficiary under Article VI, Section 2 of the Open Space Declaration, the authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the Lot Owners and shall not be enforceable by any creditors of the Association or of any Lot Owner.

Section 4. APPORTIONMENT AND PENALTY FOR DEFAULT. Unless otherwise provided herein or in the Open Space Declaration, all assessments levied against the Lot Owners to cover expenses of administration shall be apportioned among and paid by the Lot Owners in equal shares. Annual assessments as determined in accordance with Article III, Section 3(a) above shall be payable by Lot Owners in installments as may be required or permitted by the Open Space Declaration, but not more than four equal quarterly installments, commencing with acceptance of a deed to or a land contract vendees interest in a Lot or with acquisition of fee simple title to a Lot by any other means. The payment of an assessment

shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date of such payment.

Assessments not paid within thirty (30) days after the date of the assessment notice shall bear interest from the initial due date thereof at the maximum legal rate, but not less than 7% per annum until paid in full. Each Lot Owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments pertinent to his Lot which may be levied while such Lot Owner is the owner thereof. Payments on account 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 for late payment; and third, to payments in default in order of their due dates.

Section 5. NO EXEMPTION BY WAIVER OR ABANDONMENT. No Lot Owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his Lot.

Section 6. 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 lien that secures payment of assessments. A Lot Owner in default shall not be entitled to utilize any of the Common Areas of the Development 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 Lot Owner of ingress or egress to and from his Lot. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

(b) **FORECLOSURE.** Each Lot Owner, and every other person who from time to time has any interest in any Lot in the Development, shall be deemed to have granted the Association the unqualified right to elect to foreclose such lien either by judicial action or, if permitted by Michigan law, 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 Lot Owner and every other person who from time to time has any interest in any Lot, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Lot with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale, first toward satisfaction of the Lot Owner's obligations to the Association and thereafter in accordance with the priorities established by applicable law.

(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 (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Lot Owner(s) at his

or their last known address of a written notice that the annual assessment levied against the pertinent Lot or any special assessment is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be in the form of a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments); (4) the legal description of the subject Lot(s); and (5) the name(s) of the Lot Owner(s) of record. Such affidavit shall be recorded in the Office of the Register of Deeds for Oakland County at least ten (10) days prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) 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 representative designated above and shall inform such representative 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 attorneys' 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 Lot Owner in default and shall be secured by the lien on his Lot.

Section 7. LIABILITY OF MORTGAGEE. Notwithstanding any other provisions of the Declarations, the holder of any first mortgage covering any Lot in the Development (other than a purchase money mortgage given to the seller of the Lot in question) which comes into possession of the Lot pursuant to a foreclosure sale, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Lot which accrue prior to the time such holder comes into possession of the Lot (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 Lots including the mortgaged Lot).

Section 8. LIABILITY OF DEVELOPER. The liability of Developer and the Other Owners (as that term is defined in the Open Space Declaration) for the payment of assessments for any Lots owned by them shall be limited as set forth in the Open Space Declaration.

Section 9. STATEMENT OF UNPAID ASSESSMENTS. The owner of any Lot may request a statement of the Association as to the outstanding amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement, as between the Association and any bona fide purchaser of any Lot and any lender who has taken a lien thereon in reliance on such written 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 Lot shall be deemed satisfied, as to such purchaser and/or mortgagee and their respective successors. Provided, that delivery of an erroneous statement by the Association shall not relieve any Lot Owner of his liability for such assessments.

ARTICLE IV

ARBITRATION

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

Section 2. JUDICIAL RELIEF. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Lot Owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claim or grievances.

Section 3. ELECTION OF REMEDIES. Such election and written consent by Lot Owner or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE V

INSURANCE

Section 1. EXTENT OF COVERAGE. The Association shall carry fire and extended coverage, vandalism and malicious mischief and public liability and property damage insurance, officers and directors liability insurance, and workmen's compensation insurance, as applicable, pertinent to the ownership, use and maintenance of the Common Areas of the Development, and such insurance shall be carried and administered in accordance with the following provisions:

(a) **RESPONSIBILITIES OF ASSOCIATION AND LOT OWNER.** All such insurance shall be purchased by the Association for the benefit of the Association, and the Lot Owners and their mortgagees, as their interests may appear, and, if appropriate, provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Lot Owners. Each Lot Owner shall obtain insurance coverage at his own expense upon his Lot. It shall be each Lot Owner's responsibility to obtain insurance coverage for all buildings and improvements located within his Lot and his personal property located within his Lot or elsewhere in the Development and for his personal liability for occurrences within his Lot or upon the Common Areas, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association and all Lot Owners shall use

their best efforts to see that all property and liability insurance carried by the Association or any Lot Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Lot Owner or the Association.

(b) **INSURANCE ON COMMON AREAS.** All Common Areas of the Development and all fixtures and improvements located thereon, if any, owned by the Association, shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

(c) **OFFICERS AND DIRECTORS LIABILITY INSURANCE.** The Association, if the Board of Directors deems appropriate, shall also carry officers and directors liability insurance as provided in Article XII below.

(d) **PREMIUMS.** All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

(e) **PROCEEDS.** Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and applied as provided herein; provided, however, whenever repair or reconstruction of facilities or improvements located on the Common Areas shall be required as provided in Article VI 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 such repair, replacement or reconstruction unless approved by affirmative vote of not less than eighty percent (80%) of Lot Owners as provided in Article VI.

ARTICLE VI

RECONSTRUCTION OR REPAIR

Section 1. DETERMINATION TO RECONSTRUCT OR REPAIR. If any part of the Development or the facilities and improvements located thereon shall be partially or completely destroyed, the determination of whether or not it shall be reconstructed or repaired and the responsibility therefor shall be made in the following manner:

(a) **COMMON AREAS.** If the damaged property is a Common Area, or any facilities or improvement thereon, the damaged property shall be rebuilt or repaired by the Association unless eighty (80%) percent of the Lot Owners, by affirmative vote, agree to the contrary.

(b) **LOTS.** If the damaged property is any improvement on any Lot, the Lot Owner of such Lot alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or the other person or entity having an interest in such property, and such Lot Owner shall be responsible for any reconstruction or repair that he

elects to make. The Lot Owner shall in any event remove all debris and restore his Lot and the improvements thereon to a clean and slightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage.

Section 2. REPAIR IN ACCORDANCE WITH PLANS AND SPECIFICATIONS. Any such reconstruction or repair of the Common Areas shall be substantially in accordance with the plans and specifications for the improvements to a condition as comparable as possible to the condition existing prior to damage unless eighty (80%) percent of the Lot Owners shall, by affirmative vote, decide otherwise.

Section 3. ASSOCIATION RESPONSIBILITY FOR REPAIR. Promptly after 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 replace 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 costs of reconstruction or repair required to be performed by the Association, or if at anytime during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, the Association shall impose a special assessment against all Lot Owners in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 4. TIMELY RECONSTRUCTION AND REPAIR. If damage to Common Areas adversely affects the appearance of the Development, the Association shall proceed with replacement of the damaged property without delay, and shall prosecute such repairs diligently until completion.

Section 5. EMINENT DOMAIN. If there is any taking of any portion of the Common Areas, the condemnation proceeds relative to such taking shall be used, first, to rebuild, repair or replace the portion so taken or to take such other action as the Association shall deem appropriate, unless, to the extent not in conflict with the Association's obligations to maintain drainage and detention facilities as required by the Declarations, at least eighty (80%) percent of the Lot Owners vote to the contrary. Any excess proceeds shall be retained by the Association and used to defray the expenses of the Association arising thereafter, and the Lot Owners' assessments shall be reduced accordingly.

ARTICLE VII

MORTGAGES

Section 1. NOTICE TO ASSOCIATION. Any Lot Owner who mortgages his Lot may notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in an appropriate record. The Association may, at the written request of a mortgagee of any such Lot whose name has been submitted by the Lot Owner, report any unpaid assessments due from the Lot Owner of such Lot.

Section 2. INSURANCE. The Association shall notify each mortgagee appearing in said book who requests notice of the name of each company insuring the Common Areas against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amount of such coverage.

ARTICLE VIII

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 Lot 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 Articles of Incorporation, these Bylaws, the Declarations 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 Developer and may be called at any time after more than 50% of the Lots which may be created in the Development 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 earlier of: (a) the date of conveyance of legal or equitable title to non-developer Lot Owners of 75% in number of all Lots that may be created, or (b) sixty (60) months after conveyance of legal or equitable title of a lot in the Development to a non-developer Lot Owner. 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 Lot Owner. The phrase "Lots that may be created" as used in this paragraph and elsewhere in these Bylaws refers to the maximum number of Lots which the Developer is permitted under the PUD Plan approved for the Development by the Charter Township of Oakland.

Section 3. ANNUAL MEETINGS. Annual meetings of members of the Association shall be held on the second Tuesday of May 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 Lot Owners a Board of Directors in accordance with the requirements of Article X of these Bylaws. The Lot 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 Lot Owners as directed by resolution of the Board of Directors or upon a petition signed by one third (1/3) of the Lot 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 Lot Owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Lot Owner at the address shown in the notice required to be filed with the Association by Article II, 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 business to be conducted at a meeting of Lot Owners cannot be conducted because a quorum is not in attendance, the Lot Owners who are present may adjourn the meeting to a time not less than forty-eight (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 of 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 IX

ADVISORY COMMITTEE

Within one year after conveyance of legal or equitable title to the first Lot in the Development to a purchaser or within 120 days after conveyance to purchasers of twenty (20%) percent of the total number of Lots that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least 3 non-developer Lot Owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that, if more than 50 percent in number of the non-developer Lot Owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purposes of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the non-developer Lot Owners and to aid the transition of control of the Association from the Developer to purchaser Lot Owners. The Advisory Committee shall cease to exist automatically when the non-developer Lot 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 Lot Owners.

ARTICLE X

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of five directors, who 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 which may also be a lesser number of Directors designated in the Articles of Incorporation of the Association or by the Developer or Incorporator by written resolution. 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 election of the first non-developer Lot Owners to the Board. Elections for non-developer Lot Owner Directors shall be held as provided in subsections (b) and (c) below.

(b) **APPOINTMENT OF NON-DEVELOPER LOT OWNERS TO BOARD PRIOR TO FIRST ANNUAL MEETING.** Not later than 120 days after conveyance of legal or equitable title to non-developer Lot Owners of twenty-five (25%) percent or more of the Lots which may be created, one of the Directors shall be selected by non-developer Lot Owners. When the required percentage of conveyances have been reached, the Developer shall notify the non-developer Lot Owners and request that they hold a meeting and elect the required Director. Upon certification by the Lot Owners to the Developer of the Director so elected, the Developer shall then 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 resigns or becomes incapacitated.

(c) ELECTION OF DIRECTORS AT AND AFTER FIRST ANNUAL MEETING.

(i) At the First Annual Meeting and subsequent annual meetings, the non-developer Lot Owners shall have the right to elect a number of members of the Board of Directors equal to the percentage of Lots they own, and the Developer shall have the right to elect a number of members of the Board of Directors equal to the percentage of Lots which are owned by the Developer or which may be created; provided, that the Developer shall have the right to designate at least one (1) Director as long as the Developer continues to own any Lots that have been or may be created within the Development. The date on which non-Developer Lot Owners are entitled to elect their proportionate share of Directors under this subsection (i), shall be the Transitional Control Date.

(ii) If the calculation of the percentage of members of the Board of Directors that the non-developer Lot Owners have the right to elect under subsection (i) results in a right of non-developer Lot 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 Lot 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 (i).

(iii) At the First Annual Meeting 3 Directors shall be elected for a term of two years and two Directors shall be elected for a term of one year. At such

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

(iv) Once the Lot Owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Lot Owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article VIII, 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 Declarations or required thereby to be exercised and done by the Lot 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 perform and fulfill all of the obligations and purposes of the Association as set forth in the Declarations, the Articles of Incorporation and these Bylaws;

(b) 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 Association and the Development and to delegate to such committees any functions or responsibilities which are not by law or the Declarations required to be performed by the board.

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 Declarations 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.

Section 6. VACANCIES. Vacancies in the Board of Directors occurring after the Transitional Control Date, as defined in subsection 2(c)(ii) of this Article, 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 Lot Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Lot 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, any one or more of the Directors may be removed with or without cause by a majority vote of the Lot Owners (other than those appointed by Developer) and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Lot 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 Lot 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 maybe held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (2)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 ten (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 three (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 (2) Directors.

Section 11. WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. QUORUM. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. 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 Declarations.

Section 14. FIDELITY BONDS. The Board of Directors may 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 XI

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, 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 (2) offices except that of President and Vice President may be held by one person. All officers shall be members of the Association.

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

Section 3. REMOVAL. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

Section 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the corporate seal and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary

Section 7. TREASURER. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 8. OTHER 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 XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his duties; 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 Board of Directors (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 10 days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Lot Owners thereof. Further, the Board of Directors 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 XIII

SEAL

The Association may (but need not) have a seal which 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 Areas and any other expenses incurred by or on behalf of the Association and the Lot Owners. Such accounts and all other Association records shall be open for inspection by the Lot Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Lot 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 Lot in the Development 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. Unless the Directors determine otherwise, the Association's fiscal year shall be the calendar year.

Section 3. BANK. The funds of the Association shall be deposited in such bank 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

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 by one-third (1/3) or more in number of the members or 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 the Association Bylaws.

Section 3. VOTING. These Bylaws may be amended by the Association at any regular annual meeting or a special meeting called for such purpose, by an affirmative vote of not less than seventy-five (75%) percent of all Lot 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 seventy-five (75%) percent of the mortgagees shall be required, which each mortgagee to have one vote for each mortgage held.

Section 4. WHEN EFFECTIVE. Any amendment to these Bylaws shall become immediately effective when duly adopted in accordance with these Bylaws.

Section 5. BINDING EFFECT. 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 Development, irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVI

DEFINITIONS

All terms used herein shall have the same meaning as set forth in the Declarations.

ARTICLE XVII

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Declarations 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 successor developer 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. The immediately preceding sentence dealing with the assignment and transfer 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 Development and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Declarations 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 XVIII

SEVERABILITY

In the event that any of the terms, provisions, or covenants of these Bylaws 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 hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.