

COPPER CREEK COMMUNITY ASSOCIATION

BY-LAWS ("By-Laws")

ARTICLE I

ADOPTION OF OTHER DOCUMENTS

SECTION 1. The Amendment to Copper Creek Agreement for Planned Residential Development ("Agreement"), dated December 6, 1989, and recorded in Liber 11198, Pages 555-591, Oakland County Records, and attached as Exhibit A, as the same may be amended from time to time, is hereby incorporated by reference and adopted in its entirety as part of the By-Laws of Copper Creek Community Association ("Association").

SECTION 2. The Articles of Incorporation of this Association, filed with the Michigan Department of Commerce on January 8, 1991, are hereby incorporated by reference and adopted in their entirety as part of the By-Laws of this Association.

SECTION 3. Capitalized terms used in these By-Laws and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

SECTION 4. In the event there exists any conflict between or among the terms and provisions contained within the Agreement, the Articles of Incorporation or these By-Laws, the terms and provisions of the following documents, in their stated order of priority, shall control: (i) the Agreement; (ii) the Articles of Incorporation of this Association; and (iii) the By-Laws.

ARTICLE II

REGISTERED OFFICE

SECTION 1. The registered office of the Association shall be in the City of Troy or such other location as the Board of Directors elects.

ARTICLE III

MEETINGS

SECTION 1. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Association Members (as defined in Article IV, Section 1 below) as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with generally accepted rules of parliamentary procedure (such as Roberts' Rules of Order) when not otherwise in conflict with the Articles of Incorporation, these By-Laws, the Agreement, or the laws of the State of Michigan.

SECTION 2. The first annual meeting of the Association Members shall be held on the third Monday of the first full calendar month following the date of incorporation of the Association. The time and place of such meeting shall be set by the Board of Directors, and, subject to Section 4 of this Article III, written notice thereof, in accordance with said Section 4, shall be given to each Association Member. Thereafter, the annual meeting of the Association Members shall be held on the third Monday of January of each succeeding year at a time and place as shall be determined by the Board of Directors. At such meeting, Directors shall be elected by ballot of the Association Members in accordance with the requirements of Section 1 of Article IV of these By-Laws and in accordance with the Agreement. The Association Members may also transact at such meeting such other business of the Association as may properly come before them.

SECTION 3. It shall be the duty of the President to call a special meeting of the Association Members as directed by a majority of the Board of Directors or by a petition delivered to the Secretary of the Association and signed by Association Members holding in the aggregate not less than twenty-five (25%) percent of the total number of votes available if all Association Members having voting rights had signed said petition. Notice (pursuant to Section 4 of this Article III) 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 4. Except as otherwise provided in the Non-profit Corporation Act, being Act 162 of 1982, M.C.L.A. 450.2101, et. seq. ("Act") or the Agreement: It shall be the duty of the Secretary (or other Association Officer in the Secretary's absence) to serve a written notice (delivered personally or by certified, registered or first class mail or land/air express as provided below) 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 Association Member of record on the Association books, at least ten (10) days, but not more than sixty (60) days, prior to such meeting. The depositing, postage prepaid, in a post office or official depository of the United States postal service or depositing in an appropriate depository of a land/air express courier service of a notice (i) to the Association Member or its authorized agent or representative as reflected on the Association books or (ii) to any one or more of the Association Members where there is more than one Owner or (iii) addressed to the occupant if there is a residence on the applicable Parcel, Lot or Condominium Unit, and in each case addressed to the address shown on the records of the Association, shall be deemed notice served, except that any notice to Declarant shall be sent certified mail, return receipt requested, postage prepaid to Declarant's office address. Any Association Member may, by written waiver of notice signed by such Association Member, waive such notice, and such waiver when filed in the records of the Association, shall be deemed due notice. Notwithstanding the foregoing, until such time as the

Declarant has ceased to be the sole Association Member with voting rights as set forth in Section 6 of Article IV, no notices of annual or special meetings need be sent to Association Members other than Declarant.

SECTION 5. If any meeting of Association Members, including annual meetings, cannot be held because a quorum is not in attendance, the Association Members who are present and have voting rights may adjourn the meeting to another time or place. If the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment occurs, and only such business as could have been transacted at the originally scheduled meeting is transacted at the adjourned meeting, no notice of the adjourned meeting need be provided. If the date or time of the adjourned meeting is not announced at the original meeting or a new date or time for the adjourned meeting is set following the original meeting, notice of the adjourned meeting shall be provided to each Association Member, subject to and in accordance with Section 4 above.

SECTION 6. All Owners shall file their name(s) and address(es) and evidence of ownership of the applicable Parcel, Lot or Condominium Unit with the Secretary of the Association for the Association records, and each successive Owner shall also so file his/her name and address and evidence of ownership upon acquiring such ownership.

SECTION 7. Notwithstanding the foregoing, for any meeting pursuant to the provisions of Article VI, Section 1.C. of the Agreement (pertaining to Special Assessments), written notice of such meeting shall be sent to all Association Members not less than fifteen (15) days in advance of the meeting. Additionally, at the first such meeting called, the presence, in the aggregate, of Association Members and/or proxies entitled to cast sixty (60%) percent of all votes that could be cast if all Association Members were present shall constitute a quorum. If the required quorum is not present, another meeting shall be called, subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 8. Any action required or permitted by the Act or the Agreement to be taken at an annual or special meeting of Association Members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by Association Members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all Association Members entitled to vote thereon were present and voted. Prompt notice of any Association action that is taken without a meeting by less than unanimous written consent shall be given to the Association Members who have not consented in writing. Any action required or permitted by the Act or the Agreement to be taken at

an annual or special meeting of Association Members may be taken without a meeting, without prior notice, and without a vote, if all Association Members entitled to vote thereon consent thereto in writing.

SECTION 9. An Association Member may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and each participant has been advised of the means of communication and the names of all other persons participating in the meeting. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

ARTICLE IV

MEMBERSHIP AND VOTING

SECTION 1. The members of the Association ("Association Members") shall be the following (collectively, "Owners"): (i) the owner of each parcel of land ("Parcel") within the Single Family Area, Cluster Area, and Multiple Family Area that is neither platted in accordance with the Subdivision Act nor covered by a master deed recorded pursuant to the Condo Act; (ii) the owner of each Lot; and (iii) the owner of each Condominium Unit. Membership in the Association shall be mandatory for all Owners (excepting Declarant). If more than one person is the record owner of a Parcel, Lot, or Condominium Unit, the membership for such Parcel, Lot, or Condominium Unit shall be joint and several among the co-owners thereof, who shall be jointly and severally personally liable for all Mandatory Assessments (as defined in Section 4 of Article VIII) applicable to the Parcel, Lot, or Condominium Unit they own, provided, however, that all such record owners shall collectively be deemed and counted as the single "Owner" and "Association Member" in regard to said Parcel, Lot, or Condominium Unit. Each Owner shall become an Association Member upon the conveyance to such Owner of fee simple title to the applicable Parcel, Lot, or Condominium Unit. Notwithstanding the foregoing, if the Parcel, Lot, or Condominium Unit is being sold on land contract, the land contract vendee, from the date of execution of the Land Contract, shall be deemed the "Owner" and "Association Member," unless Declarant is the land contract vendor and elects in writing to be deemed the "Owner" and "Association Member" therefor. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot, Condominium Unit or Parcel, provided, however, that so long as Declarant owns all or any part of the Land, Declarant shall also be an Association Member, unless Declarant elects otherwise by written notice to the Association.

SECTION 2. Subject to Sections 6 and 7 of this Article IV, the voting rights in the Association shall be as follows: Each Association Member shall be entitled to one vote for each Single Family Unit, Cluster Unit, or Multi-Family Unit of which such Association Member is the Owner, provided, however, that, for any

undeveloped Parcel, the Association Member owning same shall be entitled to a number of votes equal to the number of Single Family Units, Multi-Family Units, or Cluster Units (whichever is applicable) permitted to be constructed within said Parcel as specified in the contractual agreement pursuant to which the applicable Parcel was purchased from Declarant, so long as said number does not exceed the number permitted by the Plan and, if no such number was so specified, the Association Member owning such Parcel shall be entitled to a number of votes equal to the number of Single Family Units, Multi-Family Units or Cluster Units (whichever is applicable) permitted to be constructed within said Parcel pursuant to final site plan approval therefor. In addition to any other voting rights of Declarant, Declarant shall be entitled to six (6) votes for each one acre of the Land (excluding the Road System) that is owned by Declarant and located outside of the Single Family Area, Cluster Area, and Multiple Family Area. Except as otherwise required by the Act, in the event that the Owner consists of more than one co-owner, the eldest among such co-owners, as specified in a written notice delivered to the Secretary of the Association or Officer conducting the meeting prior to the time of the vote, shall be entitled to cast the vote of said Owner unless all such co-owners designate by written notice another of them as being entitled to cast such vote and deliver such notice as above provided, and said co-owners shall be entitled to designate a different co-owner from time to time by filing a new designation in the manner provided above; if no such notice designating the eldest or other co-owner entitled to cast such vote has been delivered as provided above, the Officer conducting the meeting shall have the authority in his or her discretion to select any one of the co-owners to cast the vote for the Owner in regard to the particular matter being voted upon. Any vote cast in person or by proxy by a co-owner designated to vote as provided above, or any failure of said co-owner to vote, shall be binding upon the balance of the co-owners constituting the Owner.

SECTION 3. Unless waived by the Officer conducting the meeting, no Association Member, other than the Declarant, shall be entitled to vote at any meeting of the Association unless such Association Member has presented evidence of ownership of a Parcel, Lot, or Condominium Unit or has previously filed such evidence in accordance with Section 6 of Article III above.

SECTION 4. The presence in person or by proxy of Association Members representing fifteen (15%) percent of the total number of votes that could be cast if all Association Members having voting rights were present ("Total Votes") shall constitute a quorum for holding a meeting of the Association Members, except where a greater or lesser quorum is specifically required by these By-Laws, the Articles of Incorporation, the Agreement, or the Act. Additionally, except as otherwise specifically required by these By-Laws, the Articles of Incorporation, the Agreement, or the Act, if a quorum is not present and the meeting is adjourned as provided in Section 5 of Article III of these By-Laws, the presence in person or by proxy of Association Members with voting rights

representing ten (10%) percent of the Total Votes shall constitute a quorum at such adjourned meeting. Except as otherwise provided in the Act, the proxy of the Association Member furnished at or prior to any duly called meeting or adjourned meeting at which meeting said Association Member is not present in person shall also be counted in determining the presence of a quorum with respect to the question upon which the vote is cast. Once a quorum exists, the Association Members present in person or by proxy at such meeting can continue to do business until adjournment, even if there are no longer enough Association Members present to constitute a quorum.

SECTION 5. When an action is to be taken by vote of the Association Members, it shall be authorized by a majority of the votes cast at a meeting duly called for such purpose, unless a greater or different plurality is required by the Articles of Incorporation, the Agreement or the Act. Votes may be cast in person, either orally or in writing, provided, however, than an Association Member may also authorize one or more persons to act for said Association Member by proxy signed by the Association Member or its authorized agent or representative. Unless otherwise provided in the proxy, the proxy shall be valid only for three (3) years from the date of its execution. Any proxies must be filed with the Secretary of the Association or the Officer conducting the meeting at or before the time of the voting.

SECTION 6. The Declarant shall be the sole Association Member having voting rights in the Association until such time as the Declarant withdraws as the sole Director pursuant to either Section 1 or Section 2 of Article V, whichever is applicable.

SECTION 7. Pursuant to Article II, Section 4.A.(ii) of the Agreement, the Association shall be entitled to suspend the voting rights of any Owner during such period as any Mandatory Assessment against any Lot, Condominium Unit or Parcel owned by said Owner remains unpaid or for a period of sixty (60) days for any infraction of the Association's published rules and regulations.

ARTICLE V

BOARD OF DIRECTORS

SECTION 1. The right and obligation to manage the affairs of the Association shall be exclusively vested in its Board of Directors (sometimes hereinafter referred to as "Board"). The Declarant (as represented by one or more individuals selected by Declarant) shall be the sole Director until each of the following events has occurred (any one or more of which may be waived in whole or part by Declarant in its sole discretion): (i) ninety (90%) percent of the Single Family Units have been conveyed to Owners other than Declarant and builders, developers and real estate companies who own or hold any Single Family Units for resale in the ordinary course of business, and single family dwellings

have been fully constructed thereon; (ii) ninety (90%) percent of the Cluster Units have been conveyed to Owners other than Declarant and builders, developers and real estate companies who own or hold any Cluster Units for resale in the ordinary course of business, and residential dwellings have been fully constructed thereon; and (iii) ninety (90%) percent of the Multiple Family Area has been conveyed to Owners other than Declarant and builders, developers, and real estate companies who own or hold any Multi-Family Units therein for resale in the ordinary course of business, and Multi-Family Units or other residential dwellings have been fully constructed thereon. Upon the occurrence of the above-listed events, the Declarant shall withdraw as the sole Director (and cease being the sole Association Member having voting rights).

SECTION 2. Notwithstanding the provisions of Section 1 above, the Declarant (as represented by one or more individuals selected by Declarant), in its sole discretion, shall be entitled to withdraw as the sole Director (and cease being the sole Association Member having voting rights) at any time prior to the occurrence of any or all of the events described in said Section 1.

SECTION 3. At such time as the sole Director shall withdraw in accordance with Section 1 or Section 2 above, the affairs of the Association shall be governed by a Board of Directors, composed of five (5) Directors, who shall be elected by the Association Members at a meeting called for such purpose. All Directors must be Owners or officers, partners, trustees or employees of Owners that are corporations or partnerships. The term of office of the first Board of Directors shall be staggered as follows: two of the Directors shall be elected for a term of one (1) year; two of the Directors shall be elected for a term of two (2) years; and one of the Directors shall be elected for a term of three (3) years. Thereafter, a Director shall hold office for the term of three (3) years. A Director must be a natural person over the age of eighteen (18) years.

SECTION 4. Each Director shall serve on the Board of Directors until the earlier to occur of expiration of such Director's term of office (as provided in Section 3 above) or:

- (a) such Director tenders his/her resignation;
- (b) such Director is removed by the vote of Association Members whose aggregate votes constitute at least fifty-one (51%) percent of the Total Votes;
- (c) the death or mental incompetence of such Director; or
- (d) such Director (or his/her principal, if the Director is an agent of any Owner) no longer holds an interest in any Lot, Parcel or Condominium Unit or such Director has

been delinquent for a period in excess of sixty (60) days, in the payment of any Mandatory Assessment.

SECTION 5. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association Members shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at either the next annual meeting of the Association or a special meeting of the Association called for such purpose, provided such meeting is held within ninety (90) days of the occurrence of the vacancy. In the event of a vacancy due to removal of a Director by a vote of the Association Members, a new Director shall be elected by the Association Members at either the next annual meeting of the Association or a special meeting of the Association called for such purpose, provided such meeting is held within ninety (90) days of the vacancy.

SECTION 6. The Board of Directors shall have all powers and duties necessary to administer the affairs of the Association in accordance with the Agreement, the Articles of Incorporation and these By-Laws. The Board of Directors shall be responsible for fulfilling the obligations of the "Community Association" as set forth in the Agreement and shall be entitled to promulgate rules and regulations with respect to the use of the Open Space and Pedestrian Pathways, in accordance with the provisions of the Agreement. Directors shall serve without compensation but may be reimbursed for actual expenses incurred in performing their duties.

SECTION 7. All meetings of the Board of Directors shall be held at the registered office of the Association, or at such other place within the County of Oakland, State of Michigan, as may be determined from time to time by the Board of Directors.

SECTION 8. The first meeting of a newly elected Board of Directors shall be held within ten (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 formal notice shall be necessary to the newly elected Directors in order legally to constitute such meeting providing some form of notice is given to each Director and providing a majority of the whole Board shall be present.

SECTION 9. 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 one such meeting shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given to each Director orally in person or by telephone or by land/air express courier service, mail (first class, registered or certified), facsimile, or telegraph, at least ten (10) days prior to the date of such meeting.

SECTION 10. Special meetings of the Board of Directors may be called by the President on at least three (3) days' prior notice to each Director, given orally in person or by telephone, by land/air express courier service, mail (first class, registered or certified), facsimile, 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 any two Directors.

SECTION 11. Before, at, or after 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 except as provided in the Act. If all the Directors are present at any meeting of the Board, no prior notice shall be required and any business may be transacted at such meeting, provided not otherwise prohibited by these By-Laws, the Act, the Articles of Incorporation or the Agreement.

SECTION 12. At all duly held 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, unless a greater plurality is required by the Act, the Articles of Incorporation, the Agreement or these By-Laws. 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, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted. The later joinder of any Director(s) in the action of a meeting by signing and concurring in the minutes thereof shall constitute the prior presence of such Director(s) for the purposes of determining a quorum.

SECTION 13. 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 of the Association and paid for by the Association.

SECTION 14. Any action required or permitted to be taken at a meeting of the Board of Directors, may be taken without a meeting if all members of the Board of Directors consent in writing. The written consents shall be filed with the minutes of the proceedings of the Board of Directors. Such consent has the same effect as a vote of the Board of Directors for all purposes.

SECTION 15. A Director may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear

each other. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

SECTION 16. The Board of Directors shall be entitled to elect treatment of the Association as a homeowners association as defined in Internal Revenue Code § 528 as the same may be amended from time to time.

SECTION 17. Except as otherwise required by the Act or the Agreement, any notice required to be given to any Director shall be deemed given: (a) if by mail, upon depositing, postage prepaid, in a post office or official depository of the United States postal service, or, if by land/air express courier service, upon depositing in an appropriate depository of a land/air express courier service, provided in each case addressed to the applicable Director at the address designated by said Director for that purpose or, if none is designated, at said Director's last known address, or (b) if orally, in person or by telephone, upon the recipient receiving the notice personally or by telephone, or if by facsimile or telegraph, upon delivery of the notice, addressed as provided above, to the company or equipment transmitting such notice. Neither the business to be transacted at nor the purpose of a regular or special meeting of the Board of Directors need be specified in the notice of the meeting, except as required by the Act or the Agreement.

ARTICLE VI

OFFICERS

SECTION 1. The principal officers of the Association shall be a President, who shall, following withdrawal of the Declarant as sole Director and election of Directors in accordance with Article V, Section 3, be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer, all of whom shall serve without compensation if they are members of the Board of Directors and otherwise may be reasonably compensated at the discretion of the Board of Directors. 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. No person shall be disqualified from being an officer of the Association by virtue of holding an ownership interest in or being employed by the management company selected by the Board of Directors to manage the affairs of the Association.

SECTION 2. The Officers of the Association shall be elected annually by the Board of Directors at a meeting called for such purpose and shall hold office for the term for which he or she is elected and until his or her successor is elected or until his or her resignation or removal.

SECTION 3. Upon an 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 any special meeting of the Board called for such purpose.

SECTION 4. 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 the 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.

SECTION 5. 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 do so 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.

SECTION 6. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association Members; 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.

SECTION 7. The Treasurer shall have responsibility for 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 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, in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall also within a reasonable time respond in writing on behalf of the Association to written requests to the Association as to whether there are, and, if so, the amount of, any unpaid Mandatory Assessments against any particular Lot, Condominium Unit or Parcel according to the books of the Association.

SECTION 8. The Officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE VII

SEAL

SECTION 1. The Association may, but is not required to, have a seal which shall have inscribed thereon the name of the corporation, the words "corporate seal," and "Michigan".

ARTICLE VIII

FINANCE

SECTION 1. The fiscal year of the Association shall be an annual period commencing on the date initially determined by the Board of Directors. The Association's fiscal year may be changed by the Board of Directors in its discretion.

SECTION 2. The funds of the Association shall be deposited in such banks or savings and loan associations (herein "bank accounts") as may be designated by the Board of Directors and shall be withdrawn only upon the check or other draft of such Officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The Association shall keep separate bank accounts for Mandatory Assessments and for Voluntary Assessments (as defined in Section 4 below) so that receipts and expenses of the two different assessments will not be mixed together.

SECTION 3. The Association shall keep detailed books of account pertaining to the administration of the Association in accordance with generally accepted accounting principles. Such accounts shall be open for inspection by the members at reasonable intervals and during reasonable working hours and as otherwise required by the Act.

SECTION 4. There shall be two types of Association assessments. One shall be mandatory assessments ("Mandatory Assessments") and the other shall be voluntary assessments ("Voluntary Assessments"). The Association Members shall be obligated to pay Mandatory Assessments but may elect not to pay Voluntary Assessments, although the Association Members are hereby encouraged to pay same for the benefit of themselves, their neighbors, and the Association.

a. Mandatory Assessments shall consist of the Annual Assessments, Road Assessments, Additional Assessments and Special Assessments established pursuant to and payable in accordance with Article VI of the Agreement.

b. Voluntary Assessments may be in any amount but shall not be an obligation against an Association Member or its property. They shall be in the nature of a voluntary

contribution to be made or not made at the discretion of each Association Member, and may be used to fund not only items funded by Mandatory Assessments but also other items the Association decides to fund pursuant to its rights and powers under the Articles of Incorporation, the Agreement and these By-laws.

SECTION 5. Each year the Board of Directors may levy Mandatory Assessments as provided for in the Agreement and in these By-Laws. The existing year's Mandatory Assessments shall be the following year's Mandatory Assessments in the event the Board of Directors does not levy new ones. The Board of Directors may also propose Voluntary Assessments from time to time during the year. Association Members shall be billed for and such Mandatory Assessments shall be payable on such periodic basis as the Board of Directors elects, provided not inconsistent with the Agreement.

SECTION 6. If any Mandatory Assessment is not paid within thirty (30) days after the due date, it shall bear interest from the due date at the rate of seven (7%) percent per annum, or such higher rate of interest as may be lawful and set by the Board, and the Association (or its collecting agent) may bring an action at law against the Owner personally obligated to pay same or may foreclose the Lien in the same manner mortgages are foreclosed by court action, and the costs of preparing and filing the pleadings in such action shall be added to the amount due, and, if a judgment is obtained, such judgment shall include interest as above provided, and a reasonable attorney fee to be fixed by the court, together with the costs of the action. Additionally, a late charge of \$25.00 per delinquent Mandatory Assessment installment may be automatically assessed by the Association upon each such installment five (5) or more days delinquent, until all such installments, together with all applicable late charges, are paid in full. The Board shall also have the right to increase the amount of the late charge upon notification to all Association Members.

SECTION 7. The violation by any Association Member or such Association Member's family, guests or tenants of the duly adopted rules and regulations of the Association shall be grounds for assessment, by the Board of Directors, of monetary fines against such Association Member. Upon any such violations being alleged by the Board, the following procedures shall apply:

(a) Notice of the violation, specifying the provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Association Member on notice as to the violation, shall be provided to said Association Member in accordance with the provisions of Article III, Section 4.

(b) The Association Member shall have an opportunity thereafter 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, or at a special meeting called for such purpose, but in no event shall the Association Member be required to appear less than ten (10) days from the date of the notice described in subparagraph (a) above. In lieu of such appearance, the Association Member shall be entitled to submit to the Board, on or before the date scheduled for such appearance, a written response to the alleged violation.

(c) Failure to appear or to submit a written response as provided in subparagraph (b) above shall be deemed admission by the Association Member of the violation described in such notice.

(d) Upon submission of such written response or appearance by the Association Member before the Board and presentation of evidence of defense, or, in the event of the Association Member's admission of violation as described in subparagraph (c) above, the Board shall decide whether a violation has occurred.

Upon the Board deciding, pursuant to subparagraph (d) above, that a violation has occurred, the following fines shall be levied:

- (i) First Violation. No fine shall be levied.
- (ii) Second Violation. Twenty-Five Dollar (\$25.00) fine.
- (iii) Third Violation. Fifty Dollar (\$50.00) fine.
- (iv) Fourth Violation and Subsequent Violations. One Hundred Dollar (\$100.00) fine.

ARTICLE IX

INDEMNIFICATION

SECTION 1. To the fullest extent permitted by the Act, the Association shall be entitled, subject to Section 5 below, to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he/she is or was a Director (which term, for purposes of this Article IX shall include, without

limitation, any individual selected by Declarant to represent Declarant as Director), officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including actual and reasonable attorney fees), judgments, fines and amounts reasonably paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Association or the Association Members, and with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (a) that the person did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Association or the Association Members, and, (b) with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his/her conduct was unlawful.

SECTION 2. To the fullest extent permitted by the Act, the Association shall be entitled, subject to Section 5 below, to indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he/she is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including actual and reasonable attorney fees) actually and reasonably incurred by him/her in connection with the defense or settlement of such action or suit and amounts reasonably paid in settlement if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Association or the Association Members, except that no indemnification shall be made for any claim, issue or matter in which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court in which such action or suit was brought has determined upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court shall deem proper.

SECTION 3. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, employee, officer or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee

or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him/her and incurred by him/her in any such capacity or arising out of his/her status as such, whether or not the Association would have power to indemnify him/her against such liability under Sections 1 and 2 of this Article IX. In addition, the Association may purchase and maintain insurance for its own benefit to indemnify it against any liabilities it may have as a result of its promises of indemnification made under Sections 1 and 2 of this Article IX.

SECTION 4. To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 1 or 2 of this Article IX, or in defense of any claim, issue, or matter therein, or to the extent such person incurs expenses (including actual and reasonable attorney fees) in successfully enforcing the provisions of this indemnification Article, he/she may be indemnified against only those expenses (including attorney fees) actually and reasonably incurred by him/her in connection therewith.

SECTION 5. Any indemnification under Section 1 or 2 of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the person is proper under the circumstances, because he/she has met the applicable standard of conduct set forth in Section 1 or 2 of this Article, whichever is applicable. The determination shall be made in any one of the following ways:

a. By a majority vote of a quorum of the Board of Directors consisting of Directors who were not parties to such action, suit or proceeding;

b. If such quorum described in a. is not obtainable, then by a majority vote of a committee of Directors who are not parties to the action, suit or proceeding. The committee shall consist of not less than two (2) disinterested Directors;

c. If such quorum described in a. is not obtainable (or, even if obtainable, if a quorum of disinterested Directors so directs), by independent legal counsel in a written opinion; or

d. By the Association Members.

If a person is entitled to indemnification under Section 1 or 2 of this Article for a portion of expenses including attorney's fees, judgments, penalties, fines, and amounts paid in settlement but not for the total amount thereof, the Association may indemnify said

person for the portion thereof for which the person is entitled to be indemnified.

SECTION 6. Expenses incurred in defending a civil or criminal action, suit or proceeding described in Section 1 or 2 of this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding as provided in Section 5 of this Article IX upon receipt of an undertaking by or on behalf of the person involved to repay such amount unless it shall ultimately be determined that he/she is entitled to be indemnified by the Association.

SECTION 7. The indemnification as provided in the foregoing sections continues as to a person who has ceased to be a Director, officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 8. In the event of any change of the Michigan statutory provisions applicable to the Association relating to the subject matter of this Article, the indemnification to which any person shall be entitled hereunder arising out of acts or omissions occurring after the effective date of such amendment shall be determined by such changed provisions. No amendment to or repeal of Michigan law with respect to indemnification shall restrict the Association's indemnification undertaking herein with respect to acts or omissions occurring prior to such amendment or repeal. The Association Members are authorized to amend this Article to conform to any such changed statutory provisions.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. When the execution of any contract, conveyance or other instrument has been authorized without specification of the executing officers, the President may execute the same in the name and on behalf of the Association and may affix the Association's seal thereto. The Board of Directors shall have power to designate the officers and agents who shall have authority to execute any instrument on behalf of the Association.

SECTION 2. The Association shall keep books and records of account and minutes of the proceedings of the Association Members and Board of Directors. The Association shall keep at its registered office records containing the name and address of each Association Member and the date said Association Member became an Association Member. Any of such books, records or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time. The Association shall convert into written form without charge any such record not in

such form, upon written request of a person entitled to the same.

ARTICLE XI

AMENDMENTS

SECTION 1. These By-Laws may be amended or repealed or new By-Laws may be adopted by Declarant, without the consent of any Association Member, at any time prior to the date Declarant withdraws as the sole Director. Following such withdrawal these By-Laws may be amended or repealed or new By-Laws adopted by the Association Members at any regular annual meeting or a special meeting called for such purpose by a affirmative vote of Association Members whose votes constitute fifty-one (51%) percent of the Total Votes, except that these By-Laws cannot be amended without the written consent of the Declarant so long as the Declarant is a Major Interest Holder. Further, these By-Laws cannot be amended or repealed or new By-Laws adopted in such manner as to be inconsistent with the Agreement.

SECTION 2. At any meeting held to consider an amendment or amendments to these By-Laws, the witnessed and notarized written vote of any Association Member shall be recognized if such Association Member is not in attendance at such meeting, providing such written vote is delivered to the Secretary of the Association or the officer conducting the meeting prior to the time of the voting at such meeting.

SECTION 3. A copy of each amendment to the By-Laws shall be mailed or delivered to every Association Member after adoption.

ARTICLE XII

SEVERABILITY

SECTION 1. In the event that any of the terms or provisions of these By-Laws 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 or provisions or the remaining portions of any terms or provisions exclusive of those portions held to be partially invalid or unenforceable.