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**MASTER DEED**  
**FD LOFTS CONDOMINIUM**  
**WAYNE COUNTY CONDOMINIUM**  
**SUBDIVISION PLAN NO. 1021**

EXAMINED AND APPROVED  
DATE AUG 15 2014  
BY SJK A/LU  
AMY L. MILLER-VANDAWAKER  
PLAT ENGINEER

**THIS MASTER DEED** is made and executed this 8<sup>th</sup> day of August, 2014, by **ROCKY DFD LLC** and **ROCKY DFD MHPTC, LLC**, both Michigan limited liability companies ("Developer"), whose address is 1545 Clay, No. 8, Detroit, Michigan 48211.

**WITNESSETH:**

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

**NOW, THEREFORE**, upon the recording hereof, Developer establishes FD Lofts Condominium as a mixed-use Condominium under the Act for residential and commercial purposes and declares that the Condominium shall be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of said Act, and to the covenants, conditions, restrictions, uses, limitations, and affirmative obligations set forth in this Master Deed and the Exhibits hereto, all of which shall be deemed to run with the land and shall be a burden and a benefit to the Developer, its successors and assigns, and any Persons acquiring or owning an interest in the Property, their grantees, successors, heirs, executors, administrators and assigns.

**ARTICLE I**  
**TITLE AND NATURE**

The Condominium shall be known as FD Lofts Condominium, Wayne County Condominium Subdivision Plan No. 1021. The architectural plans and specifications for the Condominium were filed with the City. The building, Units and other improvements contained in the Condominium, including the number, boundaries and dimensions of each Unit therein, are set forth in the Plan. The building contains individual Units for residential, live-work ("Live-Work"), store-front ("Store-Front") and commercial ("Commercial") purposes only. Each Unit is capable of individual use, having its own entrance from and exit to a Common Element of the Condominium. Each Owner in the Condominium shall have an exclusive right to the Unit owned and shall have undivided and inseparable rights to share with other Owners the Common Elements of the Condominium as designated by the Master Deed. Owners shall have voting rights in FD Lofts Condominium Association as set forth herein and in the Bylaws and Articles of Incorporation of such Association.

**ARTICLE II**  
**LEGAL DESCRIPTION**

The Property which comprises the Condominium established by this Master Deed is a parcel of land in the City, described as follows:

Land situated in the City of Detroit, County of Wayne, State of Michigan, is described as follows:

**PARCEL 1:**

The South 56 feet of the South 296 feet of the North 321 feet of Outlot 25, of A PART OF THE GOUIN FARM NORTH OF GRATIOT ROAD, AS SUBDIVIDED AT THE REQUEST OF THE CORPORATION, OCTOBER 19, 1834, BY A. E. HATHON SURVEYOR, according to the plat thereof as recorded in Liber 9 of City Records, pages 82 and 83, Wayne County Records.

ALSO

Lots 33 through 37, and the North 20 feet of Lot 38, including the vacated alley adjacent thereto, of SUBDIVISION OF LOTS 55, 56, 59, 60, 63 AND PART OF 52 RIOPELLE FARM NORTH OF GRATIOT STREET, according to the plat thereof as recorded in Liber 1 of Plats, page 20, Wayne County Records.

Part of Tax Item No. 1977-87/Ward 7  
Part of Tax Item No. 2459/Ward 7

WAYNE COUNTY TREASURER  
*J.L. 8-22-14*

This is to certify that there are no delinquent property taxes as of this date owed to our office on this property. No representation is made as to the status of any tax liens or bills owed to any other entities.  
No: *9252*  
Date: *8-22-14*  
WAYNE COUNTY TREASURER *J. Hall*

**PARCEL 2:**

Part of Outlot 25, of A PART OF THE GOUIN FARM NORTH OF THE GRATIOT ROAD, AS SUBDIVIDED AT THE REQUEST OF THE CORPORATION, OCTOBER 19, 1834, BY A. E. HATHON SURVEYOR, according to the plat thereof as recorded in Liber 9 of City Records, pages 82 and 83, Wayne County Records, described as: Commencing at the intersection of the Easterly line of Russell Street, 86 feet wide, and the Northerly line of Erskine, 56 feet wide, thence North 26 degrees 07 minutes 00 seconds West, along said Easterly line of Russell Street, 47.61 feet to the Point of Beginning; thence continuing North 26 degrees 07 minutes 00 seconds West, along said Easterly line of Russell Street, 217.39 feet; thence North 64 degrees 07 minutes 08 seconds East, 306.92 feet to the Westerly line of public alley, 15 feet wide, as platted; thence South 26 degrees 10 minutes 40 seconds East, along said Westerly line of public alley, 15 feet wide, 204.45 feet; thence South 63 degrees 54 minutes 20 seconds West, 240.52 feet; thence South 26 degrees 05 minutes 40 seconds East, 11.79 feet; thence South 63 degrees 54 minutes 20 seconds West, 66.62 feet to the Point of Beginning.

*DRC*  
PER ASSESSORS *8/22/14*

Tax Item No. 2458.002L/Ward 7

**EASEMENT PARCEL:**

Together with a non-exclusive easement(s) as created, limited and defined by Easement Agreement recorded in Liber 38584, page 1897, Wayne County Records.

Tax Parcel Number(s): 1977-87/Ward 7

Together with any applicable vacated alleys and streets and commonly known as 3434 Russell Street, 3500 Riopelle Street and 3480 Russell Street, Detroit, Michigan.

**DESCRIPTION AS SURVEYED:**

Being more particularly described as; **BEGINNING** at a point North 26 degrees 07 minutes 00 seconds West, along said Easterly line of Russell Street (86 feet wide), 47.61 feet from the intersection of the Easterly line of Russell Street (86 feet wide) and the Northerly line of Erskine Street (56 feet wide); thence continuing along said Easterly line of Russell Street North 26 degrees 07 minutes 00 seconds

West 273.39 feet; thence North 64 degrees 03 minutes 27 seconds East 456.16 feet to the Westerly line of the vacated Riopelle Street (Reversionary Interest and Easements Retained); thence South 26 degrees 02 minutes 42 seconds East 170.00 feet along said Westerly line of said Riopelle Street; thence South 64 degrees 05 minutes 05 seconds West 148.90 feet to the Westerly line of the public (vacated) alley as platted and the Easterly line of said Outlot 25; thence South 26 degrees 10 minutes 40 seconds East 90.79 feet along said Westerly alley line and Easterly Outlot line; thence South 63 degrees 54 minutes 20 seconds West 240.52 feet; thence South 26 degrees 05 minutes 40 seconds East 11.79 feet; thence South 63 degrees 54 minutes 20 seconds West 66.62 to the said Easterly line of Russell Street and the POINT OF BEGINNING.

Containing 106,305 square feet, or 2.44 acres, more or less.

### ARTICLE III DEFINITIONS

Certain terms used in this Master Deed and the Exhibits hereto, and in the Articles of Incorporation and Bylaws are defined as follows:

- (a) "Act" means Act 59 of the Public Acts of Michigan of 1978, as amended.
- (b) "Association" means the Michigan nonprofit corporation, FD Lofts Condominium Association, of which all Owners shall be members, which Association shall administer, operate, manage and maintain the Condominium. Any action required of or permitted to the Association shall be exercisable by its Board unless specifically reserved to its members by the Condominium Documents or the laws of the State of Michigan.
- (c) "Board" means the Board of Directors of the Association.
- (d) "Bylaws" means Exhibit A hereto, which are the Bylaws required for the Condominium and also the Bylaws required for the Association.
- (e) "City" means Detroit, Michigan.
- (f) "Common Elements" means the portions of the Condominium other than the Units.
- (g) "Condominium" means FD Lofts Condominium as a Condominium established pursuant to the provisions of the Act, and includes the land and the buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging to the Condominium.
- (h) "Condominium Documents," wherever used, means and includes this Master Deed and the Exhibits hereto, the Articles of Incorporation of the Association and any rules and regulations adopted by the Association.

(i) "Developer" means ROCKY DFD LLC and ROCKY DFD MHPTC, LLC, both Michigan limited liability companies, and their successors or assigns. All development rights reserved to Developer herein are assignable in writing; provided, however, that conveyances of Units by Developer shall not serve to assign Developer's development rights unless the instrument of conveyance expressly so states.

(j) "General Common Elements" means the Common Elements other than the Limited Common Elements.

(k) "Limited Common Elements" means a portion of the Common Elements reserved in this Master Deed for the exclusive use of less than all of the Owners.

(l) "Master Deed" means this document to which the Bylaws and Plan are attached as exhibits.

(m) "Mortgagee" means the named mortgagee or owner of any mortgage on all or any portion of the Condominium.

(n) "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Units in the Condominium. Owner shall have the same meaning as "Co-owner" under the Act. Developer is an Owner as long as Developer owns one or more Units.

(o) "Percentage of Value" means the percentage assigned to each Unit in this Master Deed. The Percentages of Value of all Units shall total one hundred (100%) percent. Percentages of Value shall be determinative only with respect to those matters to which they are specifically deemed to relate either in the Condominium Documents or in the Act.

(p) "Person" means an individual, firm, corporation, partnership, limited liability company, association, trust, the state or an agency of the state or other legal entity, or any combination thereof.

(q) "Plan" means the Plan attached to this Master Deed as Exhibit B. The Plan assigns a number to each Unit and includes a description of the nature, location and approximate size of certain Common Elements.

(r) "Size" means the number of square feet of ground or floor space within each Unit computed by reference to the Plan and rounded off to a whole number.

(s) "Transitional Control Date" means the date on which the Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

(t) "Unit" means the enclosed space constituting a single complete Unit designed and intended for separate ownership and use in the Condominium as such space may be described on Exhibit B hereto.

#### **ARTICLE IV COMMON ELEMENTS**

The Common Elements described in the Plan and the respective responsibilities for maintenance, decoration, repair, replacement, restoration or renovation thereof are as follows:

(a) The General Common Elements are:

(1) The Property, including any driveways, drives, parking areas, walks and landscaped areas, except to the extent any of the foregoing are designated herein or in the Plan as Limited Common Elements;

(2) The storm water drainage system throughout the Condominium, including below-ground and above-ground systems, and the electrical, gas, telephone, plumbing, cable television (if any) and fire suppression networks or systems throughout the Condominium, including that contained within Unit walls up to the point of connection with outlets or fixtures within any Unit;

(3) Foundations, supporting columns, stairways not inside a unit, Unit perimeter walls (excluding windows and doors therein) and such other walls as are designated on the Plan as General Common Elements, ceilings, floor construction between Unit levels and the exterior walls and roof of the building;

(4) All beneficial utility and drainage easements;

(5) Any open space shown on the Plan;

(6) If any meter, appliance, or fixture services a Unit other than a Unit it is located within, then such meter, appliance or fixture shall be a General Common Element;

(7) Such other elements of the Condominium not herein designated as Limited Common Elements which are not enclosed within the boundaries of a Unit.

(b) The Limited Common Elements are patios, garages, carports, surface parking spaces and storage spaces, designated on the Plan as Limited Common Elements, interior surfaces of all ceilings, floors, Unit perimeter walls, garage doors, windows and doors contained within a Unit (including windows and doors in Unit perimeter walls). The garages, parking spaces and storage spaces shall be Limited Common Elements to the Units assigned to them by Developer upon the conveyance of a Unit.

(c) The area to the north of Units 8, 31, 32 and 34 is a Limited Common Element to those Units for parking, ingress and egress for pedestrians and vehicles, and landscaping.

(d) The exterior wall to the south of Unit 1 is a Limited Common Element to Unit 1 for signage purposes beginning 12 feet 10 inches off the ground for a sign 7 feet 8 inches high and 14 feet 6 inches wide.

(e) The exterior wall to the west of Unit 8 is a Limited Common Element to Unit 8 for signage purposes beginning 12 feet 8 inches off the ground and 11 feet 4 inches from the left wall corner for a sign 11 feet wide and 15 inches high.

(f) A Limited Common Element is for the sole use of the Owner of the Unit or Units which such Limited Common Element services.

(g) Maintenance, repair and replacement of all General Common Elements shall be the responsibility of the Association, to be assessed to all Owners according to their Percentages of Value, subject to the following provisions:

(1) Maintenance, repair and replacements of the Limited Common Elements described in subparagraphs (b), (c), (d) and (e) above shall be the responsibility of the respective Owners having the use thereof, except that ; (i) the structural elements of the garages (other than the doors and windows); (ii) the structural elements of the storage building; (iii) the structural elements of the carports;

and (iv) the surface parking spaces shall be the responsibility of the Association, to be assessed to all Owners according to their Percentages of Value.

(2) The cost of repair of damage to a Common Element caused by an Owner, or family member or invitee or tenant of an Owner, shall be assessed against such Owner.

(3) On or before the expiration of nine (9) months after the first sale of Unit 8, 31, 32 or 34, at their expense, the Owners of Units 8, 31, 32 and 34 shall install an asphalt or concrete driveway ("Driveway") on the northern boundary of the Condominium running east to west from Russell Street to Riopelle Street. The Driveway shall be not less than twelve feet (12') wide and not more than twenty-four feet (24') wide and shall be used for ingress and egress and no parking shall be permitted in the Driveway. The cost of the installation of the Driveway shall be allocated among such Owners based upon a fraction, the numerator of which is the square foot area of an Owner's Unit and the denominator of which is the square foot area of the four (4) Units ("Fraction"). Such Owners shall operate, maintain, repair and replace the Driveway in good condition and repair and the cost of operating, maintaining, repairing and replacing the Driveway shall be incurred, allocated and paid by such Owners in accordance with the Fraction. If such Owners shall fail to timely install the Driveway or shall fail to operate, maintain, repair and replace the Driveway in good condition and repair, the Developer or the Association, as the case may be, may, but is not obligated to do so, install, operate, maintain, repair and replace the Driveway and the costs incurred in so doing, plus an administrative fee of twenty percent (20%) of such costs shall be levied by the Developer or the Association, as the case may be, in accordance with the Bylaws of the Association as an assessment against such Units in accordance with the Fraction and if not paid within twenty (20) days of such levy shall bear interest in accordance with this Master Deed and shall be enforceable by the Developer or the Association, as the case may be, as an assessment in accordance with the provisions of the Bylaws, including, but not limited to, the right to place a lien on such Units, the right to foreclose such lien and collect reasonable (not statutory) attorneys' fees incurred by the Developer or the Association in collecting such assessment and enforcing such lien.

#### **ARTICLE V USE OF PREMISES**

No person shall use any Unit or the Common Elements in any manner inconsistent with the purposes of the Condominium or in any manner which will interfere with or impair the rights of any other Owner in the use and enjoyment of the Condominium.

#### **ARTICLE VI CONDOMINIUM UNIT DESCRIPTION AND PERCENTAGE OF VALUE**

The Condominium consists of thirty-four (34) residential and commercial Units numbered 1 through 34, inclusive. Each Unit is described in this paragraph with reference to the Plan. Each Unit shall include all that space contained within the interior sides of the finished, unpainted perimeter walls, and within the ceilings and finished subfloor, all as shown on the Plan and delineated with heavy outlines. For all purposes, individual Units may hereafter be defined and described by reference to this Master Deed and the individual number assigned to the Unit in the Plan. The Percentage of Value assigned to each Unit is set forth below and shall be determinative of the proportionate share of each respective Owner in the proceeds and expenses of the Association and the value of such Owner's vote at meetings of the Association and the undivided interest of the Owner in the Common Elements. The total Percentage of Value of the Condominium is 100%. Each Unit Percentage of Value shall be determined by the floor area of the Unit as shown on Exhibit B except that Units 1-7, 9, 19-30 shall have a Percentage of Value of one hundred twenty percent (120%) of the floor area because of the volume of the Units so designated and Units 8, 31, 32 and 34 shall have a Percentage of Value of sixty-six and 75/100 percent (66.75%) due to their underutilization of Condominium services so that the Percentages of Value are as follows:

<u>UNIT NUMBER</u>	<u>PERCENTAGE OF VALUE</u>
1	2.98%
2	2.55%
3	2.73%
4	3.03%
5	3.07%
6	3.02%
7	3.05%
8	3.16%
9	3.14%
10	3.14%
11	2.03%
12	2.12%
13	2.01%
14	2.13%
15	2.97%
16	2.92%
17	2.66%
18	2.64%
19	2.60%
20	1.08%
21	1.88%
22	1.90%
23	1.94%
24	2.74%
25	3.07%
26	2.16%
27	2.33%
28	1.74%
29	2.05%
30	1.58%
31	7.00%
32	7.11%
33	8.86%
34	2.61%

**ARTICLE VII  
EASEMENTS, RESTRICTIONS AND AGREEMENTS**

The Condominium is subject to the following easements, restrictions and agreements:

(a) Developer reserves the right and power to grant easements over, or dedicate, portions of any of the Common Elements as may be necessary or desirable for utility, drainage, conservation, street, safety or construction purposes, and all Persons acquiring any interest in the Condominium shall be deemed irrevocably to have appointed Developer and its successors as agent and attorney-in-fact to make such easements or dedications. After completion of construction of the Condominium, including any expansion thereof, the foregoing right and power may be exercised by the Association.

(b) In the event any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to shifting, settling, or moving of a building, or due to survey errors or construction deviations, reconstruction or repair, reciprocal easements shall exist for the maintenance of such encroachment for as long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction. There shall be easements to, through and over those portions of the Property, structures, buildings, improvements and walls (including interior Unit walls) contained therein for the

installation, maintenance and servicing of all utilities in the Condominium, including, but not limited to, lighting, heating, power, sewer, water and communications including telephone and cable television lines. There shall exist easements of support with respect to any Unit interior wall which supports a Common Element.

(c) There shall exist for the benefit of the Owners, the City, any emergency service agency, and other governmental units, a license ("License") over all drives and driveways in the Condominium for use by the City, the United States Postal Service and emergency or other governmental service vehicles. The License shall be for purposes of ingress and egress to provide, without limitation, mail delivery, fire and police protection, ambulance and rescue services and all other lawful governmental and private emergency services to the Condominium and all Owners. The License shall in no way be construed as a dedication of any drives or driveways to the public.

(d) Developer reserves to itself and its successors and assigns a perpetual exclusive easement for signage purposes on the north exterior wall of Units 8, 31 and 32 2 feet below the top of the wall and 1 foot east of the edge of the wall, such sign to be not more than 18 feet high and 42 feet wide.

## **ARTICLE VIII AMENDMENTS**

This Master Deed and any Exhibit hereto may be amended in the following manner:

(a) Amendments may be made and recorded by Developer or by the Association.

(b) If the amendment will materially change the rights of the Owners or Mortgagees, then such amendment requires the consent of not less than two-thirds (2/3) in Percentage of Value of the votes of the Owners and Mortgagees of the Units. A Mortgagee shall have one vote for each mortgage held in the Percentage of Value of the Unit subject to such mortgage.

(c) Notwithstanding subparagraph (b) above, but subject to the limitation of subparagraph (d) below, Developer reserves the right to amend this Master Deed or any of its Exhibits for any of the following purposes without the consent of Owners or Mortgagees:

(1) To modify the locations, types and sizes of unsold Units and the General and/or Limited Common Elements adjoining or appurtenant to unsold Units;

(2) To subdivide, re-subdivide or consolidate any of the Units;

(3) To amend the Bylaws, subject to any restrictions on amendments stated therein;

(4) To correct arithmetic errors, typographical errors, survey errors, or any similar errors in the Master Deed, Plan or Bylaws;

(5) To clarify or explain the provisions of the Master Deed or its Exhibits;

(6) To comply with the Act or rules promulgated thereunder or with any requirements of any governmental or quasi-governmental agency or any financing institution providing or proposing to provide a mortgage on any Unit or to satisfy the title requirements of any title insurer insuring or proposing to insure title to any Unit;

(7) To redefine Common Elements and adjust Percentages of Value in connection therewith and to make any other amendments expressly permitted by this Master Deed;



(8) To make, define or limit easements affecting the Condominium;

(9) To record an "as-built" Plan and/or consolidating Master Deed and to depict thereon any other improvements, if any, not shown on the Plan attached hereto.

(d) Notwithstanding any other provision of this Article VIII, the method or formula used to determine the Percentages of Value for Units in the Condominium, as described above, and any provisions relating to the ability or terms under which an Owner may rent a Unit to others, may not be modified without the consent of each affected Owner and Mortgagee. An Owner's Unit dimensions or appurtenant Limited Common Elements may not be modified without the Owner's consent. The Association may make no amendment which materially changes the rights of Developer without the written consent of the Developer as long as the Developer owns any Units in the Condominium and the Association may not make any amendment which modifies or amends the perpetual easements reserved by the Developer under this Master Deed.

(e) An Owner shall have the right to consolidate or subdivide its Units in accordance with Sections 48 and 49 of the Act; provided, that, if there is any material adverse effect upon the structure of the Condominium or any of its systems, before any consolidation or subdivision shall take place, the Owner shall submit plans and specifications to the Developer or the Association, as the case may be, which plans and specifications shall be subject to the reasonable approval of the Developer or the Association, as the case may be. If the Developer or the Association has any comments on such plans and specifications, the Owner shall adopt such comments and resubmit such plans and specifications to the Developer or the Association, as the case may be. Within thirty (30) days after such consolidation or subdivision is complete, such Owner shall submit "as-built" plans and specifications to the Developer or the Association.

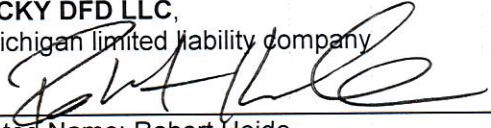
#### **ARTICLE IX ASSIGNMENT**

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

**IN WITNESS WHEREOF**, Developer has caused this Master Deed to be executed the day and year first above written.

**SIGNATURES ON FOLLOWING PAGE**

**ROCKY DFD LLC,**  
a Michigan limited liability company

By:   
Printed Name: Robert Heide  
Its: Manager

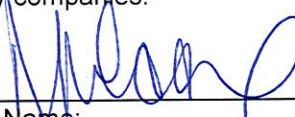
**ROCKY DFD MHPTC, LLC**  
a Michigan limited liability company

By:   
Printed Name: Robert Heide  
Its: Member

STATE OF MICHIGAN            )  
  )    ss.  
COUNTY OF WAYNE         )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of August, 2014, by Robert Heide, who is the Manager of Rocky DFD LLC and the Member of Rocky DFD MHPTC, LLC, both Michigan limited liability companies, on behalf of the limited liability companies.

Donna S Wilcox  
Notary Public, State of MI  
County of Oakland  
My Commission Expires Mar 30, 2014  
Acting in County of WAYNE <sup>21</sup>

  
Printed Name: \_\_\_\_\_  
Notary Public, \_\_\_\_\_ County, Michigan  
Acting in \_\_\_\_\_ County, Michigan  
My Commission Expires: \_\_\_\_\_

**DRAFTED BY AND WHEN RECORDED RETURN TO:**  
Jeffrey R. Kravitz, Esq.  
5116 Woodlands Drive  
Bloomfield Hills, Michigan 48302-2867  
(248) 792-9899

## EXHIBIT A

### FD LOFTS CONDOMINIUM BYLAWS

#### ARTICLE I ASSOCIATION OF OWNERS

FD Lofts Condominium Association, a mixed-use condominium association which shall be a nonprofit corporation ("Association"), organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Owner shall be entitled to membership in the Association and no other Person shall be entitled to membership in the Association. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to the Owner's Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium available at reasonable hours to Owners, prospective purchasers and prospective mortgagees of Units in the Condominium. The Association, all Owners in the Condominium and all Persons using, entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the Condominium Documents. All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit or as set forth in the Act.

#### ARTICLE II ASSESSMENTS

The Association's levying of assessments against the Units and collection of such assessments from the Owners in order to pay the expenses arising from the management, administration and operation of the Association shall be governed by the following provisions:

**Section 1. Taxes Assessed on Personal Property Owned or Possessed in Common.**

The Association shall be assessed as the Person in possession of any tangible personal property of the Condominium owned or possessed in common by the Owners, and personal property taxes based thereon shall be treated as expenses of administration.

**Section 2. Receipts and Expenditures Affecting Administration.** Expenditures affecting administration of the Condominium shall include all costs incurred in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Condominium. Receipts affecting administration of the Condominium shall include all sums received by the Association as proceeds of, or pursuant to, a policy of insurance securing the interests of the Owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of the Condominium.

**Section 3. Determination of Assessments.** Assessments shall be determined in accordance with the following provisions:

(a) **The Annual Budget and Regular Monthly Assessments.** The Board shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Upon adoption of an annual budget by the Board, copies of the budget shall be delivered to each Owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Owner shall not affect or in any way diminish the liability of any Owner for any

existing or future assessments. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 5 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget (excluding that portion of the budget allocated to the reserve fund itself) on a non-cumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate, the Board should carefully analyze the Condominium to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. The Board shall annually consider the needs of the Condominium to determine if a greater amount should be set aside in reserve or if additional reserve funds should be established for any other purposes. The regular monthly Association assessments provided in this Article II, Section 3(a) shall be levied in the sole discretion of the Board.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board from time to time and approved by the Owners as hereinafter provided to meet other appropriate requirements of the Association. Special assessments referred to in this subparagraph (b) shall be levied only with the prior approval of a majority of Percentage of Value of the Owners. The discretionary authority of the Board to levy assessments pursuant to this subparagraph shall rest solely with the Board for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

**Section 4. Apportionment of Assessments.** Unless otherwise provided herein or in the Master Deed, all assessments levied against the Owners to cover expenses of management, administration and operation of the Condominium shall be apportioned among and paid by the Owners in accordance with the Percentage of Value assigned to each Unit in Article VI of the Master Deed.

**Section 5. Payment of Assessments and Consequences of Default.** Annual assessments as determined in accordance with Article II, Section 3(a) above shall be payable by Owners in twelve (12) equal monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. 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 for such payment. Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven (7%) percent per annum until each installment is paid in full. The Board may also adopt uniform late charges and give notice thereof to the Owners pursuant to Section 10 of Article VI of these Bylaws. Each Owner (whether 1 or more Persons) shall be, and remain, personally liable for the payment of all assessments (including interest, late charges and costs of collection and enforcement of payment) levied against the Unit which may be levied while such Owner is the owner thereof, except a land contract purchaser from any Owner including the Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which, if applicable, such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest and other charges for late payment on such installments; and third, to installments in default in order of their due dates. An Owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve, account or other asset of the Association.

**Section 6. Effect of Waiver of Use or Abandonment of Unit.** An Owner's waiver of the use or enjoyment of any of the Common Elements or abandonment of the Owner's Unit shall not exempt the Owner from liability for the Owner's contribution toward the expenses of administration.

**Section 7. Enforcement.**

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Owner in the payment of any installment of the annual assessment levied against the Owner's Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. An Owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to and empowered to take possession of the Unit (if the Unit is not occupied by the Owner) and to lease the Unit and collect and apply the rental therefrom. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Owner, and every other Person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the statutory lien that secures payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Owner and every other Person who from time to time has any interest in the Condominium shall be deemed to have authorized and empowered the Association to sell or cause to be sold the Unit with respect to which the assessment(s) is or are delinquent to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by Michigan law. The Association, acting on behalf of all Owners, may bid at the foreclosure sale, and acquire, hold, lease, mortgage, and convey the Unit sold at the foreclosure sale.

(c) Notice of Action. The Association may not commence proceedings to foreclose a lien for unpaid assessments without recording and serving a notice of lien in the following manner:

(i) The notice of lien shall set forth the legal description of the Condominium Unit or Units to which the lien attaches, the name of the Owner of record thereof, the amount due the Association as of the date of the notice, exclusive of interest, costs, attorneys' fees and future assessments.

(ii) The notice of lien shall be in recordable form, executed by an authorized representative of the Association, and may contain such other information as the Association deems appropriate.

(iii) The notice of lien shall be recorded in the office of the register of deeds in the county in which the Condominium is situated and shall be served upon the delinquent Owner by first class mail, postage prepaid, addressed to the last known address of the Owner at least ten (10) days in advance of the commencement of the foreclosure proceedings.

(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, plus any late charges, shall be chargeable to the Owner in default and shall be secured by the lien on the Unit.

**Section 8. Liability of Mortgagee.** Notwithstanding any other provisions of the Condominium Documents, if the mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such Person, its successors and assigns, is not liable for the assessments by the Association chargeable to the Unit which became due prior to the acquisition of title to the Unit by such Person. The unpaid assessments are deemed to be common expenses collectible from all of the Owners including such Person, its successors and assigns.

**Section 9. Developer's Responsibility for Assessments.** Notwithstanding any other provisions of the Condominium Documents to the contrary, the Developer shall not pay regular monthly Association assessments for Units which are owned by the Developer but unoccupied, but shall at all times pay all expenses of maintaining, repairing and replacing the Units that it owns. Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs.

**Section 10. Unpaid Assessments Due on Unit Sale; Statement of Unpaid Assessments.** Upon the sale or conveyance of a Unit, all unpaid assessments against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan or any subdivision thereof for taxes or special assessments due and unpaid on the Unit and (b) payments due under a first mortgage having priority thereto. A purchaser of a Unit is entitled to a written statement from the Association setting forth the amount of unpaid assessments outstanding against the Unit and the purchaser is not liable for any unpaid assessment in excess of the amount set forth in such written statement, nor shall the Unit be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the Association as provided herein at least five (5) days before the sale, or to pay unpaid assessments against the Unit at the closing of the Unit purchase if such a statement was requested, shall be liable for any unpaid assessments against the Unit together with interest, late charges, costs and attorneys' fees incurred in connection with the collection thereof.

**Section 11. Property Taxes and Special Assessments.** All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

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

### ARTICLE III JUDICIAL ACTIONS AND CLAIMS

Actions on behalf of and against the Owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action (other than one to enforce these Bylaws or collect delinquent assessments) shall require the approval of a majority of Percentage of Value of the Owners, and shall be governed by the requirements of this Article III. The requirements of this Article III are intended to ensure that the Owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each Owner shall have standing to sue to enforce the requirements of this Article III. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these Bylaws or to collect delinquent assessments:

**Section 1. Board's Recommendation to Owners.** The Board shall be responsible in the first instance for recommending to the Owners that a civil action be filed, and supervising and directing any civil actions that are filed.

**Section 2. Litigation Evaluation Meeting.** Before an attorney is engaged for purposes of filing a civil action on behalf of the Association, the Board shall call a special meeting of the Owners

("Litigation Evaluation Meeting") for the express purpose of evaluating the merits of the proposed civil action. The written notice to the Owners of the date, time and place of the Litigation Evaluation Meeting shall be sent to all Owners not less than twenty (20) days before the date of the Litigation Evaluation Meeting and shall include the following information copied onto 8-1/2" x 11" paper:

(a) A certified resolution of the Board setting forth in detail the concerns of the Board giving rise to the need to file a civil action and further certifying that:

- (1) it is in the best interests of the Association to file a lawsuit;
- (2) that at least one member of the Board has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the Association, without success;
- (3) litigation is the only prudent, feasible and reasonable alternative; and
- (4) the Board's proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative.

(b) A written summary of the relevant experience of the attorney ("Litigation Attorney") the Board recommends be retained to represent the Association in the proposed civil action, including the following information:

- (1) the number of years the Litigation Attorney has practiced law; and
- (2) the name and address of every condominium and homeowner association for which the Litigation Attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.

(c) The Litigation Attorney's written estimate of the amount of the Association's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.

(d) The Litigation Attorney's written estimate of the cost of the civil action through a trial on the merits of the case ("Total Estimated Cost"). The Total Estimated Cost shall include the Litigation Attorney's expected fees, court costs, expert witness fees, and all other expenses expected to be incurred in the civil action.

(e) The Litigation Attorney's proposed written fee agreement.

(f) The amount to be specially assessed against each Unit to fund the Total Estimated Cost both in total and on a monthly per Unit basis, as required by Section 6 of this Article III.

**Section 3. Independent Expert Opinion.** If the lawsuit relates to the condition of any of the Common Elements, the Board shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the independent expert opinion required by the preceding sentence, the Board shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the Litigation Attorney or any other attorney with whom the Board consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion is intended to ensure that the Owners have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and

replacement alternatives. The independent expert opinion shall be sent to all Owners with the written notice of the Litigation Evaluation Meeting.

**Section 4. Fee Agreement with Litigation Attorney.** The Association shall have a written fee agreement with the Litigation Attorney, and any other attorney retained to handle the proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the Owners in the text of the Association's written notice to the Owners of the Litigation Evaluation Meeting.

**Section 5. Owner Vote Required.** At the Litigation Evaluation Meeting the Owners shall vote on whether to authorize the Board to proceed with the proposed civil action and whether the matter should be handled by the Litigation Attorney. The commencement of any civil action by the Association (other than a suit to enforce these Bylaws or collect delinquent assessments) shall require the approval of a majority of Percentage of Value of the Owners. Any proxies to be voted at the Litigation Evaluation Meeting must be signed at least seven (7) days prior to the Litigation Evaluation Meeting.

**Section 6. Litigation Special Assessment.** All legal fees incurred in pursuit of any civil action that is subject to Section 1 through 10 of this Article III shall be paid by special assessment of the Owners ("Litigation Special Assessment"). The Litigation Special Assessment shall be approved at the Litigation Evaluation Meeting (or at any subsequent duly called and noticed meeting) by a majority of Percentage of Value of all Owners in the amount of the Total Estimated Cost of the civil action. If the Litigation Attorney proposed by the Board is not retained, the Litigation Special Assessment shall be in an amount equal to the Total Estimated Cost of the civil action, as estimated by the attorney actually retained by the Association. The Litigation Special Assessment shall be apportioned to the Owners in accordance with their respective Percentage of Value interests in the Condominium and shall be collected from the Owners on a monthly basis. The total amount of the Litigation Special Assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

**Section 7. Attorneys' Written Report.** During the course of any civil action authorized by the Owners pursuant to this Article III, the retained attorney shall submit a written report ("Attorney's Written Report") to the Board every thirty (30) days setting forth:

(a) The attorney's fees, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the Attorney's Written Report ("Reporting Period").

(b) All actions taken in the civil action during the Reporting Period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the Reporting Period.

(c) A detailed description of all discussions with opposing counsel during the Reporting Period, written and oral, including, but not limited to, settlement discussions.

(d) The costs incurred in the civil action through the date of the written report, as compared to the Total Estimated Cost.

(e) Whether the original Total Estimated Cost remains accurate.

**Section 8. Monthly Board Meetings.** The Board shall meet monthly during the course of any civil action to discuss and review:

(a) the status of the litigation;

(b) the status of settlement efforts, if any; and



- (c) the Attorney's Written Report.

**Section 9. Changes in the Litigation Special Assessment.** If, at any time during the course of a civil action, the Board determines that the original Total Estimated Cost or any revision thereof is inaccurate, the Board shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the Litigation Special Assessment previously approved by the Owners, the Board shall call a special meeting of the Owners to review the status of the litigation, and to allow the Owners to vote on whether to continue the civil action and increase the Litigation Special Assessment. The meeting shall have the same quorum and voting requirements as a Litigation Evaluation Meeting.

**Section 10. Disclosure of Litigation Expenses.** The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("Litigation Expenses") shall be fully disclosed to Owners in the Association's annual budget. The Litigation Expenses for each civil action filed by the Association shall be listed as a separate line item captioned "Litigation Expenses" in the Association's annual budget.

#### ARTICLE IV INSURANCE

**Section 1. Extent of Coverage.** The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements, and such other insurance as the Board deems advisable, and all such insurance shall be carried and administered in accordance with the following provisions:

(a) **Responsibilities of Owners and Association.** All such insurance shall be purchased by the Association for the benefit of the Association, and the Owners and their Mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners may obtain additional insurance upon their Units, at their own expense, in addition to the coverage carried by the Association. It shall be each Owner's responsibility to obtain insurance coverage for personal property and improvements (except as set forth in Section 1(b) below) located within a Unit or elsewhere in the Condominium and for personal liability for occurrences within a Unit or upon Limited Common Elements appurtenant to a Unit and also for alternative living expense in event of fire or other casualty, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association and all Owners shall use their best efforts to obtain property and liability insurance containing appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Owner or the Association.

(b) **Amount of Insurance on Common Elements.** All Common Elements shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the appropriate percentage of maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board. Such coverage shall also include interior walls within any Unit and the pipes, wires, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Unit which were furnished by Developer with the Unit, or replacements of such improvements made by an Owner within a Unit. Any other improvements made by an Owner within a Unit shall be covered by insurance obtained by and at the expense of said Owner; provided that, if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto may be assessed to and borne solely by said Owner and collected as part of the assessments against said Owner under Article II hereof.

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

(d) **Proceeds of Insurance Policies.** Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Condominium unless all of the institutional holders of first mortgages on Units have given their prior written approval.

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

## ARTICLE V RECONSTRUCTION OR REPAIR

**Section 1. Reconstruction or Repair Unless Unanimous Vote to the Contrary.** If any part of the Condominium shall be partially or completely destroyed, it shall be reconstructed or repaired unless it is determined by all Owners and first mortgagees that the Condominium shall be terminated.

**Section 2. Repair in Accordance with Master Deed and Plans and Specifications.** Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless the Owners shall unanimously decide otherwise.

**Section 3. Responsibility for Reconstruction and Repair.** If the damage is only to a part of a Unit which is the responsibility of an Owner to maintain and repair, it shall be the responsibility of the Owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

**Section 4. Damage to Part of Unit Which an Owner Has the Responsibility to Repair.** Each Owner shall be responsible for the reconstruction and repair of the interior of the Owner's Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, whether free-standing or built-in, light fixtures and all appliances, whether free-standing or built-in. In the event damage to pipes, wires, conduits, ducts or other Common Elements therein is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5 of this Article. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any Unit in the Condominium.

**Section 5. Association Responsibility for Reconstruction and Repair.** The Association shall be responsible for the reconstruction and repair of the Common Elements (except as specifically otherwise provided in the Master Deed) and any incidental damage to a Unit caused by such Common Elements or the reconstruction and repair thereof. Immediately after a casualty causing damage to

property for which the Association has the responsibility of repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the 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 any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the repayment of the costs thereof are insufficient, assessments shall be made against all Owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation. Assessments pursuant to this Article V, Section 5 may be made by the Association without a vote of the Owners.

**Section 6. Timely Reconstruction and Repair.** Subject to Section 1 of this Article V, if damage to Common Elements or a Unit adversely affects the appearance of the Condominium, the Association or Owner responsible for the reconstruction and repair thereof shall proceed with replacement of the damaged property without delay.

**Section 7. Eminent Domain.** The following provisions shall control upon any taking by eminent domain:

- (a) The provisions of Section 133 of the Condominium Act of Michigan shall apply.
- (b) In the event the Condominium continues after a taking by eminent domain, the remaining portion of the Condominium shall be re-surveyed and the Master Deed amended accordingly by the Association.
- (c) In the event any Unit, or any portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units.

**Section 8. Notices to Certain Mortgagees.** In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), or in the event any mortgage is held by or insured by the United States Department of Housing and Urban Development ("HUD"), the Association shall give FHLMC and HUD written notice at such address as it may from time to time direct of any loss to or taking of the Common Elements, or any loss to or taking of any Unit, or part thereof, if the loss or taking exceeds \$10,000 in amount.

**Section 9. Priority of Mortgagees in Proceeds.** Nothing contained in the Condominium Documents shall be construed to give an Owner or any other party priority over any rights of first mortgagees of Units pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

## ARTICLE VI RESTRICTIONS

**Section 1. Use of Units.** Units shall be used exclusively for the following purposes:

- (a) Live/Work Units. The Live-Work Units are Units No. 2-7, 9-29, and 33. The Live/Work Units may be used for residential and/or business office purposes.
- (b) Storefront/Live/Work Units. The Store-Front/Live-Work Units are Units 1 and 8. The Store-Front/Live-Work Units may be used for walk up retail, residential and/or business office purposes.

(c) Commercial Unit. The Commercial Units are Units No. 31, 32 and 34 and their appurtenant Limited Common Elements. These Commercial Units may be used for commercial purposes permitted by applicable zoning ordinances, as determined by the Owner or tenant of the Unit, including offices, commercial, professional, conferences, private parties/receptions and/or retail purposes. The Commercial Units may also be used for residential purposes. Any commercial use shall be in accordance with applicable zoning ordinances and the business operated in the Commercial Units shall have all permits and licenses necessary to operate the business and to sell the products and/or services being sold.

(d) The Commercial Units may be occupied by one or more businesses that attract crowds which may generate smoke or odors, including, but not limited to, a bar, grill, lounge, restaurant or similar business. All Owners shall purchase their Units subject to such conditions and by purchasing a Unit the Owner of such Unit waives any claim that it and its successors and assigns may now or hereafter have against the Developer, the Association, the Owners of the Commercial Units and any businesses that occupy any Commercial Unit which arises from such conditions or uses of a Commercial Unit. The Developer, the Association and the Owners of such Units shall not be liable for the transmission of smoke, odors, or noise between Units or for the amount of soundproofing insulation (or the lack thereof) in the Condominium.

**Section 2.** Establishment of Restrictions. In order to provide for congenial occupancy of the Condominium, and for the protection of the value of each Unit, the use of the Condominium shall be subject to the following limitations:

(a) Each Owner shall maintain its Unit in good order and repair. No Owner shall alter the exterior appearance or structurally modify his/her Unit (including interior walls through or in which there exist easements for support or utilities) or change any of the Common Elements from the way it or they were constructed by the Developer. No waste shall be committed in any Unit or the Common Elements. Nothing shall be done in, on, or to any Unit or in, on, or to any Common Elements which will impair the structural integrity of any portion of the Condominium. Nothing shall be altered or constructed in or removed from the Common Elements, except with the prior written consent of the Association. No Owner shall: (i) paint the exterior of its Unit or any portion of the Common Elements, (ii) erect any antenna, sign, external light, aerial, awning, canopy, external door, satellite dish (or any other receptive or transmitting device), shutters, or any other exterior attachment, sign, equipment, fixture, or modification, without the prior written approval of the Developer during the Development Period and thereafter the Board. The Association and its agents, employees, contractors, and subcontractors shall have the right to enter each Unit for the purposes of: (i) performing maintenance and/or repairs of the Common Elements, (ii) responding to emergency situations, (iii) inspecting the Unit and the Common Elements to confirm their compliance with this Article, and (iv) enforcing the terms and conditions of the Condominium Documents. This access shall include, if necessary, the right to penetrate Unit walls and Common Elements for such purposes. No Owner shall impair the Association's access to any Unit or the Common Elements for such purposes. No Owner shall damage, modify, or make alterations, improvements, or attachments to the Common Element walls between Units, which in any way impair the sound-conditioning properties thereof, without the prior written consent of the Developer during the Development Period and thereafter the Board. The Developer (or the Board, if applicable) in its sole discretion, may disapprove any such request. In addition, the Developer and the Board may only approve such alterations as do not impair the structural soundness, safety, utility, integrity, or appearance of the Condominium. Even after consent, an Owner, and not the Association, shall be responsible for all damages to any other Units and their contents or to the Common Elements, resulting from any alteration, improvement, or attachment performed by or on behalf of such Owner.

(b) No obnoxious, immoral, improper, unlawful, or offensive activity shall be carried on in any Unit or upon the Limited or General Common Elements, nor shall anything be done, including, but not limited to, the release of odors outside of a Unit, except normal restaurant

odors, which most persons would find offensive, nor shall any unreasonably noisy activity be carried on or in any Unit or on the Common Elements. No Owner shall, without the prior written consent of the Developer during the Development Period and thereafter the Association, do or permit anything to be done or keep or permit to be kept in his/her Unit or on the Common Elements anything that will cause: (i) the cancellation of any insurance on the Condominium or any Condominium located therein or (ii) an increase the insurance rate on the Condominium or any Condominium located therein. Each Owner who is the cause of any such increase shall pay to the Association upon demand the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition. No use or activity shall be conducted, maintained, or permitted in any Unit or in the Common Elements which will interfere with or detract from the character of the Condominium or any portion thereof.

(c) Neither the Limited nor the General Common Elements shall be used to store supplies, materials, personal property, trash or refuse of any kind, except as provided in duly adopted Association rules and regulations. Trash receptacles shall be maintained in areas designated therefore at all times and shall not be permitted elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit the periodic collection of trash in accordance with the contract for trash collection to be maintained by the Association. In general, no activity shall be carried on nor condition maintained by an Owner, either in his/her Unit or upon the Common Elements, which spoils the appearance of the Condominium or any portion thereof.

(d) The General and Limited Common Elements of the Condominium shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended.

(e) Subject to any applicable state or local law or regulation, including, but not limited to local zoning, building, and use restrictions and ordinances, and subject to Association Rules and Regulations, gas grills shall be permitted upon the Limited Common Element patios, as depicted on the Plan.

(f) Except as expressly set forth in the Master Deed, no signs or other advertising devices shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale" and "For Rent" signs, without the prior written permission from the Developer during the Development Period, and thereafter the Association.

(g) Except as specifically provided herein, no animals (except for service animals) may be kept or maintained upon the Common Elements or in any Unit, without the prior written consent of the Developer during the Development Period and thereafter by the Association, which consent, if given, may be revoked at any time by the Developer or the Association, if the Owner violates the provisions of this Section or of any Rules and Regulations (as defined in subsection (i), below). Any Owner permitted to keep a pet shall register that pet with the Association. No exotic, savage or dangerous animal, without limitation, skunks, snakes, and ferrets, shall be kept on the Condominium under any circumstances, and no animals may be kept or bred for commercial purposes. In no event shall more than two pets of any kind be permitted. Common household pets permitted under the provisions of this subsection and approved by the Association shall be kept only in compliance with the Rules and Regulations, and must at all times be kept under care and restraint so as not to be obnoxious on account of noise, odor, or unsanitary conditions. Excessive or constant noise from pets (such as barking or crying) is prohibited. No animal shall be permitted on the Common Elements, except for purposes of transporting them between the hallway and outdoor areas, so long as the pet is on a leash, nor shall any animal be permitted to run loose upon the Common Elements or within any Unit (except the Unit owned by the owner of such animal). The owner of each pet shall be responsible for all damages caused by the pet, including damage to personal property and personal injury, and shall remove any droppings left by the pet in any part of the Common Elements. In the event that

droppings are left by a pet in an interior area, the area shall be cleaned with a disinfectant by the Owner, and the Owner shall notify the Association. Notwithstanding the foregoing, an Owner who purchases its Unit directly from the Developer shall be permitted to keep one (1) dog (under 75 lbs.) in its Unit, provided, however, that such Owner shall comply, in all respects, to the restrictions on keeping and maintaining animals provided in this subsection.

(h) None of the restrictions contained in this Article shall apply to the commercial activities or signs, if any, of the Developer during the Development Period. During the Development Period, the Developer shall have the right to maintain a model Unit(s) and a sales office, a business office, and storage areas. During the Development Period, Developer and Developer's agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees, and invitees, shall be entitled to: (i) have access, ingress, and egress to and from the Condominium and Common Elements and use such portion of the Condominium and Common Elements as may be necessary or desirable in connection with such marketing, sales, leasing of Units, or performance of work, (ii) use or show one or more unsold and un conveyed Units or portion or portions of the Common Elements as a model Unit or Units (for sale or lease) or for such other purposes deemed necessary or desirable in connection with such administration, marketing, sales, or leasing of Units or performing work in or about the Condominium, and (iii) post and maintain such signs, banners, and flags, or other advertising material in, on, or about the Condominium and Common Elements in such form as deemed desirable by Developer, and as may be deemed necessary or desirable in connection with the marketing, sales, leasing, or management of Units or performing work in or about the Condominium or in connection with (i) and (ii) above, and (iv) complete or correct construction of, or make alterations of and additions and improvements to, the Units or the Common Elements in connection with any of the Developer's activities in connection with the promotion, marketing, sales, or leasing of the Units or performing work in or about the Condominium.

(i) Reasonable regulations consistent with the Act, the Master Deed, and these Bylaws, concerning the use of the Common Elements ("Rules and Regulations"), may be made and amended from time to time by the Board. Copies of all such Rules and Regulations and amendments thereto shall be furnished to all Owners and shall become effective ten (10) days after mailing or delivery thereof to each Owner or the designated voting representative of each Owner. Any such Rules and Regulation or amendment may be amended, modified or revoked at any time by the affirmative vote of more than fifty percent (50%) of all Owners in number and in Percentage of Value at any duly convened meeting of the Association.

(j) All requirements and restrictions placed on Owners under this Article VI shall apply to all occupants of each Unit and their guests, invitees and employees. Each Owner shall be responsible to require all occupants of its Unit to comply with the requirements and restrictions contained in this Article.

(k) No Owner, tenant, and/or non-Owner occupant may sell, lease, sublease, or assign leasing rights to a Unit except in strict accordance with the provisions of the Condominium Documents relating to the sale and leasing of Units.

(l) The standards contained herein are not the only applicable standards for the Condominium. In addition to the restrictions herein, the use of any Unit must satisfy the requirements of the zoning ordinance of the City, which is in effect at the time of the contemplated use, unless a variance for such use or structure is obtained from the Zoning Board of Appeals of the City and further there is obtained a written consent thereto from the Developer or the Association. Except with respect to subjects for which the Master Deed or Bylaws provide more stringent standards, all applicable ordinances and laws shall prevail.

**Section 3. Establishment of Specific Prohibitions.** In addition to the general requirements of Sections 1 and 2, the use of the Units and Common Elements of the Condominium shall be subject to the following specific restrictions:

(a) Personal Property No Owner shall display, hang or store any clothing, laundry or other articles of personal property outside its Unit, or paint or decorate the outside of his Unit without the prior written permission of the Board.

These restrictions shall not be construed to prohibit the Owner of a Live/Work or Storefront/Live/Work Unit with an appurtenant exterior patio from placing and maintaining grills, outdoor furniture and decorative plants and foliage of a customary nature and appearance on the patio.

(b) Bicycles. Bicycles must be stored or parked in the Unit or a storage area or parking area appurtenant to the Unit and not on sidewalks, next to the Condominium building or in General Common Elements. Motorcycles or similar motorized objects must be stored in a storage area or parking area appurtenant to the Owner's Unit and not in the Unit or on sidewalks, or next to the Condominium building or in the General Common Elements.

(c) Trash. All trash and refuse is to be disposed of appropriately. No trash bags, containers, receptacles, or dumpsters shall be placed outside the building of the Condominium except in designated receptacles

(d) Lobby and Stairways. The tenants, Owners and occupants of Units 9-19 and 31-34 shall have no right to use or access the stairways to the second floor (Units 20-30). The tenants, Owners and occupants of Units 1-8 and 17-34 shall have no right to use or access the hallways for Units 9-16. The Association may require that Owners use professional movers to move large items into and out of the Condominium in order to protect the Common Areas.

(e) Parking. Units shall be assigned the spaces in the parking areas, as depicted on the Plan. The Developer shall establish the initial assignment of the parking areas. Areas designated for parking of vehicles on the Plan shall be used only for the parking of operable automobiles, non-commercial trucks, motorcycle and bicycles and for loading and unloading from a vehicle. Nothing else may be parked or stored in any parking area, including commercial trucks, trailers, boats or motorhomes.

(f) Adult Uses. No so-called adult bookstore, adult massage parlor or nightclub or cabaret that features topless, bottomless or nude entertainment, or similar uses in which the content is directed to individuals over the age of twenty-one (21) shall be permitted on the Condominium.

(g) Fireworks and Weapons. No Owner shall use, or permit the use by any occupant, agent, tenant, invitee, guest or member of his family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, fireworks or other dangerous weapons, projectiles or devices anywhere on or about the Condominium. Notwithstanding the above, an Owner is permitted to own and use firearms and keep them in its Unit as permitted by state and federal law.

(h) Hair/Nail Salon Uses. No business specializing in hair cutting, styling, design and dying, nor manicure and/or pedicure services or similar uses shall be permitted on the Condominium.

(i) Unrestricted Access. No Owner shall restrict access to any utility line or other location within the Condominium building that must be accessible to service the Common Elements, the Units or any other improvement which affects the Association responsibility in any way.

(j) Unit Heating. In order to prevent the freezing of pipes, all Units shall be kept heated at not less than 55° during the winter months, or other measures taken for the protection of adjoining Units as may be approved by the Association.

(k) Leases. A Unit may be leased provided that the lease complies with Section 7 below and any Rules and Regulations.

(l) Environmental Matters; Auto Maintenance. No anti-freeze, gasoline, oil, grease or other toxic substances shall be disposed of in any sanitary disposal system or dumped elsewhere on the Condominium. Maintenance to automobiles, including but not limited to car washing and oil changing, is prohibited on the Condominium.

(m) Restricted Substances. No Unit shall be used for the sale of package liquor, beer or wine for off-premises consumption unless in connection with an on-premises sit-down restaurant or used for the growing, compounding, dispensing or sale of marijuana.

**Section 4.** Building & Construction Restrictions. No building, construction, significant remodeling work, nor any other similar work performed within the Condominium building (including the interior of any Unit in the Condominium) may be performed by or on behalf of any Owner unless such work is performed by a licensed contractor and all necessary permits required by the City have been obtained.

**Section 5.** Enforcement. Failure to comply with any of the terms of the Act, the Master Deed, these Bylaws, the Articles of Incorporation, or Rules and Regulations, if any, of the Association, shall be grounds for relief, which may include, without limitation, an action to recover sums due for such damages, injunctive relief, and any other remedy that may be appropriate to the nature of the breach. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by the Act, the Master Deed, these Bylaws, the Articles of Incorporation, or rules and regulations of the Association, shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

**Section 6.** Security. The Association may decide to provide security services to the Owners, on terms determined by the Association, including the following, and the cost of providing such services shall be deemed an expense of administration. The Association may, but shall not be obligated to, maintain or support certain activities within the Condominium designed to make the Condominium safer than it otherwise might be. NEITHER THE ASSOCIATION NOR THE DEVELOPER SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE CONDOMINIUM, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

**Section 7.** Leasing and Rental. Owners, including Developer, may rent any number of Units at any time for any term of occupancy not less than one (1) month subject to the following:

(a) Disclosure of Lease Terms to Association. An Owner, excluding the Developer, desiring to rent or lease a Unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for compliance with the Condominium Documents.

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

(c) Procedures in the Event of Non-Compliance with Condominium Documents. If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:



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

(ii) The Owner shall have thirty (30) days (or such additional time as may be granted by the Association if the Owner is diligently proceeding to cure) after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(iii) If after thirty (30) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Owner liable for any damages to the Common Elements caused by the Owner or tenant in connection with the Unit or Condominium.

(d) Notice to Owner's Tenant Permitted Where Owner in Arrears to the Association for Assessments. When an Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying an Owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant and all leases and rental agreements shall so state.

## ARTICLE VII MORTGAGES

**Section 1. Notices to and by Association.** Any Owner who mortgages its Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Units". The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit written notification of any default in the performance of the obligations of the Owner of such Unit that is not cured within sixty (60) days.

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

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

## ARTICLE VIII VOTING

**Section 1. Vote.** Except as limited in these Bylaws, each Owner shall be entitled to one vote for each Unit owned, the value of which shall equal the Percentage of Value percentage allocated to the Units owned by such Owner as set forth in the Master Deed, when voting by value. Voting shall be by value unless otherwise expressly required by the Condominium Documents or by law. In the case of any Unit owned jointly by more than one Owner, the voting right appurtenant to that Unit may be exercised jointly as a single vote or may be split if all the joint Owners of the Unit so agree in writing.

**Section 2. Eligibility to Vote.** No Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until the Owner has presented evidence of ownership of a Unit to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Owner may be cast only by the individual representative designated by such Owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative. No Owner who is in default of its Association assessments shall be eligible to vote at any meeting of the Association or by ballot in accordance with Article IX, Section 8.

**Section 3. Designation of Voting Representative.** Each 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 Owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned by the Owner, and the name and address of each Person who is the Owner. Such notice shall be signed and dated by the Owner. The individual representative designated may be changed by the Owner at any time by filing a new notice in the manner herein provided. At any meeting the filing of such written notice as a prerequisite to voting may be waived by the chairman of the meeting.

**Section 4. Annual Meeting.** There shall be an annual meeting of the Owners commencing with the First Annual Meeting held as provided in Article IX, Section 2 hereof. Other meetings shall be held as provided for in Article IX hereof. Notice of the time, place and subject matter of all meetings shall be given by mailing the same to each individual representative designated by the respective Owners.

**Section 5. Quorum.** The presence in Person or by proxy of more than thirty-five (35%) percent in Percentage of Value of the Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any Person furnished at or prior to any duly called meeting at which meeting such 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 6. Voting.** Votes may be cast only in Person or by a writing duly signed by the designated voting representative not present at a given meeting in Person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

**Section 7. Majority.** Unless otherwise required by law or by the Condominium Documents, any action which could be authorized at a meeting of the Owners shall be authorized by an affirmative vote of more than fifty (50%) percent of Percentage of Value. The foregoing statement and any other provision of the Master Deed and these Bylaws requiring the approval of a majority (or other stated percentage) of the Owners shall be construed to mean, unless otherwise specifically stated, a majority (or other stated percentage) in Percentage of Value of the votes cast by those qualified to vote and present in Person or by proxy (or written vote, if applicable) at a given meeting of the Owners duly called and held.

## ARTICLE IX MEETINGS

**Section 1. Place of Meeting.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order

or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

**Section 2. First Annual Meeting.** The First Annual Meeting of Owners may be convened only by the Developer. The First Annual Meeting may be called at any time in the Developer's discretion after the first conveyance of legal or equitable title of a Unit in the Condominium to a non-Developer Owner. As provided in Article XI, Section 2 hereof, the First Annual Meeting shall be held on or before one hundred twenty (120) days after the conveyance of legal or equitable title to non-Developer Owners of seventy-five (75%) percent in number of the Units that may be created in the Condominium or fifty-four (54) months after the first conveyance of legal or equitable title to a non-Developer Owner of a Unit in the Condominium, whichever first occurs. The Developer may call meetings of Owners 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 Developer, and at least ten (10) days' written notice thereof shall be given to each Owner.

**Section 3. Annual Meetings.** Annual meetings of Owners shall be held in the month of March each succeeding year (commencing the third Tuesday of June of the calendar year following the year in which the First Annual Meeting is held) at such date, time and place as shall be determined by the Board and at least ten (10) days' written notice thereof shall be given to each Owner. At such meetings there shall be elected by ballot of the Owners a Board in accordance with the requirements of these Bylaws. The 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 Owners as directed by resolution of the Board or upon a petition signed by one-third (1/3) of Percentage of Value of the Owners presented to the Secretary of the Association, but only after the First Annual Meeting has been held. 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 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 Owner at the address shown in the notice required by Article VIII, Section 3 of these Bylaws to be filed with the Association shall be deemed notice served. Any Owner may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

**Section 6. Adjournment.** If any meeting of Owners cannot be held because a quorum is not in attendance, the Owners who are present may adjourn the meeting to a time not less than ten (10) days from the time the original meeting was called, and notice of the meeting shall be provided as set forth in Section 5 of this Article IX.

**Section 7. Order of Business.** The order of business at all meetings of the Owners shall be as follows: (a) roll call to determine the voting Percentage of Value represented at the meeting; (b) determination of whether quorum is present; (c) proof of notice of meeting or waiver of notice; (d) reading of minutes of preceding meeting; (e) reports of officers; (f) reports of committees; (g) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing directors or officers); (h) election of directors (at annual meeting or special meetings held for such purpose); (i) unfinished business; and (j) 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 Owners (except for the election or removal of directors) may be taken without a meeting by written ballot of the Owners. Ballots shall be solicited in the same manner as provided in Section 5 of this Article IX for the giving of notice of meetings of Owners. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the Percentage of Value 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 votes or total Percentage of Value of approvals which equals or exceeds the number of votes or Percentage of Value of approvals 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. Minutes; Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Owners, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

## **ARTICLE X ADVISORY COMMITTEE**

An advisory committee of non-Developer Owners ("Advisory Committee") shall be established either one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Owners of one-third (1/3) of the Units that may be created, or one year after the initial conveyance of legal or equitable title to a non-Developer Owner of a Unit, whichever occurs first. The Advisory Committee shall meet with the Board for the purpose of facilitating communication and aiding the transition of control to the Association. The Advisory Committee shall cease to exist when a majority of the Board of the Association is elected by the non-Developer Owners.

## **ARTICLE XI BOARD**

**Section 1. Number and Qualification of Directors.** The Board shall consist of five (5) members, all of whom must be Owners or officers, partners, trustees, employees or agents of members of the Association, except for the first Board. Directors shall serve without compensation. After the First Annual Meeting, the number of directors may be increased or decreased by action of the Board, provided that the Board shall be comprised of at least three (3) members.

**Section 2. Election of Directors.**

(a) First Board. The first Board, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-Developer Owners to the Board. Elections for non-Developer Owner directors shall be held as provided in subsections (b) and (c) below.

(b) Appointment of Non-Developer Owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Owners of twenty-five (25%) percent of the Units that may be created, at least one director and not less than twenty-five (25%) percent of the Board shall be elected by non-Developer Owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Owners of fifty (50%) percent of the Units that may be created, not less than thirty-three and one-third (33 1/3%) percent of the Board shall be elected by non-Developer Owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-Developer Owners and request that

they hold a meeting and elect the required director. Upon certification by the Owners to the Developer of the director so elected, the Developer shall then immediately appoint such director to the Board to serve until the First Annual Meeting of members unless the director is removed pursuant to Section 7 of this Article XI or the director resigns or becomes incapacitated.

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

(i) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Owners of seventy-five (75%) percent of the Units that may be created, and before conveyance of ninety (90%) percent of such Units, the First Annual Meeting shall be called and the non-Developer Owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one director as long as the Developer owns and offers for sale at least ten (10%) percent of the Units or as long as ten (10%) percent of the Units remain that may be created.

(ii) Notwithstanding the formula provided in subsection (i), 54 months after the first conveyance of legal or equitable title to a non-Developer Owner of a Unit, if title to at least seventy-five (75%) percent of the Units that may be created has not been conveyed to non-Developer Owners, the First Annual Meeting shall be called and the non-Developer Owners shall have the right to elect as provided in the Condominium Documents, a number of members of the Board equal to the Percentage of Value of Units they own, and the Developer has the right to elect, as provided in the Condominium Documents, a number of members of the Board equal to the Percentage of Value of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the Board as determined in the Condominium Documents.

(iii) If the calculation of the percentage of members of the Board that the non-Developer Owners have the right to elect under this Section 2, or if the product of the number of members of the Board multiplied by the Percentage of Value of Units held by the non-Developer Owners under this Section 2 results in a right of non-Developer Owners to elect a fractional number of members of the Board, 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 that the non-Developer 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. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (i) of this Section 2(c).

(iv) At the First Annual Meeting one-half (1/2) of the directors (rounded up if fractional) shall be elected for a term of two (2) years and the remaining directors shall be elected for a term of one (1) year. At such meeting, all nominees shall stand for election as one slate and the number of Persons equal to one-half (1/2) of the number of directors (rounded up if fractional) who receive the highest number of votes shall be elected for terms of two (2) years and the number of Persons equal to the remaining directors to be elected who receive the next highest number of votes shall be elected for terms of one (1) year. After the First Annual Meeting, the term of office (except for directors elected at the First Annual Meeting for one (1) year terms) of each director shall be two (2) years. The directors shall hold office until their successors have been elected.

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

(vi) As used in this section, the term "Units that may be created" means the maximum number of Units which may be included in the Condominium in accordance with any limitation stated in the Master Deed or imposed by law.

**Section 3. Powers and Duties.** The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things necessary thereto subject always to the Condominium Documents and applicable laws.

**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 shall be responsible specifically for the following:

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

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

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

(d) To rebuild improvements after casualty.

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

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

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association.

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

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

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

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

**Section 6. Vacancies.** Vacancies in the Board which occur after the Transitional Control Date caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may

constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any director whom it is permitted in the first instance to designate. Each Person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-Developer Owner elected directors which occur prior to the Transitional Control Date may be filled only through election by non-Developer Owners and shall be filled in the manner specified in Section 2(b) of this Article XI.

**Section 7. Removal.** At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than fifty (50%) percent in Percentage of Value of all of the Owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal quorum set forth in Article VIII, Section 5. Any director whose removal has been proposed by the 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 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 shall be held within ten (10) days after such 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 may be held at such times and places as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director personally, by mail, e-mail, telephone, facsimile, or telegraph, at least ten (10) days prior to the date named for such meeting.

**Section 10. Special Meetings.** Special meetings of the Board may be called by the President on three (3) days' notice to each director given personally, by mail, telephone, e-mail, facsimile, or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board 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, 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, 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. If, at any meeting of the Board, there is less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon twenty-four (24) hours' prior written notice delivered to all directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such director for purposes of determining a quorum.

**Section 13. First Board.** All of the actions (including, without limitation, the adoption of these Bylaws and any regulations for the Association, and any undertaking or contracts entered into with others on behalf of the Association) of the first Board named in its Articles of Incorporation or any successors

thereto appointed before the First Annual Meeting of Owners shall be binding upon the Association in the same manner as though such actions had been authorized by a Board duly elected by the Owners.

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

## ARTICLE XII OFFICERS

**Section 1. Officers.** The principal officers of the Association shall be a President, who shall be a member of the Board, a Vice President, a Secretary and a Treasurer. The directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two (2) offices except that of President and Vice President may be held by one Person.

(a) **President.** The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Association and of the Board. The President 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 Owners from time to time in the President's discretion as may be deemed appropriate to assist in the conduct of the affairs of the Association.

(b) **Vice President.** The Vice President shall take the place of the President and perform the President's 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 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 by the Board.

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

(d) **Treasurer.** The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer 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.

**Section 2. Election.** The officers of the Association shall be elected annually by the Board 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, any officer may be removed either with or without cause, and the officer's successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

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

## ARTICLE XIII SEAL



The Board may adopt a seal on behalf of the Association 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 Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such accounts and all other Association records shall be open for inspection by the Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit shall be entitled to receive a copy of such annual audited financial statement within ninety (90) days following the end of the Association's fiscal year upon written 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 Board. The commencement date of the fiscal year shall be subject to change by the Board for accounting reasons or other good cause.

**Section 3. Bank.** Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Board and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

#### **ARTICLE XV INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, incurred by or imposed upon the director or officer in connection with any proceeding to which the director or officer may be a party, or may become involved, by reason of the director or officer being or having been a director or officer of the Association, whether or not 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 such director's or officer's 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 (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board shall notify all Owners thereof. Further, the Board is authorized to carry officers' and directors' liability insurance covering acts of the officers and directors of the Association in such amounts as it shall deem appropriate.

#### **ARTICLE XVI AMENDMENTS**

These Bylaws may be amended by the Association or by the Developer in the manner provided in the Master Deed. Any amendment to these Bylaws shall become effective upon recordation in the office

of the register of deeds in the county in which the Condominium is located. A copy of each amendment to these Bylaws shall be made available to every Owner after adoption; provided however, that any amendment adopted in accordance with this Article shall be binding upon all Persons who have an interest in the Condominium irrespective of whether such Persons actually receive a copy of the amendment. These Bylaws may not be amended in any manner to eliminate or conflict with any mandatory provision of the Act or any applicable law or any provision of the Master Deed; nor may they be amended to materially reduce or eliminate the rights of any first mortgagees without the consent of the mortgagees affected.

## ARTICLE XVII COMPLIANCE

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

## ARTICLE XVIII REMEDIES

**Section 1. Default by an Owner.** Any default by an Owner shall entitle the Association or another Owner or Owners to the following relief:

(a) Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents or the regulations of the Association shall be grounds for relief, which may include without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Owner or Owners.

(b) Recovery of Costs. In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court. In no event shall any Owner be entitled to recover such attorneys' fees.

**Section 2. No Waiver.** The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

**Section 3. Cumulative Rights, Remedies and Privileges.** All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

**Section 4. Enforcement of Provisions of Condominium Documents.** An Owner may maintain an action against the Association and its officers and directors to compel such Persons to enforce the provisions of the Condominium Documents. An Owner may maintain an action against any other Owner for injunctive relief or for damages or any combination thereof for noncompliance with the Condominium Documents or the Act.

## ARTICLE XIX

## ARBITRATION

**Section 1. Scope and Election.** Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between the 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 the Property or any Unit 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 Owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

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

## ARTICLE XX SEVERABILITY

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

## ARTICLE XXI COMPLIANCE

### Section 1. Compliance

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

### Section 2. General

The violation by any Owner or Occupant of any of the provisions of the Condominium Documents, including any rules and regulations duly adopted by the Board of Directors, shall be grounds for assessment by the Association, acting through its Board of Directors, of monetary fines against the involved Owner. Such Owner shall be deemed responsible for such violations whether they occur as a result of his or her personal actions or the actions of his or her family, guests or Occupants admitted through such Owner to the Condominium.

### Section 3. Procedures

Upon any such violation being alleged by the Board of Directors, the following procedures will be followed:

(a) Notice of the alleged violation, including a copy of the provision of the Condominium Documents violated, together with a description of the factual nature of the alleged offense set forth with reasonable specificity as will place the Owner on notice as to the violation, the number of previous violations by the Owner, the amount of the applicable fine and setting a date, time and place for a hearing not less than ten (10) days from the date of such notice, shall be personally delivered to the Owner at the Unit or sent by first class mail, postage prepaid to the last known address of the Owner or the address set forth in the notice required to be filed by the Owner with the Association set forth in Article VII, Section 3, of these Bylaws.

(b) Owner's failure to appear at the hearing constitutes a default and, after conducting the hearing, the Board of Directors may fine offending Owner as set forth in the notice of alleged violation.

(c) Upon appearance by the Owner before the Board of Directors after a hearing of evidence of the alleged violation and the Owner's response, the Board of Directors shall, by a majority vote of a quorum of the Board of Directors, decide whether a violation has occurred. The decision of the Board of Directors is final.

(d) Each day's violation of a provision of the Condominium Documents is a separate violation.

#### **Section 4. Amounts**

Upon violation of any of the provisions of the Condominium Documents and, after a hearing, upon decision of the Board of Directors that a violation has occurred, the following fines are applicable and shall be levied:

- (a) First violation. Fifty and 00/100 Dollar (\$50.00) fine.
- (b) Second violation. One Hundred and 00/100 Dollar (\$100.00) fine.
- (c) Third violation. Two Hundred Fifty and 00/100 Dollar (\$250.00) fine.
- (d) Fourth violation and subsequent violations. Five Hundred and 00/100 Dollar (\$500.00) fine.

#### **Section 5. Collection**

The fines levied pursuant to Section 4 above shall be assessed against the Owner and shall be due and payable together with the regular installment of the Condominium assessment on the first day of the next calendar month. Failure to pay the fine will subject the Owner to all of the liabilities set forth in the Condominium Documents, including, without limitation, those described in Article II and Article XVI of these Bylaws.