

EXHIBIT "A"

CONDOMINIUM BY-LAWS

STEEPLE RIDGE CONDOMINIUM

ARTICLE I

CONDOMINIUM PROJECT

Section 1. Organization. Steeple Ridge Condominium is a residential condominium project located in the Township of Independence, Oakland County, Michigan (the "Project") to consist of no more than nineteen (19) living units. The management, maintenance, operation and administration of the Project shall be vested in an Association of Co-owners organized as a non-profit corporation under the laws of the State of Michigan (the "Association").

Section 2. Compliance. All present and future Co-owners, mortgagees, lessees or other persons who may use the facilities of the Condominium in any manner shall be subject to and comply with the provisions of Act No. 59, P.A. 1978, as amended (the "Act"), the Master Deed and all amendments thereto, and the Articles of Incorporation, Association By-Laws, and other Condominium Documents which pertain to the use and operation of the Condominium property, current copies of which shall be kept by the Association and made available for inspection at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Project. The acceptance of a deed or conveyance, the entering into of a lease or the act of occupancy of a Condominium Unit in the Project shall constitute an acceptance of, and agreement to comply with, the provisions of the Condominium Documents.

ARTICLE II

MEMBERSHIP AND VOTING

Section 1. Membership. Each Co-owner of a Unit in the Project, present and future, shall be a member of the Association and no other person or entity shall be entitled to membership. The share of a member in the funds and assets of the Association may be assigned, pledged or transferred only as an appurtenance to his Unit.

Section 2. Voting Rights. Except as limited in the Master Deed and in these By-Laws, each Co-owner shall be entitled to one vote for each Unit owned when voting by number and one vote, the value of which shall equal the total of the percentages assigned to the Unit or Units owned by him as set forth in the Master Deed, when voting by value. Voting shall be by value, except in those instances where voting is specifically required to be in both value and in number, and no cumulation of votes shall be permitted.

Section 3. Members Entitled to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented written evidence of ownership of a Condominium Unit in the Project, nor shall he be entitled to vote prior to the initial meeting of members held in accordance with Section 5 of Article III hereof. The Developer

shall be entitled to vote only those Units for which it has obtained a certificate of occupancy, and which it still owns at the date on which the vote is cast.

The person entitled to cast the vote for the Unit and to receive all notices and other communications from the Association may be designated by a certificate signed by all the record owners of the Unit and filed with the Secretary of the Association. Such certificate shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned, and the name and address of the person or persons, firm, corporation, partnership, association, Trust or other legal entity who is the Co-owner thereof. All certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned.

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

Section 5. Majority. At any meeting of members at which a quorum is present, 51% of the Co-owners entitled to vote and present in person or by proxy, in accordance with the percentages allocated to each Condominium Unit in the Master Deed for the Project, shall constitute a majority for the approval of the matters presented to the meeting, except as otherwise required herein, by the Master Deed or by law.

ARTICLE III

MEETINGS AND QUORUM

Section 1. Advisory Committee. An advisory committee of three non-Developer Co-Owners shall be established either one hundred twenty days (120) after conveyance of legal or equitable title to non-Developer Co-Owners of six (6) Units or one (1) year after the initial conveyance of legal or equitable title to a non-Developer Co-owner, whichever occurs first. Unless the Developer shall sooner establish or designate otherwise, the Advisory Committee shall automatically be established upon such first-occurring date with the members being the first three non-Developer Co-owners to have purchased Units, or if less than three non-Developer Co-owners have then purchased Units, all non-Developer Co-owners who have then purchased Units shall be members of the Advisory Committee with each subsequently purchasing non-Developer Co-owner automatically becoming a member of the Advisory Committee until there are three members of the Advisory Committee. The Advisory Committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the Association. The members of the Advisory Committee shall serve for one year, or until their successors are elected by the non-Developer Co-owners. The Advisory Committee shall cease to exist automatically when a majority of the Board of Directors is elected by the non-Developer Co-owners. The Board of Directors and the Advisory Committee shall meet with each other at such times as may be requested by the Advisory Committee; provided, however, that there shall be no more than three such meetings each calendar year unless both parties agree.

Section 2. Composition of Board of Directors. Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of five (5) Units, at least 1 director and not less than 25% percent of the Board of Directors of the

Association shall be elected by non-Developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-Owners of ten (10) Units, not less than 33-1/3% of the Board of Directors shall be elected by non-Developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of fourteen (14) Units, and before conveyance of eighteen (18) Units, the non-Developer Co-owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least 1 director as long as the Developer owns and offers for sale at least 10% of the Units in the Project or as long as 10% of the Units remain that may be created in the Project. All directors who are not elected by the non-Developer Co-owners shall be appointed by the Developer or its successor.

Section 3. Right to Elect Board Members. Notwithstanding the formula provided in Section 2, 54 months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit in the Project, if title to not less than fourteen (14) Units has not been conveyed, the non-Developer Co-owners have the right to elect a number of members of the Board of Directors of the Association equal to the percentage of Units they hold, and the Developer has the right to elect a number of members of the Board equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in Section 2. Application of this section does not require a change in the size of the Board as otherwise established. Notwithstanding any other provision of this Article, the Developer may at any time increase the number of directors the non-Developer Co-owners have the right to elect by giving written notice of such increase to the Board.

Section 4. Calculations. If the calculation of the percentage of members of the Board that the non-Developer Co-owners have the right to elect under Section 2, or if the product of the number of members of the board multiplied by the percentage of Units held by the non-Developer Co-owners under Section 3, results in a right of non-Developer Co-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 Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board. Application of this section shall not eliminate the right of the Developer to designate 1 member as provided in Section 2.

Section 5. Initial and Subsequent Meetings of Members. The initial meeting of the members of the Association shall be convened by the Board during the time provided by Section 2 for the election of at least one director by the non-Developer Co-owners. Additional meetings of the members of the Association shall subsequently be convened as necessary for the non-Developer Co-owners to elect the directors they are to elect in accordance with Sections 2 and 3. The Developer may call meetings of members of the Association for information or other appropriate purposes prior to the initial meeting of members, but no such meeting shall be construed as the initial meeting of members, unless at least one director is elected by the non-Developer Co-owners.

Section 6. Annual Meeting of Members. After a majority of the Board of Directors is elected by the non-Developer Co-owners, an annual meeting of the members shall be held in each year at the time and place specified in the Association By-laws. At least 10 days prior to the date of an annual meeting, written

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notice of the time, place and purpose of such meeting shall be mailed to each member entitled to vote at the meeting; provided, that not less than 30 days written notice shall be provided to each member of any proposed amendment to these By-Laws or to other Condominium Documents.

Section 7. Quorum of Members. The presence in person or by proxy of fifty percent (50%) in number and value of the Co-owners entitled to vote shall constitute a quorum of members. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

ARTICLE IV

ADMINISTRATION

Section 1. Board of Directors. The business, property and affairs of the Association shall be managed and administered by a Board of Directors to be elected in the manner set forth in the Association By-laws; provided, that the directors designated in the Articles of Incorporation shall serve until such time as their successors have been duly elected and qualified at a meeting of members called and held for such purpose. All actions of the first Board of Directors of the Association named in its Articles of Incorporation or any successors thereto elected by the Developer before election of directors by members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association, so long as such actions are within the scope of the powers and duties which may be exercised by a Board of Directors as provided in the Condominium Documents. A service contract or management contract entered into between the Association and the Developer or affiliates of the Developer shall be voidable by the Board of Directors on the Transitional Control Date or within ninety (90) days thereafter, and on thirty (30) days notice at any time thereafter for cause.

Section 2. Powers and Duties. The Board shall have all powers and duties necessary for the administration of the affairs of the Association. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

- (a) Care, upkeep and maintenance of the Common Elements;
- (b) Development of an annual budget, and the determination, assessment and collection of amounts required for the operation and other affairs of the Condominium;
- (c) Employment and dismissal of personnel as necessary for the efficient management and operation of the Condominium;
- (d) Adoption and amendment of rules and regulations covering the details of the use of Condominium property;
- (e) Opening bank accounts, borrowing money and issuing evidences of indebtedness in furtherance of the purposes of the Condominium, and designating signatories required therefor;
- (f) Obtaining insurance for Condominium property, the premiums of which shall be an expense of administration;

(g) Leasing or purchasing premises suitable for use by a managing agent and/or custodial personnel, upon such terms as the Board may approve;

(h) Granting concessions and licenses for the use of portions of the Common Elements, for purposes not inconsistent with the provisions of the Act or of the Condominium Documents;

(i) Authorizing the execution of contracts, deeds and easements affecting the Common Elements on behalf of the Co-owners;

(j) Making repairs, additions and improvements to, or alterations of, the Condominium property, and repairs to and restoration of the property in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(k) Asserting, defending or settling claims on behalf of all Co-owners in connection with the Common Elements of the Project and, upon written notice to all Co-owners, instituting actions on behalf of and against the Co-owners in the name of the Association; and

(l) Such further duties as may be imposed by resolution of the members of the Association or which may be set forth in the Condominium Documents.

Section 3. Books of Account. The Association shall keep books and records with a detailed account of the expenditures and receipts affecting the Condominium and its administration, 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 its Co-owners. The books, records and contracts concerning the administration and operation of the Project shall be available for examination by any of the Co-owners and their mortgagees at reasonable times at a reasonable place to be designated by the Association, and the Association shall prepare therefrom, and distribute to all Co-owners at least once each year, a financial statement, the contents of which shall be defined by the Association. The books and records shall be audited or reviewed annually by independent accountants, and the cost of such audit shall be an expense of administration. Such audits need not be certified.

Section 4. Maintenance and Repair. All maintenance of and repair to a Condominium Unit, other than the maintenance of and repair to any General Common Element contained therein, shall be made by the Co-owner of such Unit. Any Co-owner who desires to make structural repairs or modifications to his Unit must first obtain the written consent of the Association, and shall be responsible for all damages to any other Units or to the Common Elements resulting from such repairs or from his failure to effect such maintenance and repairs.

All maintenance of and repair to the General Common Elements, whether located inside or outside the Units, and to Limited Common Elements to the extent set forth in the Master Deed, shall be made by the Association and be charged to all the Co-owners as a common expense unless necessitated by the negligence, misuse or neglect of a Co-owner, in which case such expense shall be charged to such Co-owner. The Association or its agent shall have access to each Unit from time to time during reasonable working hours, upon notice to the occupant thereof, for the purpose of maintenance, repair or replacement of any of the Common Elements located therein or accessible therefrom. The

Association or its agents shall also have access to each Unit at all times without notice for making emergency repairs necessary to prevent damage to other Units, the Common Elements or both.

Section 5. Reserve Fund. The Association shall maintain a reserve fund, to be used only for major repairs and replacement of the Common Elements, which, at a minimum, shall be equal to ten percent (10%) of the Association's current annual budget on a noncumulative basis, as required by Section 105 of the Act. The minimum standard required by this Section may prove to be inadequate for a particular project. The Association should carefully analyze the Project from time to time to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes. There shall be set aside in the reserve fund at least the minimum ten percent (10%) of the Association's then current annual budget at the time of the Transitional Control Date and the Developer shall pay into the reserve fund any deficiency in this minimum amount at the Transition Control Date.

Section 6. Construction Liens. A construction lien arising as a result of work performed upon a Condominium Unit or Limited Common Element shall attach only to the Unit upon which the work was performed or to which the Limited Common Element was appurtenant, and a lien for work authorized by the Developer and performed upon the Common Elements shall attach only to Condominium Units owned by the Developer at the time of recording the claim of lien. A construction lien for work authorized by the Association shall attach to each Unit only to the proportionate extent that the Co-owner of such Unit is required to contribute to the expenses of administration. No construction lien shall arise or attach to a Condominium Unit for work performed on the Common Elements if the work was not contracted for by the Association or the Developer.

Section 7. Managing Agent. The Board may employ for the Association a Managing Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the powers and duties listed in Section 2 of this Article. The Developer or any person or entity related thereto may serve as Managing Agent if so appointed.

Section 8. Officers. The Association By-Laws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of officers of the Association and may contain any other provisions pertinent to officers of the Association not inconsistent herewith. Officers may be compensated, but only upon the affirmative vote of more than sixty percent (60%) of all Co-owners in number and in value.

Section 9. Indemnification. All directors and officers of the Association, whether in office or not at the time of suit(s) or threat(s) thereof, shall be entitled to indemnification against costs and expenses incurred as a result of actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on behalf of the Association upon 10 days notice to all Co-owners, in the manner and to the extent provided by the Association By-Laws. In the event that no judicial determination as to indemnification has been made, an opinion of independent counsel as to the propriety of indemnification shall be obtained if a majority of Co-owners vote to procure such an opinion.

ARTICLE V

ASSESSMENTS

Section 1. Administrative Expenses. The Association shall be assessed as the entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration. All costs incurred by the Association in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Project shall be expenses of administration, and all sums received as proceeds of, or pursuant to, any policy of insurance securing the interests of the Co-owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration thereof shall be receipts of administration.

Section 2. Determination of Assessments. The Board shall from time to time, and at least annually, adopt a budget for the Condominium which shall include the estimated funds required to defray common expenses for which the Association has responsibility for the next ensuing year, including a reasonable allowance for contingencies and reserves, and shall allocate and assess such common charges against all Co-owners according to their respective common interests on a monthly basis. Absent Co-owner approval as herein provided, such assessment shall be increased only in accordance with the following:

(a) If the Board shall find the budget as originally adopted is insufficient to pay the costs of operation and maintenance of the Common Elements;

(b) To provide for the replacement of existing Common Elements;

(c) To provide for the purchase of additions to the Common Elements in an amount not exceeding Two Thousand Dollars (\$2,000) annually; or

(d) In the event of emergency or unforeseen development.

Any increase in assessments other than or in addition to the foregoing shall be considered as a special assessment requiring approval by a vote of 60% or more of the Co-owners in number and in value.

Section 3. Levy of Assessments. All assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit by the Master Deed without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant thereto. The common expenses shall consist, among other things, of such amounts as the Board may deem proper for the operation and maintenance of the Condominium property under the powers and duties delegated to it hereunder, and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating reserve, for a reserve for replacement and for meeting any deficit in the common expense for any prior year; provided, that any reserves established by the Board prior to the initial meeting of members shall be subject to approval by such members at the initial meeting of members. The Board shall advise each Co-owner in writing of the amount of common charges payable by him and shall furnish copies of each budget on which such common charges are based to all Co-owners and mortgagees.

Section 4. Collection of Assessments. Each Co-owner shall be obligated for the payment of all assessments levied with regard to his Unit during the time that he is the Owner thereof, and no Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of his Unit. In the event of default by any Co-owner in paying the assessed common charges, the Board may impose reasonable fines or charge interest up to the highest rate permitted by law on such assessment from the due date thereof. Unpaid assessments, together with such fines and interest, shall constitute a lien on the Unit prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid upon a first mortgage of record recorded prior to the recording of any notice of lien by the Association, and the Association may enforce the collection thereof by suit at law for a money judgment or by foreclosure of the liens securing payment in the manner provided by Section 108 of the Act. In an action for foreclosure, a receiver may be appointed and reasonable rental for the Unit may be collected from the Co-owner thereof or anyone claiming under him, and all expenses incurred in collection, including interest, costs and actual attorney's fees, and any advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default.

Upon the sale or conveyance of a Condominium Unit, all unpaid assessments against the Unit shall be paid out of the sale price by the purchaser in preference over any other assessment or charge except as otherwise provided by the Condominium Documents or by the Act. A purchaser or grantee shall be entitled to a written statement from the Association setting forth the amount of unpaid assessments against the seller or grantor and such purchaser or grantee shall not be liable for, nor shall the Unit conveyed or granted be subject to a lien for any unpaid assessments against the seller or grantor in excess of the amount set forth in such written statement. Unless the purchaser or grantee requests a written statement from the Association at least five (5) days before sale as provided in the Act, the purchaser or grantee shall be liable for any unpaid assessments against the Unit together with interest, costs, and attorneys fees incurred in the collection thereof.

The Association may also enter upon the Common Elements, limited or general, to remove and abate any condition, or may discontinue the furnishing of any services to a Co-owner in default under any of the provisions of the Condominium Documents upon seven (7) days written notice to such Co-owner of its intent to do so. A Co-owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues.

Section 5. Obligations of the Developer.

(a) The Developer shall be responsible for payment of the regular monthly assessment, and all special assessments, for all completed Units owned by the Developer and shall also maintain, at its own expense, any incomplete Units owned by the Developer. A "completed Unit" shall be a Unit for which a certificate of occupancy has been issued by the local public authority.

(b) In addition to maintaining any incomplete Units owned by it, the Developer shall be charged a portion of the regular monthly assessment for each incomplete Unit established in the Master Deed, whether constructed or not. Such portion shall be determined based upon the level of common expenses actually incurred in respect to such incomplete Units, and it may change on a month-to-month basis. Each incomplete Unit is to

bear its pro-rata portion of the cost of (i) all accounting and legal fees, (ii) public liability and casualty insurance (to the extent such incomplete Units are covered by policies of insurance maintained by the Association), (iii) utility maintenance for facilities designed to service the incomplete Unit, if any, (iv) grounds maintenance (including landscaping) for the area occupied or adjoining the incomplete Units, (v) real estate taxes in the year of the establishment of the Condominium, (vi) maintenance of all General and Limited Common Elements actually servicing any incomplete Units, and (vii) management fees, if any is charged for incomplete Units.

ARTICLE VI

TAXES, INSURANCE AND REPAIR

Section 1. Taxes. Special assessments and property taxes shall be assessed against the individual Units and not against the total property of the Project or any part of the Project, except for the year in which the Project was established subsequent to the tax day. Taxes and special assessments which become a lien against the property in that year subsequent to the establishment of the Project shall be expenses of administration and shall be assessed against the Units in proportion to the number of votes in the Association appertaining to each Unit. Special assessments and property taxes in any year in which the property existed as an established condominium on the tax day shall be assessed against the individual Units notwithstanding any subsequent vacation of the Project.

Assessments for subsequent real property improvements to a specific Unit shall be assessed to that Unit description only, and each Unit shall be treated as a separate, single unit of real property for purposes of property tax and special assessment, and shall not be combined with any other Unit or Units, and no assessment of any fraction of any Unit or combination of any Unit with other units or fractions thereof shall be made, nor shall any division or split of the assessment or taxes of a single Unit be made notwithstanding separate or common ownership thereof.

Section 2. Insurance. The Association shall be appointed as attorney-in-fact for each Co-owner to act in connection with insurance matters and shall be required to obtain and maintain, to the extent available and/or applicable, fire and extended coverage, vandalism and malicious mischief and liability insurance, and workers' compensation insurance pertinent to the ownership, use and maintenance of the Common Elements of the Project. Such insurance shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Board of Directors for the benefit of the Association, the Co-owners, the mortgagees and the Developer, as their interests may appear, and provision shall be made for the issuance of certificate of mortgagee endorsements to all mortgagees. Each Co-owner shall be responsible for obtaining insurance coverage at his own expense for the interior of his Unit, including interior walls, wall coverings, floor coverings, sliders, windows and screens, and it shall be each Co-owner's responsibility to obtain insurance coverage for the personal property located within his Unit or elsewhere in the Project and for personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit, and the Association shall have no responsibility for obtaining such coverages. If the Association policy covers interior walls and Limited Common Elements appurtenant to a Unit, then the reconstruction thereof

shall be the responsibility of the Association. If insurance shall be held by the Association for the benefit of individual Co-owners, then such Co-owners shall be entitled to receive the proceeds thereof. The Association and all Co-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(b) All Common Elements of the Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding land, foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage may also include interior walls within any Unit and the pipes, wires, conduits and ducts contained therein and may further include the fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accordance with plans and specifications thereof on file with the Association (or such replacements thereof as do not exceed the costs of such standard items). Any improvements made by a Co-owner within his Unit shall be covered by insurance obtained by and at the expense of said Co-owner; provided that, if the Association elects to include interior walls, fixtures, improvements and/or Limited Common Elements under its insurance coverage, any additional premium cost to the Association attributable thereto shall be assessed to and borne solely by said Co-owner and collected as a part of the assessments against said Co-owner as provided herein.

(c) The Association shall maintain, if required, adequate fidelity coverage to protect against dishonest acts by its officers, directors, trustees and employees and all others who are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

(i) The Association shall be named as an obligee;

(ii) The policy shall be written in such amount as may be required by any lending institution or other agency requesting the same, based upon the estimated annual operating expenses of the Condominium Project including reserves;

(iii) The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "an employee" or similar expression;

(iv) The policy shall provide that it may not be canceled or substantially modified, including cancellation for non-payment of premium without at least thirty (30) days' prior written notice to all mortgagees of record.

(d) The Board of Directors is hereby irrevocably appointed the agent for each Co-owner, each mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the property, to adjust and settle all claims arising under insurance policies purchased by the

Board and to execute and deliver releases upon the payment of claims.

(e) Except as otherwise set forth herein, all premiums upon insurance purchased by the Association pursuant to these By-Laws shall be expenses of administration.

Section 3. Reconstruction and Repair. If any part of the Project shall be damaged, the determination of whether or not, and how, it shall be reconstructed or repaired shall be made in the following manner:

(a) If the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Project is tenantable, unless it is determined by a unanimous vote of all of the Co-owners in the Project that the Project shall be terminated and each holder of a first mortgage lien on any Unit in the Project has given its prior written approval of such termination.

(b) If the Project is so damaged that no Unit is tenantable, and if each holder of a first mortgage lien on any Unit in the Project has given its prior written approval to the termination of the Project, the damaged property shall not be rebuilt and the Project shall be terminated, unless seventy-five percent (75%) or more of the Co-owners in value and in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

(c) Any reconstruction or repair shall be performed substantially in accordance with the Master Deed and the plans and specifications for the Project to a condition as comparable as possible to the condition existing prior to damage unless the Co-owners and each holder of a first mortgage lien on any Unit in the Project shall unanimously decide otherwise.

(d) If the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage in accordance with subsection (e) hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each holder of a first mortgage lien on any of the Units in the Project.

(e) Each Co-owner shall be responsible for the reconstruction and repair of the interior of his Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures and all appliances, whether free-standing or built-in. If damage to interior walls within a Unit or to pipes, wires, conduits, ducts or other Common Elements therein is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with subsection (f). If any other interior portion of a Unit, or item therein, is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto, and if there is

a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly, without any change to the obligations set forth in this subsection (e).

(f) The Association shall be responsible for the reconstruction and repair of the Common Elements and for any incidental damage to a Unit, and the contents thereof, caused by such reconstruction or repair. Immediately after a casualty occurs causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to return the damaged property to a condition as good as that existing before the damage.

(g) Any insurance proceeds received, whether by the Association or a Co-owner, shall be for the reconstruction or repair when reconstruction or repair is required by these By-Laws. If the proceeds of insurance are not sufficient to pay 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 payment of the costs thereof are insufficient, assessments shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. Such assessments shall be levied and collected in the same manner as the regular monthly assessments, as set forth in Article V hereof.

Section 4. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(a) If any portion of the Common Elements is taken by eminent domain, the award therefor shall be allocated to the Co-owners in proportion to their respective undivided interests in the Common Elements. The Association, acting through its Board of Directors, may negotiate on behalf of all Co-owners for any taking of Common Elements and any negotiated settlement approved by more than two-thirds of the Co-owners in number and in value shall be binding on all Co-owners.

(b) If a Unit is taken by eminent domain, the undivided interest in the Common Elements appertaining to that Unit shall thenceforth appertain to the remaining Units, being allocated to them in proportion to their respective undivided interests in the Common Elements. The court shall enter a decree reflecting the re-allocation of undivided interests produced thereby, and the award shall include, without limitation, just compensation to the Co-owner of the Unit taken for his undivided interest in the Common Elements, as well as for the Units.

(c) If portions of a Unit are taken by eminent domain, the court shall determine the fair market value of the portions of the Unit not taken. The undivided interest for each Unit in the Common Elements appertaining to the Units shall be reduced in proportion to the diminution in the fair market value of the Unit resulting from the taking. The portions of undivided interests in the Common Elements thereby divested from the Co-owners of a Unit shall be re-allocated among the other Units in the Project in proportion to their

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respective undivided interests in the Common Elements. A Unit partially taken shall receive the re-allocation in proportion to its undivided interest as reduced by court order under this subsection. The court shall enter a decree reflecting the re-allocation of undivided interest produced thereby, and the award shall include just compensation to the Co-owner of the Unit partially taken for that portion of the undivided interests in the Common Elements divested from the Co-owner and not re-vested in the Co-owner pursuant to subsection (d), as well as for that portion of the Unit taken by eminent domain.

(d) If the taking of a portion of a Unit makes it impractical to use the remaining portion of that Unit for a lawful purpose permitted by the Condominium Documents, then the entire undivided interest in the Common Elements appertaining to that Unit shall thenceforth appertain to the remaining Units in the Project, being allocated to them in proportion to their respective undivided interest in the Common Elements. The remaining portion of the affected Unit shall thenceforth be a Common Element. The court shall enter an order reflecting re-allocation of undivided interests produced thereby, and the award shall include just compensation to the Co-owner of the Unit for the Co-owner's entire undivided interest in the Common Elements and for the entire Unit.

(e) Votes in the Association and liability for future expenses of administration appertaining to a Unit taken or partially taken by eminent domain shall thenceforth appertain to the remaining Units, being allocated to them in proportion to the relative voting strength in the Association. A Unit partially taken shall receive a re-allocation as though the voting strength in the Association was reduced in proportion to the deduction in the undivided interests in the Common Elements.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS

Section 1. Residential Use. Condominium Units shall be used exclusively for residential occupancy, and no Unit or any Common Element appurtenant thereto shall be used for any purpose other than that of a single family residence or other purposes similar thereto, except that professional and quasi-professional Co-owners may use their residence as an ancillary facility to an office established elsewhere, so long as such use does not generate unreasonable traffic by members of the general public. The foregoing restrictions as to use shall not, however, be construed in such manner as to prohibit a Co-owner from: (a) maintaining his personal professional library; (b) keeping his personal business or professional records or accounts; or (c) handling his personal business or professional telephone calls or correspondence. Such uses are expressly declared customarily incidental to principal residential use and not in violation of said restrictions.

Section 2. Common Areas. The Common Elements shall be used only by the Co-owners of Units in the Condominium and by their agents, tenants, family members, invitees and licensees for access, ingress to and egress from the respective Units and for other purposes incidental to use of the Units; provided, however, that any recreational facilities, storage areas or other common areas designed for a specific use shall be used only for the

purposes approved or designated by the Association. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Co-owner, and shall be subject to any lease, concession or easement, presently in existence or entered into by the Association at some future time, affecting any part or all of said Common Elements.

Section 3. Specific Prohibitions. Without limiting the generality of the foregoing provisions, use of the Project and all Common Elements by any Co-owner shall be subject to the following restrictions:

(a) No more than two persons for each bedroom in the Unit shall permanently occupy or reside in any Unit. In the event that a violation of this restriction by a family in occupancy of a Unit results from the birth or adoption of a child this restriction shall be suspended as to such family for a period of one year to enable the family a reasonable time with which to cure such violation or dispose of the Unit.

(b) No portion of a Unit may be rented and no transient tenants may be accommodated therein; provided, that nothing herein shall prevent the rental or sublease of an entire Unit for residential purposes together with the Limited Common Elements appurtenant to such Unit in the manner set forth in Article IX hereof.

(c) No Co-owner shall make any alterations, additions or improvements to any Common Element, nor make changes to the exterior appearance or structural members of his Unit without the prior written approval of the Association. The Association shall not approve any alterations or structural modifications which would jeopardize or impair the soundness, safety or appearance of the Project. A Co-owner may make alterations, additions or improvements within his Unit without the prior written approval of the Association, but such Co-owner shall be responsible for any damage to other Units, the Common Elements, the Condominium property, or any part thereof, resulting from such alterations, additions or improvements.

(d) No nuisances shall be permitted on the Condominium property nor shall any use or practice be permitted which is a source of annoyance to its residents, or which interferes with the peaceful possession or proper use of the Project by its residents.

(e) Nothing shall be done or kept in any Unit or on the Common Elements which will increase the rate of insurance for the Project without the prior written consent of the Association. No Co-owner shall permit anything to be done or kept in his Unit or on the Common Elements which will result in the cancellation of insurance on any Unit, or on any part of the Common Elements.

(f) No signs or other advertising devices shall be displayed which are visible from the exterior of any Unit or upon the Common Elements, including "For Sale" signs, without the prior written permission from the Association.

(g) No Co-owner shall display, hang or store any clothing, sheets, blankets, laundry or other articles outside his Unit, or which may be visible from the outside of his Unit (other than draperies, curtains, or

shades of a customary nature and appearance), or paint or decorate or adorn the outside of his Unit, or install outside his Unit any CB, short wave or other radio or television antenna, window air-conditioning unit, awning, screens on porch and/or patio, solar panels or other equipment, fixtures or items of any kind, without the prior written permission of the Association. The foregoing restrictions as to use and occupancy shall not be construed to prohibit a Co-owner from placing and maintaining outdoor furniture and decorative foliage of a customary nature and appearance on a patio, porch or deck which is a Limited Common Element appurtenant to his Unit.

(h) No more than one animal (including house hold pets) which shall not weigh more than twenty pounds shall be kept by the occupant or occupants of each Condominium Unit without the prior written consent of the Association which consent, if given, shall be revocable at any time. Pets shall be kept only in compliance with the rules and regulations promulgated by the Association from time-to-time, and must at all times be kept under such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. Under no circumstances will a savage or dangerous animal be kept on the Condominium property. No animal shall be permitted outside of a Condominium Unit upon the Common Elements, limited or general, except when being escorted on and off the Condominium Property under direct physical restraint. Any person who causes or permits any animal to be brought or kept on the Condominium property shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the Condominium property.

(i) No structure of a temporary character, trailer, tent, shack, garage, accessory building or outbuilding shall be used at any time as a residence, either temporary or permanent.

(j) No recreational vehicles, boats, trailers, inoperable vehicles or vehicles designed and intended for other than normal street use shall be parked or stored on the common drives, parking lots or elsewhere on the Condominium property other than in garages appurtenant to Units, and no more than two (2) automobiles or other motorized mode of transportation for each garage stall appurtenant to a Unit shall be kept on the Condominium property by the persons residing in any Unit without the prior written approval of the Association. No commercial vehicles or trucks shall be parked on or about the Condominium except for the making of deliveries or pick-ups in the normal course of business.

(k) The Common Elements shall not be used for the storage of supplies, personal property, trash or refuse of any kind except for common trash receptacles placed at the discretion of the Association if the Association elects to provide common trash receptacles; provided, however, that nothing herein shall prevent storage of supplies or personal property by a Co-owner in the Limited Common Elements appurtenant to the Co-Owner's Unit or temporary storage of trash or refuse in the garage appurtenant to the Co-Owner's Unit. In general, no activity shall be carried on nor condition maintained by any Co-owner either in his Unit or upon

the Common Elements which despoils the appearance of the Condominium.

(1) No plantings shall be made by Co-owners on the General Common Elements except as may be explicitly permitted by the rules and regulations of the Association or in accordance with prior written consent given by the Association, except each Co-owner shall be permitted to plant and maintain ornamental and garden type plants in the entry courtyard and immediately adjacent to the ground floor deck appurtenant to his Unit in accordance with rules and regulations of the Association.

Section 4. Rules of Conduct. Reasonable rules and regulations concerning the use of Condominium Units and Common Elements, limited and general, may be promulgated and amended by the Board. Copies of such rules and regulations shall be furnished by the Board to each Co-owner at least ten (10) days prior to their effective date, and may be revoked in whole or in part at any time by the affirmative vote of more than 66% of all Co-owners in number and in value.

Section 5. Remedies on Breach. A default by a Co-owner shall entitle the Association to the following relief:

(a) Failure to comply with any restriction on use and occupancy contained herein or of any other term or provision of the Condominium Documents shall be grounds for relief, which may include an action to recover sums due for damages, injunctive relief, foreclosure of lien or any other remedy appropriate to the nature of the breach as set forth in the Condominium Documents including, without limitation, the discontinuance of services upon 7 days notice, the levying of fines against Co-owners after notice and hearing thereon and the imposition of late charges for non-payment of assessments. All such remedies shall be deemed to be cumulative and shall not be considered as an election of remedies.

(b) In a proceeding arising because of an alleged default by a Co-owner, the Association, if successful, shall recover the cost of the proceeding and actual reasonable attorneys' fees incurred.

(c) The failure of the Association to enforce any right, provision, covenant or condition which is granted by the Condominium Documents shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

An aggrieved Co-owner shall also be entitled to compel enforcement of the Condominium Documents by action for injunctive relief and/or damages against the Association, its officers or another Co-owner in the Project.

Section 6. Use by Developer. During the period of sale by the Developer of any Units, the Developer and its agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from any part of the Project as may be reasonably required for the purpose of sale of Units. Until all Units in the entire Project have been sold by the Developer, and until each Unit sold by it is occupied by the purchasers thereof, the Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, storage areas and customary signs in connection therewith as may be reasonable to enable

development and sale of the entire Project. The Developer shall restore any areas so used to habitable status upon termination of use.

ARTICLE VIII

MORTGAGES

Section 1. Mortgage of Condominium Units. Any Co-owner who mortgages a Condominium Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units." At the written request of a mortgagee of any such Unit, the mortgagee shall be entitled to: (a) inspect the books and records relating to the Project during normal business hours, upon reasonable notice; (b) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Co-owners; and (c) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings. Failure, however, of the Association to provide any of the foregoing to a mortgagee who has so requested the same shall not affect the validity of any action or decision which is related thereto.

Section 2. Notice of 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. Rights of Mortgagee. Notwithstanding any other provision of the Condominium Documents, except as otherwise required by mandatory law or regulation, with respect to any first mortgage of record of a Condominium Unit, unless the holder of such mortgage shall otherwise consent in writing:

(a) The holder of the mortgage is entitled to written notification from the Association of any default by the mortgagor of such Condominium Unit in the performance of such mortgagor's obligations under the Condominium Documents which is not cured within thirty (30) days.

(b) The holder of any first mortgage which comes into possession of a Condominium Unit pursuant to the remedies provided in the mortgage or deed (or assignment) in lieu of foreclosure, shall be exempt from any option, "right of first refusal" or other restriction on the sale or rental of the mortgaged Unit, including but not limited to, restrictions on the posting of signs pertaining to the sale or rental of the Unit.

(c) The holder of any first mortgage which comes into possession of a Condominium Unit pursuant to the remedies provided in the mortgage, or by deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession thereof (except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata re-allocation of such assessments charged to all Units including the mortgaged unit).

Section 4. Additional Notifications. When notice is to be given to a Mortgagee, the Board of Directors shall also give such notice to the Federal Home Loan Mortgage Corporation, the

Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages of Units in the Condominium if the Board of Directors has notice of such participation.

ARTICLE IX

LEASES

Section 1. Notice of Lease. A Co-owner, including the Developer, desiring to rent or lease a Condominium Unit for a period of longer than thirty (30) consecutive days, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee of the Unit, 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. A Developer proposing to rent Condominium Units before the Transitional Control Date shall notify either the advisory committee or each Co-owner in writing.

Section 2. Terms of Lease. Tenants or non Co-owner occupants shall comply with all the conditions of the Condominium Documents of the Project, and all lease and rental agreements shall so state.

Section 3. Remedies. If the Association determines that any tenant or non Co-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association may take the following action:

(a) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant. The Co-owner shall have 15 days after receipt of said notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(b) If, after 15 days the Association believes that the alleged breach has not been cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action both for eviction against the tenant or non Co-owner occupant and, simultaneously, for money damages (in the same or in a separate action) against the Co-owner and tenant or non Co-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this Section may be by summary proceeding. The Association may hold the tenant and the Co-owner jointly and severally liable for any damages to the General Common Elements caused by the Co-owner or tenant in connection with the Condominium Unit or the Project.

Section 4. Assessments. When a Co-owner is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving such notice, shall deduct from rental payments due to the Co-owner the full arrearage and future assessments as they fall due and shall pay them to the Association. Such deductions if paid to the Association shall not be a breach of the rental agreement or lease by the tenant.

ARTICLE X

TRANSFER OF UNITS

Section 1. Unrestricted Transfers. A Co-owner may, without restriction hereunder, sell, give, devise or otherwise transfer his Unit, or any interest therein.

Section 2. Purchase by Association. The Board shall have the power and authority to bid and purchase, for and on behalf of the Association, any Condominium Unit or interest therein offered for sale by its Co-owner or at a sale pursuant to a mortgage foreclosure, a foreclosure of the lien for common expenses under the Act, an order or direction of a court, or at any other involuntary sale, upon the consent or approval of the Co-owners owning not less than sixty percent (60%) in number and in value. Such consent shall set forth a maximum price which the Board or its duly authorized agent may offer or bid and pay for said Unit or interest therein.

Section 3. Financing of Purchase. The Board shall have authority to make such mortgage arrangements and special assessments proportionately among the respective Co-owners, and other such financing arrangements as the Board may deem desirable, in order to close and consummate the purchase of a Condominium Unit or interest therein by the Association. However, no such financing arrangement may be secured by an encumbrance on any interest in the Project other than the Unit or interest therein to be purchased and the Limited Common Elements appurtenant thereto.

Section 4. Miscellaneous.

(a) The Association shall hold title to any Condominium Unit or interest therein acquired, pursuant to this Article in the name of the Association or a nominee thereof delegated by the Board, for the sole benefit of all Co-owners. The Board shall have the authority at any time to sell, lease or sublease said Unit or any interest therein on behalf of the Association upon such terms as the Board shall deem desirable, but in no event shall a Unit or interest therein be sold for less than the amount paid by the Association to purchase said Unit unless Co-owners owning not less than sixty percent (60%) in number and in value first authorize the sale for such lesser amount.

(b) Except as otherwise provided in the Master Deed or in these By-Laws, in the event of any transfer of a Condominium Unit or any interest therein, the transferee shall be jointly and severally liable with the transferor for all unpaid assessments of the transferor accrued and payable prior to the date of transfer.

ARTICLE XI

ARBITRATION

Section 1. Submission to Arbitration. Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, By-Laws or other Condominium Documents, or to any disputes, claims or grievances arising among or between the Co-owners or between such owners and the Association may, upon the election and written consent of the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration. At the exclusive option of a Co-owner, a contract to settle by arbitration shall be executed by the Developer with respect to any claim

that might be the subject of a civil action against the Developer, which claim involves an amount less than two thousand five hundred dollars (\$2,500.00) and arises out of or relates to a Unit or the Project. At the exclusive option of the Association, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements, if the amount of the claim is ten thousand dollars (\$10,000.00) or less. The period of limitations prescribed by law for the bringing of a civil action shall apply equally to the execution of a contract to settle by arbitration under this Section. A contract to settle by arbitration under this Section shall specify that the Commercial Arbitration Rules of the American Arbitration Association, or its successor, as amended and in effect from time to time hereafter shall be applicable to any such arbitration. The method of appointment of the arbitrator or arbitrators shall be pursuant to reasonable rules of the American Arbitration Association, or its successor, and all costs of arbitration under this Section shall be allocated in the manner provided by the American Arbitration Association, or its successor. Arbitration under this Section shall proceed according to sections 5001 to 5065 of Act No. 236 of the Public Acts of 1961, being Sections 600.5001 to 600.5065 of the Michigan Compiled Laws, as amended, which may be supplemented by reasonable rules of the American Arbitration Association, or its successor. An arbitration under this Section shall be binding on the parties to the arbitration.

Section 2. Preservation of Rights. Election by any Co-owner or by the Association to submit any such dispute, claim or grievance to arbitration shall preclude such party from litigating such dispute, claim or grievance in the courts; provided, however, that no interested party shall be precluded from petitioning the Courts to resolve any dispute, claim or grievance in the absence of an election of the parties to arbitrate.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1. Severability. In the event that any of the terms, provisions, or covenants of these By-Laws or any 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, and in such event the documents shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

Section 2. Notices. Notices provided for in the Act, Master Deed or By-Laws shall be in writing, and shall be addressed to the Association at , or to any Co-owner at the address set forth in the deed of conveyance, or at such other address as may hereinafter be provided.

The Association may designate a different address for notices to it by giving written notice of such change of address to all Co-owners. Any Co-owner may designate a different address for notices to him by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by United States mail with postage prepaid, or when delivered in person.

Section 3. Amendment. These By-Laws may be amended, altered, changed, added to or repealed only in the manner set

forth in Article VIII of the Master Deed of Steeple Ridge Condominium.

Section 4. Conflicting Provisions. In the event of a conflict between the provisions of the Act (or other laws of the State of Michigan) and any Condominium Document, the Act (or other laws of the State of Michigan) shall govern; in the event of any conflict between the provisions of any one or more Condominium Documents, the following order of priority shall prevail and the provisions of the Condominium Document having the highest priority shall govern:

- (1) the Master Deed, including the Condominium Sub-division Plan;
- (2) these Condominium Bylaws;
- (3) the Articles of Incorporation of the Association;
- (4) the Bylaws of the Association; and
- (5) the Rules and Regulations of the Association.