This redline document is provided for illustrative and reference purposes only; in the event of any conflict or inconsistency, the text of the main motion shall control and take precedence.

ARTICLE 1: CONDOMINIUM PROJECT

1.1 Organization. *CINNAMON RIDGE CONDOMINIUM*, a residential site condominium Project in East Bay Township, Grand Traverse County, Michigan ("Condominium") is being established as a convertible, expandable, residential site Condominium. Upon the recording of the Master Deed, the management, maintenance, operation and administration of the Project will be vested in an Association organized as a non-profit corporation under the laws of Michigan with the name *Cinnamon Ridge Condominium Association* ("Association").

1.2 Compliance. All present and future Co-owners, mortgagees, lessees or other persons who may use the facilities of the Condominium in any manner will be subject to 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; provided, that in the event of a conflict between the provisions of the Act and any other Condominium Documents referred to herein, the provisions of the Act will govern. The acceptance of a deed of conveyance, the entering into of a lease or the act of occupancy of a Condominium Unit in the Project will constitute an acceptance of the provisions of these instruments and an agreement to comply with their terms.

ARTICLE 2:
MEMBERSHIP AND VOTING

2.1 Membership. Each Co-owner of a Unit in the Condominium will be a member of the Association. 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, her, or its Condominium Unit.

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

2.3 Members Entitled to Vote. No Co-owner ~~other than the Developer,~~ will be entitled to vote at any meeting of the Association until he or she has presented written evidence of ownership of a Condominium Unit in the Condominium nor will he or she be entitled to vote, except for elections held pursuant to Section 3.4 hereof prior to the Initial Meeting of Members. The Developer will be entitled to vote only those Units to which it still holds title 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 record owners of the Unit and filed with the Secretary of the Association. Such a 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 of the Unit. All certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned.

2.4 Proxies. Votes may be cast in person or by proxy. Proxies may be given by any person entitled to vote. They will be valid only for the particular meeting designated and any adjournment of that meeting, and must be filed with the Association before the appointed time of the meeting.

2.5 Majority. At any meeting of members at which a quorum is present, 51% of the votes of Co-owners entitled to vote, and present in person or by proxy, will 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 3:
MEETINGS AND QUORUM

3.1 ~~Initial Meeting of Members. The initial meeting of the members of the Association will be convened within 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units that may be created, but not later than 120 days after conveyance of such title to 75% of such Units, or within 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs, at which meeting the eligible Co-owners may vote for the election of directors of the Board of Directors. The Developer may call meetings of members of the Association for informational or other appropriate purposes prior to such initial meetings, but no such informational meeting shall be construed as the initial meeting of members.¶~~

3.2 ~~Thereafter, an~~ An annual meeting of members shall be held in each year at the time and place specified in the Association By-Laws. At least ten (10) days prior to the date of an annual meeting, written 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 twenty (20) days written notice shall be provided to each member of any proposed amendment to these By-Laws or to other Condominium Documents.

~~3.3 Advisory Committee. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of one-third of the Units that may be created in *Cinnamon Ridge Condominium*, or one year after the initial conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs, two persons shall be selected by the Developer from among the non-developer Co-owners to serve as an Advisory Committee to the Board of Directors. The purpose of the Advisory Committee shall be to facilitate communication between the Board of Directors and the non-developer Co-owners and to aid in the ultimate transition of control to the Association. The members of the Advisory~~

~~Committee shall serve for one (1) year, or until their successors are selected, and the Advisory Committee shall automatically cease to exist at the Transitional Control Date. 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 not more than two such meetings each year unless both parties agree.~~

3.2~~4~~ ~~Composition of Board of Directors. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25 % of the Units that may be created in *Cinnamon Ridge Condominium*, at least 1 Director and not less than one-fourth 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 50 % of the Units that may be created, not less than one-third 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 75 % of the Units that may be created, and before conveyance of 90% of such Units, the non-developer Co-owners shall elect all Directors on the Board except that the Developer shall have the right to designate at least one Director as long as the 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. Notwithstanding the formula provided above, 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 75% of the Units that may be created has not been conveyed, the non-developer Co-owners shall have the right to elect a number of~~ The members of the Board of Directors will be elected at the Annual Meeting of ~~the Association equal to the percentage of Units they hold, and the Developer shall have the right to elect a number of members of the Board equal to the percentage of Units which are owned~~ members by the Co-Owners who are eligible to vote either in person or by proxy.~~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 herein. Application of this provision does not require a change in the size of the Board as set forth in the corporate by-laws. If the calculation of the percentage of members of the Board that the non-developer Co-owners have a right to elect hereunder, 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 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 shall 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 provision shall not eliminate the right of the Developer to designate at least one member as provided herein.¶~~

3.3~~5~~ Quorum Members. The presence in person or by proxy of fifty (50%) percent of the Co-owners entitled to vote shall constitute a quorum of members, provided also that a Co-Owner, including the Developer, with more than one vote by number, will be counted as many times as he, she, or it has votes. The written vote of any person furnished at or prior to any duly called meeting at which 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 4:
ADMINISTRATION

4.1 Association Board of Directors. The business, property, and affairs of the Association shall be managed and administered by an Association Board of Directors to be elected in the manner set forth in these By-Laws. and the Association By-Laws, provided, that the first Board of Directors shall serve until such time as their successors have been duly elected and qualified at the initial meeting of members. All actions of the first Board of Directors of the Association or any successors thereto elected by the Developer before the initial meeting of 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 at the initial meeting or at any subsequent meeting, 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.

4.2 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 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) 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;

(h) Authorizing the execution of contracts, deeds of conveyance, easements and rights-of-way affecting any real or personal property of the Condominium on behalf of the Co-owners;

(i) 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;

(j) 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

(k) Such further powers and duties as may be imposed by resolution of the members of the Association or which may be set forth in the Condominium Documents, including the Articles of Incorporation of the Association.

4.3 Books of Account. The Association shall keep books and records containing a detailed account of the expenditures and receipts affecting the administration of the Condominium, 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. Such accounts shall be open for inspection by the Co-owners during reasonable working hours at a place to be designated by the Association, and the Association shall prepare therefrom, and distribute to all Co-owners at least once per year, a financial statement, the contents of which shall be defined by the Association. The books and records shall be reviewed annually and audited every third year by qualified independent auditors, who need not be certified public accountants, and the cost of such review or audit shall be an expense of administration. An audit need not be certified.

4.4 Maintenance and Repair. All maintenance and repair of a Condominium Unit and any limited common elements appurtenant to the Unit, other than maintenance and repair to any general common element contained therein, will be made by the Co-owner of such Unit. Any Co-owner who desires to make repairs to a general common element 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. All maintenance and repair to the general common elements, 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.

4.5 Reserve Fund. The Association shall maintain a reserve fund, to be used only for major repairs and replacement of the common elements, as required by Section 105 of the Act. Such fund shall be established in the minimum amount hereinafter set forth on or before the Transitional Control Date, and shall, to the extent possible, be maintained at a level which is

equal to or greater than 10% of the then current annual budget of the Association on a noncumulative basis. The minimum reserve standard required by this Section may prove to be inadequate, and the Board shall carefully analyze the Project from time to time in order to determine if a greater amount should be set aside or if additional reserve funds should be established for other purposes.

4.6 Construction Liens. A construction lien arising as a result of work performed upon a Condominium Unit or limited common elements shall attach only to the Unit upon which the work was performed. ~~, and a lien for work authorized by the Developer or principal contractor 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 general common elements not contracted by the Association or the Developer.~~

4.7 Managing Agent. The Association Board may employ a management company or 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.~~

4.8 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 (60%) percent of all Co-owners in number and in value.

4.9 Indemnification. All past, present, and future directors and officers of the Association are hereby indemnified by the Association, to the maximum extent permitted by Michigan law, against all damages, losses, costs, and expenses, including actual and reasonable attorney's fees and expenses, incurred as a result of acts or omissions, other than those found to be willful wanton misconduct or gross negligence, taken or failed to be taken on behalf of the Association. All Co-Owners will be given at least ten (10) days written notice before any payment is made pursuant to this indemnification. If the Association lacks sufficient funds to make a payment required to be made pursuant to this indemnification, the Board of Directors will assess such funds as may be required against all Co-Owners, pro-rata, in proportion to their respective percentages of value in the Condominium. In the event that no judicial determination as to Indemnification has been made, an opinion of independent counsel as to the propriety of indemnification will be obtained if a majority of Co-owners vote to procure such an opinion.

ARTICLE 5:
ASSESSMENTS

5.1 Administrative Expenses. 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.

5.2 Determination of Assessments. The Board of Directors will 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 ensuing year, including a reasonable allowance for contingencies and reserves, and it will allocate and assess such charges against all Co-owners, according to their respective obligations as set forth in the Master Deed, on a monthly basis. Absent Co-owner approval as herein provided, such assessments will 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 repair or replacement of existing common elements; or

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

(d) 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.

5.3 Levy of Assessments. All assessments levied against the Units to cover expenses of administration shall be apportioned among and paid by the Co-owners pro rata, in proportion to their respective percentages of value in the Condominium, as set forth in Article 5 of the Master Deed, provided that if the Association incurs an expense or cost solely as a result of the acts or omissions of one or more Co-Owners and the Board of Directors determines that such expenses and/or costs are reasonably ~~fairly~~ attributable to, and for the benefit of, one or more, but less than all the Units, it may specially assess such costs and/or expenses against the Units causing, or benefited by, such costs and/or expenses. The common expenses will 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 thereof. The Board shall advise each Co-owner in writing of the amount of common charges payable by such Co-owner and shall furnish copies of each budget on which such common shares are based to all Co-owners.

5.4 Collection of Assessments.

(a) Each Co-owner shall be obligated for the payment of all assessments levied with regard to his, her, or its Unit during the time that he, she, or it is the Owner thereof., ~~and no~~ 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 declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. In addition, the Board may impose reasonable fines or charge interest at the legal rate on such assessment from the due date thereof, and, if it engages legal counsel to assist in collection of a delinquent assessment, the delinquent Co-owner will also be responsible for all legal fees and expenses, which shall also be assessable as a lienable item against the Unit. Unpaid assessments 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~~ Reasonable rental for the Unit may be collected from the Co-owner thereof or anyone claiming under him~~, and~~ A~~a~~ll 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. As long as a Co-Owner is more than 30 days delinquent in the payment of assessments, such Co-Owner will not be entitled to vote at any meeting of the Association.

(b) 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 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 attorney fees incurred in the collection thereof.

(c) All payments on account of installments of assessments in default shall be applied in the following manner: first, to costs of collection and enforcement of payment, including reasonable attorney fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

~~5.5 Obligations of the Developer. Until such time as the monthly assessments paid by Co-owners other than the Developer are sufficient to support the total costs of administration, excluding reserves, the Developer will pay the balance of such administrative costs on account of the units owned by it. After the time at which the regular monthly assessments paid by Co-owners other than the Developer are sufficient to support the costs of administration, excluding reserves, the Developer shall be assessed by the Association only for expenses of maintaining the Units it owns. In no event shall the Developer be responsible for payment of any~~

assessments for or with respect to deferred maintenance, reserves or replacement, reserves for contingencies, capital improvements or other special assessments, except with respect to Units owned by it on which a completed building is located. For purposes of this paragraph, a "completed building" shall mean a building with respect to which a Certificate of Occupancy or its equivalent has been issued by Grand Traverse County. In no event shall the Developer be liable for any assessment levied in whole or in part to purchase a Unit from the Developer or to finance litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar related costs.

ARTICLE 6:
TAXES, INSURANCE AND REPAIR

6.1 Real Estate Taxes and Assessments. All special assessments and property taxes shall be assessed against the individual Units and not against the total property of the Project. Taxes and special assessments which become a lien against the property of the Condominium for the year in which the Project is established, if not separately assessed against each Unit, shall be expenses of administration and shall be assessed against the Units in proportion to the percentage of value assigned to each Unit. Special assessments and property taxes in any year in which the property existed as an established Project on the tax day shall be assessed against the individual Units notwithstanding any subsequent vacation of the Project. Assessments for subsequent real property improvements within a specific Unit shall be assessed to that Unit description. only, and each 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 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.

6.2 Personal Property Taxes. The Association will be assessed as the entity in possession of any tangible personal property of the Condominium, if any, owned or possessed by the Association or by the Co-owners in common, and any personal property taxes based thereon will be treated as expenses of administration.

6.3 Insurance.

(a) Each Co-owner will be responsible for obtaining insurance coverage at his, her, or its own expense with respect to any building and other improvements, if any, constructed or to be constructed within the perimeter of his, her, or its Condominium Unit or appurtenant Limited Common Elements, and it will be each Co-owner's responsibility to obtain insurance coverage for the personal property located within his Unit or elsewhere in the Condominium, for personal liability for occurrences within his Unit or upon limited common elements appurtenant to his Unit, and for alternative living expenses in the event of fire or other casualty causing temporary loss of the Unit. The Association and all Co-owners will use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner contains appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(b) The Association will maintain such liability and other insurance with respect to the Common Elements as the Board of Directors considers advisable or necessary.

(c) 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.

(d) Each Co-owner hereby indemnifies and holds harmless every other Co-Owner, the Developer, and the Association for all damages and costs, including actual and reasonable attorney's fees, which any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within such Co-owner's Unit or appurtenant limited common elements. This provision will not be construed to give any insurer any subrogation right or other right or claim against a Co-owner.

(e) Except as otherwise set forth herein, all premiums for insurance purchased by the Association pursuant to these By-Laws will be expenses of administration, which shall be apportioned among the Co-owners pro-rata in proportion to their respective percentages of value as set forth in the Master Deed.

6.4 Reconstruction and Repair. If the Condominium Project or any of its common elements are destroyed or damaged, in whole or in part, the determination of whether or not to reconstruct or repair, and the responsibility therefore, shall be as follows:

(a) If the damaged property is a general common element, the damaged property shall be promptly repaired or rebuilt unless all of the Co-owners and all of the institutional holders of mortgages on any Unit in the Project unanimously agree to the contrary.

(b) If the damaged property is a Unit or any improvement constructed on the Unit or on the appurtenant Limited Common Elements, the Co-owner of such Unit will, as promptly as is reasonably practical, and within 90 days after such damage or destruction occurs, remove all debris, clean up the Unit, and repair any damage to the Limited Common Elements and surrounding grounds. The decision as to whether or not the residence or other improvements will be repaired or restored will be made by the affected Co-Owner, who will not be required to rebuild in the event of complete destruction, provided that if the residence or other improvements are only partially damaged or destroyed, such damage will be repaired within a reasonable time after such damage or casualty, not to exceed 90 days unless the work required reasonably takes longer than that. Before such repair or reconstruction begins, all plans must be submitted to the Design Control Committee.

(c) Any reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for any damaged improvements located within the Unit unless prior written approval for a change is obtained from the Association or the Design Control Board.

(d) Immediately after the occurrence of a casualty causing property damage ~~damage to property~~ which, under the provisions of this section, is to be reconstructed or repaired by the Association, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual costs thereof in the same manner as insurance premiums are pro-rated and assessed. This provision shall not be construed to require placement of mature trees and vegetation with equivalent trees or vegetation.

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

(a) In the event of any taking of all or any portion of a Unit or any improvement constructed within the perimeters thereof, or any portion of the appurtenant Limited Common Elements or any improvement therein, the award for such taking shall be paid to the Co-owner of the Unit and the mortgagee thereof, as their interests may appear. If a Co-Owner's Unit is taken by eminent domain, such Co-owner and his mortgagee shall, after acceptance of the condemnation award therefore, be divested of all interest in the Condominium Project.

(b) In the event of any taking of all or any portion of the general common elements, the condemnation proceeds relative to such taking shall be paid to the Co-owners and the mortgagees in proportion to their respective interests in the common elements and the affirmative vote of more than 50% of the Co-owners in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) In the event the Condominium Project continues after taking by eminent domain., ~~then the~~ The remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly and, if any Unit shall have been taken, Article 5 of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the Percentages of Value of the remaining Co-owners based upon the continuing value of the condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner, but only with the consent of the Board of Directors.

(d) In the event any Unit in the Condominium or any portion thereof, or the common elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

(e) To the extent not inconsistent with the foregoing provisions, Section 133 of the Act shall control upon any taking by eminent domain.

ARTICLE 7:
BUILDING AND USE RESTRICTIONS

7.1 Residential Use Restriction. The Property is intended to become a high quality, residential community. Site condominium units developed on the Property shall be used exclusively for single-family residential occupancy, and only one single-family residence will be permitted on each Unit. Two or more Units may be combined into a single residential site, but only with the prior approval of the ~~Developer, as long as Developer owns any Unit in the Condominium, and the~~ Design Control Committee. ~~, and any~~ Any such combination will require an amendment to the Master Deed and may necessitate ~~require~~ a reallocation of the percentages of value assigned to each Unit.

7.2 Design Control. No building, structure or other improvement, including earthwork and landscaping, shall be constructed on the Property, nor shall any exterior modification, including, but not limited to, re-painting, re-siding, re-roofing, the addition or alteration of patios, decks, porches, pools, landscaping, or other changes in the exterior appearance, be made to any existing building, structure or improvement, unless plans and specifications, containing such detail as the Design Control Committee may reasonably require, have first been approved in writing by the Design Control Committee, subject to the following:

(a) ~~Until such time as residences have been constructed on all the units developed in the Property, the Developer retains the right to designate the members of the Design Control Committee, including the number of members. From and after the time residences have been constructed on all units in the Property, or from and after such earlier time as the Developer may relinquish its rights hereunder, the~~ The Association will have the right to constitute and direct the Design Control Committee. The Design Control Committee may engage the services of an architect of its choice to ~~professionally~~ review the plans and specifications for any proposed structure professionally, and the applicant will be responsible for payment of a reasonable fee, to be established from time to time by the Committee, to cover the cost of the architect's services. The members of the Design Control Committee will not be compensated for their services, nor will any member of the Design Control Committee be liable in damages to the Association or any other person as a result of his or her participation or decisions as a member of the Committee.

(b) The purpose of these controls is to assure the development of the Property as a beautiful and harmonious residential development. As a guideline, it is intended that all architectural designs should be in character with the area and ~~with~~ the immediate natural surroundings ~~present in~~ of the Property. In addition, it is expected that exterior materials will be compatible with the immediate surroundings and with the other structures in the development. The Committee will have the right, in its sole discretion, to determine what materials and designs are compatible and appropriate. The Design Control Committee, or a member or designee of the Committee, will also meet with any owner and his or her architect to indicate, on a preliminary basis, whether or not a proposed architectural plan will be acceptable, provided that such preliminary approval shall in no event assure final approval of the plans and specifications.

(c) In making its decisions, the Design Control Committee will have the broadest discretion permitted by law, provided. The Design Control Committee may also consider ~~take into account~~ applicable zoning requirements, but it need not.~~, and the~~ The Design Control Committee will have no responsibility for ensuring ~~assuring~~ that the planned residence conforms to these requirements, ~~applicable zoning,~~ which is solely the Owner's responsibility. ~~responsibility of the Owner.~~

(d) If an owner submits plans and specifications as required hereunder, the Design Control Committee will act with reasonable diligence to review the same and either approve or reject them. It is ~~to be~~ expected that the Committee may, instead ~~in lieu~~ of expressing acceptance or rejection, ~~make suggestions as to the~~ suggest changes it desires before approving ~~giving approval, and owners~~ Owners are encouraged to review their preliminary plans with the Committee before proceeding to final drawings. ~~In order to~~ To enhance a thorough review of plans and specifications, no specific time for approval or rejection will be required, but, based on the complexity of the plans and specifications submitted and the workload of the Design Control Committee at the time, approval or rejection should generally be expected within 21 days after complete plans and specifications are submitted to the Committee, and, unless the Committee gives written notice that it cannot reasonably accept or reject such plans and specifications within 21 days, such plans and specifications will be considered approved as of the end of the 21 days ~~day period~~ provided they otherwise meet the requirements of the Condominium Documents.

(e) All plans and specifications, including site development plans, shall be prepared to architectural standards by a qualified architect or designer, and shall have such detail as the Committee may reasonably request. The site plan shall, as a minimum, show the location of the structure, finish grade elevations, driveways, well, septic tank, and septic field locations, water retention and runoff areas, the erosion control plan, a general landscaping and yard plan, and any other intended improvements that ~~which~~ have a visual effect, or require excavation or tree removal. Architectural detail and finish must be carried throughout the entire exterior of the structure. Three copies of the plans and specifications must be provided to the Design Control Committee for review purposes.

(f) The Committee shall have the power and authority to approve or disapprove the plans and specifications. Approval may be withheld or denied not only because the plans or specifications fail to conform to the other covenants in this Declaration, but also by reason of any reasonable dissatisfaction of the Committee with the grading plan, location, finish ground elevations, color scheme, finish, design, proportions, architecture, shape, height, style, the general appropriateness of the proposed structure or alteration, the materials, the kind, pitch, or type of roof, the planting and landscaping plan, or because of the reasonable dissatisfaction with any other matter which, in the reasonable judgment of the Committee will render the proposed structure or alteration inharmonious or out of keeping with the general development plan intended by the Committee or with the other structures located or intended to be located in the Condominium.

7.3 Building Restrictions. In addition to the provisions for design control and the provisions which restrict the use of lots and other lands within the Property, the following building restrictions will apply to all lots and units in the Property.

(a) Number of Structures. As a general rule, only one structure will be permitted on a lot, which must incorporate the residence, the garage, which must be attached, and any ancillary facilities to be constructed. As a general rule, no storage sheds or outbuildings will be permitted on any Unit. Any variation from these limitations will be permitted only with the approval of the Design Control Board and only as a result of circumstances unique to the particular lot or design, and only as long as the same does not, in the judgment of the Design Control Board, detract from the overall development plan for the Property.

(b) Size. Single story residences must have a ground floor enclosed living area of at least 1,506 square feet, and multi-story homes must have a ground floor enclosed living area of at least 1,000 square feet and a total enclosed living area of at least 1,800 square feet, exclusive of the basement, whether finished or not. As used, the term “enclosed living area” does not include basements, attics, garages, terraces, porches, decks, other open areas and the like, and is intended to refer to finished, enclosed, and heated living space as that term is commonly used. For the purpose of this limitation, the term “basement” includes any space, regardless of whether or not it is finished living area, if any part of the floor of such space is located below ground level, and so-called “walk-out basements” will be deemed basements for the purpose of computing minimum square footage under this sub-paragraph.

(c) Setbacks. Homes must be built entirely within the Unit. Building setbacks shall conform to ~~be in conformity with~~ the Eastbay Township Zoning Ordinance, but at least:

Front – 30 feet

Rear – 35 feet

Side – 10 feet

The definitions of “front,” “rear,” and “side” yard contained within the Eastbay Township Ordinance are incorporated herein by inference.

(d) Completion. The interior and exterior of all structures must be completed within one (1) year after construction commences, except where such completion is impossible or would result in great hardship to the owner or structure due to strikes, fires, national emergencies, natural calamities, or the like. If a residence is likely to take more than one (1) year to complete, even though the work is diligently pursued, the Design Control Committee may approve deviations from the general one (1) year rule. No structure may be temporarily or permanently occupied until the exterior is complete and the remainder is complete to the point that a certificate of occupancy has been obtained. During construction, the owner shall require the contractor(s) to maintain the unit in a reasonably clean and uncluttered condition, to do no more damage to the site than is necessary for construction, and to not permit debris on adjoining land. If any damage is caused to the road or other Common Elements during construction, such damage must be

repaired by the Owner before occupancy of the home, ~~and the Developer or~~ the Association will have the right to make such repairs and assess the costs thereof to the Owner if the repair is not completed by the time the home is ready for occupancy.

(e) Materials. All construction materials shall satisfy applicable building code requirements, and shall also meet the following:

(i) Exteriors must be finished with vinyl, wood, brick, or stone. No aluminum, plastic, fiberglass, log, or rough sheathing will be used.

(ii) Windows shall be wood frame and may be painted, natural, or vinyl clad, provided that high quality aluminum and aluminum-clad windows may be permitted if they have an acceptable quality and appearance.

(iii) High quality roofing will be required.

(iv) Basement or foundation walls which are exposed or above grade must be finished with siding that matches the approved exterior siding, or a similar finish acceptable to the Design Control Committee.

(f) Height. No building or structure may exceed two and one-half stories or 35 feet from the ground, whichever is the lesser.

(g) Garages. Each residence must have an attached two-car or larger garage.

(h) Driveways. Each residence must have a driveway surfaced with asphalt or concrete with a finished width of at least 14 feet, provided that if a driveway is longer than 150 feet, it may be reduced to 12 feet in width. The Design Control Committee may, under circumstances it considers appropriate, primarily related to difficult terrain, permit limited variances in driveway width. No Unit in the Condominium will be permitted to connect directly to Three Mile Road. Units will be required to connect their driveways to the private road system within the Condominium.

(i) Fuel Tanks. Since natural gas is available, no fuel oil or similar storage tanks will be allowed, provided that if a tank of some kind is considered necessary, the Design Control Committee may grant a variance to permit such a tank as long as it is kept to a minimum size, does not pose a hazard to others, and is screened from view with landscaping or other materials approved by the Committee. No tanks shall be buried underground without the prior approval of the Design Control Committee. All utilities must be underground.

(j) Landscaping. Unless otherwise approved, and except to the extent that portions of a lot are intended to be left natural, all yards shall be seeded or sodded within one year after construction has been completed, and all yards shall thereafter be maintained in a neat and proper condition, including all trimmings or removals.

(k) Fences. No fence or wall shall be erected, or permitted to remain, on any lot without the prior written approval of the Design Control Committee, and no fence or wall shall in any event

be permitted which exceeds four (4) feet in height or which obstructs the view of adjacent Unit owners. As a general rule, only cedar split-rail fences will be approved. This restriction will not be construed to prohibit dog runs or fence-type screening which is otherwise approved or permitted under these By-Laws or by the Design Control Committee.

(l) Antennas. No exterior antennas, satellite dishes, or similar structures will be permitted on any Unit, except that the Design Control Committee may permit small antennas and satellite dishes with a diameter of 18" or less, if they are appropriately screened from view by landscaping or other materials approved by the Design Control Committee.

(m) Mailboxes. All mailboxes and the structures that hold them must meet the uniform standards established from time to time by the Design Control Committee.

(n) Additional Requirements. All construction and improvements shall conform to the plans and specifications approved by the Design Control Committee, and if any work fails to so conform, the Design Control Committee may require such added work, at the owner's expense, as is necessary or appropriate to bring all construction and improvements into conformity with the approved plans and specifications.

(o) Damages. Each Co-Owner will be responsible for any damage done during the course of construction, including damage to the asphalt roadway, the shoulders of the road, and seeded areas alongside the road, and such damage will be promptly repaired by, and at the expense of the Co-Owner doing or causing the construction to be done. If such damage is not repaired and paid for within ten (10) days after the earlier of the date such construction ceases or a certificate of occupancy is issued for the residence, the Association may undertake to have such repairs done as the Board of Directors considers appropriate, and the full cost of such repair will be immediately assessed against the Co-Owner in question, will be immediately due, and may be collected enforced in the same manner as any other assessment. In its reasonable discretion, the Design Control Committee may require a reasonable bond from each Co-owner to cover the cost of repairing any damage likely to be done to any part of the General Common Elements during the course of construction, which bond will be applied to the repairs, if not done by the Co-owner or returned to the Co-Owner at such time as construction is complete and any needed repairs have been done.

(p) Buildings. All construction shall be done by, or under the direct supervision by, licensed, qualified contractors.

7.4 Use Restrictions. Without limiting the generality of the foregoing provisions, use of the Property and all lots, units, and common areas which comprise the Property shall be subject to the following restrictions on use:

(a) No person shall make any additions, alternations or modifications to any of the common areas, or make changes to the exterior appearance of the residence or other improvements located within the perimeters of his or her Unit without prior approval of the Design Control Committee, as provided for in Section 7.2 of these Condominium By-Laws.

(b) No appliance or device may be installed which is designed to kill or repel insects or other animals by light or by humanly audible sound, except as otherwise approved by the Design Control Committee.

(c) No owner shall in any way restrict access to any utility line or other element that must be accessible to service the common areas or any other Unit.

(d) 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 any lot, unit, or common area.

(e) No dangerous animals shall be kept on any lot or common area and no animal may be kept or bred for any commercial purpose. Household pets, generally limited to dogs and cats, will be kept only in compliance with rules and regulations adopted by the Directors of the Association from time to time, and must at all times be kept under care and restraint to the extent necessary to prevent them from becoming a nuisance and unreasonable annoyance to other residents of the Property. No animal will be permitted to run loose in the Condominium, and the Co-owner of the Unit at which a pet is located, whether or not such Co-Owner owns the pet, will be responsible for cleaning up after it and for any damage done by the pet. In addition, no pet will be caged, chained, or otherwise tethered outside and left unattended. With the prior approval of the Design Control Committee, an Owner may construct an outdoor dog pen or run, which will be built of materials that conform to the residence, with the use of farm fencing or similar materials on the inside, if needed to restrain a dog or cat, and with appropriate natural screening, shrubbery, or the like, so that the structure blends into its surroundings. Any Co-Owner who causes or permits any animal to be brought onto or kept on the Condominium Premises hereby indemnifies and holds the Association harmless against any loss, damage or liability the Association may incur or sustain as a result of the presence or activities of such animal. ~~It is the intention of the Developer in framing this~~ This restriction intends to permit dogs and cats as pets provided ~~so long as they are controlled by~~ their owners control them and do not ~~allowed to~~ become a serious annoyance or nuisance to those living in the Condominium.

(f) No mobile home, van, trailer, tent, shack, or other structure of a temporary character shall be erected, occupied or used at any time on any Unit or common element. No recreational vehicles, boats, or trailers shall be parked, or stored in any garage if such storage would prevent complete ~~full~~ closure of the door, or elsewhere in the Condominium, for more than 24 hours, without the written approval of the Association. No motorized dirt bike, or other motorized off-road vehicles will be operated at any time in the Condominium. No maintenance or repair shall be performed on any boat or vehicle except within a garage where totally isolated from public view. Notwithstanding the foregoing, temporary use of tents and similar structures will be allowed on a limited basis for wedding and similar parties and temporary and periodic use by children for play purposes, and boats, snowmobiles, and similar vehicles may be allowed outdoors during the seasons such items are customarily used, subject to such rules and regulations as the Association may adopt to minimize noise and unsightliness while allowing the use and enjoyment of such items.

(g) The number of automobiles or other vehicles customarily used for transportation purposes which may be kept on a lot outside a closed garage or elsewhere in the Condominium by those persons residing on any Unit may be limited by rules and regulations adopted by the Association; provided, that no automobiles or other vehicles which are not in operating condition shall be permitted at any time. No commercial vehicles shall be parked outdoors, in or about the Condominium, except for the making of deliveries or pick-ups in the normal course of business.

(h) Except areas intended to be left in their natural state, all grounds surrounding residences shall be regularly maintained in a neat and presentable condition.

(i) Trash, garbage and rubbish shall be disposed of in trash containers maintained by members out of view from the roadways and adjoining Units except on trash pickup day, all in accordance with such rules and regulations as are adopted by the Association.

(j) Any outdoor lights maintained by residents shall be of such intensity and shall be so located as not to cast light on any adjoining Unit, subject to such rules and guidelines as may be established by the Design Control Committee and East Bay Township. No sodium or mercury vapor, “barnyard”, or similar night lights will be allowed.

(k) No Unit may be divided unless the purpose of such division is to eliminate the Unit and use all of its land area for the purpose of increasing the size of one or more adjoining Units.

(l) Motor homes and similar vehicles shall not be parked or stored on any Unit or common area, provided that the same may be parked or otherwise located in a driveway for up to fourteen (14) days, for the purpose of loading or unloading, or in the event the owners thereof are visiting the residents of the Unit, provided that such motor home shall not be used for overnight lodging while parked in the Property.

(m) All units shall be used exclusively for single-family residential use. No residence shall be used for transient rentals, provided that rentals for a minimum term of six (6) or more months will be permitted.

(n) Any dispute or question as to whether a violation of any specific regulation or restriction contained in this paragraph 7.4 has occurred shall be submitted to the Board of Directors of the Association, which shall conduct a hearing and render a decision thereon in writing, which decision shall be binding upon all owners and other parties having an interest in the Condominium~~, except that the Developer reserves the sole right to determine and resolve any dispute with respect to any act of the Developer or an affiliate, including matters reserved to the Design Control Committee as long the same is controlled by the Developer, provided that such determination shall be reasonable under all the circumstances.~~ The Association may adopt rules and regulations for the conduct of any such hearing, which rules and regulations need not comply with any requirements of due process of law.

7.5 Sewer and Water. Sewer and water will be provided by individual wells and septic systems, to be constructed and thereafter maintained by each Owner, subject to the following

requirements of the Grand Traverse County Health Department. These restrictions may only be altered with the prior approval of the Grand Traverse County Health Department.

(a) At the time construction plans are submitted to the Design Control Committee for approval, as set forth above, the site plan must show the intended location of the water well and septic system, as well as storm water retention areas or devices.

(b) Before clearing, excavating, or otherwise beginning construction of a residence, the Owner must obtain appropriate permits from the Grand Traverse County Health Department for construction of the well and septic system, and comply with all requirements imposed by the Health Department, including such excavation and soil sampling as may be required.

(c) Wells and septic systems shall be adequately sized and designed for the proposed residence and intended use. Due to limited lot size, the drainfield locations take priority, leaving the actual building locations as secondary. Construction, connection and completion of the well and septic system shall be done only by qualified contractors licensed to do such work in Michigan.

(d) Water wells must be drilled to an acceptable depth (at least 260 feet or greater, as may be necessary to obtain a minimum of 50 feet of submergence below the static water table), based on U. S. G. S. data, unless prevented by geological conditions, which will be reviewed with the Health Department before the well is completed. In addition, before completion, each well must be tested for nitrates unless the Health Department permits otherwise, and if the nitrate level exceeds 5.0 mg/l, the results will be reported to and reviewed with the Health Department, which may require a deeper well, before the well is completed. Water well records, including a complete well log, must be submitted to the Grand Traverse County Health Department within sixty (60) days after completion of the well. Iron was reported as 0.24 mg/L. Although this does not exceed the secondary maximum contaminate level of 0.3 mg/L, these levels may vary and property owners are advised to explore treatment options.

(e) No residence will be occupied until it is connected to a completed, operational water and septic systems approved by the Grand Traverse County Health Department.

(f) Each Owner will maintain his, her, or their well and septic system in good working order and in compliance with all applicable laws and applicable governmental regulations.

(g) The Association will have no responsibility for the installation or maintenance of water wells or septic systems.

(h) All dwellings shall be served by a potable water supply system. All wells on individual units shall be drilled by a well driller licensed by the State of Michigan. A completed well log form for each such potable water well shall be submitted to the County Health Department within 60 days following completion of such well.

(i) Both sewage systems and wells in this development shall be a minimum of 50 feet from storm water retention areas and from one another. Because of varying soil types, the Health

Department may request additional soil tests by backhoe excavating at the time permits are applied for. Over design of sewage systems and deep cuts in sewage systems may also be required on some units.

7.6 Drainage and Erosion Control. In order to prevent needless erosion, the following provisions shall be observed:

(a) The Association will be responsible for control of water drainage along and from the roads, will install and maintain erosion control devices along the road, as needed for such control, and will maintain the water retention areas as designated in the Condominium Subdivision Plan.

(b) Each Owner will be responsible for the control of water drainage and erosion control on his, her, or their Unit, and will be required to take such measures as are approved or required by the Design Control Committee, the Drain Commissioner, or other appropriate governmental agency, to control water runoff and erosion on such Unit. The Design Control Committee will require an erosion control analysis and plan before approving building plans and specifications.

7.7 Maintenance of Retention Basins. The development is subject to easements for rain water retention and drainage easements. All storm water system (including drainage basins) maintenance shall be performed in accordance with the applicable rules of the Grand Traverse County Drain Commissioner by the Association. The facilities shall be constructed in accordance with a plan approved by the Grand Traverse County Drain Commission. Following construction, the storm water system will be inspected by an agent designated by the Association. The agent must be a professional engineer licensed by the State of Michigan with an understanding of storm water management principles. Any items found not to be correctly constructed will be corrected and re-inspected.

The Association shall conduct routine maintenance of the storm water retention areas and other storm water management facilities within the development to continually meet the specifications of the storm water plan approved by the Grand Traverse County Drain Commissioner's Office. If the Association fails to do the required maintenance on the storm water facilities, the Drain commissioner's Office has reserved the right to request this maintenance to be done. The Association shall conduct routine maintenance of the storm water retention areas and other storm water management facilities within thirty (30) days of receipt of written notification that action is required, unless other acceptable arrangements are made with the Grand Traverse County Drain Commissioner, and shall conduct emergency maintenance within thirty-six (36) hours of written notification; in the event that the Association fails to act within these time frames, the Grand Traverse County Drain Commissioner may perform the needed maintenance and assess the costs therefor against the Association. All costs associated with the maintenance of the system, including such items as engineering or surveying, will be included in the assessment costs against the Association. The Drain Commission is hereby provided access around any and all retention basins for inspection and maintenance to be performed as specified above. In the event the retention basins within this project become part of a county

drain, then the rights, obligations, and duties and easements herein accorded the Commission may be assigned to the pertinent agency or county officer.

The costs associated with the inspections and any remediation efforts, will be borne entirely by the Association and paid by Owners pursuant to Article 5.

7.8 Common Elements. 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. The use, maintenance and operation of the General Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Co-owner.

7.9 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 of Directors. 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 any time by the affirmative vote of more than 66% of all Co-owners in number.

~~7.10 Developer's Reserved Rights. ¶~~

~~(a) None of the restrictions contained in this Article 7 shall apply to the development and sales activities or signs, if any, of the Developer as long as it owns a Unit, or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time.¶~~

~~(b) The Condominium Project will at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private and residential community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligations to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any person to whom it may assign this right, at its option, may elect to maintain, repair and/or replace any common elements and/or to do any landscaping required by these by-Laws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these By-Laws, as long as it owns any Unit, which right of enforcement shall include, without limitation, an action to restrain the Association or any Co-owner from any activity prohibited thereby.¶~~

~~(c) The Developer has reserved easements and other rights elsewhere in this Master Deed, and the fact that they are not set forth again in this section shall not be construed as a waiver of any of such rights by the Developer.~~

ARTICLE 8:
MORTGAGES

8.1 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 “Mortgagees 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 regular ~~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 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.

8.2 Notice of Insurance. The Association shall notify each mortgagee listed in the book ~~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.

8.3 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:

(a) The holder of the mortgage is entitled, upon written request, to 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 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.

8.4 Additional Notification. 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.

8.5 Foreclosure. The mortgagee of a first mortgage of record of a condominium unit shall give notice to the association of Co-Owners of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the association of Co-Owners by certified mail, return receipt requested, addressed to the resident agent of the association of Co-Owners at the agent’s address as shown on the records of the Michigan Corporation and Securities Bureau, or to the address the association provides to the mortgagee, if any, in those cases where the address is not registered, within 10 days after the first publication of the notice. The mortgagee of a first mortgage of record of a

condominium unit shall give notice to the association of Co-Owners of intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the mortgagee, and the foreclosing assignee of a recorded assignment of the mortgage; the date of the mortgage, and date file mortgage ~~the date the mortgage~~ was recorded; the amount claimed to be due on the mortgage on the date of the notice and a description of the mortgaged premises that substantially conforms with the description contained in the mortgage upon the association of Co-Owners by certified mail, return receipt requested, addressed to the resident agent for the association of Co-Owners at the agent's address as shown on the records of the Michigan Corporation and Securities Bureau, or to the address the association provides to the mortgagee, if any, in those cases where the address is not registered, not less than 10 days before commencement of the judicial action. Failure of the mortgagee to provide notice as required by this section shall only provide the association with legal recourse and will not, in any event, invalidate any foreclosure proceeding between a mortgagee and mortgagor.

ARTICLE 9:
LEASES

9.1 Notice of Lease. A Co-Owner desiring to rent or lease a Condominium Unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a prospective tenant 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. In the case of any rented or leased Unit, the Co-Owner shall remain liable for all monetary obligations of ownership and shall also be responsible for any damage caused by the tenant.

9.2 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.

9.3 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 and the tenant by certified mail advising of the alleged violation by the tenant.

(b) The Co-Owner shall have fifteen (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.

(c) If, after fifteen (15) days the Association believes that the alleged breach has not been cured or may be repeated, it may institute an action for eviction against the tenant or Co-Owner occupant and a simultaneous action 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 set forth in this section may be by summary proceedings. The Association may hold both the tenant and the Co-Owner liable for any damages to the

General Common Elements caused by the Co-Owner or tenant in connection with the Condominium Unit or Condominium Project.

9.4 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 the Co-Owner the full arrearage and future assessments as they fall due and shall pay them to the Association. Such deductions shall not be a breach of the rental agreement or lease by the tenant.

ARTICLE 10:
ARBITRATION

10.1 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 shall, upon the election and written consent of either party to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration by an arbitrator acceptable to the parties. The ~~, and the~~ parties thereto shall accept the arbitrator's award as final and binding. All arbitration hereunder shall proceed in accordance with Sections 5001-5065 of Act 236 of the Public Acts of 1961, as amended, and conducted pursuant to the rules of the American Arbitration Association commercial arbitration rules.

~~10.2 Disputes Involving the Developer. A contract to settle by arbitration may also be executed by the Developer and any claimant with respect to any claim against the Developer that might be the subject of a civil action, provided that:¶~~

~~(a) At the exclusive option of a Purchaser, Co-Owner or person occupying a restricted Unit in the Project, 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 $2,500 and arises out of or relates to a purchase agreement, Condominium Unit or the Project.¶~~

~~(b) At the exclusive option of the Association of Co-Owners, 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 of the Project, if the amount of the claim is $10,000 or less.~~

10.3 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 except as otherwise set forth in this Article, no interested party shall be precluded from petitioning the Courts to resolve any dispute, claim or grievance in the absence of an election to arbitrate.

ARTICLE 11:
CO-OWNER DEFAULT

Any default by a Co-Owner shall entitle the Association and the Co-Owners to the following relief, in addition to any other relief provided in the Condominium Documents or the Act:

(a) Failure to comply with any of the terms or provisions of the Master Deed, these By-Laws, the Association By-Laws, the Articles of Incorporation, or the lawful 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 in the event of a delinquent assessment, or any combination thereof. Such relief may be sought by the Association, and, if appropriate, by an aggrieved Co-Owner or Co-Owners.

(b) In any proceeding arising because of an alleged default by any Co-Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding, including its actual and reasonable attorneys' fees and expenses, not limited to statutory fees, as may be determined by the court, provided that neither the Association or a Co-Owner will be entitled to recover actual attorneys' fees and expenses from the Developer.

ARTICLE 12:
MISCELLANEOUS PROVISIONS

12.1 Severability. If ~~In the event that~~ any of the terms, provisions, or covenants of these By-Laws or any Condominium Document 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 document shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

12.2 Notices. Notices provided for in the Act, the Master Deed or Condominium By-Laws shall be in writing, and shall be addressed to the Association at 114 Cinnamon Lane, Traverse City, MI, 49696 or emailed to: cinridge@gmail.com~~, 1320 Elk Court, Traverse City, MI 49686~~, or to any Co-Owner at the address set forth in the deed of conveyance, or at such other address or addresses 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 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.

12.3 Amendments. These By-Laws may be amended, altered, changed, added to or repealed only in the manner set forth in the Master Deed.