

MASTER DEED EXHIBIT A

**COMMUNITY PLACE
CONDOMINIUM ASSOCIATION BYLAWS**

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Section 1 ASSOCIATION OF CO-OWNERS

1.1 Organization. Community Place Condominiums, is a residential condominium project located in the City of _____, _____ County, Michigan, being developed in successive segments so as to comprise a total of _____ units (the "Project" as defined in Section 2 below). Upon the recording of the master deed, the management, maintenance, operation, and administration of the Project shall be vested in the Community Place Condominium Association, an association organized as a nonprofit corporation under the laws of the State of Michigan (the "Association" as defined in Section 2 below) and comprised of any persons or legal entities that own an individual Condominium Unit in the Project (those owners, the "Co-Owners" as defined in Section 2 below).

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 shall be subject to and shall comply with the provisions of the Condominium Act, No. 59, P.A. 1978, as amended (the "Act" as defined in Section 2 below), including the master deed and any amendments, the condominium association Bylaws, the articles of incorporation, and any other condominium documents that pertain to the use and operation of the project. The acceptance of a deed of conveyance, the entering into of a lease, or the act of occupying a unit in the project shall constitute an acceptance of the terms of the condominium documents and an agreement to comply with their provisions.

1.3 Office. The principal office of the Association shall be at such place within the state of Michigan as the board of directors may determine from time to time. The mailing address of the Association shall be the principal office unless the board of directors designate an alternate mailing address and notify all Co-Owners in writing.

1.4 Inspection. The Association shall keep current copies of the master deed, all amendments to the master deed, and copies of all other condominium documents for the Project available at reasonable hours for inspection by Co-Owners, prospective purchasers, mortgagees, and prospective mortgagees of units in the Project. The Association shall reserve the right to delegate this obligation to an agent so long as the written authorization requires the agent to abide by the terms of the Act and any condominium documents of the Association.

Section 2 DEFINITIONS

2.1 Definition of Terms. For the purpose of these Bylaws, certain terms shall be defined as follows:

2.1.1 Act. "Act" or "Condominium Act" means the Michigan Condominium Act, which is Act 59 of the Public Acts of 1978, as amended.

2.1.2 Administrator. “Administrator” means the Michigan Department of Consumer and Industry Services, which is designated to serve as administrator of the Act.

2.1.3 Advisory Committee. “Advisory Committee” means a group of non-Developer Co-Owners who shall meet with the initial board of directors for the Association to facilitate communication and transition of control to the Association of Co-Owners.

2.1.4 Association. “Association” or “Association of Co-Owners” means the Community Place Condominium Association, a Michigan non-profit corporation, that shall administer, operate, manage, and maintain the Project and which shall have all Co-Owners as members.

2.1.5 Association Bylaws. “Association Bylaws” or “Bylaws” means these corporate bylaws of the Community Place Condominium Association, organized to administer, operate, manage, and maintain the Project.

2.1.6 Common Elements. “Common Elements” means any portions of the Project other than the individual Condominium Units, including all general and limited common elements, as described more fully in the Master Deed.

2.1.6.1 General Common Elements. “General Common Elements” means those Common Elements that are for the use and enjoyment of all Co-Owners of the Project, as described more fully in the Master Deed.

2.1.6.2 Limited Common Elements. “Limited Common Elements” means those Common Elements that are reserved for the exclusive use of a Co-Owner of a specific unit or units, as described more fully in the Master Deed.

2.1.7 Condominium Documents. “Condominium Documents” means the Master Deed including all exhibits, the articles of incorporation of the Association, the Bylaws of the Association, the rules and regulations adopted by the board of directors of the Association, and any other document that affects the rights and obligations of a Co-Owner in the Project.

2.1.8 Condominium Property. “Condominium Property” or “Property” means the land described in section 2 of the Master Deed, as the same may be amended, together with all structures, improvements, easements, rights, and appurtenances located on or belonging to such property.

2.1.9 Condominium Unit. “Condominium Unit” or “Unit” means that portion of the Project that is designed and intended for separate ownership and use, as described in the Master Deed.

2.1.10 Co-Owner. “Co-Owner” means the person, firm, corporation, partnership, association, trust, or other legal entity or any combination of such entities who or which own a Condominium Unit in the Project, including both the vendee(s) and

vendor(s) of any land contract purchase who shall be considered under the Act to be jointly and severally liable. The term Owner, wherever used, is synonymous with the term Co-Owner.

2.1.11 Developer. “Developer” means a person engaged in the business of developing a condominium project as provided for in **the** Act, in this case Community Place LLC, a Michigan limited liability company, its successors and assigns which have signed, delivered, and recorded the Master Deed and other Condominium Documents.

2.1.12 Master Deed. “Master Deed” means the document, together with the exhibits attached to it and all amendments that may be adopted in the future, by which the Project is being submitted to condominium ownership.

2.1.13 Member. “Member” means a Co-Owner who is entitled due to ownership of an individual Condominium Unit to become a member of the Association of Co-Owners. The term Member, wherever used, is synonymous with the terms Owner and Co-Owner.

2.1.14 Project. “Project” or “Condominium Project” means Community Place Condominiums, a residential condominium development established under the provisions of the Act and located in the city of _____, county of _____, state of Michigan on property described more fully in the Master Deed.

2.1.15 Transitional Control Date. “Transitional Control Date” means the date on which a board of directors for the Association of Co-Owners takes office pursuant to an election in which the votes that may be cast by eligible Co-Owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

2.2 Other Association Documents. All terms used in these Bylaws, unless otherwise defined by these Bylaws, will have the same meaning assigned by the Master Deed to which the Bylaws are attached, or as defined in the Act.

2.3 Applicability of Gender Pronouns. Whenever any reference is made to one gender, it will be assumed to include any and all genders where such reference is appropriate; similarly, whenever a reference is made to the singular, it will be assumed to include the plural where such reference is appropriate.

Section 3 MEMBERSHIP, VOTING RIGHTS AND MEETINGS

3.1 Membership. Each Co-Owner of a Unit in the Project, during the period of ownership, shall be a member of the Association, and no other person or entity will be entitled to membership.

3.1.1 Membership Interest. For membership purposes, each Co-Owner shall be

treated as a single legal entity regardless of the number or type of legal persons or entities with an ownership interest in any particular Unit.

3.1.2 Assignment of Interest. The share of a Co-Owner in the funds and assets of the Association may be assigned, pledged, or transferred only as an appurtenance to a Unit.

3.1.3 Membership List. The secretary of the Association, or the agent of the Association having charge of the membership records of the Association, shall make and certify a complete membership list of the Co-Owners entitled to vote at a membership meeting or any adjournment. The list shall be arranged either alphabetically by name or sequentially by address and shall include both the name and address of each Co-Owner. The list shall be produced at the time and place of the membership meeting, be subject to inspection by any members during the whole time of the meeting, and be prima facie evidence of the members entitled to examine the list or vote at the meeting.

3.2 Voting Rights. Each Co-Owner will be entitled to one vote for each Unit owned when voting by number, and one vote when voting by value, the value of which shall equal the total of the percentages assigned to the unit or units owned. Voting shall be by number, except in those instances where voting is specifically required in the Master Deed or Bylaws to be by number and value. No cumulating of votes shall be permitted.

3.2.1 Eligibility to Vote. No Co-Owner, other than the Developer, will be entitled to vote at any meeting of the Association until the Co-Owner has presented written evidence of ownership of a Unit in the Project, nor shall the Co-Owner be entitled to vote prior to the initial meeting of the Members of the Association (except for elections pursuant to section 3.4). The Developer shall be entitled to vote only those Units to which the Developer still holds title and for which the Developer is paying the assessment then in effect at the date on which the vote is cast.

3.2.2 Designation of Voting Representative. The person who is entitled to cast the vote for each Unit and to receive all notices and other communications from the Association shall be designated by a certificate signed by all the record owners of a Unit and filed with the secretary of the Association (that person, the "Voting Representative"). All Co-Owners shall be required to designate such a Voting Representative and execute a certificate stating the name and address of the individual representative, the number and address of the Unit owned, and the name and address of any person or persons, firm, corporation, partnership, association, trust, or other legal entity who is an owner of the Unit. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until a change has occurred in the ownership of the Unit.

3.2.3 Proxies. Votes may be cast in person or by proxy. Proxies may be made by any designated Voting Representative who is unable to attend the meeting in person and must be filed with the Association before the appointed time of the meeting. Proxies will be valid only for the particular meeting designated or any adjournment of that meeting.

3.3 Meetings.

3.3.1 Initial Meeting of Co-Owners. The initial meeting of the Co-Owners of the Association may be convened only by the Developer and may be called at any time after two or more of the Units in the Project have been sold and the purchasers have qualified as members of the Association (that meeting, the "Initial Meeting"). In no event, however, shall the Initial Meeting be called later than: (i) 120 days after the conveyance of legal or equitable title to non-Developer Co-Owners of 75 percent of the total number of Units that may be created in the Project; or (ii) 54 months after the first conveyance of legal or equitable title to a non-Developer Co-Owner of a Unit, whichever first occurs, at which meeting the eligible Co-Owners may vote for the election of directors of the Association. The Developer may call meetings of the Association for informational or other appropriate purposes prior to the Initial Meeting, but no such informational meeting shall be construed as the Initial Meeting of Members until the Developer specifically notifies the Co-Owners of an intent to convene the Initial Meeting.

3.3.2 Annual Meeting of Members. After the Initial Meeting has occurred, an annual meeting of the Association shall be held in each year on a date and at a time and place selected by the board of directors of the Association (that meeting, the "Annual Meeting").

3.3.3 Special Meetings. Special meetings of the Members of the Association may be called by the president of the board of directors, a majority of the board of directors or by the president or secretary of the board of directors at the written request of not less than 10 percent of the Members.

3.3.4 Place of Meetings. All membership meetings shall be held at the Association's principal office or at any other place determined by the board of directors and stated in the notice of the meeting.

3.3.5 Notice of Meetings. Except as otherwise provided by statute, written notice of the date, time, place, and purpose of a meeting shall be given not less than 20 days prior to the meeting. Notice shall be mailed or delivered to each Co-Owner entitled to vote at the meeting. However, not less than 30 days written notice shall be provided to each member of any proposed amendment to these Bylaws or to any other recorded Condominium Documents.

3.4 Quorum for Meetings. The presence in person or by proxy of 35 percent of the Co-Owners entitled to vote shall constitute a quorum of members. The written vote of any Co-Owner furnished at or prior to a meeting, at which meeting such Co-Owner 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.

3.5 Majority. At any meeting of Co-Owners at which a quorum is present, 51 percent of the Co-Owners entitled to vote and present in person or by proxy (or written vote, if

applicable), shall constitute a majority for the approval of the matters presented to the meeting, except in those instances in which a majority exceeding a simple majority is required by these Bylaws, the Master Deed, or by law.

Section 4 BOARD OF DIRECTORS

4.1 General Powers.

4.1.1 Purpose. The business, property, and affairs of the Association shall be managed by a board of directors to be elected in the manner described in these Bylaws; 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 the Initial Meeting of Co-Owners.

4.1.2 Number. There shall be not less than three nor more than five directors on the board, as shall be fixed from time to time by a majority vote of the Co-Owners; provided that these requirements shall be binding only on and after the Transitional Control Date.

4.1.3 Tenure. Directors shall be elected at each Annual Meeting to hold office until the next Annual Meeting and until the director's successor is elected and qualified, or until the director's death, resignation, or removal.

4.1.4 Resignation. A director may resign at any time by providing written notice to the secretary of the Association. Notice of resignation will be effective upon receipt or at a later time designated in the notice. A successor shall be appointed as provide for in section 4.1.6.

4.1.5 Removal. Any director may be removed with or without cause by a majority vote of the Co-Owners of the Association entitled to vote at an election of directors.

4.1.6 Board Vacancies. A vacancy on the board may be filled with a person selected by a majority of the remaining directors of the board, even though there may be less than a quorum of the board of directors, and a person so elected shall be a director for a term of office from the date of board approval continuing until the next election of directors by the members. A vacancy of the board may also be filled at the next election of directors by the Co-Owners so long as any such vacancy does not preclude quorum by the board.

4.2 Developer-Appointed Board of Directors.

4.2.1 Binding Action of Developer-Appointed Board of Directors. All actions of the first board designated in the articles of incorporation or any successors to such directors selected by the Developer prior to the Initial Meeting of Co-Owners shall be binding upon the Association in the same manner as any action authorized by a board of directors elected by the members of the Association, so long as such actions are within the scope of the powers and duties that may be

exercised by the board, as provided for in the Condominium Documents.

4.2.2 Review of Management Agreements with Developer and Affiliates. Any service contract or management agreement entered into between the Association and the Developer or affiliates of the Developer shall be voidable without cause by the board on the Transitional Control Date or within 90 days after the initial meeting has been held, and on 30 days' notice at any time thereafter for cause.

4.3 Transfer of Control from Developer.

4.3.1 Twenty-five Percent Transfer. Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-Owners of 25 percent of the Units that may be created in the Project, at least one director and not less than one-fourth of the board of directors shall be elected by non-Developer Co-Owners.

4.3.2 Fifty Percent Transfer. Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-Owners of 50 percent of the Units that may be created in the Project, not less than one-third of the board of directors shall be elected by non-Developer Co-Owners.

4.3.3 Seventy-Five Percent Transfer. Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-Owners of 75 percent of the Units that may be created in the Project, and before conveyance of 90 percent 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 for so long as the Developer owns and offers for sale at least 10 percent of the Units in the Project or as long as 10 percent of the Units remain that may be created.

4.3.4 Fifty-four Month Limitation. If 75 percent of the Units that may be created in the Project have not been conveyed within 54 months after the first conveyance of legal or equitable title to a non-Developer Co-Owner, then the non-Developer Co-Owners shall have the right to elect the percentage of members of the board of directors of the Association equal to the percentage of Units they hold, and the Developer will have the right to elect the percentage of members of the board equal to the percentage of Units that are owned by the Developer and for which assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights of directors otherwise established in this section 4.3. Application of this provision does not require a change in the size of the board of directors as designated in these Bylaws.

4.3.5 Mathematical Calculations. If the calculation of the percentage of members of the board that the non-Developer Co-Owners have a right to elect, or 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. 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 in this section 4.3.

4.4 Powers and Duties. The board shall have all powers and duties necessary for the administration of the affairs of the Association, and may take any action in support of this obligation of administration so long as such action is not prohibited by the Master Deed, these Bylaws or any Condominium Document or law, or specifically reserved to the Co-Owners. The powers and duties of the board of directors shall include, by way of example, but shall not be limited to the following:

4.4.1 care, upkeep, and maintenance of the Common Elements;

4.4.2 development of an Annual Budget and the determination, levy, and collection of any Assessments required by the affairs of and for the operation of the Project;

4.4.3 employment and dismissal of contractors and personnel as necessary for the efficient management and operation of the Condominium Property;

4.4.4 adoption and amendment of rules and regulations, consistent with these Bylaws, governing the use of the Condominium Property;

4.4.5 opening bank accounts, borrowing money, and issuing evidences of indebtedness in furtherance of the purposes of the Association, and designating signatories required for such purpose;

4.4.6 obtaining insurance for the Common Elements, the premiums of which shall be an Expense of Administration;

4.4.7 granting licenses for the use of the Common Elements for purposes not inconsistent with the provisions of the Act or of the Condominium Documents;

4.4.8 authorizing the execution of contracts, deeds of conveyance, casements, and rights-of-way affecting any real or personal property of the Project on behalf of the Co-Owners;

4.4.9 making repairs, additions, and improvements to, or alterations of, the Common Elements, and repairs to and restoration of the Common Elements after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

4.4.10 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

4.4.11 such further duties as may be imposed by resolution of the Co-Owners of the Association or that may be required by the Condominium Documents or the Act.

4.5 Meetings.

4.5.1 Regular Meetings. The board of directors shall meet from time to time, as determined by a resolution of the board without notice other than the resolution.

4.5.2 Annual Meeting. The board of directors shall hold an annual meeting each year on or before April 1. If the meeting is not held at that time, then the board shall cause the meeting to be held as soon thereafter as convenient.

4.5.3 Special Meetings. Special meetings of the board may be called by the president or any two directors at a time and place as determined by those persons authorized to call special meetings. Notice of the time and place of special meetings shall be given to each director in any manner at least three days before the special meeting.

4.5.4 Waiver of Notice. The attendance of a director at a board meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. In addition, the director may submit a signed waiver of notice that shall constitute a waiver of notice of the meeting.

4.5.5 Meeting by Telephone or Similar Equipment. A director may participate in a meeting by conference telephone or any similar communications equipment through which all persons participating in the meeting can hear each other. Participation in which a meeting pursuant to this section constitutes presence in person at the meeting.

4.5.6 Quorum. A majority of the directors then in office constitutes a quorum for the transaction of any business at any meeting of the board. Actions voted on by a majority of directors present at a meeting where a quorum is present shall constitute authorized actions of the board.

4.5.7 Majority. At any board meeting at which a quorum is present, 51 percent of the directors present in person or by telephone or by written vote, if applicable, shall constitute a majority for the approval of the matters presented to the board, except in those instances in which a majority exceeding a simple majority is required by these Bylaws, the Master Deed, or by law.

4.5.8 Consent to Board Action. Any action required or permitted to be taken pursuant to authorization of the board may be taken without a meeting if, before or after the action, all directors consent to the action in writing. Written consents shall be filed with the minutes of the proceeding of the board.

4.6 Responsibility for Maintenance and Repair. The responsibility for maintenance and repair of Units and Common Elements is as follows:

4.6.1 Co-Owner. All maintenance of and repair to a Condominium Unit (other than

maintenance and repair of General Common Elements located within a Unit) and to a Limited Common Element that is the responsibility of the Co-Owner of a Unit as set forth in the Master Deed, shall be made by the Co-Owner of the Condominium Unit. Any Co-Owner who desires to make structural modifications to a Unit or Limited Common Element must first obtain the written consent of the Association and shall be responsible for all damages to the Common Elements resulting from such repairs.

4.6.2 Association. All maintenance of, repair to, and replacement for the General Common Elements, whether located inside or outside the Units, and to Limited Common Elements to the extent required by the Master Deed, shall be made by the Association and shall be charged to all the Co-Owners as a common expense unless necessitated by the negligence, misuse, or neglect of a particular Co-Owner, in which case the expense shall be charged to the Co-Owner individually. The Association or its agent shall have access to each Unit from time to time during reasonable hours, upon notice to the occupant, for the purpose of maintenance, repair, or replacement of any of the Common Elements that are the responsibility of the Association located within or accessible only from a Unit. 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 or to the Common Elements.

4.7 Responsibility for Records.

4.7.1 Minutes. The board of directors shall keep a written record of the minutes from any meeting, proceeding or other action taken to fulfill the obligations of these Bylaws, other Condominium Documents or law. The board of directors shall keep any other records related to the administration of the affairs of the Association. The board of directors may delegate this responsibility to the managing agent or to an officer of the board.

4.7.2 Books of Account. The board of directors or its managing agent shall keep books and records containing a detailed account of the Expenses and Receipts of Administration, which will specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and its members. Such accounts shall be open for inspection by the Co-Owners and their mortgagees during reasonable hours.

4.7.3 Financial Records and Statements. The board of directors or its managing agent shall also prepare and distribute a financial statement to each Co-Owner at least once a year, the contents of which will be defined by the Association. The books and records shall be reviewed annually and audited at such times as required by the board of directors by qualified independent accountants who need not be certified public accountants. The cost of such an annual review or audit shall be an Expense of Administration.

4.8 Reserve Fund. On behalf of the Association, the board of directors shall maintain a reserve fund to be used for major repairs and replacement of the Common Elements as provided by section 105 of the Act. The fund shall be established in the minimum

amount required on or before the Transitional Control Date, and shall, to the extent possible, be maintained at a level that is equal to or greater than 10 percent of the then-current Annual Budget of the Association on a non-cumulative basis, unless such amount is changed by order of the Administrator. The minimum reserve standard required by this section may prove to be inadequate, and the board should carefully analyze the affairs and requirements of the Project from time to time in order to determine if a greater amount should be set aside or if additional reserve funds shall be established for other purposes.

4.9 Construction Liens. A construction lien arising as a result of work performed on a Unit or on an appurtenant Limited Common Element shall attach only to the Unit upon which the work was performed, and a lien for work authorized by the Developer shall attach only to Condominium Units owned by the Developer at the time of recording the statement of account and 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 for by the Association or the Developer.

4.10 Managing Agent. The 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 described in section 4.2. The Developer or any person or entity related to the Developer may serve as managing agent if so appointed; provided, however, that any compensation so paid to the Developer shall be at competitive rates.

Section 5 OFFICERS AND COMMITTEES

5.1 Officers. The Bylaws 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 with these Bylaws.

5.1.1 Number. The officers of the Association shall be appointed by majority vote of the board of directors. The principal officers of the Association shall be a president, a vice-president, a secretary, and a treasurer. There may also be voted by a majority of the board of directors such other officers as the board from time to time deems appropriate.

5.1.2 Qualification. Each officer shall be a resident and Co-Owner of the Association in good standing. The president shall be a voting member of the board of directors. Two or more offices may be held by the same person but such person shall not execute, acknowledge, or verify an instrument in more than one capacity if the instrument is required by law or by the president or by the board to be executed, acknowledged, or verified by two or more officers.

5.1.3 Term of Office. Each officer shall hold office for the term appointed and until a

successor is appointed and qualified. An officer may resign at any time by providing written notice to the Association. Notice of resignation is effective upon receipt or at a later time designated in the notice.

5.1.4 Removal. An officer appointed by the board of directors may be removed with or without cause by vote of a majority of the board. The removal shall be without prejudice to the person's contract rights, if any. Appointment to an office does not of itself create contract rights.

5.1.5 Vacancies. A vacancy in any office for any reason may be filled by the board of directors.

5.1.6 Compensation. Officers may be compensated, but only upon the affirmative vote of 60 percent or more of all Co-Owners.

5.2 Offices.

5.2.1 President. The president shall be the chief executive officer of the Association and shall have authority over the general control and management of the business and affairs of the Association. The president shall have the power to appoint or discharge employees, agents, or independent contractors, to determine their duties, and to fix their compensation. The president shall sign all Association documents and agreements on behalf of the Association, unless the president or the board of directors instructs that the signing be done with or by some other officer, agent, or employee. The president shall see that all actions taken by the board of directors are executed and shall perform all other duties incident to the office. This is subject, however, to the president's right and the right of the board to delegate any specific power to any other officer of the corporation.

5.2.2 Vice-President. The vice-president, if any, shall have the power to perform duties that may be assigned by the president or the board of directors. If the president is absent or unable to perform his or her duties, the vice-president shall perform the president's duties until the board directs otherwise. The vice-president shall perform all duties incident to the office.

5.2.3 Secretary. The secretary shall (a) keep minutes of board meetings; (b) be responsible for providing notice to each Co-Owner as required by law, these Bylaws or any other Condominium Document; (c) be the custodian of corporate records; (d) keep a register of the names and addresses of each Co-Owner, officer and director; and (e) perform all duties incident to the office and other duties assigned by the president or the board of directors.

5.2.4 Treasurer. The treasurer shall (a) have charge and custody over corporate funds and securities; (b) keep accurate books and records of corporate receipts and disbursements; (c) deposit all moneys and securities received by the corporation at such depositories in the corporation's name that may be designated by the board; (d) complete all required corporate filings; and (e) perform all duties incident to the office and other duties assigned by the president or the board.

5.2.5 Corporate Document Procedure. All corporate documents (including stocks, bonds, agreements, insurance and annuity contracts, qualified and nonqualified deferred compensation plans, checks, notes, disbursements, loans, and other debt obligations) shall not be signed by any officer, designated agent, or attorney-in-fact unless authorized by the board or by these Bylaws.

5.3 Advisory Committee.

5.3.1 Formation. Within one year after the initial conveyance by the Developer of legal or equitable title to a Co-Owner of a Unit in the Project, or within 120 days after conveyance of one-third of the total number of Units that may be created in the Project, whichever first occurs, two or more 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 (that committee, the "Advisory Committee").

5.3.2 Purpose. The purpose of the Advisory Committee is to facilitate communication between the Developer-appointed board of directors and the non-Developer Co-Owners and to aid in the ultimate transition of control to the Owners.

5.3.3 Term. The members of the Advisory Committee shall serve for one year or until their successors are selected, and the committee shall automatically cease to exist when a majority of the board of directors of the Association of Co-Owners is elected by the non-Developer Co-Owners, a time also referred to in these Condominium Documents and under the Act as the Transitional Control Date.

5.3.4 Role. The board of directors and the Advisory Committee shall meet with each other upon the request of the Advisory Committee; provided that there shall be not more than two such meetings each year unless both parties agree.

5.4 Other Committees.

5.4.1 General Powers. The board of directors, by resolution adopted by a vote of a majority of its directors, may designate one or more committees, each committee consisting of one or more directors. The board may also designate one or more directors as alternate committee members who may replace an absent or disqualified member at a committee meeting. If a committee member is absent or disqualified from voting, then members present at a meeting who are not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint an alternative committee member to act at the committee meeting in place of the absent or disqualified member. All committees designated by the board shall serve at the pleasure of the board.

5.4.2 Limits on Committee Powers. A committee designated by the board may exercise any powers of the board in managing the corporation's business affairs, to the extent provided by resolution of the board. However, no committee shall have the power to:

5.4.2.1 amend the articles of incorporation;

5.4.2.2 adopt an agreement of merger or consolidation;

5.4.2.3 amend the Bylaws of the corporation;

5.4.2.4 fill vacancies on the board;

5.4.2.5 fix compensation of the directors for serving on the board or on a committee;

5.4.2.6 recommend to members the sale, lease or exchange of all or substantially all of the corporation's property and assets;

5.4.2.7 recommend to the members a dissolution of the corporation or a revocation of dissolution; or

5.4.2.8 terminate memberships.

5.4.3 Committee Meetings. Committees shall meet as directed by the board, and their meetings shall be governed by the rules provided for in the article covering meetings of the board. Minutes shall be recorded at each committee meeting and shall be presented to the board.

5.4.4 Consent to Committee Actions. Any action required or permitted to be taken pursuant to authorization of a committee may be taken without a meeting if, before or after the action, all members of the committee consent to the action in writing. Written consent shall be filed with the minutes of the committee's proceedings.

Section 6 EXPENSES AND ASSESSMENTS

6.1 Administration of Expenses and Receipts. The Association shall be assessed as the entity in possession of any tangible personal property of the condominium owned or possessed in common, and personal property taxes levied on such property shall be treated as expenses of administration.

6.1.1 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 (the "Expenses of Administration"). The Expenses of Administration 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 and may include, without limitation, amounts to be set aside for working capital of the Association, 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. The board shall advise each Co-Owner in writing of the amount of common charges payable by the Co-Owner and shall furnish copies of each budget containing common charges to all Co-Owners.

6.1.2 Receipts of Administration. All sums received as proceeds of, or pursuant to any policy of insurance covering the interests of the Co-Owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of such Common Elements shall be receipts of administration (the "Receipts of Administration").

6.2 Determination of Assessments. Assessments will be determined by the Board in accordance with the following provisions:

6.2.1 Annual Budget. The board of the Association shall establish an annual budget in advance for each fiscal year, which budget will project all Expenses of Administration for the coming year that may be required for the proper operation, management, and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves (the "Annual Budget"). AN ADEQUATE RESERVE FUND FOR MAINTENANCE, REPAIRS AND REPLACEMENT OF THOSE COMMON ELEMENTS THAT MUST BE REPLACED ON A PERIODIC BASIS SHALL BE ESTABLISHED IN THE BUDGETS AND MUST BE FUNDED BY REGULAR PAYMENTS AS SET FORTH IN SECTION 6.3.1 BELOW RATHER THAN BY SPECIAL ASSESSMENTS. THE MINIMUM RESERVE FUND REQUIRED BY THE CONDOMINIUM ACT AND APPLICABLE REGULATIONS FOR EACH ANNUAL BUDGET SHALL BE EQUAL TO TEN (10%) PERCENT OF THE ASSOCIATION'S CURRENT ANNUAL BUDGET ON A NONCUMULATIVE BASIS. HOWEVER, THE DEVELOPER CAUTIONS ALL UNIT OWNERS THAT THE STATUTORY MINIMUM STANDARD REQUIRED BY THIS SUBSECTION IS LIKELY TO PROVE TO BE INADEQUATE OVER THE LONG TERM FOR THIS PARTICULAR PROJECT. THE ASSOCIATION SHOULD CAREFULLY ANALYZE THE CONDOMINIUM PROJECT TO DETERMINE IF A GREATER AMOUNT SHOULD BE SET ASIDE, OR IF ADDITIONAL RESERVE FUNDS SHOULD BE ESTABLISHED FOR OTHER PURPOSES FROM TIME TO TIME. Copies of the Annual Budget will be delivered to each Co-Owner, although the failure to deliver such a copy to each Co-Owner will not affect or in any way diminish the liability of a Co-Owner for any existing or future assessment.

6.2.2 Annual Assessment. The annual assessment to be levied against each unit in the Project shall then be determined on the basis of the Annual Budget and shall be equal to an amount necessary to meet the obligations of the Annual Budget (the "Annual Assessment"). The Annual Assessment shall be apportioned in a manner consistent with these Bylaws and described more fully below.

6.2.3 Supplemental Assessment. If at any time, the board in its sole discretion

determines that the Annual Assessment levied is insufficient: (1) to pay the costs of operation and maintenance of the Common Elements; (2) to provide for the replacement of existing Common Elements; (3) to provide for additions to the Common Elements not exceeding \$5,000 or \$100 per unit annually, whichever is less; or (4) to respond to an emergency or unforeseen development; then the board shall establish an amended annual budget, if necessary, reflecting any unforeseen Expenses of Administration (the "Amended Annual Budget") and the board shall be authorized to increase the Annual Assessment (the "Amended Annual Assessment") or to levy such supplemental assessments as it deems to be necessary (the "Supplemental Assessment"). The discretionary authority of the board to levy additional Assessments, Supplemental or otherwise, will rest solely with the board for the benefit of the Association and its Members, and may not be attached by or subject to specific performance by any creditors of the Association.

6.2.4 Special Assessment. A special assessment, in excess of those permitted by subsections 6.2.2 and 6.2.3 regarding Annual or Supplemental Assessments, may be made by the board from time to time to meet other needs or requirements of the Association but only with the prior approval of the Co-Owners as provided for in this sub-section, including but not limited to: (1) assessments for additions to the Common Elements costing more than \$5,000 in any year; (2) assessments to purchase a unit upon foreclosure of the lien described in section 6.4.1; or (3) assessments for any other appropriate purpose not specifically described (this assessment, the "Special Assessment"). Any Special Assessment referred to in this subsection will not be levied without the prior approval of 60 percent or more of all Co-Owners; however, the requirement of prior approval of Co-Owners shall not apply to Annual, Supplemental or Limited Special Assessments, which assessments shall be levied at the sole discretion of the board. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and its Members and may not be attached by or subject to specific performance by any creditors of the Association.

6.2.5 Limited Special Assessments. Limited special assessments, determined in the sole discretion of the board, may be levied against individual Co-Owners or groups of individual Co-Owners in order to recover any costs or expenses incurred by the Association: (1) in the enforcement of the Master Deed, these Bylaws, including but not limited to the use and occupancy restrictions defined more fully in Section 8, or any other Condominium Documents; (2) the maintenance, repair, renovation, restoration, or replacement of any Limited Common Element assigned to a particular Condominium Unit; or (3) any other unusual expenses benefiting less than all of the Condominium Units or any expenses incurred as a result of the conduct of less than all those entitled to occupy the Project, including Co-Owners, their licensees, invitees, family members or guests (these assessments, the "Limited Special Assessments"). The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and its Members and may not be attached by or subject to specific performance by any creditors of the Association.

6.3 Apportionment and Collection of Assessments. All Assessments levied against Unit

Co-Owners to cover Expenses of Administration shall be apportioned among and paid by the Co-Owners on an equal basis per Unit owned, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit; provided that any Limited Special Assessment assessed by the board shall be levied only against the individual Co-Owner responsible for the cost or expense incurred by the Association and if such a Limited Special Assessment is levied by the board against a group of Co-Owners, then such an assessment will apportion a percentage of the assessment levied to each individual Co-Owner.

6.3.1 Payment Schedule. Unless the board shall elect some other periodic payment schedule, all Assessments will be payable by Co-Owners in 12 equal monthly installments, commencing with the acceptance of a deed to, or a land contract vendee's interest in a Unit, or with the acquisition of title to a Unit by any other means.

6.3.2 Default on Payment. The payment of an Assessment will be in default if the Assessment, or any part, is not received by the Association in full on or before the due date for such payment established by rule or regulation of the Association.

6.3.3 Obligation. Each Co-Owner shall be obligated for the payment of all Assessments levied upon the Co-Owner's Unit during the time that the person is the Co-Owner of the Unit, and no Co-Owner may become exempt from liability for the Co-Owner's contribution toward the Expenses of Administration by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of a Unit.

6.4 Legal Remedies for Default on Assessments. In the event of default by any Co-Owner in paying any periodic payment of an Assessment, the board may declare all unpaid installments of the any Assessment for the pertinent fiscal year to be immediately due and payable. In addition, the board may impose reasonable late charges and interest at the legal rate on such Assessment in default from and after the due date.

6.4.1 Lien. In the event of default, the following 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 mortgage of record recorded prior to the recording of any notice of lien by the Association: unpaid Assessments, together with interest on the unpaid assessments, collection charges, and late charges; advances made by the Association for taxes or other liens to protect its lien; attorney fees; and any other fines imposed in accordance with the Condominium Documents.

6.4.2 Fines. The Association may impose fines upon a Co-Owner for failure to comply with any of the terms or provisions of the Condominium Documents so long as the Association provides notice to the Co-Owner and a hearing thereon.

6.4.3 Enforcement. Failure to comply with any of the terms or provisions of the Condominium Documents shall entitle the Association to enforce the collection of all sums due for damages in a suit at law for a money judgment or in equity for

injunctive relief or for foreclosure of the liens securing payment of any assessment in default, as provided by section 106 of the Act. In any action arising out of an alleged default by a Co-Owner, the Association shall be entitled to recover reasonable costs and attorney fees as determined by the court.

6.4.4 Foreclosure. The Association may enforce the collection of all sums due 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 a foreclosure proceeding, whether by advertisement or by judicial action, the Co-Owner or anyone claiming under the Co-Owner shall be liable for assessments charged against the Unit that become due before the redemption period expires, together with interest, advances made by the Association for taxes or other liens to protect its lien, costs, and reasonable attorney fees incurred in their collection.

6.4.5 Sale of Unit. Upon the sale or conveyance of a 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 may request a written statement from the Association as to the amount of unpaid Assessments levied against the Unit being sold or conveyed. The purchaser or grantee shall not be liable for, and the Unit sold or conveyed shall not be subject to a lien for any unpaid assessments in excess of the amount stated in a written response from the Association. Unless the purchaser or grantee requests a written statement from the Association at least five days before sale as provided in the Act, however, the purchaser or grantee shall be liable for any unpaid assessments against the Unit together with interest, late charges, fines, costs, and attorney fees.

6.4.6 Self help. The Association may enter upon the Common Elements, Limited or General, to remove and abate any condition constituting a violation of the Condominium Documents, or any of them, or may discontinue the furnishing of services to a Co-Owner in default under any of the provisions of the Condominium Documents, upon seven days' written notice to such Co-Owner of the Association's intent to do so. A Co-Owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as the default continues; provided, that this provision shall not operate to deprive any Co-Owner of ingress and egress to and from the Co-Owner's Unit.

6.4.7 Application of Payments. Money received by the Association in payment of Assessments in default shall be applied as follows: 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 Assessments; and third, to installments of Assessments in default in order of their due dates.

6.5 Financial Responsibility of the Developer. The Developer, although a member of the Association, will not be responsible for payment of any Assessments levied by the Association during the development and sales period.

6.5.1 Pre-turnover Expenses. Prior to the initial meeting of Co-Owners, it will be the Developer's responsibility to maintain proper books and records, keep the books balanced, and to avoid any continuing deficit in operating expenses. At the time of the initial meeting, the Developer will be liable for the funding of any existing deficit of the Association that was incurred prior to the date of the initial meeting.

6.5.2 Post-turnover Expenses. After the initial meeting and for the duration of the development and sales period, the Developer shall not be responsible for the payment of any Assessments levied by the Association on Units owned by the Developer that have not been conveyed or leased. To the extent the Developer holds title to Units that were previously conveyed or leased, the Developer shall be responsible for the maintenance expenses of the same Annual Assessment levied against other Units in the Project and for all Special Assessments levied by the Association.

6.5.3 Exempted Transactions. At no time will the Developer be responsible for the payment of any portion of any Assessment that is levied for deferred maintenance, reserves for replacement or capital improvements or additions, or to finance litigation or other claims against the Developer, including any cost of investigating and/or preparing such litigation or claim, or any similar related costs.

Section 7 TAXES, INSURANCE, AND REPAIR

7.1 Real Property Taxes. Real property taxes and assessments shall be levied against the individual Units and not against the property of the Project or any phase of the Project, except for the calendar year in which the Project or phase was established. Taxes and assessments that become a lien against the property in the year in which the Project was established shall be Expenses of Administration and shall be assessed against the Units located on the land with respect to which the tax or assessment was levied in proportion to the percentage of value assigned to each Unit. Real property taxes and assessments levied in any year in which a vacation of the Project occurs shall be assessed only against the individual Units. For tax and special assessment purposes, no Unit shall be combined with any other Unit or Units, and no assessment of any fraction of a Unit or combination of any Unit with other whole or partial Units shall be made, nor shall any division or split of the assessment for taxes of a single Unit be made, whether the Unit is owned by an individual or multiple Co-Owners. Taxes for real property improvements made to or within a specific Unit shall be assessed against that Unit only, and each Unit shall be treated as a separate, single parcel of real property for purposes of property taxes and special assessments.

7.2 Insurance Coverage. The Association shall be appointed as attorney-in-fact for each Co-Owner to act on insurance matters and shall be required to obtain and maintain, to the extent applicable: casualty insurance with extended coverage, vandalism and malicious mischief endorsements; liability insurance (including director's and officer's liability coverage if deemed advisable); and worker's compensation insurance pertinent to the ownership, use, and maintenance of the Common Elements of the Project. All 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. Such insurance, other than title insurance, shall be carried and administered according to the following provisions:

7.2.1 Co-Owner Responsibilities. Each Co-Owner will be responsible for obtaining casualty insurance coverage at the Co-Owner's expense with respect to the residential building and all other improvements constructed or located within the perimeters of the Co-Owner's Unit, and for the Limited Common Elements appurtenant to the Co-Owner's Unit. Each Co-Owner shall include the Developer and the Association as an additional insured on any casualty insurance coverage and if the Developer or the Association receives a notice of cancellation from the insurance provider, then the Developer or the Association shall be entitled to seek adequate casualty insurance and assess the Co-Owner individually for any additional costs or expenses. It shall also be each Co-Owner's responsibility to obtain insurance coverage for the Co-Owner's personal property located within the Co-Owner's Unit or elsewhere on the Condominium, for personal liability for occurrences within the Co-Owner's Unit or on the Limited Common Elements appurtenant to the Co-Owner's Unit, and for alternative living expenses in the event of fire or other casualty causing temporary loss of the Co-Owner's Unit. All insurance carried by the Association or any Co-Owner shall contain provisions waiving the right of subrogation as to any claims against any Co-Owner or the Association for insured losses.

7.2.2 Common Element Insurance. The General Common Elements of the Project shall be insured by the Association against fire and other perils covered by a standard extended coverage endorsement, to the extent deemed applicable and appropriate, in an amount to be determined annually by the board. The Association shall not be responsible in any way for maintaining insurance with respect to the Limited Common Elements, the Units themselves, or any improvements located within the Units.

7.2.3 Fidelity insurance. The Association may obtain, if desired, 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.

7.2.4 Power of attorney. The board is irrevocably appointed as the agent for each Co-Owner, each mortgagee, other named insured individuals or entities 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.

7.2.5 Indemnification. Each individual Co-Owner shall indemnify and hold harmless every other Co-Owner, the Developer, and the Association for all damages, costs, and judgments, including reasonable attorney fees, that any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within individual Co-Owner's Unit or appurtenant Limited Common Elements. This provision shall not be construed to give an insurer any subrogation right or

other right or claim against an individual Co-Owner, the Developer or the Association.

7.2.6 Premium expenses. Except as otherwise provided, all premiums upon insurance purchased by the Association pursuant to these Bylaws shall be Expenses of Administration.

7.3 Reconstruction and Repair. The following provisions will control, if any part of the Condominium property is damaged or destroyed:

7.3.1 General Common Elements. If the damaged property is a General Common Element, the damaged property shall be repaired or rebuilt promptly unless 80 percent or more of the Co-Owners and the institutional holders of mortgages on any Unit in the Project agree to the contrary. Provided, that if the affected General Common Element is a common roadway providing the sole means of ingress and egress to one or more Units in the Project, it will be repaired or rebuilt unless the 80 percent or more of the Co-Owners agreeing not to repair or rebuild include the Co-Owners of all such Units.

7.3.2 Limited Common Elements and Improvements. If the damaged property is a Limited Common Element appurtenant to a Unit or an improvement located within the boundaries of a Unit, then the Co-Owner of the applicable Unit or Units alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person having an interest in the property, and the Co-Owner shall be responsible for the cost of any reconstruction or repair that the Co-Owner elects to make. The Co-Owner is obligated to restore the Limited Common Element appurtenant to a Unit or the Unit itself to a condition commensurate with the reconstruction standards detailed below. In any event, the Co-Owner shall remove all debris and restore the Unit and its improvements to a clean and satisfactory condition to the Association within a reasonable period of time following the occurrence of the damage.

7.3.3 Reconstruction Standards. Any reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for the improvements located within the Condominium Unit, unless prior written approval for changes is obtained from the Association.

7.3.4 Procedure and Timing. Immediately after the occurrence of a casualty causing damage that 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 cover 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 such costs by the Association are insufficient, assessments shall be levied against all Co-Owners in sufficient amounts to provide funds to pay the estimated or actual costs of reconstruction or repair.

7.3.5 Withdrawal from the Condominium. If a decision to reconstruct is not made in

the manner provided by subparagraphs 7.3.1 and 7.3.2 of the section on reconstruction and repair, provision for the withdrawal of the damaged property from the Project and the provisions of the Act may be made by the affirmative vote of not fewer than 80 percent of the Co-Owners voting at a meeting called for that specific purpose. The meeting shall be held within 30 days following the final adjustment of insurance claims, if any, or within 90 days after the casualty happens whichever first occurs. If any Unit or portion of a Unit is withdrawn, the percentage of ownership in the Common Elements appurtenant to the withdrawn property shall be reallocated among the remaining Units not withdrawn on the basis of the relative percentages of ownership in the Common Elements appurtenant to each remaining Unit. If only a portion of a Unit is withdrawn, the percentage of ownership in the Common Elements appurtenant to the Unit shall be reduced accordingly, upon the basis of the diminution in market value of such Unit, as determined by the board of directors.

7.3.6 Allocation of Proceeds. In the event of the withdrawal of a Unit, a Common Element or a portion of either, any insurance proceeds received by the Association shall be allocated among the withdrawn Units and/or Common Element on the basis of the square footage withdrawn or such other equitable basis as a board may determine. As compensation for such withdrawals: (1) any insurance proceeds allocated to withdrawn Units or portions of Units shall be applied in payment to the owners of such Units in proportion to their relative percentages of ownership in the Common Elements appurtenant to such withdrawn Units, or portions of them; (2) any insurance proceeds allocated to withdrawn portions of the Limited Common Elements shall be applied in payment to the Unit Co-Owners entitled to their use in proportion to their relative percentages of ownership in the Common Elements appurtenant to the Units saved by such Limited Common Elements; and (3) any insurance proceeds allocated to withdrawn portions of the General Common Elements shall be applied in payment to all Co-Owners in proportion to their relative percentages of ownership in the Common Elements. Upon the withdrawal of any Unit or portion of a Unit, the Co-Owner of the withdrawing Unit shall be relieved of further responsibility or liability for the payment of any assessments, if the entire Unit is withdrawn, or for the payment of a portion of such assessments proportional to the diminution in square footage of such Unit, if only a portion of the Unit is withdrawn.

7.4 Eminent Domain. The following provisions will control upon any taking by eminent domain:

7.4.1 Units. In the event of the taking of all or any portion of a Unit, the award for such taking shall be paid to the Co-Owner of the Unit and any mortgagee of the Unit, as their interests may appear. If a Co-Owner's entire Unit is taken by eminent domain such Co-Owner and any mortgagee shall, after acceptance of the condemnation award, be divested of all interest in the Project.

7.4.2 Common Elements. In the event of the taking of all or any portion of the General Common Elements, the condemnation proceeds relative to the taking

shall be paid to the Association for use and/or distribution to its Members. The affirmative vote of 80 percent or more of the Co-Owners in number and in value shall determine whether to rebuild, repair, or replace the portion so taken or to take such other action as the Co-Owners deem appropriate.

7.4.3 Amendment to Master Deed. In the event the Project continues after the taking by eminent domain, the remaining portion of the Project shall be resurveyed and the Master Deed amended accordingly. If any Unit shall have been taken, section 5 of the Master Deed shall also be amended to reflect the taking and to proportionately readjust the percentages of value of the remaining Co-Owners based upon the continuing total value of the Condominium of 100 percent. The amendment may be completed by an officer of the Association duly authorized by the board without the necessity of execution or specific approval by any Co-Owner.

7.4.4 Notice to Mortgagees. In the event any Unit in the Condominium, the Common Elements, or any portion of them is made the subject matter of an eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall promptly notify each holder of a publicly recorded mortgage lien on any of the Units in the Condominium.

7.4.5 Inconsistent Provisions. To the extent not inconsistent with the provisions of this section, section 133 of the Act regarding the administration of contractable projects as defined by the Act, shall control upon any taking by eminent domain.

Section 8 USE AND OCCUPANCY RESTRICTIONS

8.1 Residential Use of Units. All Condominium Units shall be used exclusively for residential purposes, and no Unit or appurtenant Common Element shall be used for any purpose other than that of a single family residence or purposes incidental to residential use.

8.1.1 Home Occupations. Home occupations, including work conducted at home in the course of employment, conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence that do not generate unreasonable traffic by members of the general public and do not change the residential character of the Unit or neighborhood, are permitted as incidental to primary residential use. To be permitted as a "home occupation," there must be: (1) no sign or display that indicates from the exterior that the residence is being utilized for any purpose other than that of a single family dwelling; (2) no goods or commodities shall be kept for viewing or sale within the Condominium Unit or within the Project; (3) no provision of services within the Condominium Unit or within the Project; (4) no exchange of cash within the Condominium Unit or within the Project; and (5) no mechanical or electrical equipment is used, other than personal computers and other office equipment.

8.1.2 Limitation. No building intended for other business uses, and no apartment

house, rooming house, day care facility, foster care residence, or other commercial and/or multiple family dwelling of any kind shall be erected, placed, or permitted on any Unit. In no event shall any barber shop, styling salon, beauty parlor, tea room, day care center, animal hospital, or any other form of animal care and/or treatment such as dog trimming, be considered as a home occupation.

8.1.3 Common Areas. The Common Elements shall be used only by the Co-Owners and 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, that any parking areas, storage facilities, or other Common Elements designed for a specific purpose shall be used only for those purposes or other uses approved by the board of directors. 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 restriction, lease or easement presently in existence or entered into by the board at some future date that affects all or any part of the Common Elements.

8.2 Use and Occupancy Restrictions. In addition to the general requirements of section 8.1, the use of the Project and its Common Elements by any Co-Owner shall be subject to the following restrictions:

8.2.1 Use of Common Elements. The General Common Elements shall not be used for the storage of supplies or personal property (except for such short periods of time as may be reasonably necessary to permit the placement of trash for collection the next day). No vehicles shall be parked on or along the private drives, and Co-Owners shall not personally use or obstruct any parking areas that may be located on the Common Elements of the Project without the prior consent of the Association. No Co-Owner shall in any way restrict access to any utility line or other area that must be accessible to service the Common Elements or that affects an Association responsibility in any way. In general, no activity shall be carried on nor condition maintained by any Co-Owner either in the Co-Owner's Unit or upon the Common Elements that despoils the appearance of the Condominium.

8.2.2 Appearance of Units. No Co-Owner shall make any additions, alterations, or modifications to any of the Common Elements, nor make any changes to the exterior appearance or structural elements of the Unit without the prior written approval of the Association. The Association shall not approve any alterations or structural modifications that would jeopardize or impair the soundness, safety, or appearance of the Project.

8.2.2.1 Window and Door Treatments. Each Co-Owner shall maintain a standard window and door treatment for all exterior windows and doors that conforms to the requirements of the Association, as defined in the Master Deed and, from time to time, in the rules and regulations of the Association.

8.2.2.2 Personal property. No Co-Owner shall display, hang, or store any

clothing, sheets, blankets, laundry, or other articles of personal property outside a Unit. This restriction shall not be construed to prohibit a Co-Owner from placing and maintaining outdoor furniture and accoutrements and decorative foliage of a customary nature and appearance on a patio, deck, or balcony appurtenant to a Unit; provided, that no such furniture or other personal property shall be stored during the winter season on any open patio, deck, or balcony that is visible from another Unit or from the Common Elements of the project. The Association reserves the right to request in writing of any Co-Owner the removal of any object placed on a patio, deck or balcony appurtenant to a Unit which it deems to detract from the overall good appearance of the premises.

8.2.2.3 Other Alterations. Any Co-Owner may make alterations, additions, or improvements within the Co-Owner's Unit without the prior approval of the board; provided that the Co-Owner shall be responsible for any damage to other Units, the Common Elements, or the property resulting from any such alterations, additions, or improvements.

8.2.3 Co-Owner Maintenance of Units. Each Co-Owner shall maintain his or her Unit and all improvements appurtenant thereto for which he or she has maintenance responsibility in a safe, clean and sanitary condition. Each Co-Owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in any other Unit which are appurtenant to or which may affect any other Unit.

8.2.4 Noise. Each Co-Owner shall be responsible for maintaining a reasonable decibel level in the course of his or her actions or the actions of his or her invitees, including any noise emanating from conversation, recorded or live music, individual instruments, hand or power tools or any other common source of excessive noise.

8.2.5 Nuisances. No nuisances shall be permitted on the property nor shall any use or practice be permitted that is a source of annoyance to, or that interferes with the peaceful possession or proper use of the Project by the Co-Owners. No Unit shall be used in whole or in part for the storage of rubbish or trash, nor for the storage of any property or thing that may cause the Unit to appear in an unclean or untidy condition. No substance or material shall be kept on a Unit that will emit foul or obnoxious odors, or that will cause excessive noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding Units.

8.2.6 Prohibited Uses. No immoral, improper, offensive, or unlawful use shall be conducted on the property, and nothing shall be done or kept in any Unit or on the Common Elements that 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 the Co-Owner's Unit or elsewhere on the Common Elements that will result in the cancellation of insurance on any Unit or any part of the

Common Elements, or that will be in violation of any law.

8.2.7 Firearms and Weapons. No Co-Owner shall use, or permit the use by any occupant, agent, tenant, invitee, guest, or member of the Co-Owner's family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, illegal fireworks or other dangerous weapons, projectiles, or devices anywhere on or about the property.

8.2.8 Automobile Court and General Parking Areas/Lots.

8.2.8.1 Use. The automobile court and parking lots shall remain clear at all times to facilitate access among all Co-Owners to their individual garage units and there shall be no stopping, standing or parking in the automobile court at any time. The automobile court shall not be used for any purpose other than access to the individual garage units without the prior written permission of the Association.

8.2.8.2 Towing. Any vehicle, whether owned by a Co-Owner or another individual, will be subject to the towing policy of the Association as determined from time to time by the Association or its managing agent. The Association and its agent shall not be liable for any costs or expenses incurred as a result of an illegally parked vehicle removed from the premises.

8.2.8.3 Limitation on certain vehicles. No recreational vehicles, boats, or trailers shall be parked or stored anywhere on the property without the prior written approval of the Association, except such a vehicle may be stored within a Unit's garage with the garage door closed. No snowmobile, all terrain vehicle, or other motorized recreational vehicle shall be operated on the property. No maintenance or repair shall be performed on any boat or vehicle of any kind, except within a garage or residence where such work shall be isolated from public view.

8.2.8.4 Additional Parking. If at any time the Association is able to provide additional parking in excess of the individual garage spaces appurtenant to each Unit, then the Board will propose a written parking policy for such additional parking to be adopted by majority vote of the Association.

8.2.9 Common Courtyards. The common courtyards shall be for the quiet use of Co-Owners, family members, occupants, guests and invitees. For any prior planned gathering in the courtyard, the host Co-Owner shall first receive written permission to use the courtyard from the board. At all times, use of the common courtyards shall adhere to a quiet time policy where no noise that may disturb any occupants of any of the other Units shall emanate from the courtyard. The Association reserves the right to impose reasonable user fees for use of the common courtyards and any furniture or equipment located therein.

8.2.10 Fire Safety. Each Co-Owner shall abide by the general fire safety regulations and precautions issued by the state and local government, including but not limited to: (1) no Co-Owner shall knowingly permit any fire to ignite or spread so as to endanger the life or property of another, nor operate any device which may be a source of ignition unless reasonable precautions are taken to ensure against the starting and spreading of unfriendly fires; (2) no Co-Owner shall deliberately, or through carelessness or negligence, set fire to or cause the burning of any bedding, furniture, rug, curtain, drape, rags, refuse, leaves or any other combustible material, in such manner as to endanger the safety of any person or property; (3) no Co-Owner shall permit the making of any fire for the purposes of cooking except in an approved, non-combustible receptacle nor dispose of any hot ashes, cinders or smoldering coals except in non-combustible receptacles, and any such non-combustible receptacles shall be placed on non-combustible stands and in every case shall be kept at least 2 feet laterally away from any combustible material, structure or any exterior window or door opening; and (4) no Co-Owner shall permit the use of any portable heaters in occupancies or situations in which such use or operation would present an undue danger to life or the property of others.

8.2.11 Unit rental. No portion of a Unit may be rented, and no transient tenants may be accommodated in any building; provided, that this restriction shall not prevent the rental or sublease of an entire Unit together with its appurtenant Limited Common Elements for residential purposes in the manner permitted by these Bylaws.

8.2.12 Pets and Animals. Domestic animals may be kept or maintained in any Unit without the prior written consent of the Association. No animals of any kind may be kept or maintained in any Unit without the prior written consent of the Association, which consent, if given, may be revoked at any time by the Association. No exotic, savage, or dangerous animal shall be kept on the property, and no animal may be kept or bred for commercial purposes. No animal shall be permitted to run loose upon the Common Elements or within any Unit (except the Unit owned by the owner of such animal, if ownership is permitted by these Bylaws), and the owner of each pet shall be responsible for cleaning up after it.

8.2.12.1 Common Household Pets. Common household pets permitted under the provisions of this subsection shall be kept only in compliance with the rules and regulations promulgated by the board of directors from time to time, and must at all times be kept under care and restraint so as not to be obnoxious on account of noise, odor, or unsanitary conditions.

8.2.12.2 Additional Assessment. To the extent certain animals are permitted by the Association, the Association may charge a Co-Owner maintaining animals a reasonable additional assessment if the Association determines that such an assessment is necessary to defray additional maintenance costs to the Association of accommodating animals within the Condominium. The Association may also, without liability to the owner of the pet, remove or cause any animal to be

removed from the Condominium that it determines to be in violation of the restrictions imposed by this section. Any person who causes or permits any animal to be brought to or kept on the Condominium property shall indemnify and hold the Association harmless from any loss, damage, or liability that the Association may sustain as a result of the presence of such animal on the Condominium property.

8.2.13 Occupancy Limitations. No more than four persons shall permanently occupy or reside in any two bedroom unit and no more than six persons shall permanently occupy or reside in any three bedroom unit, without the express prior written approval of the Association. 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, or the marriage or remarriage of a family member, this restriction shall be suspended as to such family for a period of one year to provide such family a reasonable time to cure such violation or otherwise dispose of the Unit.

8.2.14 Garage Sales. No garage sales will be conducted on the premises of the Common Elements, including but not limited to the driveways, paved automobile court, sidewalk extensions, common court yards or alleys, without the prior written permission of the Association.

8.2.15 Signs. No signs or other advertising devices that are visible from the exterior of the Unit or from the Common Elements shall be displayed on any Unit without written permission from the Association or its managing agent; provided that a professionally made unlit sign, or a sign of substantially the same quality and appearance, not larger than four square feet in size, maybe used for the purpose of advertising a Unit for sale. However, the Association shall not prohibit the display by a Co-Owner of a single United States flag not greater than 3 feet by 5 feet in size on the exterior of the Co-Owner's Unit.

8.2.16 Basketball Backboards & Hoops. Basketball backboards and hoops are prohibited and may not be mounted on any dwelling, building or garage. Only temporary basketball hoops shall be permitted and shall be stored in the garage with the garage door closed each evening or when not in use. However, the use of any temporary basketball hoops in any automobile court is specifically prohibited.

8.2.17 Satellite dishes. A Co-Owner may install a satellite dish for use within the Co-Owner's Unit, subject to reasonable prior written approval by the Association. To the extent required by applicable federal law, the Association's regulations shall not unreasonably impair a Co-Owner's installation, maintenance, or use of the satellite dish. However, the Association reserves the right to restrict the location, size, appearance, color, screening, and any other reasonable elements the Association deems appropriate.

8.2.18 Application of Restrictions. Unless there is an election to arbitrate pursuant to these Bylaws or to petition a court, a dispute or question as to whether a violation of any specific regulation or restriction contained in this section has occurred shall be submitted to the board, which shall conduct a hearing and render a decision in writing. Such a decision shall be binding upon all Co-Owners and other parties

having an interest in the Project.

8.3 Applicability of Use and Occupancy Restrictions. All provisions of the Master Deed, these Bylaws, including but not limited to this section, and any rules or regulations adopted by the Association which apply to any Co-Owner shall also apply to all occupants, family members, guests, invitees, agents or tenants of any Co-Owner or individual Condominium Unit. Each Co-Owner shall cause all occupants, family members, guests, invitees, agents or tenants of the Co-Owner to comply with the Master Deed, the Bylaws and any rules or regulations adopted by the Association and shall be responsible for all violations and losses to the Common Elements or individual Condominium Units caused by such occupants, family members, guests, invitees, agents or tenants, notwithstanding the fact that such occupants, family members, guests, invitees, agents or tenants may be individually liable for any violations of the Master Deed, Bylaws or any other Condominium Documents.

8.4 Zoning Compliance. In addition to the restrictions contained in this section, the use of any Unit must satisfy the requirements of the zoning ordinances of the municipality in which the Project is located in effect at the time of the contemplated use, unless a variance for such use is obtained from the municipality.

8.5 Rules of Conduct. Additional rules and regulations consistent with the Act, the Master Deed, and these Bylaws concerning the use of Units and Common Elements may be promulgated and amended by the board of directors. Copies of such rules and regulations must be furnished by the board to each Co-Owner at least 10 days prior to their effective date, and may be revoked at any time by the affirmative vote of 60 percent or more of all Co-Owners.

8.6 Enforcement by Developer. The Project shall at all times be maintained in a manner consistent with the highest standards of a private residential community, used and occupied for the benefit of the Co-Owners and all other persons interested in the Project. 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 standards, the Developer, or any person to whom it may assign this right may, at its option, elect to maintain, repair, and/or replace any Common Elements or to do any landscaping required by these Bylaws and to charge the cost to the Association as an Expense of Administration. The Developer shall have the right to enforce these Bylaws throughout the development and sales period and this right of enforcement shall include (without limitation) an action to restrain the Association or any Co-Owner from any prohibited activity.

8.7 Co-Owner Enforcement. An aggrieved Co-Owner will 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.

8.8 Remedies on Breach. In addition to the remedies granted by these Bylaws or any rules and regulations adopted by the Association for the collection of assessments or enforcement of certain use and occupancy restrictions, the Association shall have the right, in the event of a violation of the restrictions on use and occupancy imposed by this

section, to enter the Unit and to remove or correct the cause of the violation. Such entry will not constitute a trespass, and the Co-Owner of the Unit will reimburse the Association for all costs of the removal or correction. Failure to enforce any of the restrictions contained in this section will not constitute a waiver of the right of the Association to enforce restrictions in the future.

8.9 Reserved Rights of Developer. The restrictions contained in this section shall not apply to the commercial activities of the Developer during the development and sales period. The Developer shall also have the right to maintain a sales office, advertising display signs, storage areas, and reasonable parking incident to its sales efforts and such access to, from, and over the property as may be reasonable to enable development and sale of the Project.

8.10 Assignment and Succession. Any of the rights granted to or reserved by the Developer in the Condominium Documents or by law may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate document in writing, signed by the Developer and recorded in the public records of the county in which the Project is located. Upon such qualification, the assignee will have the same rights and powers as those granted to or reserved by the Developer in the Condominium Documents.

Section 9 MORTGAGES

9.1 Notice to Association. Any Co-Owner who mortgages a unit (referenced in this section as a "Mortgagor") shall notify the Association of the name and address of the mortgagee (referenced in this section as a "Mortgagee"), and the Association will maintain such information. The information relating to Mortgagees will be made available to the Developer or its successors as needed for the purpose of obtaining consent from, or giving notice to a Mortgagee concerning actions requiring consent or notice to Mortgagees under the Condominium Documents or the Act.

9.2 Insurance. Upon written request of a Mortgagee to the Association, the Association shall notify the Mortgagee of the name of each company insuring the condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief, and such notice shall include the amounts of the coverage.

9.3 Rights of Mortgagees. Except as otherwise required by applicable law or regulation, a Mortgagee has the following rights:

9.3.1 Inspection and Notice. Upon written request to the Association, a Mortgagee will be entitled to: (1) inspect the books and records relating to the Project upon reasonable notice; (2) receive a copy of the annual financial statement that is distributed to Co-Owners; (3) receive a notice of any default under the Condominium Documents by its Mortgagor in the performance of that Mortgagor's obligations that is not cured within 30 days; and (4) receive a notice of all meetings of the Association and its right to designate a representative to attend the meetings.

9.3.2 Exemption from Restrictions. A Mortgagee that comes into possession of a Unit pursuant to the remedies provided in the mortgage or by deed in lieu of foreclosure, shall be exempt from any option or right of first refusal on the sale or rental of the mortgaged Unit in the Condominium Documents.

9.3.3 Past due Assessments. A Mortgagee that comes into possession of a Unit pursuant to the remedies provided in the mortgage, or by deed in lieu of foreclosure, shall take the Unit free of any claims for unpaid Assessments on charges against the mortgaged Unit that accrue prior to the time the Mortgagee comes into possession, except for Assessments having priority as liens against the Unit or claims for a pro rata share of such Assessments or charges resulting from a reallocation of such Assessments charged to all Units including the mortgaged Unit.

9.4 Additional Notification. When notice is to be given to a Mortgagee, the board shall also give such notice to any public or private secondary mortgage market entity participating in purchasing or guarantying mortgages of Units in the Condominium if the board has notice of such participation.

Section 10 TRANSFER OF UNITS

10.1 Unrestricted Transfers. An individual Co-Owner may, without restriction under this section, sell, lease, give, devise, or otherwise transfer the Co-Owner's Unit, or any interest in the Unit, to a spouse or to the Co-Owner's child, parent, brother, sister, grandchild or descendant, or to any one or more of them, or to any trustee of a trust, the sole beneficiary of which is the Co-Owner or a spouse, child, parent, brother, sister, grandchild or descendant, or any one or more of them. A partnership, corporation or limited liability company that owns a Unit may also transfer or convey the Unit or any interest therein to an individual partner, shareholder or member, or to another entity owned and controlled by the transferor without restriction. Notice of any such unrestricted transfer shall be given to the Association within five days following consummation of the transfer.

10.2 Notice to Association. Whenever a Co-Owner shall propose to sell, give, devise, or otherwise transfer the Co-Owner's Unit, or any interest in the Unit, to any person or entity other than a person or entity described in section 10.1, the Co-Owner shall give the Association not less than 30 days' prior written notice of the proposed transfer, which notice shall briefly describe the type of transfer proposed by the Co-Owner and shall state the name and address of the proposed transferee. The notice shall also include a copy of the proposed terms of sale or other documents, if any, effecting the transfer.

10.3 First Option of Association.

10.3.1 Sale. If a Co-Owner proposes to sell a Unit or any interest therein to a person or entity other than a person or entity described in section 10.1, for a period of 30 days following the date notice of the proposed transfer is given to the Association, the Association shall have the right, at its option, to purchase the Unit or interest

being sold from the Co-Owner (this Co-Owner, a “Transferring Party”) upon the terms described in the notice.

10.3.2 Gift. If a Co-Owner proposes to make a gift of a Unit or any interest in a Unit to any person or entity other than a person or entity described in section 10.1 above, for a period of 30 days following the date notice of the proposed transfer is given to the Association, the Association shall have the first right, at its option, to purchase the Unit or interest. The price to be paid by the Association for the Unit shall be agreed upon by the Co-Owner (this Co-Owner, a “Transferring Party”) and the Association, or, if not promptly agreed upon, shall be determined in accordance with the procedure set forth in section 10.3.4 below.

10.3.3 Death. If a Co-Owner dies and under applicable law the Co-Owner’s Unit or any interest therein is subject to a probate proceeding, then during a period of three months after appointment of a personal representative of the deceased Co-Owner, the Association shall have the first right, at its option, to purchase the Unit either from the devisee named in the deceased Co-Owner’s will, if any, or from the appointed personal representative of such deceased Co-Owner who is empowered or authorized to sell the Unit (this authorized personal representative, a “Transferring Party”). However, this option shall not apply to any transfer upon the death of a Co-Owner to a person or entity described in section 10.1 above. The price to be paid by the Association for the Unit or interest shall be agreed upon by the Association and the transferring party, or, if not promptly agreed upon, shall be determined in accordance with the procedure set forth in section 10.3.4 below.

10.3.4 Determination of Price. If the price to be paid by the Association for a Condominium Unit or interest therein pursuant to subsections 10.3.2 or 10.3.3 above is not promptly agreed upon, the price shall be equal to the fair market value of the Unit or interest therein as determined by an MAI appraiser mutually agreed upon by the Transferring Party and the Association, and, in the event of no prompt agreement on such an appraiser, by a majority decision of three MAI appraisers, one chosen by the Transferring Party, one chosen by the Association, and the third chosen by the other two selected appraisers. The cost of an appraiser or appraisers shall be paid one half by the Transferring Party and one-half by the Association as an Expense of Administration.

10.4 Election Not to Exercise. The board shall have authority, on behalf of and in the name of the Association, to elect not to exercise the options granted by this section, and shall promptly give written notice of such election to the Transferring Party. The Association shall be deemed to have elected not to exercise its option if either (i) the Association notifies the Transferring Party that it has elected not to exercise its option, or (ii) the Association fails to notify the Transferring Party before the expiration of the applicable option period that the Association has elected to exercise its option.

10.4.1 Closing Period. If the Association elects not to exercise its option, in the case of a proposed sale or gift of a Unit or interest therein, the Transferring Party may proceed to close the proposed transfer any time within 45 days after the election.

Thereafter, the transfer of the Unit, or any interest therein, shall again become subject to the Association's option rights as provided in this section.

10.4.2 Certificate of Election Not to Exercise. A certificate executed by the president, vice-president, secretary or other duly authorized officer of the Association, certifying that the Association has elected not to exercise its option, shall be conclusive evidence of such an election. A certificate shall be furnished to the Co-Owner upon the Co-Owner's compliance with the provisions of this section, provided that the Co-Owner requests such a certificate from the Association in writing.

10.5 Election to Exercise. The board shall have the authority to recommend to the Co-Owners that the Association elect to exercise its option under this section as follows:

10.5.1 Meeting and Vote. In the event the board shall decide to recommend to the Co-Owners that the Association elect to exercise its option, the board shall call and hold a meeting of all the Co-Owners within 20 days following its determination to make that recommendation and for the purpose of voting upon whether the Association will exercise its option. If Co-Owners owning not less than 60 percent in number and in value, by affirmative vote at the meeting or by written proxy or consent, elect to exercise the Association's option, then the board shall promptly give written notice of the election to the Transferring Party.

10.5.2 Exercise of Option. The Association shall be deemed to have exercised its option if it tenders the required sum of money to the Transferring Party within the option period stated above.

10.6 Purchase at Judicial Sale. The board shall have the power and authority to bid and purchase, for and on behalf of the Association, any Unit 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 60 percent in number and in value. The consent shall include a maximum price that the board or its duly authorized agent may bid and pay for the Unit.

10.7 Financing of Purchase. The board shall have authority to make mortgage arrangements and Special Assessments proportionately among the respective Co-Owners, and other such financing arrangements as authorized by the vote of the Co-Owners, in order to close and consummate the purchase of a Unit by the Association. No such financing arrangement may be secured by an encumbrance on any interest in the Project other than the Unit to be purchased and the Limited Common Elements appurtenant to the Unit.

10.8 Miscellaneous.

10.8.1 A transfer of a Unit to the Association or the holder of any mortgage on a Unit that comes into possession of the mortgaged Unit in the manner provided by Section 6 on Expenses and Assessments or Section 11 on Leases shall not be subject to the provisions of this section.

10.8.2 The Association shall hold title to any Unit acquired pursuant to this section in the name of the Association or a nominee 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 the Unit on behalf of the Association upon such terms as the board shall deem desirable, but in no event shall a Unit be sold for less than the amount paid by the Association to purchase the Unit unless Co-Owners owning not less than 60 percent in number and in value first authorize the sale for such lesser amount.

10.8.3 The provisions of this section with respect to the Association's option rights shall be and remain in full force and effect until the Project as a whole shall be sold unless the provisions of this section are sooner rescinded or amended by the Co-Owners.

10.8.4 If any transfer of a Unit is made or attempted without complying with the provisions of this section, the grantee's interest in the Unit shall remain subject to the exercise by the Association of its option after the transfer and the transfer shall be further subject to each and all of the rights and options of and remedies and actions available to the Association.

10.8.5 Except as otherwise provided in the Master Deed or in these Bylaws, in the event of any transfer of a 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.

Section 11 LEASES

11.1 Notice of Lease. A Co-Owner, including the Developer, intending to lease a Unit, shall disclose that fact in writing to the Association at least 30 days before presenting a lease form to any prospective tenant and, at the same time, shall supply the Association with a copy of the lease form.

11.1.1 Lease. Any Co-Owner or other individual who wishes to rent or lease a Unit shall submit an executed lease to the board of directors no later than 15 days after execution and at least 15 days prior to occupancy.

11.1.2 Approval. The Association shall reserve the right to approve any lease so long as such approval is limited to the enforcement of the rights of other Co-Owners and the duties imposed on the Association and the board of directors by these Bylaws and other condominium documents.

11.1.3 Terms of Lease. Non Co-Owner occupants of a Unit shall comply with all the conditions of the Condominium Documents of the Project, and all lease and rental agreements shall require such compliance specifically by incorporating the Condominium Documents in such lease by reference.

11.1.4 Length of Lease Term. No Unit shall be leased for a period of less than 1 year

without the prior written consent of the Association.

11.1.5 Lease Form. A Co-Owner may request a form lease agreement from the board to be used by any Co-Owner with any prospective tenant and the board shall deliver such a form lease within 30 days of any request. However, the provision of such a lease form by the board shall not constitute any obligation to approve the lease when executed and submitted by a Co-Owner.

11.2 Remedies of Association. If the Association determines that any non-Co-Owner occupant has failed to comply with any conditions of the Condominium Documents, the Association may take the following action:

11.2.1 Notice. The Association shall notify the Co-Owner of the Unit by certified mail advising of the alleged violation by the non-Co-Owner occupant.

11.2.2 Investigation. The Co-Owner will have 15 days after receipt of the notice to investigate and correct the alleged breach by the non-Co-Owner occupant or to advise the Association that a violation has not occurred.

11.2.3 Legal action. If, after 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 non-Co-Owner occupant and a simultaneous action for money damages in the same or in a separate action against both the Co-Owner and the 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 both the non-Co-Owner occupant and the Co-Owner liable for any damages to the Common Elements caused by the Co-Owner or non-Co-Owner occupant in connection with the Unit or the Project.

11.3 Liability for Assessments. If a Co-Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a non-Co-Owner occupant occupying the Co-Owner's Unit under a lease or rental agreement, and the non-Co-Owner occupant, after receiving such notice, shall deduct from rental payments due the Co-Owner the full arrearage and also any future Assessments as they fall due, and pay such Assessments directly to the Association. Such deductions shall not be a breach of the lease agreement by the non-Co-Owner occupant.

Section 12 ARBITRATION

12.1 Submission to Arbitration. Any dispute, claim, or grievance arising out of or relating to the interpretation or application of the Condominium Documents or arising out of disputes among or between Co-Owners, shall be submitted to arbitration with written notice to the Association upon the election and written consent of the parties to the dispute, claim, or grievance. The parties shall accept the arbitrator's decision and/or award as final and binding. The commercial arbitration rules of the American Arbitration Association, as amended and in effect from time to time, shall be applicable to all such arbitrations.

12.2 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:

12.2.1 Purchaser's option. At the exclusive option of a purchaser or Co-Owner 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, Unit, or the Project.

12.2.2 Association's option. 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.

12.3 Preservation of Rights. Election by any Co-Owner or by the Association to submit any dispute, claim, or grievance to arbitration shall preclude that party from litigating the dispute, claim, or grievance in the courts; provided that, all interested parties shall be entitled to petition the courts to resolve any dispute, claim, or grievance in the absence of an election to arbitrate.

Section 13 INDEMNIFICATION

13.1 Indemnification of Directors and Officers. Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable attorney fees and amounts paid in settlement incurred by or imposed upon him or her in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a director or officer of the Association, whether or not he or she is a director or officer at the time such expenses are incurred, except as otherwise prohibited by law.

13.1.1 Approval by Board. Any indemnification or reimbursement under this provision pursuant to a claim by a director or officer based upon a settlement shall be authorized only upon the majority approval of the settlement by the board of directors as in the best interests of the Association, where the director or officer seeking such indemnification or reimbursement shall abstain from any deliberations or votes related to his or her pending claim. In the event that no judicial or board 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.

13.1.2 Non exclusive Right. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which a director or officer may be entitled.

13.1.3 Notice to Co-Owners of Indemnification. At least ten days prior to payment of any indemnification that it has approved, the board shall notify all Co-Owners in writing of such indemnification.

13.1.4 Forfeiture of Indemnification Right. A director or officer of the Association shall forfeit any right to indemnification for any willful or wanton misconduct or gross negligence.

13.2 Insurance for Directors and Officers. The Association shall provide liability insurance for every director and officer of the Association for the same purposes as provided above in section 13.1 and in such amounts as may reasonably insure against potential liability arising out of the performance of his or her respective duties. With the prior written consent of the Association, a director or an officer of the Association may waive any liability insurance for such director's or officer's personal benefit. No director or officer shall collect for the same expense or liability under section 13.1 above and under this section; however, to the extent that the liability insurance provided herein to a director or officer was not waived by such director or officer and is inadequate to pay any expenses or liabilities otherwise properly indemnified under the terms of section 13.1, then such director or officer shall be reimbursed or indemnified only for such excess amounts under section 13.1. The Association may, in the sole discretion of the board, delegate any obligation to provide liability insurance for any director or officer to the management agent or any other third party.

Section 14 OTHER PROVISIONS

14.1 Severability. In the event that any of the terms, provisions, or covenants of these Bylaws or of 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 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.

14.2 Amendment. These Bylaws may be amended, altered, changed, added to, or repealed only in the manner prescribed in the Master Deed.

14.3 Governing Law. In the event of any dispute related to the Project or the Condominium Documents, such dispute shall be governed by the laws of the State of Michigan.

14.4 Conflicting Provisions. In the event of a conflict between 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 a conflict between the provisions of any one or more of the Condominium Documents themselves, the following order of priority shall be applied, and the provisions of the document having the highest priority shall govern:

14.4.1 the Master Deed, including the Condominium Subdivision Plan (but excluding these Bylaws);

14.4.2 these Bylaws;

14.4.3 the articles of incorporation of the Association;

14.4.4 the rules and regulations of the Association; and

14.4.5 the public disclosure statement.

14.5 Notices. Notices provided for in the Act, Master Deed, or Bylaws shall be in writing and shall be addressed to the Association at its registered office in the State of Michigan and to any Co-Owner at the address contained in the deed of conveyance, or at such other address as may subsequently be provided in writing by the Co-Owner to the Association. 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.

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