

FINAL
11/21/03

**ASSOCIATION
BYLAWS
OF
PINECREST
TOWNHOUSES**

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ARTICLE 1 GENERAL

Section 1.1 Organization. Pinecrest Townhouses Association ("Association") is a Michigan non-profit corporation organized on a non-stock, membership basis.

Section 1.2 Purposes. The Association is a residential condominium project, located in East Lansing, Michigan. It is responsible for the management, maintenance, operation and administration of the common elements, property, easements and affairs of the condominium project in accordance with the Master Deed, the Condominium Bylaws, these Bylaws, the Articles of Incorporation (collectively "Condominium Documents"), and the laws of the State of Michigan. All Members of the Association and all persons using, entering upon, or acquiring any interest in any townhouse or the common elements will be subject to the provisions of these documents.

Section 1.3 Definitions. Townhouse shall mean the enclosed space constituting a single, complete residential unit in Pinecrest Townhouses. Any referenced to "condominium unit", "condominium" and "unit" in these Bylaws will mean "townhouse".

All other terms referred to in this document are defined in the Definitions section of the Master Deed being Article 3 and Article 4.

ARTICLE 2 MEMBER

Section 2.1 Membership. Members shall consist only of Pinecrest townhouse owners ("Members").

Section 2.2 Member Representative. Members must file a written notice with the Association designating one representative per townhouse ("Representative"). This Representative is the person entitled to vote at meetings and to receive any communication from the Association. The notice must contain the following:

- Name and address of the Representative.
- Name of the Member.
- Number of townhouses owned by the Member.
- Signature of the Member as well as the date signed.

Members may, at any time, change their Representative by filing a new written notice with the Association.

Section 2.3 Assignment of Funds and Assets. The Member's share of the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except when the Member sells his or her townhouse. The Member's share of the funds and assets of the Association is transferred with the Member's townhouse.

ARTICLE 3 BOARD OF DIRECTORS

Section 3.1 Number of Directors. The business, property, and affairs of the Corporation will be managed by a board of directors ("Board") consisting of not less than five and not more than eleven directors, all of whom must be Members of the Association.

Section 3.2 Term of Directors. The term of office for each director will be one year. Directors shall hold office until their successors have been elected, qualified and accept office.

Section 3.3 Action by Directors. The vote of a majority of directors present at a meeting at which a quorum is initially established constitutes the action of the Board, except as otherwise stated in these Bylaws.

Section 3.4 Powers of Directors. The Board will have all powers and duties necessary for the administration of the affairs of the Association and may take any action:

- (a) not prohibited by the Condominium Documents; or
- (b) required to be taken by the Members.

Section 3.5 Power to Elect Officers. The officers shall be elected annually, by the Board and will hold office at the pleasure of the Board.

Section 3.6 Power to Remove Officers. Upon the affirmative vote of a majority of the Board, an Officer may be removed with or without cause. If an officer is removed, his or her successor must be elected at either a regular meeting of the Board or a special meeting of the Board, called for such a purpose.

Section 3.7 Power to Fill Board Vacancies. Unless a director is removed by the vote of the majority of the Members, vacancies in the Board will be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so elected will be a director until a successor is elected at the next annual meeting of the Members.

Section 3.8 Removal of Directors. One or more of the directors may be removed with or without cause by a majority of the Members at any regular or special meeting of the Members. A successor may then be elected to fill the vacancy created. Any director whose removal has been proposed by the Members must be given an opportunity to be heard at the meeting.

Section 3.9 Compensation. Directors shall serve without compensation.

Section 3.10 Fidelity Bonds. The Board will require that all officers and employees of the Association who handle or who are responsible for Association funds furnish adequate fidelity bonds. The premiums on these bonds are expenses of administration.

ARTICLE 4 OFFICERS

Section 4.1 Offices. The Board shall elect a President, Vice President, Secretary, and Treasurer. The Board may appoint, if they deem it necessary, an Assistant Treasurer and Assistant Secretary. Any two offices, except that of President and Vice President, may be held by one person.

Section 4.2 President. The President must be a Member of the Board and will serve as the chief executive officer of the Association. The President will preside at all meetings of the Members and of the Board. The President will have all of the general powers and duties which are usually vested in the office of the President of an Association, including but not limited to, power to appoint committees from among the Members to assist in the conduct of the affairs of the Association.

Section 4.4 Vice President. The Vice President will take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, the Board will appoint another Member of the Board to do so on an interim basis. The Vice President will also perform such other duties as from time to time may be imposed by the Board.

Section 4.5 Secretary. The Secretary will keep the minutes of the meetings of the Board and of the Members, including the log of motions. The Secretary will have charge of such books and papers as the Board may direct. The Secretary will also perform other duties imposed by the Board.

Section 4.6 Treasurer. The Treasurer will have the responsibility for the Association's funds, and securities, keeping full and accurate accounts of all receipts and disbursements in the Association's books. The Treasurer will be responsible for the deposit of all monies, securities and other valuable effects in the name of the Association and in such depositories as may be designated by the Board.

Section 4.7 Assistant Secretary and Assistant Treasurer. The Assistant Secretary, in the absence or disability of, or upon order by the Secretary, will perform the duties and exercise the powers of the Secretary. The Assistant Treasurer, in the absence or disability of, or upon order by the Treasurer, will perform the duties and exercise the powers of the Treasurer.

Section 4.8 Compensation. The officers will serve without compensation. Officers will be reimbursed for expenses incurred in connection with the Association's affairs only if the expenses are first approved by the Board.

ARTICLE 5 MEETINGS

Section 5.1 Place of Meeting. Meetings of the Members and of the Board may be held at the principal office of the Association or at any other place convenient to the Members or directors as may be determined from time to time by the Board.

Section 5.2 Annual Membership Meeting. The annual meeting will be held within the last three months of each calendar year. At this meeting the Board will be elected by the Members. The Members may also transact any other business of the Association which may properly come before the Board.

Section 5.3 Special Membership Meetings. The President shall call a special membership meeting, if directed by resolution of the Board; or upon a petition signed by one-third of the Members, which is then presented to the Secretary. Notice of any special meeting must state the time, place, and purpose of the meeting. No other business, except that stated in the notice, may be transacted at a special meeting.

Section 5.4 Notice of Membership Meetings. The Secretary shall serve notice of each annual or special meeting to each Member at least 10 days but no more than 60 days prior to the date of the meeting. The notice must state the time, place and purposes of the meeting. A notice will be deemed served if the notice is delivered or mailed, postage prepaid, to the individual Representative of each Member.

Section 5.5 Organizational Meeting of Board. The first meeting of a newly elected Board shall be held within 10 days of the election. The place of the meeting will be fixed by the directors at the meeting at which the new directors are elected. No notice of the meeting will be necessary provided a majority of the Board is present.

Section 5.6 Regular Meetings of the Board. The Board shall hold at least two regular meetings per fiscal year. Notice of regular meetings of the Board must be given personally to each director by mail, telephone, or e-mail at least 10 days prior to the date of the meeting.

Section 5.7 Special Meetings of the Board. The President may, on three days personal notice to each director, call a special meeting of the Board. This notice may be provided by mail, telephone, or e-mail. The notice must state the time, place, and purpose of the meeting. A special meeting of the Board shall be called by the President or Secretary if any director requests a meeting in writing.

Section 5.8 Waiver of Notice. Before or after a meeting, a Member or a director may waive notice of the meeting. The waiver must be in writing. Any person who attends a meeting waives notice of that meeting unless the person states an objection on the basis that the meeting was not properly called or convened.

Section 5.9 Other Matters. Unless otherwise stated in the Condominium Documents, Roberts Rules of Order, as revised from time to time, shall govern all procedural questions raised at meetings of the directors or the Members.

ARTICLE 6 QUORUM

Section 6.1 Quorum of Members. Unless otherwise stated in these Bylaws or the Condominium Documents, 20% of the Members Representatives qualified to vote and present in person, by proxy, or by written vote will constitute a quorum at a meeting of the Members.

Section 6.2 Quorum of Directors. A majority of the directors will constitute a quorum at any meeting of the Board.

Section 6.3 Continuation of Business.

(a) **Member meetings.** If any meeting of the Members cannot be held because a quorum is not in attendance, the Members who are present may adjourn the meeting to a new time. This new time must be at least 48 hours from the time of the originally scheduled meeting.

(b) **Board of Director Meetings.** If at a meeting of the Board a quorum is not in attendance, the majority of those present may adjourn the meeting. At any adjourned meeting any business, which may have been transacted at the meeting as originally called, may be

transacted without further notice. If a quorum is not present and a meeting is not adjourned, business action may still be taken, however, it will not constitute an authorized action of the Board unless all of the directors unanimously consent in writing to the action taken. If unanimous consent in writing is obtained, the business that was transacted at the meeting will become a valid corporate action as though it had been authorized at a meeting of the Board in which a quorum was actually present.

ARTICLE 7

VOTING, ELECTIONS, PROXIES, AND WRITTEN VOTES

Section 7.1 Who is Entitled to Vote. The Member/owners (collectively) of each townhouse shall have one vote. Unless otherwise provided in these Bylaws, a majority consists of 50% of the Representatives present in person, by proxy, or written vote at a meeting of the Members. No Representative will be entitled to vote at any meeting until he or she has presented evidence of the Member's ownership of a townhouse to the Association. All references in these Bylaws to the vote of Members should be read to mean the vote of the Members' Representatives.

Section 7.2 Written Votes. If a Representative is unable to attend a membership meeting that Representative may file a written vote. A written vote must be filed with the Secretary of the Association at or before the appointed time for the meeting. A Representative who files a timely written vote with the Secretary will be counted in determining a quorum with respect to the question upon which the vote is cast.

Section 7.3 Proxy Votes. Votes may be cast by proxy as long as the proxy is filed with the Secretary of the Association at or before the appointed time of the meeting. A Representative who files a timely proxy with the Secretary will be counted in determining a quorum with respect to the question upon which the proxy is cast.

ARTICLE 8

INDEMNIFICATION

Section 8.1 Indemnification. The Association will indemnify the directors, officers, and non-director volunteers, only after 10 days written notice to the Members. The indemnification shall include all expenses and liabilities, including attorney fees, reasonably incurred in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of being or having been a director, officer, or non-director volunteer of the Association, whether or not he or she is a director, officer, or non-director volunteer at the time the expenses are incurred.

Section 8.2 Indemnification Exception. The Association shall not indemnify any director, officer, or non-director volunteer guilty of willful misfeasance or malfeasance in the performance of his or her duties.

Section 8.3 Indemnification Upon Settlement. In the event any claim for reimbursement or indemnification is based upon a settlement by the person seeking reimbursement or indemnification, the indemnification will apply only if the Board (without the vote of a director seeking reimbursement) approves the settlement and reimbursement as being in the best interest of the Association.

Section 8.4 Non-Exclusive Right. This right of indemnification will be in addition to and not exclusive of all other rights to which a director, officer, or non-director volunteer may be entitled.

Section 8.5 Determination by Independent Counsel. Where no judicial determination as to indemnification has been made, the Association will obtain an opinion of independent counsel as to the propriety of indemnification if a majority of Members vote to procure such opinion.

ARTICLE 9 BOOKS OF ACCOUNT

Section 9.1 Right of Inspection. The Association shall keep detailed books of account showing all expenditures 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 the Members. Such accounts will be open for inspection by the Members and mortgagees during reasonable business hours.

Section 9.2 Auditing of Books and Records. The books of account will be audited annually by an independent accountant. The auditor need not be a certified public accountant and the audit need not be a certified audit. The costs of any audit and any accounting expenses will be expenses of administration.

Section 9.3 Distribution to Members. The Association will prepare or have prepared, a financial statement at least monthly which will be distributed to all Members.

ARTICLE 10 RESTRICTIONS

Section 10.1 Townhouse Uses. No townhouse in the condominium will be used other than as a single-family residence. "Single family residence" means use as residence no more than two unrelated persons per townhouse with no more than two individuals per available bedroom. No member may operate a business out of a townhouse.

Section 10.2 Ability to Lease.

(a) A Member may lease his or her townhouse as a single-family residence but only if:

(1) The Member and/or his or her leasing agent, disclose that fact in writing to the Association at least 21 days before leasing the townhouse and use a lease to be provided or approved by the Association; and

(2) The tenants or non-Member occupants comply with all of the conditions of the Condominium Documents. All tenants shall be provided with a copy of the Association Bylaws as part of the rental agreement.

(b) If the Association determines that a tenant or a non-Member occupant has failed to comply with the conditions of the Condominium Documents:

(1) The Association will notify the Member by certified mail of the alleged violation by tenant.

(2) The Member will have 15 days after receipt of the notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(3) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute an action for eviction against the tenant or non-Member occupant and, simultaneously, for money damages in the same action against the Member and tenant or non-Member occupant for breach of the conditions of the Condominium Documents. The relief set forth in this section may be by summary proceeding. The Association may hold both the tenant and the Member liable for any damages caused by the Member or tenant in connection with the townhouse.

(c) When a Member is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Member's townhouse under a lease or rental agreement, and the tenant, after receiving the notice, will deduct from rental payments due the Member the arrearage and future assessments as they become due and pay them to the Association. The deductions will not be a breach of the rental agreement or lease by the tenant.

Section 10.3 Alterations. No Member (except a disabled person making improvements or modifications in order to accommodate his or her disability under MCLA 559.147a) shall make alterations to a townhouse, without the express written approval of the Board, to the exterior, common elements, or structural integrity of any townhouse (including interior walls through or in which there exists a support or utilities).

The prohibited alterations include but are not limited to: exterior painting, the erection of antennas, lights, awnings, doors, shutters, decks, porches, or other exterior attachments or modifications. Further, no Member may damage, make modifications, or make attachments to common element walls between townhouses which in any way impairs sound conditioning provisions. The Board may approve only such modifications as do not impair the soundness, safety, utility or appearance of the townhouse.

Section 10.4 Types of Activity Disallowed. No immoral, improper, unlawful or offensive activity will be carried on in any townhouse or upon the common elements. Anything that may be or which may become an annoyance or a nuisance to the Members of the townhouse shall not be allowed. Unreasonably noisy activity shall not be carried on in any unit or on the common elements. No Member shall do, permit, or keep anything in his or her townhouse or on the common elements that will increase the rate of insurance to the Association. A Member will pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition.

Section 10.5 Animals. No animal, including household pets, shall be permitted on the condominium property without the prior written consent of the Board. Any pets permitted to be kept in a townhouse will have such care and restraint as not to be obnoxious on account of noise, odor, or unsanitary conditions. No savage or dangerous animal may be kept in a townhouse. No animal may be permitted to run-loose upon the common elements. All animals will at all times be attended by a responsible person while on the common elements. Any person who causes or permits an animal to be brought or kept on the condominium property will indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the condominium property.

Section 10.6 Use of Common Elements. The common elements will not be used for storage of any kind except as provided in duly adopted rules and regulations of the Association. Trash receptacles will be maintained, at all times, in designated areas and will not be permitted to remain elsewhere on the common elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The common elements will not be used in any way for the drying, shaking, or airing of clothing or other fabrics. All curtains and drapes visible from the exterior of any unit will be made of or lined with material which is white or off-white in color. Automobiles may only be washed in areas approved by the Association. In general, no activity will be carried on nor condition maintained by a Member either in his or her townhouse or upon the common elements, which spoils the appearance of the condominium.

Section 10.7 Use of Recreational Facilities and Passage Ways. Sidewalks, yards, landscaped areas, driveways, roads, parking areas, patios and porches will not be obstructed in any way nor will they be used for purposes other than those for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or benches may be left unattended on or about the common elements. Use of any recreational facilities in the townhouse by children may be limited to such times and in such manner as the Association determines by duly adopted regulations.

Section 10.8 Parking and Storage.

(a) **Types of Vehicles Allowed.** No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobile trailers or vehicles other than automobiles may be parked or stored upon the premises of the Association. Commercial vehicles and trucks will not be parked in or about the complex (except as provided above) unless making deliveries or pickups in the normal course of business.

(b) **Other Parking Provisions.** In the event that there arises a shortage of parking spaces, the Association may allocate or assign parking spaces from time to time on an equitable basis. Excluding a guest's automobile, each townhouse is restricted to two automobiles per townhouse unit; however, the Association shall have the discretion to allow more than two automobiles per townhouse unit. The Association may set such parking regulations as it deems necessary. Members will, if the Association requires, register with the Association all cars maintained on the townhouse premises.

(c) **Other Storage Provisions.** All bikes, scooters, mopeds, and tricycles are to be stored in the bike racks or any other area designated by the Association. All owners must remove their bikes from the bike racks prior to November 1 of each year. If any owner fails to do so, the Association shall have the right, but not the obligation, to remove the bike. The Association will not be liable for damage (including damage due to snow removal after November 1) to any bikes or other vehicles stored in bike racks or other designated areas.

Section 10.9 Use of Weapons. No Member shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows or other similar dangerous weapons, projectiles or devices anywhere on or about the condominium premises.

Section 10.10 Use of Signs or Advertisement. No signs or other advertising devices will be displayed which are visible from the exterior of any townhouse or on the common elements, including "For Sale" signs, without written permission from the Association.

Section 10.11 Amendment of Regulations. Reasonable regulations consistent with the Act and the Condominium Documents concerning the use of the common elements may be made and amended from time to time by the Board. Copies of such regulations and amendments will be furnished to all Members and will become effective 15 days after mailing or delivery to the Representative of each Member. Any regulation or amendment may be revoked at any time by the affirmative vote of a majority of all of the Members.

Section 10.12 Access for Maintenance or Repair. The Association or its agents may access a townhouse, without notice, to make emergency repairs to prevent damage to the common elements or to another townhouse. Each member may provide the Association means of access to his or her townhouse during all periods of absence. In the event of the failure of a Member to provide access, the Association may gain access in such manner as may be reasonable under the circumstances and will not be liable to the Member for any necessary damage to his or her townhouse or for repair or replacement of any doors or windows damaged in gaining access.

Section 10.13 Landscaping. No Member shall plant any trees, shrubs or flowers or place any ornamental materials upon the common elements unless approved by the Association in writing.

Section 10.14 Uses of Porches, and Patios. No unsightly condition shall be maintained upon any porch, or patio, if any. Only furniture and equipment consistent with ordinary entrance area, porch, and patio use will be permitted to remain there during seasons when entrance areas, porches, and patios are reasonably in use. No furniture or equipment of any kind will be stored on entrance areas, porches, or patios during seasons when such areas are not reasonably in use.

Section 10.15 Member's Duty to Maintain. Each Member will maintain, in a safe, clean, and sanitary manner, his or her townhouse and any limited common elements attached thereto for which he has maintenance responsibility. Each Member will also use due care to avoid damaging any of the common elements which are attached to or which may affect any other townhouse including, but not limited to utility conduits and systems. Each Member will be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by the Member, or his or her family, guests, agents or invitees, unless these damages or costs are covered by insurance carried by the Association in which case there will be no such responsibility (unless reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Member will bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Member.

ARTICLE 11 ASSESSMENTS AND TAXES

Section 11.1 Owner of Property. The Association will be assessed as the person or entity in possession of any tangible personal property owned or possessed in common by the Members, and those personal property taxes will be treated as expenses of administration.

Section 11.2 Administration Costs and Expenses. All costs incurred by the Association in satisfaction of any liability arising within, caused by or in connection with the common elements will be administration expenses of the townhouse project. All costs incurred for the

administration of the townhouse project as a whole, and not individual units, will be administration expenses of the townhouse project. Costs incurred for any individual townhouse unit will be the responsibility of the owner of that townhouse unit and not the Association. All sums received from any policy of insurance carried by the Association securing the interests of the Members against liabilities or losses arising within, caused by or connected with the common elements or the administration of the townhouses will be receipts of administration.

Section 11.3 Determining Assessments. Assessments will be determined in accordance with the following provisions:

(a) **Regular Assessments.** The Association's Board shall establish an annual budget in advance for each fiscal year. The budget will project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the townhouse project, including a reasonable allowance for contingencies and reserves.

Should the Board, in their sole discretion, determine that the assessments levied are or may be insufficient: (1) to pay the costs of operation and management of the townhouses; (2) to provide replacements of existing common elements; (3) to provide additions to the common elements not exceeding \$2,000.00 annually; or (4) in the event of emergencies, the Board will have the authority to increase the general assessments or to levy additional assessments as it deems necessary.

(b) **Delivery of Annual Budget.** Copies of the annual budget will be delivered to each Member. The assessments for that year will be established, based upon the budget. The delivery or non-delivery of a copy of the budget to each Member will not affect the liability of any Member for any existing or future assessments.

(c) **Reserve Fund.** The Association will maintain a reserve fund for major repairs and replacement of common elements. This reserve fund shall be at least 10% of the Association's current annual budget. The reserve fund will be funded as part of the regular monthly assessments. The Association may determine that a greater amount should be set aside, or that additional reserve funds should be established for other purposes.

(d) **Special Assessments.** Special assessments, in addition to those required in (a) above, may be made by the Board from time to time and approved by the Members to meet other needs or requirements of the Association. These special assessments shall include, but are not limited to: (1) assessments for capital improvements exceeding \$1,000 per year; (2) assessments to purchase a townhouse upon foreclosure of the lien for assessments described in Section 11.7; or (3) assessments for any other appropriate purpose. Special assessments (not including those assessments referred to in subparagraphs (a) and (b) above which will be levied in the sole discretion of the Board) will not be levied without the prior approval of more than 60% of the Members.

Section 11.4 Members Share of Assessments. All assessments levied against the Members to cover expenses of administration of the townhouse project, and not individual townhouse units, will be apportioned among and paid by the Members in accordance with the percentage of value allocated to each townhouse (defined as Unit) in Article V of the Master Deed without any increase or decrease. Assessments will be due and payable at such times as the Association will determine, commencing with acceptance of a deed to a townhouse or with acquisition of fee simple title to a townhouse by any other means.

Section 11.5 Avoidability of Administration Expenses. No Member shall be exempt from liability for that Member'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 that Member's townhouse.

Section 11.6 Results of Default. The payment of an assessment will be in default if all or any part of the assessment, is not paid to the Association in full on or before the due date. Assessments in default will bear interest at the rate of 7% per year until paid in full. Each Member will be, personally liable for the payment of all assessments pertinent to his or her townhouse, which are or may be levied while the Member is the owner.

Section 11.7 Liens. Sums assessed to a Member by the Association which are unpaid constitute a lien upon the townhouse or townhouses owned by the Member at the time of the assessment. This lien will have priority over other liens (except tax liens on the townhouse in favor of any state or federal taxing authority and except for sums unpaid on a first mortgage of record). However, past due assessments which are evidenced by a recorded notice of lien, have priority over a first mortgage recorded subsequent to the recording of the notice of lien. The lien upon each townhouse owned by the Member will be in the amount assessed against the townhouse, plus a proportionate share of the total of all other unpaid assessments attributable to townhouses no longer owned by the Member but which became due while the Member had title to the townhouses.

Section 11.8 Enforcement of Delinquent Assessments. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the lien securing payment in the same manner that real estate mortgages may be foreclosed by action under Michigan law.

(a) **Expenses Incurred.** The expense incurred in collecting unpaid assessments including interest, fines, costs and attorneys' fees and advances for taxes or other liens paid by the Association to protect its lien, will be charged to the Member in default, and will be secured by the lien on his or her townhouse.

(b) **Discontinuation of Services.** The Association may also discontinue any services to a Member in default upon seven days written notice to the Member. A Member in default will not be entitled to vote at any meeting of the Association so long as the default continues. However, a foreclosure proceeding may not be commenced without recordation and service of a notice of lien which will set forth the legal description of the townhouse or townhouses to which the lien attaches, the name of the Member of record, and the amounts due the Association at the date of the notice, exclusive of interest, costs, attorney fees and future assessments. The notice of lien will be in recordable form, executed by an authorized representative of the Association and may contain other information the Association deems appropriate. The notice of lien will be recorded with the register of deeds for Ingham County and will be served upon the delinquent Member by first class mail, postage prepaid, addressed to the last known address of the Member at least 10 days before commencement of the foreclosure proceeding.

An action to recover money judgments for unpaid assessments may be maintained without foreclosing or waiving the lien. An action for money damages and foreclosure may be combined in one action. A receiver may be appointed in an action for foreclosure of the assessment lien and may be empowered to take possession of the townhouse if not occupied by the Member and to lease the townhouse and collect and apply the rental therefrom.

Section 11.9 Unpaid Assessments at Time of Sale. Upon the sale or conveyance of a townhouse, all unpaid assessments against a townhouse will be paid out of the sale price or by the purchaser in preference over any other assessments or charges except:

- (a) Amounts due the state, or any municipality for taxes;
- (b) Special assessments due and unpaid on the townhouse.
- (c) Payments due under a first mortgage having priority.

A purchaser or grantee is entitled to a written statement from the Association setting forth the amount of unpaid assessments against the seller or grantor. The purchaser or grantee is not liable for, nor is the townhouse conveyed or granted subject to a lien for any unpaid assessments against the seller or grantor in excess of the amount set forth in the written statement. Unless the purchaser or grantee requests a written statement from the Association as provided in the Act at least 5 days before sale, the purchaser or grantee will be liable for any unpaid assessments against the townhouse together with interest, costs, and attorney fees incurred in the collection.

Section 11.10 Holder of First Mortgage. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any townhouse which comes into possession of the townhouse pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, will take the property free of any claims for unpaid assessments or charges against the mortgaged townhouse which accrue prior to the time the holder comes into possession of the townhouse (except for claims for a pro rata share of the assessments or charges resulting from a pro rata reallocation of the assessments or charges to all townhouses including the mortgaged townhouse).

Section 11.11 Assessments Against Condominium. Special assessments and property taxes will be assessed against the individual townhouse. Townhouses will be described for such purposes by reference to the condominium unit number of the Condominium Subdivision Plan and the caption thereof together with the liber and page of the Ingham County Records. Assessments for subsequent real property improvements to a specific townhouse will be assessed to that townhouse description only. For property tax and special assessment purposes each townhouse will be treated as a separate single unit of real property and will not be combined with any other unit or units and no assessment of any fraction of any unit or combination of any unit with other units or fractions thereof will be made, nor will any division or split of the assessment or taxes of any single townhouse be made notwithstanding separate or common ownership.

ARTICLE 12 DEFAULT

Section 12.1 Default. The failure of a Member to comply with any of the terms of the Condominium Documents will entitle the Association to relief, which may include without limitations, an action to recover sums due for damages, injunctive relief, foreclosure of lien if default in payment of assessment, or any combination thereof. In any proceeding arising because of an alleged default by a Member, the Association or the Members, if successful, will recover the costs of the proceeding and reasonable attorneys' fees, as determined by the court.

Section 12.2 Member Action. A Member may maintain an action against the Association and its officers and directors to compel them to enforce the terms of the Condominium

Documents. A Member may maintain an action against another Member for injunctive relief and/or for damages for noncompliance with the terms of the Condominium Documents or the Condominium Act.

Section 12.3 Arbitration. Disputes, claims, or grievances relating to the interpretation of or arising out of the Condominium Documents, or any disputes, claims or grievances arising among or between Members and the Association will, with written notice to the Association and upon the election and written consent of the parties to any such disputes, claims or grievances, be submitted to arbitration and the parties will accept the arbitrator's decision as final and binding. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter will be applicable.

Section 12.4 Use of Judicial Process. Neither the Members nor the Association will be precluded from petitioning the courts to resolve any dispute, claim or grievance.

Section 12.5 Effect of Electing Arbitration. Election by Members or the Association to submit any dispute, claim or grievance to arbitration will preclude the parties from litigating the dispute, claim or grievance in the courts.

Section 12.6 Right of Entry to Cure Violation. The violation of any of the provisions of the Condominium Documents will also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the common elements, limited or general, or into any townhouse, where reasonably necessary, and summarily remove and abate, at the expense of the Member in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents.

Section 12.7 Waiver of Rights. The failure of the Association or of any Member to enforce any provision in the Condominium Documents will not constitute a waiver of the right of the Association or of the Member to enforce that provision in the future.

Section 12.8 Election of Remedies. All remedies granted to the Association or any Member or Members pursuant to any terms of the Condominium Documents will be deemed to be cumulative and the exercise of any one or more will not be deemed to constitute an election of remedies, nor will it preclude the party from exercising any other remedy available to that party at law or in equity.

ARTICLE 13 INSURANCE

Section 13.1 Types of Insurance Carried. The Association will carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the common elements of the townhouse project, and such insurance, other than title insurance, will be carried and administered in accordance with the following provisions:

(a) All insurance will be purchased by the Association for the benefit of the Association, and the Members and their mortgagees, as their interests may appear, and provision will be made for the issuance of certificates of mortgage endorsements to the mortgagees of Members. Each Member may obtain insurance coverage at his or her own expense upon his or her townhouse. It will be each Member's responsibility to obtain insurance coverage for his or her personal property located within his or her townhouse or elsewhere and for his or her personal

liability for occurrences within his or her townhouse or upon limited common elements appurtenant to his or her townhouse, and also for alternative living expenses in event of fire. The Association will have absolutely no responsibility for obtaining such coverages. The Association and all Members will use their best efforts to see that all property and liability insurance carried by the Association or any Member will contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Member or the Association.

(b) All common elements of the condominium project will be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board. Such coverage will also include interior walls within any townhouse and the pipes, wires, conduits and ducts contained therein and will further include all fixtures, equipment and trim within a townhouse which were furnished with the unit as standard items in accord with the plans and specifications on file with the Association (or replacements which do not exceed the cost of standard items). Any improvements made by a Member within his or her townhouse will be covered by insurance obtained by and at the expense of the Member; provided that, if the Association elects to include the improvements under its insurance coverage, any additional premium cost to the Association attributable thereto will be assessed to and borne solely by the Member and collected as a part of the assessments against the Member.

(c) All premiums for insurance purchased by the Association pursuant to these Bylaws will be expenses of administration.

(d) Proceeds of all insurance policies owned by the Association will be received by the Association, held in a separate account and distributed to the Association, and the Members and their mortgagees as their interest may appear; provided, however, whenever repair or reconstruction of the townhouses is required under Article 14 of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction will be used for repair or reconstruction.

Section 13.2 Association as Attorney-In-Fact. Each Member, by ownership of a townhouse will be deemed to appoint the Association as his or her attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the townhouse project, his or her townhouse and the common elements with any insurer providing such insurance.

The Association shall have full power and authority to execute releases of liability, to execute all documents, to purchase and maintain insurance, to collect and remit premiums, to collect proceeds, and to distribute the proceeds to the Association, the Members and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), and to take any action the Board deems necessary or convenient to accomplish the foregoing.

ARTICLE 14 RECONSTRUCTION OR REPAIR

Section 14.1 Determination of Reconstruction or Repair. If any part of the townhouse property becomes damaged, the determination of whether or not it will be reconstructed or repaired will be made in the following manner:

(a) If the damaged property is a common element or a townhouse, the property will be rebuilt or repaired if any townhouse in the condominium is tenantable, unless it is determined that the condominium will be terminated.

(b) If the condominium is so damaged that no townhouse is tenantable, the damaged property will not be rebuilt unless 75% or more of the Members agree by vote or in writing within 90 days after the destruction.

Section 14.2 Master Deed. Any reconstruction or repair will be substantially in accordance with the Master Deed and the plans and specifications for the project to a condition as comparable as possible to the condition existing prior to damage unless the Members unanimously decide otherwise.

Section 14.3 Member's Duty to Repair. If the damage is only to a part of a townhouse which is the responsibility of a Member to maintain and repair, it will be the responsibility of the Member to repair the damage in accordance with Section 14.4. In all other cases, the responsibility for reconstruction and repair will be that of the Association.

Section 14.4 Areas a Member is Responsible For. Each Member will be responsible for the reconstruction, repair and maintenance of the interior of his or her townhouse, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any common elements therein), interior trim, furniture, light fixtures and all appliances, whether free-standing or built-in. In the event damage to interior walls within a Member's unit or to pipes, wires, conduits, ducts or other common elements therein is covered by insurance held by the Association, then the reconstruction or repair will be the responsibility of the Association in accordance with Section 14.5. However, each Member will be responsible for the costs of any reconstruction, repair and maintenance to any other portion of the townhouse if the costs are necessitated by his or her negligence or misuse or the negligence or misuse by his or her family, guests, agents, servants, employees or contractors and to the extent the costs are not defrayed by the proceeds of any insurance policy. If any other interior portion of a townhouse is covered by insurance held by the Association for the benefit of the Member, the Member will be entitled to receive the proceeds of insurance relative to that townhouse and if there is a mortgagee endorsement, the proceeds will be payable to the Member and the mortgagee jointly. The Association may require reasonable assurances that the proceeds will be used for reconstruction or repair.

Section 14.5 Associations Duty to Repair. The Association will be responsible for the reconstruction, repair and maintenance of the common elements with those exceptions indicated in Article IV of the Master Deed, and any incidental damage to a townhouse caused by that common elements or the reconstruction, repair or maintenance of the common elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association will obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during the reconstruction or repair, or upon completion of the reconstruction or repair, the funds for the payment of the costs are insufficient, assessments will be made against all Members for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay estimated or actual cost of repair.

Section 14.6 Mechanics' Liens. A mechanic's lien otherwise arising under Act No. 179 of the Public Acts of 1891, being sections 570.1 to 570.30 of the Michigan Compiled Laws, will be subject to the following limitations:

(a) Except as provided in this section a mechanic's lien for work performed upon a townhouse or upon a limited common element may attach only to the townhouse upon which the work was performed.

(b) A mechanic's lien for work authorized by the Association may attach to each townhouse only to the extent that the Member of the townhouse is required to contribute to the expenses of administration as provided by the Condominium Documents.

(c) A mechanic's lien may not arise or attach to a townhouse for work performed on the common elements not contracted by the Association.

Section 14.7 Eminent Domain. In the event that any portion of the townhouse property is taken by eminent domain, Section 5.6 of the Condominium Bylaws will control.

ARTICLE 15 MORTGAGES

Section 15.1 Ability to Mortgage Townhouse. No Member may mortgage his or her townhouse or any interest therein without the approval of the Board except to an institutional lender, including a bank, mortgage banker, pension fund, life insurance company, a State or Federal Savings & Loan Association, or a chartered State or Federal Credit Union. The approval of any other mortgage may be granted or withheld, in the sole discretion of the Association, upon conditions determined by the Association. This provision shall not be construed to prevent a Member from accepting a purchase money mortgage from a purchaser.

Section 15.2 Maintenance or Mortgage Records. Any Member who mortgages his or her townhouse shall notify the Association of the name and address of the mortgagee, and the Association will maintain such information in a book entitled Mortgages-of Townhouses. The Association may, at the written request of the mortgagee, report any unpaid assessments due from the Member of the townhouse. The Association shall give to the holder of any first mortgage covering any townhouse written notification of any default in the performance of the obligations of the Member of the townhouse that is not cured within 60 days.

Section 15.3 Notice to Mortgagee. The Association shall notify each mortgagee appearing in the book of the name of each company insuring the condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of the coverage. The Association shall notify mortgagee in writing of any loss to or taking of, the common elements if the loss or taking exceeds \$10,000, or if damage to a unit covered by a mortgage from mortgagee exceeds \$1,000.

Section 15.4 Prohibited Acts of Association Regarding Mortgages. Unless all holders of first mortgage liens on individual townhouses have given their prior written approval, the Association will not:

(a) Change the pro rata interest or obligations of any townhouse for purposes of levying assessments and charges and determining shares of the common elements and proceeds;

(b) Partition or subdivide any townhouse or the common elements; nor

(c) By act or omission, seek to abandon the condominium status of the project except as provided by statute in case of substantial loss to the townhouses and common elements.

Section 15.5 Notice of Foreclosure. The mortgagee of a first mortgage of record of a townhouse must give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the Association by certified mail, return receipt requested, addressed to the registered agent at the agent's address as shown on the records of the Michigan Department of Consumer and Industry Services within 10 days after first publication of the notice. The mortgagee of a first mortgage of record of a townhouse shall give notice to the association of co-owners of intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the mortgagee, and the foreclosing assignee of a recorded assignment of the mortgage, if any; the date of the mortgage and the date the mortgage was recorded; the amount claimed to be due on the mortgage on the date of the notice; and a description of the mortgaged premises that substantially conforms with the description contained in the mortgage upon the association of co-owners by certified mail, return receipt requested, addressed to the resident agent of the association of co-owners at the agent's address as shown on the records of the Michigan Department of Consumer and Industry Services not less than 10 days before commencement of the judicial action. Failure of the mortgagee to provide notice as required by this section shall only provide the Association with legal recourse and will not, in any event, invalidate any foreclosure proceeding between a mortgagee and mortgagor.

Section 15.6 Mortgagees Rights. Nothing contained in the Condominium Documents shall be construed to give a townhouse owner, or any other party, priority over any rights of first mortgagees of townhouse units pursuant to their mortgages in the case of a distribution to townhouse owners of insurance proceeds or condemnation awards for losses to or taking of townhouses and/ or common elements.

ARTICLE 16 AMENDMENT OF BYLAWS

Section 16.1 Proposals. The amendment of these Bylaws may be proposed by a majority of the Board or by more than one-third of the Members. A proposal by the Members may be accomplished either through a meeting or by an instrument in writing signed by them.

Section 16.2 Amendment Meeting. Upon proposal of any amendment, the President shall call a meeting for consideration of the proposed amendment.

Section 16.3 Required Vote. These Bylaws may be amended, in full or in part, by the Association at any regular meeting or any special meeting called for that purpose if two-thirds of the Members, entitled to vote as of the record date, affirmatively vote to do so.

Section 16.4 Effective Date. An amendment will become effective upon its adoption and need not be approved by the State of Michigan or recorded in the Register of Deeds.

Section 16.5 Member Copies. A copy of the amended Bylaws must be furnished to every Member.

ARTICLE 17
MISCELLANEOUS PROVISIONS

Section 17.1 Fiscal Year. The fiscal year of the Association will be determined by the Board.

Section 17.2 Compliance. The Association and all present or future Members, tenants, future tenants, or any other persons acquiring an interest in or using the facilities of the condominium in any manner are subject to and will comply with the Act, the Condominium Documents, and any other rules and regulations adopted by the Association. The acquisition, occupancy or rental of any townhouse or the utilization of or entry upon the townhouse premises will signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act will govern.

Section 17.3. Definitions. Unless specifically defined in the Bylaws, all terms used in these Bylaws will have the same meaning as set forth in the Master Deed.

Section 17.4 Availability of Condominium Documents. The Association will keep current copies of the approved Master Deed and any amendments and all other Condominium Documents available at reasonable hours to Members, prospective purchasers and prospective mortgagees of townhouses.

Section 17.5 Severability. In the event that any provision of these Bylaws is held to be partially or wholly invalid, holding will not affect any of the other provisions of the documents or the remaining portions of any provisions held to be partially invalid.

Section 17.6 Finance. The funds of the Association may be deposited in any bank designated by the Board and shall be withdrawn only upon the check or order of the officers, employees or agents designated by resolution of the Board from time to time.

Section 17.7 Conflicting Provisions. In case any of these Bylaws conflict with the provisions of Act No. 59 Public Acts of 1978, as amended from time to time; with the provisions of the Master Deed; or the Condominium Bylaws; then the provisions of the statute, Master Deed, or the Condominium Bylaws shall be controlling.