

CONDOMINIUM
BYLAWS OF
RIVER PINES

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EXHIBIT A

**CONDOMINIUM BYLAWS
OF RIVER PINES**

ARTICLE I

CONDOMINIUM PROJECT

1.01 Organization. River Pines, a residential condominium project located in Plainfield Township, Kent County, Michigan (the "**Project**") is being developed so as to contain a maximum of seven (7) building sites / Units. Upon the recording of the Master Deed, the management, maintenance, operation and administration of the Project shall be vested in an association of co-owners organized as a non-profit corporation (the "**Association**") under the laws of the State of Michigan. The entity created for this purpose is River Pines Association.

1.02 Compliance. All present and future Co-owners, mortgagees, lessees and other persons who may use the facilities of the Project in any manner shall be subject to and comply with the provisions of Michigan's Condominium Act, Act No. 59, P.A. 1978, as amended (the "**Act**"), the Master Deed (including these Condominium Bylaws and the Condominium Subdivision Plan attached as Exhibits A and B respectively, to the Master Deed), the Articles of Incorporation of the Association, the Association Bylaws, and the other Condominium Documents, as they may be amended from time-to-time, which pertain to the use and operation of the Project. Each Co-owner shall bear responsibility for the conduct of his or her family members, guests, pets and invitees. The Association shall keep current copies of the Condominium Documents available for inspection at reasonable hours by Co-owners, prospective purchasers and prospective mortgagees of Units and others with interests in the Project. The acceptance of a deed, land contract or other document of conveyance, the entering into of a lease or the act of occupancy of a Unit shall constitute an acceptance of the provisions of the Condominium Documents and an agreement to comply with such provisions. The use of the property within the Project is also subject to all applicable local zoning and building and use ordinances. It is the obligation of each Co-owner and other person using any part of the Project to determine what local zoning and building and use ordinances, if any, affect the Project.

ARTICLE II

MEMBERSHIP AND VOTING

2.01 Membership. Each Co-owner of a Unit in the Project, present and future, shall be a member of the Association during the period of the Co-owner's ownership of a Unit and no other person or entity shall be entitled to membership. Neither Association membership, nor the share of a member in the Association's funds and assets, shall be assigned, pledged or transferred in any manner, except as an appurtenance to a Unit and any attempted assignment, pledge or transfer in violation of this provision shall be void. No Co-owner may resign or be expelled from membership in the Association as long as he or she continues to be a Co-owner.

2.02 Voting Rights. Except as limited in the Master Deed and in these Condominium Bylaws, voting on Association matters shall be as follows:

a. Weight of Vote. The Co-owner(s) owning each Unit shall collectively be entitled to one vote when voting by number and one vote, the value of which shall equal the Percentage of Value assigned to the Unit as set forth in the Master Deed, when voting by value. Voting shall be by number, except in those instances where voting is specifically required to be in both value and in number. No cumulation of votes shall be permitted, except as may be set forth in any Condominium Document.

b. Directors. Directors of the Association shall be elected by a plurality of the votes cast at an election by members entitled to vote.

c. Other Action. When an action, other than the election of Directors, is to be taken by vote of the members, it shall be authorized by a majority of the votes cast by members entitled to vote, unless a greater plurality is required by the Condominium Documents or the Act.

d. Majority. A "majority vote" means a vote by more than fifty percent (50%) of the Association members present in person or by proxy or in any other manner permitted by the Condominium Documents and entitled to vote at a duly convened meeting at which a quorum is or was present.

2.03 Members Entitled to Vote.

a. Eligibility. No Co-owner, other than the Developer, shall be entitled to vote on any action of the Association until he or she has presented to the Board of Directors written evidence of ownership of a Unit in the Project or such other evidence that satisfies the Board that the person is Co-owner. The type of written evidence of ownership which could meet the requirements of this subsection may be specified by the Board of Directors and provided to the Association on or before the record date for the action which is the subject of the vote or by such other deadline as the Board may establish. Unless otherwise decided by Rule or Board resolution, no Co-Owner is eligible to vote at any meeting of members if payment of any assessment on his or her Unit is delinquent by more than sixty (60) days as of the record date for the action to be voted upon and the Co-owner is unable to prove to the Board's satisfaction that the delinquency has been cured as of the date and time of the vote.

b. Developer. Notwithstanding Subsection (a) above or any other provision in the Condominium Documents to the contrary, in recognition of the Developer's financial investment in the Project and its special interests in promoting the success of the Project and the market values of the Units, the Developer shall have one vote for each Unit for which it holds title without regard as to whether the Developer is required to pay assessments on the Unit(s) and whether the Developer owes any money to the Association.

c. **Record Date.** For purposes of determining the members entitled to vote at a meeting of members or any adjournment of such a meeting or entitled to express consent or dissent from a written proposal without a meeting, and for the purpose of establishing the validity of any other action, the Board of Directors may fix, in advance, a record date for the determination of members. If a record date is not fixed, then the record date for determination of members entitled to notice of or to vote at a meeting of members shall be 2:00 o'clock p.m. on the day next preceding the day on which notice is given, or, if no notice is given, then the day next preceding the day on which the meeting is held.

d. **Pre-Transitional Control Date.** Notwithstanding any provision in the Condominium Documents to the contrary and except to the extent necessary for the election of non-Developer, Co-owner elected Directors as required by Article IV of these Condominium Bylaws, no Co-owner other than the Developer shall be entitled to vote on any matter at any meeting of Co-owners prior to the first Annual Meeting of Members described in Section 3.01 of the Condominium Bylaws.

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

2.05 Proxies. Votes of members may be cast in person or by proxy. Proxies may be made by any Co-owner entitled to vote. Proxies shall be valid only for the particular meeting of the Association designated and any adjournment of the meeting, and must be filed with the Association before or at the appointed time of the meeting or such other deadline as may be established in writing by the Board.

ARTICLE III

MEETINGS AND QUORUM

3.01 Annual Meeting. An annual meeting of members for the election of Directors and for such other business as may come before the meeting shall be held as set forth in the Association Bylaws; provided however, that the initial annual meeting of the members of the Association shall be convened only by the Developer. The meeting shall not be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-Developer Co-owners of seventy-five percent (75%) of the total number of Units that may be created in the Project or fifty-four (54) months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit, whichever first occurs. The Developer may call meetings of members of the Association for informational or other appropriate purposes prior to the initial annual meeting of members, but no such informational or other meeting shall be construed as the initial meeting of members.

3.02 Special Meetings. During the Development Period, the Developer may call special meetings of members at any time for informational purposes or other appropriate purposes. The Association Bylaws may also specify times when special meetings of members may be called.

3.03 Advisory Committee. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of one-third (33.3%) of the Units that may be created, or one year after the initial conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs, three (3) persons shall be selected by the Developer from among the Co-owners other than the Developer to serve as an Advisory Committee to the Board of Directors. The purpose of the Advisory Committee is to facilitate communication between the Board of Directors and non-developer Co-owners and to aid in the ultimate transition of control of the Association. The members of the Advisory Committee shall serve for one (1) year, or until their successors are selected, and the Advisory Committee shall automatically cease to exist on the Transitional Control Date. The Board of Directors and the Advisory Committee shall meet with each other at such reasonable times as may be requested by the Advisory Committee; provided, however, that there shall be not more than two (2) such meetings each year unless both parties agree.

3.04 Notice. At least ten (10) days prior to the date of a meeting of members, written notice of the time, place and purpose of the meeting shall be mailed or otherwise delivered to each member entitled to vote at the meeting in accordance with the types of notice and delivery authorized in Section 13.02 of these Bylaws; provided, that not less than twenty (20) days written notice shall be provided to each member if any proposed amendment to the Master Deed, including these Bylaws or the Subdivision Plan, will be presented at the meeting. The notice provisions of this Section 3.04 shall not apply if the Association employs a written consent resolution to effect the action and Michigan law authorizes the use of such consent resolution.

3.05 Quorum of Members. The presence in person or by proxy of thirty percent (30%) in number of the Co-owners entitled to vote shall constitute a quorum of members for any meeting of members.

ARTICLE IV

ADMINISTRATION

4.01 Board of Directors. The business, property, and affairs of the Association shall be managed and administered by a Board of Directors, all of whom must be members of the Association or officers, partners, members, trustees, employees or agents of entity members of the Association. Notwithstanding the foregoing, any person appointed to the Board by the Developer need not be a member of the Association and the Board, by Rule, may revise the qualifications which must be met for a person to qualify to be a Director. All Directors shall serve without compensation. The number of Directors shall be set forth in the Association Bylaws.

4.02 Nomination of Directors. Persons qualified to be Directors may be nominated for election: (1) by the Board of Directors; or (2) by a nominating petition, signed by Co-owners

representing at least two (2) Units (one of whom may be the nominee) and either signed by the nominee or accompanied by a document signed by the nominee indicating his or her willingness to serve as a Director, and submitted to the Board of Directors at least ten (10) days before the meeting at which the election is to be held; or (3) by nomination made from the floor at the meeting at which the election is held if the nominee is either present at the meeting and consents to the nomination or has indicated a willingness to serve as set forth in writing delivered to the meeting. This Section 4.02 does not apply to persons appointed to the Board by the Developer.

4.03 Term. The term of office for all Directors, except Directors of the first Board of Directors, shall be two years, or until their successors are elected and qualified. Notwithstanding the foregoing, the terms of the Directors elected at the initial meeting of members held on the Transitional Control Date may be staggered so that all Board positions do not come up for vote at the same time.

a. First Board of Directors. The terms of office for the Directors of the first Board of Directors designated by the Developer, including any successor Directors designated by the Developer (collectively, the "First Board"), shall expire on the date their successors are elected by the Co-owners, unless terminated earlier by operation of Subsection (b) below. At any election of Directors by non-developer Co-owners required by Subsection (b) below, the Developer shall be entitled to elect and/or designate Director(s) in accordance with Section 52 of the Act, as amended.

b. Election of Non-Developer Co-owners.

(1) The term of office of one (1) of the Directors (but not less than twenty-five percent of the Board) of the First Board of Directors, as selected by the Developer, shall expire one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of twenty-five percent (25%) of the Units which may be created. Co-owners other than the Developer shall elect the individuals to replace such Director(s).

(2) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of fifty percent (50%) of the Units that may be created, not less than thirty-three and one-third percent (33 1/3%) of the Board of Directors shall be elected by non-Developer Co-owners.

(3) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy-five percent (75%) of the Units that may be created, and before conveyance of ninety percent (90%) of such Units, non-developer Co-owners shall elect all Directors on the Board, except that the Developer will have the right to designate at least one Director as long as the Developer owns and offers for sale at least ten percent (10%) of the Units in the Project or as long as ten percent (10%) of the Units remain that may be created.

(4) Regardless of the percentage of Units which have been conveyed, if less than seventy-five percent (75%) of the Units that may be created have not been conveyed, upon the expiration of fifty-four (54) months after the first conveyance

of legal or equitable title to a non-developer Co-owner of a Unit in the Project, Co-owners other than the Developer shall have the right to elect a number of Directors of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of Directors of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but will not reduce, the minimum election and designation rights of Co-owners other than the Developer otherwise established above in Subsections (b)(1), (b)(2) and (b)(3). Application of this subsection does not require a change in the size of the Board of Directors.

(5) If the calculation of the percentage of Directors of the Board of Directors that the non-developer Co-owners have the right to elect under Subsections (b)(1), (b)(2), and (b)(3) above, or if the product of the number of Directors of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under Subsection (b)(4) results in a right of non-developer Co-owners to elect a fractional number of Directors of the Board of Directors, then a fractional election right of 0.5 or greater will be rounded up to the nearest whole number, which number will be the number of Directors of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula, the Developer will have the right to designate the remaining Directors of the Board of Directors. Notwithstanding the foregoing, application of this Subsection (b)(5) will not eliminate the right of the Developer to designate one (1) Director to the Board as provided in Subsection (b)(3).

(6) For purposes of calculating the timing of events described in this Subsection b, and in Subsection (d) of this Section 4.03, conveyance by the Developer to a Residential Builder, regardless of whether the Residential Builder is an affiliate of the Developer, is not considered a sale to a non-Developer Co-owner until such time as the Residential Builder conveys the Unit with a completed residence on it or until the Unit contains a completed residence which is occupied as a home, whichever first occurs.

c. Removal of Directors. Except for the First Board of Directors, or any successor Director designated by the Developer, a Director or the entire Board may be removed with or without cause by a majority vote of the members entitled to vote. The Developer shall have the exclusive right to remove and replace any and all of the First Board of Directors or any Director designated by the Developer, at any time or from time to time, and in its sole discretion.

d. Vacancies During Development. As long as the Developer owns and offers for sale at least ten percent (10%) of the Units in the Project or as long as ten percent (10%) of the Units remain that may be created, whichever is longer, the Developer shall have the exclusive right to designate persons to serve as Directors for the remaining unexpired term of any vacant Directorship; provided however, that only non-Developer Co-owners shall have the right to fill any vacancy occurring in a Directorship which was previously filled by an election of Co-owners other than the Developer.

e. **Subsequent Vacancies.** Vacancies in the Board of Directors which occur after the Developer no longer owns and offers for sale at least ten percent (10%) of the Units in the Project or which occur after ten percent (10%) of the Units that may be created are no longer unsold, whichever is longer, and which vacancies are caused by any reason other than the removal of a Director by a vote of the members of the Association, will be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person elected by vote of the Directors shall serve as a Director until a successor is elected and qualified at the next annual meeting of the Association or until the person is duly removed or no longer qualifies as the Director, whichever first occurs. Vacancies caused by the removal of a Director by a vote of the members of the Association shall only be filled by a vote of the members.

f. **Actions of First Board.** All actions of the First Board shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association, so long as such actions are within the scope of the powers and duties which may be exercised by a Board of Directors as provided in the Condominium Documents.

4.04 Powers and Duties. The Board shall have all powers and duties necessary for the management and administration of the affairs of the Association and may do all acts and things that are not prohibited by the Condominium Documents or specifically required by the Condominium Documents to be exclusively done and exercised by the Co-owners. In addition to the foregoing general duties and powers and those which may be imposed by resolution of the members of the Association or which may be set forth in the Association Bylaws, the Board of Directors shall have the following specific powers and duties:

a. Care, upkeep and maintenance of the General Common Elements, including the trimming, cutting down, planting, and/or cultivation of trees and other plantings and certain Limited Common Elements as set forth in the Condominium Documents;

b. Development of an annual budget, and the determination, assessment and collection of amounts required for the operation and other affairs of the Condominium Property and the Association;

c. Contract for and employ persons to assist in the management, maintenance, administration and security of the Project;

d. Subject to Section 7.06 of these Bylaws and other pertinent provisions of the Condominium Documents, adoption and amendment of Rules covering the details of the use of Condominium Project and operation and governance of the Association;

e. Opening bank accounts, borrowing money and issuing evidences of indebtedness in furtherance of the purposes of the Project and the Association, and designating signatories required for such purposes;

f. Obtaining insurance for Project, the Association, and/or the Board, the premiums of which shall be an expense of administration;

g. Authorizing the execution, acknowledgement and delivery, on behalf of Co-owners, of contracts, deeds of conveyance, easements and rights-of-way affecting any real or personal property interests of the Association;

h. Making repairs, additions and improvements to, or alterations of, the Project, and repairs to and restoration of the Condominium Property in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

i. Asserting, defending or settling claims on behalf of all Co-owners in connection with the Common Elements of the Project and/or the operation of the Association and, upon written notice to all Co-owners, instituting actions on behalf of and against Co-owner(s) in the name of the Association (provided, however, that such notice need not be given with respect to actions where the primary purpose to collect unpaid assessments);

j. Establishing such committees as it deems necessary, convenient or desirable, and appointing persons to the committees for the purpose of implementing the management and administration of the Project and delegating to such committees any function or responsibilities which are not by law or the Condominium Documents required to be performed by the Board;

k. Exercising such further duties as may be imposed by resolution of the members of the Association or which may be set forth in the Condominium Documents;

l. Granting, on behalf of the Co-owners, concessions, easements or licenses for the use of the General Common Elements of the Project in furtherance of any of the purposes of the Association, including easements to utilize, tap, tie into and enlarge and maintain all utility mains or laterals located in the Common Element areas of the Project for water, gas, storm or sanitary sewer purposes, whether or not the same are dedicated;

m. Adopting, executing, acknowledging, and recording all amendments to this Master Deed and the other Condominium Documents unless such actions are required by law, or the Condominium Documents, to be taken by the Co-owners; and

n. Dedicating all or any portion of the General Common Elements to or for the use of the public.

4.05 Books and Records. The Association shall prepare and maintain books and records containing detailed accounts of the Association's expenditures and receipts and of the meetings of the Association's members and directors, and shall prepare and distribute to each co-owner at least once each year a financial statement, the contents of which shall be defined by the Association. The Association shall also prepare and maintain such other books and records that the law requires and that the Board of Directors deems necessary or appropriate. All books,

records, contracts and financial statements concerning the administration and operation of the Project shall be available for examination by any of the Co-owners and their mortgagees at times mutually convenient to the requesting party and to the keeper of the documents to be examined. Reviews and audits of the Association's books, records and financial statements shall be governed by Section 57 of the Act, with the Association reserving the right, if it qualifies under the Act, to opt out, on any annual basis, of any annual review and/or audit requirements by an affirmative vote of a majority of the members by any means permitted under the Condominium Documents

4.06 Right of Access. The Association and its agents shall have access to each Unit from time to time during reasonable working hours, and upon reasonable notice to the occupant of the Unit, for the purpose of maintenance, repair or replacement of any of the Common Elements located in the Unit or accessible from the Unit, and for the purpose of making emergency repairs necessary to prevent damage to other Units, the Common Elements or both; provided however, that nothing contained in this subsection shall be construed to permit the Association access inside the residence (including garage) constructed within each Unit without the express written permission of the Unit's Co-owner except in emergency situations when immediate access is deemed to be necessary to prevent significant injury or property damage.

4.07 Reserve Fund. The Association shall maintain a reserve fund, to be used only for major repair and replacement of the Common Elements, as required by Section 105 of the Act, as amended. Such fund shall be established in the minimum amount set forth in this Section on or before the Transitional Control Date, and shall be maintained at a level which is equal to or greater than ten percent (10%) of the then current annual budget of the Association on a noncumulative basis. **The minimum reserve standard required by this Section may prove to be inadequate, and the Board should carefully analyze the Project from time to time in order to determine if a greater amount should be set aside or if additional reserve funds shall be established for other purposes.**

4.08 Construction Liens. A construction lien arising as a result of work performed within a Unit or appurtenant Limited Common Element shall attach only to the Unit for which the work was performed, and a lien for work authorized by the Developer or principal contractor shall attach only to Units owned by the Developer at the time of recording the construction 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 Unit or any limited Common Elements for work performed on the General Common Elements not contracted for by the Association or the Developer.

4.09 Managing Agent. The Board may employ for the Association a management company or managing agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the powers and duties listed in Section 4.04, but ultimate power and authority for decisions shall reside in the Association and the Board, and not the management company or managing agent. The Developer or any person or entity related to the Developer may serve as Managing Agent if so appointed. A service contract or management contract entered into between the Association and the Developer or affiliates of the Developer shall be voidable by the Board of Directors on the Transitional Control Date or within ninety (90) days after that date, and on thirty (30) days' notice at any time thereafter for cause.

4.10 Officers. The Association 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 and Directors of the Association not inconsistent with these Condominium Bylaws. Officers may be compensated, but only upon a majority vote of all Co-owners entitled to vote.

4.11 Indemnification. All Directors and Officers of the Association shall be entitled to indemnification against costs and expenses incurred as a result of their actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on behalf of the Association, upon ten (10) days' notice to all Co-owners, in the manner and to the extent provided by the Association Bylaws and/or any other Condominium Documents. In the event that no judicial determination as to indemnification has been made, an opinion of independent counsel as to the propriety of indemnification shall be obtained if a majority of Co-owners vote to procure such an opinion. At least ten (10) days' prior written notice of any payment to be made under this Section shall be given to all Co-owners.

ARTICLE V

ASSESSMENTS

5.01 Determination of Regular Assessments; Budget. The Board of Directors shall, from time to time, and at least annually, adopt a budget for the Association which shall include the estimated funds required to defray common expenses of the Project for which the Association has responsibility for the next ensuing year, including a reasonable allowance for contingencies and reserves, and the Board shall allocate and assess such common charges ("**Regular Assessments**") against all Co-owners as set forth in Section 5.04 of these Condominium Bylaws. Upon adoption of an annual budget by the Board, copies of the budget shall be delivered to each Co-owner and the Regular Assessment to be levied against each Co-owner for the ensuing year will be established based on the budget. The failure to deliver a copy of the budget to each Co-owner will not affect or in any way diminish the liability of any Co-owner for any existing or future assessments.

5.02 Increase of Regular Assessment During Fiscal Year. Absent Co-owner approval as provided in these Condominium Bylaws, Regular Assessments shall only be increased by the Board during a given fiscal year of the Association in accordance with the following:

- a. If the Board shall find the annual budget as originally adopted is insufficient to pay the costs of operation and maintenance of the Common Elements and/or the budgeted costs of operating the Association; or
- b. To provide for the replacement of existing Common Elements; or
- c. To provide for the purchase of additions to the Common Elements in an amount not exceeding Two Thousand Dollars (\$2,000) for the additions or Seventy-Five Dollars (\$75) per Unit annually to operate, maintain, hold and repair the additions, whichever is less; or

- d. In the event of emergency or unforeseen development.

Any increase in Regular Assessments for a given fiscal year other than or in addition to the foregoing shall require approval by a vote of sixty percent (60%) or more of the Co-owners entitled to vote.

5.03 Administrative Expenses. The common expenses of the Project shall consist, among other things, of such amounts as the Board may deem proper for the operation and maintenance of the Project under the powers and duties delegated to it under the Condominium Documents and applicable law, and may include, without limitation, amounts to be set aside for working capital of the Association, for a general operating reserve, for a reserve fund as generally described in section 4.07 of these Condominium Bylaws and for meeting any deficit in the common expenses for any prior year. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Project shall be expenses of administration, and all sums received as proceeds of or pursuant to any policy of insurance securing the interests of the Co-owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of the Project shall be receipts of administration. The Association shall be assessed as the entity in possession of any tangible personal property of the Project owned or possessed in common by the Co-owners, and all personal property taxes on such property shall be treated as expenses of administration.

5.04 Levy of Assessments.

a. **Payment.** Except as may be provided otherwise in these Condominium Bylaws, all Regular Assessments shall be apportioned among and paid by the Co-owners based upon their respective Percentages of Value. As determined by the Board of Directors, Regular Assessments shall be payable in monthly, quarterly, semi-annual or annual installments, in advance, commencing with acceptance of a conveyance of a Unit, or with the acquisition of title to a Unit by any other means. The Board shall have authority to offer reasonable discounts for prepayments and/or other payment arrangements which, in the Board's opinion, benefit the Association.

b. **Possible Relief.** The Board of Directors, including the First Board, may relieve any Co-owner who has not constructed a residence within his or her Unit from payment, for a limited period of time, of all or some portion of his or her respective allocable share of the Association budget. The purpose of this provision is to provide fair and reasonable relief from Association assessments until such Co-owner commences utilizing the Common Elements on a regular basis. Notwithstanding the foregoing, the Board of Directors is not obligated to reduce or abate the assessment of any Co-owner who has not constructed a residence within his or her Unit.

5.05 Determination of Special Assessments. The Board has the power to levy special assessments against all Co-owners and their Unit(s) and/or against those Co-owner(s) and the Unit(s) of Co-owner(s) that, in the Board's opinion either will benefit from the expenditure for

which the special assessment was levied, or which are likely to cause, or will cause, the Association to incur any expense that will not benefit the entire Association. All special assessments levied against a Unit or Units shall be determined by the Board of Directors, after notice to the affected Co-owner(s) of such proposed special assessments. By resolution, the Board shall determine the terms of payment of any special assessment, and, where an assessment involves more than one Co-owner, equitably apportion the special assessment among Co-owners. Special assessments levied against Units to cover the expenses of administration of Limited Common Element areas shall be apportioned among the affected Co-owners according to their respective Percentages of Value or according to such other formula as may be determined by the Board to be equitable under the circumstances. If more than one affected Co-owner objects to the proposed special assessment or terms of payment in a written notice served on the Board no later than ten (10) days after service of the notice on the Co-owners, then the Board promptly shall schedule a meeting on the issue and the proposed special assessment shall be set aside or the payment terms revised if at the meeting forty percent (40%) of all Co-owners in the Project entitled to vote vote to set aside the assessment or revise the payment terms, as the case may be.

5.06 Collection of Assessments.

a. **Lien.** All assessments levied against a Co-owner by the Association which are unpaid constitute a lien upon the Units owned by the Co-owner at the time of the assessment, prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record recorded prior to the recording of any notice of lien by the Association. For purposes of this Subsection (a), the term "assessment" includes, without limitation, all Regular Assessments, all special assessments, all fines, interest, late charges, costs of collection (including attorney fees) and other sums owed to the Association by reason of a Co-owner's failure to adhere to the Condominium Documents. The lien upon each Unit owned by a Co-owner shall be in the amount assessed against the Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Unit(s) no longer owned by the Co-owner but which became due while the Co-owner had title to the Unit(s).

b. **Personal Obligation.** Each Co-owner shall be personally obligated for the payment of all assessments levied with regard to his or her Unit during the time that he or she is the owner of the Unit, and no Co-owner may exempt himself or herself from liability for his or her contribution by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of his or her Unit, or by any other action.

c. **Acceleration; Late Charges.** In the event of default by any Co-owner in paying an assessment or an installment of an assessment, the Board may accelerate and declare all unpaid installments of the Regular Assessments for the pertinent fiscal year and all unpaid installments of any special assessment immediately due and payable. In addition, the Board may assess on past due assessments reasonable late charges, as determined from time to time by Board resolution or by Rule. The late charges may be in the form of a one-time charge for a payment more than a certain number of days overdue, a daily charge from the due date until the date paid, a charge for each week or month (or portion thereof) that a payment is late and/or such other form(s) as the Board may determine from time to time by resolution or Rule.

d. **Expenses.** All expenses incurred in investigating and calculating delinquencies and in attempting to collect any sums owed to the Association, including assessments, late charges, interest, costs and reasonable actual attorney's fees, and any advances for taxes, other liens, or other sums paid by the Association to protect its lien for unpaid assessments, shall be deemed to be assessed by the Association against the Co-owner in default and while unpaid shall constitute a lien upon the Unit or Units owned by the Co-owner, unless the Board of Directors takes affirmative action to the contrary.

e. **Additional Remedies.** In addition to any other remedies available to the Association, the Association may enforce the collection of unpaid assessments by suit at law for a money judgment, by foreclosure of the statutory lien securing payment of assessments in the manner provided by Section 108 of the Act, as amended, or by any other procedure permitted by applicable law. Each Co-owner, and every other person who from time to time has any interest in the Project, will be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law for foreclosures by advertisement. **Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to the Unit he or she was notified of the provisions of this subsection, including this power of sale, and that he or she voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and of any hearing on the same prior to the sale of the subject Unit.** The Association shall have the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement, in the name of the Association on behalf of the Co-owners. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated in this subsection by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions, provided, however, that any foreclosure or pre-foreclosure procedures which by their nature and description would apply only to mortgages and not association liens (such as mortgage counseling) shall not be required as part of the assessment lien foreclosure process, and the process shall be further modified by the application of any applicable provisions of the Act. Unless Michigan law provides for a redemption period of a different duration, the redemption period for a foreclosure is six (6) months from the date of sale unless the Unit is abandoned, in which case the redemption period is one (1) month from the date of sale. Unless the Board of Directors establishes a different default interest rate by Rule or resolution, the Co-owner in default shall pay to the Association, upon demand, and the Association is entitled to receive, reasonable interest on the principal amount owed to the Association from the date due to the date paid at the rate of seven percent (7%) per annum or the highest rate permitted by law, whichever is lower, and the expenses, costs and attorney fees for foreclosure by advertisement or judicial action.

f. **Notice of Lien.** A foreclosure proceeding may not be commenced without the recordation and service of a notice of lien in accordance with either the requirements of

Section 108 of the Act (if different from the following provisions) or the following provisions:

- (1) The notice of lien shall set forth:
 - (a) The legal descriptions of the Unit(s) to which the lien attaches;
 - (b) The name(s) of the Co-owner(s) of record of the Unit(s);
and
 - (c) The amount due the Association at the date of the notice, exclusive of interest, costs, attorney fees and future assessments.
- (2) The notice of lien shall be in recordable form, executed by an authorized representative of the Association and may contain other information as the Association may deem appropriate.
- (3) The notice of lien shall be recorded in the office of the Kent County Register of Deeds and shall be served upon the delinquent Co-owner by first class mail, postage prepaid, addressed to the last known address of the Co-owner at least ten (10) days in advance of commencement of the foreclosure proceeding.

g. Cumulative Remedies. In an action for foreclosure, a receiver may be appointed and reasonable rental for the Unit may be collected from the delinquent Co-owner or anyone claiming under the Co-owner. The Association may also discontinue the furnishing of any services to a Co-owner in default in the payment of assessments upon seven (7) day's written notice to such Co-owner of its intent to do so. A Co-owner in default in the payment of assessments shall not be entitled to utilize any of the General Common Elements of the Project and, as provided in Section 2.03 of these Bylaws, might lose voting privileges; provided, that this provision shall not operate to deprive any Co-owner of ingress and egress to and from his or her Unit. The foregoing rights of the Association with respect to a Co-owner in default for the payment of an assessment are cumulative, and not alternative, and will not preclude the Association from exercising multiple remedies and such other remedies as may be permitted and available at law or in equity.

h. Association Actions. The Association, acting on behalf of all Co-owners, may bid at the foreclosure sale, and acquire, lease, mortgage, or convey the Unit. An action to recover money judgments for unpaid assessments may be maintained without foreclosing or waiving the lien. Actions for money damages and foreclosure may be combined in one action. Any restrictions on leasing a Unit contained in the Condominium Documents shall not apply to any Unit owned by the Association during the period of the Association's ownership of the Unit.

i. **Liability for Assessments During Redemption Period.** Unless otherwise specifically provided by applicable law and in addition to any liability they may have to pay other assessment, the Co-owner of a Unit subject to foreclosure, and any purchaser, grantee, successor or assignee of the Co-owner's interest in the Unit, are liable for assessments by the Association chargeable to the Unit that became due on or after the date of any foreclosure sale and on or before expiration of the period of redemption, together with interest, protective advances made by the Association and attorney fees.

j. **Priorities.** Upon the sale or conveyance of a Unit, all unpaid assessments against the Unit and all other sums owed by the selling Co-owner to the Association shall be paid out of the sales price by the purchaser in preference over any other assessment or charge of whatever nature except the following: (a) amounts due the State, any subdivision of the State, or any municipality for taxes and/or special assessments due and unpaid on the Unit; and (b) payments due under a first mortgage having priority over the unpaid assessments.

5.07 Application of Payments. All payments on account of assessments in default shall be applied in the following manner: first, to costs of collection and enforcement of payment, including reasonable actual attorney fees and amounts paid to protect the Association's lien; second, to any interest and charges for late payment on such installments; and third, to installments in default in the order of their due dates.

5.08 Financial Responsibility of the Developer. The following provisions govern the financial responsibilities of the Developer and any Residential Builders with respect to the payment of Regular Assessments and special assessments levied by the Association:

a. **Pre-Turnover Expenses.** Prior to the Transitional Control Date, the Developer and any Residential Builder will not be responsible for any payment to the Association, including Regular Assessments and special assessments, on a Unit owned by the Developer or Residential Builder until such time as the Unit contains a completed residence; provided, however, that it will be the Developer's responsibility to keep the books balanced and to avoid any deficit in operating expenses. At the time of the initial meeting of members, the Developer shall ensure that the general operating account of the Association does not have a negative balance and that the Reserve Fund described in Section 4.07 of these Bylaws contains an amount equal to at least ten per cent (10%) of the then current annual budget of the Association.

b. **Post-Turnover Expenses.** After the Transitional Control Date has occurred, the Developer and any Residential Builder will not be responsible for any payment to the Association, including Regular Assessments and special assessments, on a Unit owned by the Developer or Residential Builder until such time as the Unit contains a completed residence.

c. **"Completed Residence".** For purposes of this Section 5.08, a "completed residence" means an occupied residential structure or a residential structure with respect to which a certificate of occupancy or its equivalent has been issued by the applicable local

authority, but the Developer shall not be required to pay Regular Assessments on a “model home” or office.

d. Exempted Costs. In no event will the Developer be liable for the portion of any Regular, general or special assessment levied to finance litigation or other claims against the Developer or any cost of investigating and/or preparing such litigation or claim, or any similar related costs.

e. Act to Govern. As long as the Developer owns one or more of the Units in the Project, it shall be subject to the provisions of the Condominium Documents and of the Act.

5.09 Creditors. The authority to levy assessments pursuant to this Article V is solely for the benefit of the Association and its members and shall not be exercised by or for the benefit of any creditors of the Association. Nothing contained in these Bylaws shall be construed to impose personal liability on the members of the Association for the debts and obligations of the Association.

ARTICLE VI

TAXES, INSURANCE, EXTENSIVE DAMAGE AND EMINENT DOMAIN

6.01 Taxes. All special governmental assessments and real property taxes shall be assessed against the individual Units and not against the total property of the Project or any phase of the Project, except for the year in which the Project or any phase was established subsequent to the tax day. Taxes and special assessments which become a lien against the property in any such year shall be expenses of administration of the Association and shall be specially assessed against the Units in proportion to the Percentage of Value assigned to each Unit. Special assessments and property taxes in any year in which the property existed as an established Project on the tax day shall be assessed against the individual Units notwithstanding any subsequent vacation of the Project.

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

6.02 Insurance. The Association, to the extent deemed appropriate by the Board of Directors and to the extent such insurance is available, shall obtain and maintain fire insurance with extended coverage, vandalism and malicious mischief endorsements, public liability insurance, director and officer liability coverage and worker's compensation insurance pertinent to the ownership, use and maintenance of the Common Elements of the Project. All such insurance shall be purchased by the Board 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 in accordance with the following provisions:

a. Co-Owner Responsibilities. Each Co-owner shall be responsible for obtaining casualty insurance at the Co-owner's own expense with respect to the house, garage and all other improvements constructed or to be constructed within the Co-owner's Unit, and for any Limited Common Elements (including, but not limited to, the part of any driveway serving the Co-owner's Unit which is outside the boundaries of the Unit) solely appurtenant to his or her Unit in an amount not less than the amount required to repair or replace the house or other improvement to substantially the same condition it was in before the casualty. It shall also be each Co-owner's responsibility to obtain insurance coverage for the personal property located within his or her Unit or elsewhere in the Project, for personal liability for occurrences within his or her Unit, and elsewhere in the Project and, if the Co-owner so desires, for alternative living expenses in the event of fire or other casualty causing temporary loss of use of the improvements within the Unit. Each required policy obtained by a Co-owner shall provide that the policy coverage can't be canceled or substantially changed without at least thirty (30) days prior written notice to the Association unless a policy containing substantially the same coverage is simultaneously obtained by the Co-owner. Each Co-owner shall provide the Association, promptly after the written demand and at such other times as the Association shall determine by Rule and/or Board resolution, such written proof of insurance and evidence of compliance with this Section 6.02 as the Association may require. If a Co-owner fails to provide the Association with proof that the Co-owner's house is insured against casualty as required by the Association, the Association may, but it not required to, obtain such insurance and the amount paid for the premium and late charges at the rate of seven percent (7%) per annum plus such other charges as may be imposed by Rule or resolution, shall be assessed against the Co-owner and shall be paid by the Co-owner within ten (10) days of the date of service of the written notice of assessment on the Co-owner.

b. Association Responsibilities. The Association shall obtain property insurance for all of the buildings (if any) and all other improvements (such as streets, sidewalks, and driveways) constructed or to be constructed within the Common Elements of the Project (but not for any homes or appurtenant structures) and general liability insurance for occurrences within the Project for the benefit of all of the Co-owners of the Project. All expenses for such insurance shall be a general expense of administration of the Association, except for any special endorsements requested by a Co-owner or mortgagee, the cost of which shall be specially assessed by the Association against all of the Co-owners of the Units who request and/or are benefitted by such endorsement. All such property and liability insurance purchased by the Association shall be for the benefit of the Association, the Co-owners, the mortgagees and the Developer, as their interests may appear.

c. Limited Common Elements Appurtenant to Multiple Units. The Association shall insure any Limited Common Element of the Project which is appurtenant to more than one Unit (if any) against fire and other perils covered by a standard extended coverage endorsement and vandalism and malicious mischief insurance, and for personal liability for occurrences within such Limited Common Element, to the extent applicable

and appropriate, and in an amount to be determined from time to time by the Board. To the extent possible, all expenses for insurance relating to such Limited Common Elements shall be specially assessed by the Association against the Co-owners of the Units to which the Limited Common Elements are appurtenant.

d. Association Not Responsible. Except as may be otherwise provided in the Condominium Documents, the Association shall not be responsible in any way for maintaining insurance with respect to Limited Common Elements which are appurtenant to a single Unit or with respect to the Units or any improvements constructed within the Units.

e. Fidelity Insurance. The Association may maintain, if desired, fidelity insurance 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.

f. Waivers of Subrogation. The Association and all Co-owners shall use their reasonable best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurers waive their rights of subrogation as to any claims against any Co-owner or the Association.

g. Power of Attorney. The Board of Directors is irrevocably appointed the agent for the Association, each Co-owner, each mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium Property, to adjust and settle all claims arising under insurance policies purchased by the Board, and/or the Association and to execute and deliver releases upon the payment of claims.

h. 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 actual attorney fees, which any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within such 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.

i. Premium Expenses. Except as may be otherwise set forth in the Condominium Documents, all premiums for insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

j. Notice of Changes. Each insurance policy obtained by the Association shall provide for at least ten (10) days' notice to the Association and to all holders of recorded first mortgages and guarantors of record of those mortgages before the insurer can cancel or substantially modify such policy in a manner that may be significantly adverse to such mortgagees, guarantors and the Association unless a policy of insurance providing substantially the same coverage is simultaneously obtained by the Association.

6.03 Reconstruction and Repair.

a. **Co-owner Responsibility.** If any house, garage or other improvement which a Co-owner is required to insure is damaged or destroyed, the Co-owner shall use the insurance proceeds to restore the affected improvements to substantially the same conditions they were in before the damage or destruction. Each Unit and Limited Common Element shall have substantially the same vertical and horizontal boundaries as existed before the damage or destruction. The Co-owner must restore the damaged or destroyed house, garage, or other improvement to substantially the same condition it was in immediately prior to the damage or destruction (or better condition) regardless of whether the insurance proceeds are sufficient to pay the entire costs unless eighty percent (80%) of all Co-owners entitled to vote vote at a meeting called for such purpose to allow the Co-owner to avoid all or some of the Co-owner's reconstruction responsibilities.

b. **Association Responsibility – Sufficient Proceeds.** If any part of the Condominium Property is destroyed or damaged for which the Association has responsibility for repair or reconstruction, and the proceeds of the insurance policy or policies payable by reason of the damage or destruction are sufficient to reconstruct the property which has been destroyed or damaged, the proceeds shall be used for such purpose. As used in this Section, "reconstruction" means the restoration of the Condominium Property to substantially the same condition that existed before the damage or destruction occurred, with each Common Element having substantially the same vertical and horizontal boundaries as existed prior to the damage or destruction.

c. **Association Responsibility – Insufficient Proceeds.** If a Common Element which the Association is required to insure is damaged or destroyed and is not insured against the peril causing the loss, or if for any other reason the proceeds of the insurance policy or policies payable by reason of the damage or destruction are insufficient to reconstruct the Common Element in the manner described above, the Common Element shall be reconstructed unless eighty percent (80%) or more of all Co-owners vote at a meeting not to reconstruct the Common Element. Any such meeting shall be held within thirty (30) days following the final adjustment of the insurance claims, if any, or within ninety (90) days after the casualty happens, whichever first occurs. At any such meeting, the Board or its representatives shall present to the Co-owners an estimate of the cost of the reconstruction and the estimated amount of special assessments to be levied against each Unit in order to pay for reconstruction. If the property is reconstructed, any insurance proceeds received shall be applied to reconstruction, and special assessments may be levied against the Units in order to pay the balance of the reconstruction costs.

d. **Withdrawal from the Project.** If any property situated in the Project is damaged or destroyed and is not insured against the peril causing the loss, or if for any other reason the proceeds of the insurance policy or policies payable by reason of the damage or destruction are insufficient to reconstruct the property in the manner described above, and if a decision to reconstruct is not made in the manner provided by subparagraph 6.03c, or a Co-owner fails to reconstruct or repair as required by 6.03a, then provision for the withdrawal of the damaged property from the provisions of the Act (or conversion of an unreconstructed Unit and appurtenant Limited Common Elements to General Common

Elements) may be made by the affirmative vote, at a meeting called for the specific purpose, of not fewer than eighty percent (80%) of all Co-owners. Any such meeting shall be held within thirty (30) days following the final adjustment of insurance claims, if any, or within ninety (90) days after the casualty happens, whichever first occurs. If any Unit or portion of a Unit is withdrawn, portions of Common Elements may also be withdrawn from the Project and/or easements for ingress and egress and utilities may be created to serve the withdrawn property, and if Unit(s) are withdrawn or converted to General Common Elements, then the percentage of ownership in the Common Elements appurtenant to the withdrawn property shall be reallocated among the remaining Units on the basis of the relative percentages of ownership in the Common Elements appurtenant to each remaining Unit.

e. Allocation of Proceeds. In the event of the withdrawal or removal of a Unit, a Common Element or a portion of either, any insurance proceeds received by the Association shall be allocated among the withdrawn or removed Units and/or Common Elements on the basis of the square footage withdrawn or such other equitable basis as the Board of Directors may determine. As compensation for such withdrawals or removals: (i) any insurance proceeds allocated to withdrawn or removed 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 or removed Units, or portions of them; (ii) any insurance proceeds allocated to withdrawn or removed portions of the Limited Common elements shall be applied in payment to the Unit Owners entitled to their use in proportion to their relative percentages of ownership in the Common Elements appurtenant to the Units served by such Limited Common Elements; and (iii) any insurance proceeds allocated to withdrawn portions of the General Common Elements shall be applied in payment to all Unit Owners in portion to their relative percentages of ownership in the Common Elements. Upon the withdrawal or removal of any Unit or portion of a Unit, the Owner shall be relieved of further responsibility or liability for the payment of any assessments, if the entire Unit is withdrawn or removed, or for the payment of a portion of such assessments, if a portion of the Unit is withdrawn or removed.

f. Compliance with Act. If the property which is damaged or destroyed is not insured against the peril causing the loss, or if for any other reason the proceeds of the insurance policy or policies payable by reason of the damage or destruction are insufficient to reconstruct the property in the manner described in this Section, and if provision for neither reconstruction nor withdrawal is made pursuant to subparagraphs 6.03c or 6.03d, the provisions of the Act shall apply.

g. Notice to Mortgagees. Prompt written notice of any and all material damage or destruction to a Unit or any part of the Common Elements shall be given by the Association to the holder of a first mortgage lien and to any guarantor of that mortgage of which the Association has notice, on any Unit directly and specially affected by the damage or destruction.

h. Special FHLMC Notice of Damage or Taking. If any mortgage in the Project is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon written request by FHLMC, the Association will give it written notice at such address as it may, from time to time, direct of any loss or taking of the Common Elements of the Project if the loss or taking exceeds Ten Thousand Dollars (\$10,000.00) in amount or damage to a Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds One Thousand Dollars (\$1,000.00).

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

a. Units. In the event of the taking of all or any portion of a Unit or any improvements located within the perimeters of a Unit, the award for such taking shall be paid to the Co-owner of the Unit and any mortgagee, as their interests may appear. If a Co-owner's entire Unit is taken by eminent domain, the Co-owner and his or her mortgagee shall, after acceptance of the condemnation award, be divested of all interest in the Project and shall execute and deliver in recordable form all recordable documents requested by the Association to evidence the investment of interests.

b. Common Elements. In the event of the taking of all or any portion of the 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 sixty-six and two-thirds percent (66 2/3%) 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 they deem appropriate; provided, however, that if the taking of any improved Common Elements would deprive a Unit of access of any other necessary feature, the improvement or other feature shall be replaced with substantially similar replacements using the condemnation proceeds and, if necessary, Association funds.

c. Amendment to Master Deed. In the event the Project continues after taking by eminent domain, the remaining portion of the Project shall be re-surveyed and the Master Deed amended accordingly and, if any Unit shall have been taken, Article V 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 value of the Project of one hundred percent (100%). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval by any Co-owner or the Co-owners as a group.

d. Notice to Mortgagees. In the event any Unit, the Common Elements or any portion of them is made the subject matter of a condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall promptly notify each institutional holder of a first mortgage lien, and any guarantor of such lien of which the Association has actual notice, of the Units substantially affected by the proceeding.

e. **Inconsistent Provisions.** To the extent not inconsistent with the provisions of this section, Section 133 of the Act shall control upon any taking by eminent domain.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS

7.01 Residential Use. The Units shall be used exclusively for single family residential occupancy, and no Unit or appurtenant Common Element shall be used for any purpose other than that of a residence and residential purposes incidental to use of the residence within the Unit. For purposes of the Condominium Documents, “Single Family” means one (1) person or a group of two (2) or more persons who live together as a single housekeeping unit having a demonstrable and recognizable permanent bond characteristic of a cohesive group of people, expressly not including any group of people such as a fraternity, sorority, club, college students, or other similarly-situated individuals where a common living arrangement is temporary. The Board, by Rule, may revise this definition of “Single Family.”

7.02 Home Occupations. Home occupations conducted entirely within the house (and not any part of the Common Elements), without a sign or other display indicating that the house is being used in whole or in part for any purpose other than a single family dwelling, participated in solely by members of the immediate family residing in the house, which do not generate unreasonable traffic by members of the general public and do not change the residential character of the building, are expressly declared to be incidental to primary residential use if the home occupation is approved in writing by the Developer during the Development Period and by the Board thereafter. It shall be the responsibility of any Co-owner wishing to conduct a home occupation to obtain any required approval or permit from local governmental authorities or other third parties. To the extent permitted by law, no building intended for business uses, and no use of any Unit as an apartment house, rooming house, day care facility, foster care residence or other commercial use of any kind shall be permitted or operated within the Project.

7.03 Common Elements. The General Common Elements shall be used only by the Co-owners and by their agents, tenants, family members, invitees and licensees for access, ingress to and egress from the respective Units and for other customary purposes incidental to use of the Units; provided, however, that any roadways, sidewalks, stormwater detention basins, storage areas or other common areas designed for a specific use shall be used only for their obvious intended purposes and any other purposes approved in writing by the Board. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Co-owner, but shall be subject to any lease, concession or easement presently in existence or entered into by the Developer or the Association, acting through the Board, at some future time.

7.04 Architectural Control and Review. By accepting a Deed or other instrument conveying any interest in any portion of River Pines, each Co-owner acknowledges that, as the Developer of River Pines, the Developer and its sole member have a substantial interest in ensuring that the improvements within River Pines enhance the Developer’s reputation as a

community developer, do not impair Developer's ability to market, sell or lease the other Units or Units or land or lots that may be developed in the future, and which make Developer's member proud to be live in River Pines. Therefore, each Co-owner agrees that no activity within the scope of this Article VII shall be commenced upon such Co-owner's Unit unless and until the Architectural Review Committee has given its prior written approval for such activity, which approval may be granted or withheld in the Architectural Review Committee's sole discretion. An Architectural Review Committee ("ARC"), to be appointed from time to time by the Developer, shall review plans and specifications for all buildings, structures, modifications, landscaping, and improvements within the Project. No building, structure, landscaping, or other improvement shall be constructed within the perimeters of a Unit or elsewhere on the Project, nor shall any exterior modification be made to any existing building, structure, landscaping, or improvement, unless plans and specifications containing such detail as the ARC may reasonably require, have first been approved in writing by the ARC. Construction of any building or other improvements must also receive any necessary approvals from the local public authority. **ALONG WITH THE PLANS AND SPECIFICATIONS, THE CO-OWNER WILL SUBMIT THE NAME OF ITS PROPOSED BUILDER FOR APPROVAL BY THE DEVELOPER, WHICH APPROVAL MAY BE GIVEN OR WITHHELD BY THE DEVELOPER, IN ITS SOLE DISCRETION.**

Until such time as dwellings have been constructed within all of the Units, Developer shall designate the members of the ARC who shall not be required to be owners of Units in the Project. Promptly after completion of construction of the final dwelling in the Project, Developer representatives shall resign from the ARC and the Board of Directors of the Association shall appoint three (3) new members to the ARC. Thereafter, each year, or at such other intervals as the Board of Directors may decide, the Board of Directors shall appoint or re-appoint three (3) members to serve on the ARC, some or all of whom may be Board Directors. Developer may delegate the right to designate the members of the ARC to the Association prior to the completion of construction of the final dwelling in the Project, in its sole discretion.

Prior to commencement of construction and prior to any clearing or tree cutting, one (1) copy of site plans and architectural drawings must be furnished to the ARC for approval along with a Five Hundred Dollar (\$500) non-refundable review fee, plus a Five Hundred Dollar (\$500) deposit to be held in escrow by the ARC to secure timely and thorough cleaning of the private road of dirt and debris caused by construction traffic or activity during construction of the improvements within the Unit by the submitting Unit Co-owner (the "Cleaning Deposit"). If the private road is cleaned of dirt and debris caused by construction traffic or activity by the submitting Unit Co-owner to the satisfaction of the ARC, the Cleaning Deposit shall be refunded to the submitting Unit Co-owner. If the private road is not cleaned of dirt and debris caused by construction traffic or activity of the submitting Unit Co-owner to the satisfaction of the ARC, during or at the completion of such construction, the Cleaning Deposit shall be used by the ARC to perform such cleaning, with the balance thereof, if any, returned to the submitting Unit Co-owner. No construction of a building, wall, swimming pool, or other structure shall commence, nor shall any clearing occur, until the plans showing the nature, kind, shape, height, materials and location of the improvements have prior written approval from the ARC. The Developer encourages Unit Co-owners to schedule a preliminary design review with the ARC before completing detailed plans and specifications. The plans must be to scale and include a site plan with all improvements indicated, including a basement/foundation plan, floor plans, landscaping plans, storm sewer and

roof drainage plans, and exterior elevations complete with a type of material list and color samples of all exterior building materials. The landscape plans shall include designs for front, sides, and rear yard of the building site, underground sprinkling and completion date. One set of all plans will be retained by the ARC regardless of approval or disapproval.

A written request for approval must be signed and dated and submitted to the ARC along with one (1) set of plans. The ARC shall have ten (10) business days from receipt to approve or to refuse to approve any plans or specifications, color and/or material applications, grading or landscaping plans, storm sewer and roof drainage plans, or building location plans. The ARC may refuse to approve any submissions which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such submissions, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the general quality and external design, the site upon which it is proposed to be constructed, the proposed location within the Unit, the location and elevation of structures within adjoining Units and the degree of harmony thereof with the Project as a whole. If the ARC does not approve a submission, the notice of disapproval must state the reason(s) for the disapproval and the Co-owner and contractor shall be entitled to revise and re-submit a written request for approval.

The ARC may require any contractor constructing a residence in the Project to sign a Contractor's Agreement which requires the contractor to strictly comply with the requirements and restrictions of the Condominium Documents and which further requires the contractor to post a security deposit or security bond, with sureties acceptable to the ARC, which may be forfeited under such Agreement in the event of default by the contractor or failure to comply with the strict requirements and restrictions of these Condominium Documents and of the ARC. Any contractor who fails to sign such Agreement and post the required security deposit or security bond will not be allowed to construct any residence in the Project. Upon completion of construction of the residence, the ARC will return any balance of the security deposit to the contractor without interest. The security deposit will not be maintained as a separate fund and may be commingled with the general funds of the Association.

In addition to the other remedies described in the Condominium Documents, the ARC is authorized to impose a fine of up to one thousand dollars (\$1,000.00) on any contractor who commences construction or grading or clearing of any Unit without the prior written approval of the plans and specifications by the ARC. The Co-owner of the affected Unit shall be jointly and severally liable for the fine, which may be enforced under the provisions of Article V of these Condominium Bylaws, including the provision pertaining to the recovery of the Association's costs and attorney fees incurred in enforcement.

No changes to the plans or the contractor involved may be made without the written consent of the ARC. Such approval may be granted or denied in each case at the ARC's sole and absolute discretion. The approval or disapproval by the ARC in one or more cases will not obligate the ARC to grant approval or disapproval in any other cases.

Approved plans may not be altered in any way so as to change the exterior appearance of a building or other structure. Neither the ARC nor the Association is responsible for any defects in the plans, specifications, and other materials submitted for approval or in the building or structure erected according to such plans, specifications, and other materials.

Appeals from a decision of the ARC may be made to the Board of Directors in writing within ten (10) business days following an adverse decision of the ARC. The Board of Directors shall hold a hearing on such appeal within ten (10) business days following receipt of such written appeal. The Board of Directors may reverse the decision of the ARC only if it finds that such decision was clearly contrary to the standards for approval set forth in these Bylaws or was made for reasons not consistent with the duties and obligations of the ARC.

All approvals required by this section shall comply with the following:

a. Design Standards. The design standards for residences are intended to promote consistency of architecture and landscape design. In that regard, the ARC may adopt such design standards as may be necessary and reasonable in order to promote a harmonious and consistent architectural theme or style throughout the Project. The Developer encourages utilization of natural materials for exterior surfaces of residences, especially the front and rear elevations. The Developer also encourages Unit Co-owners to schedule a preliminary design review with the ARC before completing detailed construction plans and specifications.

b. Construction Materials. All residences shall be constructed only with new exterior materials, consisting of brick, stucco, stone, masonry materials, cedar, and fiber cement, or any combination of these materials utilized on a uniform basis, subject to architectural review and approval by the ARC. Any wall shingles (whether cedar or fiber cement) shall be machine cut with bottom edges aligned. All metal flues shall be covered with a decorative metal shroud or a clay chimney pot. No exterior shall use asbestos materials. All buildings, alterations, and improvements shall be of first-class quality of workmanship and materials, and shall be of first class and harmonious construction and design. The outside roof and walls of garage, accessory and storage buildings shall be constructed with similar material to the dwelling. Driveways must be of hard surface material between the garage and the paved private road. Children's play sets (which must be located in rear yards only) and all equipment framework shall be constructed of wood, unless otherwise approved in writing by the ARC.

c. Single Family Dwelling and Setbacks. No residential building shall be erected, altered, placed or permitted to remain on any Unit other than one single-family dwelling. Building setback requirements for each Unit are stated on the Condominium Subdivision Plan attached to the Master Deed as Exhibit B, and shall be complied with.

d. Size of Residences. No residence shall be constructed on any Unit with less than the following size of finished living areas (as calculated on exterior dimensions), exclusive of decks, porches, patios, garages, basements (whether full or walkout) and terrace level construction:

one story home: 1,600 square feet

one and one half story home: 1,400 square feet on the main level

two story home: 1,400 square feet on the main level

e. Garages and Outbuildings. All outbuildings must be approved before construction by the ARC, comply with the requirements of the applicable Township Zoning Ordinances, and must conform substantially in design, elevation, color and materials with the exterior design of the principal residence. Each residence must be equipped with an attached garage of no less than two (2) stalls.

f. Fences. No fence shall be erected on a Unit except as may be required by the applicable Township for enclosure of a pool or with prior written approval of the ARC. No fence to enclose or to define property lines of individual Units will be permitted. Fences or hedges of an approved design may be used, however, to enclose exterior play areas, storage areas, service and/or delivery areas, patios or other areas inviting privacy. If a wall, fence, hedge, screen or other addition is desired, appropriate plans, including plans for landscaping that will give the fence a more aesthetic appearance, must be submitted to the ARC for written approval prior to construction.

g. Swimming Pools. No above-ground swimming pools will be permitted without prior written approval of the ARC, in its sole absolute discretion. All pool locations must be approved in writing by the ARC before any physical change is made to the Unit for the pool.

h. Signs. No sign or any advertising will be displayed on any Unit unless the size, form and location of each such item are first approved in writing by the ARC. A name and address sign, the design of which will be approved by the Developer, will be permitted. Nothing in the Condominium Documents will be construed to prevent the Developer from erecting, placing, or maintaining signs or offices as may be deemed necessary by the Developer in connection with the sale of Units.

i. Satellite Dishes

(i). All satellite dishes, whether permanent or temporary, shall be placed adjacent to, or be attached to the outdoor side wall of the house or garage.

(ii) All satellite dishes shall be placed in an area approved by the ARC. The placement shall not exceed an envelope area of four (4) feet horizontally from the side of the house or garage and four (4) feet vertically from grade level.

(iii) The size of all satellite dishes shall not exceed a diameter of thirty six (36) inches.

(iv) There shall be no placement of any satellite dish in the front yard (i.e. between the road and the house) unless the criteria stated above cannot be met due to the required line-of-sight with the satellite.

(v) Satellite dishes may be located outside the criteria set forth above if the applicant can show that such placement would not permit a satellite dish to receive signals from the satellite due to obstructions or sight line interference. The exact location and height of the satellite dish rests with the discretion of the ARC.

(vi) The ARC may require landscaping or other conditions in addition to the stated criteria so as to hide or blend the satellite dish with the surrounding topography, landscape or other structure.

j. Construction Time, Occupancy, and Landscaping. Construction, when started, shall be completed within twelve (12) months. No residence shall be occupied prior to the time an Occupancy Permit is issued by the Building Inspector nor before all exterior work, including painting and staining, the paving of driveways, and the removal of construction debris, including brush and stumps, has been completed. Landscaping, including the seeding or sodding of lawn areas and the planting of shrubs and trees, shall be completed within forty five (45) days of the date of occupancy. If a residence is occupied after November 1, and the completion of the paving, exterior painting, staining, and landscaping requirements are not feasible or possible, the work shall be completed not later than the next June 30.

k. Construction Damage. Any damage to the private road or other Common Element or any Unit done during construction by a Unit owner, or someone acting on a Unit Co-owner's behalf, shall be immediately repaired at the expense of the individual Co-owner, and the cost shall not be borne by the Association or the Developer.

l. Mailboxes. Mailbox size, style and design shall be specified by the Developer and installed by the Unit Co-owner, at the Co-owner's expense. If a mailbox needs to be replaced it must be of the same size, style and design as the original mailbox, or, if the original mailboxes have been changed, then the other then-existing mailboxes.

The purpose of this Section 7.04 is to assure the continued maintenance of the Project as a beautiful and harmonious residential development. During the Development Period, Developer may construct dwellings or other improvements upon the Project without the necessity of prior consent from the Association, the ARC or any other person or entity, subject only to the express limitations contained in the Condominium Documents; provided, however, that all such dwellings and improvements shall, in the reasonable judgment of Developer or its architect, be architecturally compatible with the structures and improvements elsewhere on the Project. The Developer (and, after the Development Period – or during the Development Period with the Developer's written consent, the ARC), in its sole discretion, may waive or grant variances, in writing, to any of the restrictions contained in this Section 7.04 or elsewhere in the Condominium Documents.

7.05 Use and Occupancy Restrictions. In addition to the general requirements of Sections 7.01 – 7.04, the use of the Units and Common Elements by any Co-owner shall be subject to the following specific restrictions:

a. Occupancy Limits. No Co-owner shall permit his or her Unit to be occupied by more people than the number permitted by any applicable governmental restrictions.

b. United States Flag. Notwithstanding anything contained in the Condominium Documents to the contrary, each Co-owner may display a single United States flag of a size not greater than 3 feet by 5 feet anywhere on the exterior of the Co-owner's Unit; provided, however, that the Association, by Rule, may specify the flag holder(s) that Co-owners may use to display such flags.

c. No Boarder or Transient. No portion of a Unit may be rented and no transient tenant may be accommodated in any building; provided, that this restriction shall not prevent the rental of an entire Unit together with its appurtenant Limited Common Elements for residential purposes in a manner permitted by Article IX.

d. Nuisances. No nuisance shall be permitted within the Project nor shall any use or practice be permitted which is a source of annoyance to any resident within the Project or which interferes with the peaceful possession or proper use of the Project by any resident. The Common Elements shall not 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 any part of the Project to appear in an unclean or untidy condition. No substance or material shall be kept in any Unit or on any Common Element that will emit foul or obnoxious odors, or that will cause excessive noise which will or might disturb the peace, safety, comfort or serenity of the occupants of nearby Units.

e. Insurance Risks. No immoral, improper, offensive or unlawful use shall be made of any Unit or Common Element, and nothing shall be done or kept in any Unit or on the Common Elements which will increase the cost of insurance for the Project without the prior written consent of the Board. If the Board consents to an activity which increases the cost of any insurance of the Association, the Board shall assess the Co-owner for causing the increase for any increased cost of insurance. No Co-owner shall permit anything to be done or kept in his or her Unit or within the Common Elements which will result in the cancellation of insurance on any part of the Common Elements or which would be in violation of any law.

f. Signs. No sign or other advertising device including, but not limited to, "for sale" signs advertising the Unit for sale, shall be displayed from any residence or within any Unit or Common Element which is visible from the exterior of the Unit or from any Common Element without written permission from the Board.

g. No For Regulated Substances Tanks. No oil, fuel, gasoline, propane, or other hazardous or regulated substance shall be stored or used in any tank within (including underground) a Unit except for small propane tanks used for outdoor grilling of food.

h. Personal Property. No Co-owner shall display, hang or store any clothing, sheets, towels, blankets, laundry or similar articles outside his or her house, or which may be visible from the outside of his or her Unit (other than white draperies or curtains, blinds or shades or window coverings of a different color if approved in writing by the Developer during the Development Period, and by the ARC thereafter), or paint or decorate or adorn the Limited Common Elements outside of his or her Unit or install on any Limited Common Element or exterior wall or roof of the structure within the Unit any CB or short wave antenna, window air conditioning unit, snap-in window divider, awning or other equipment, fixture or item of any kind, without the prior written permission of the Developer during the Development Period and thereafter of the ARC. The restrictions contained in this subsection shall not be construed to prohibit a Co-owner from placing and maintaining outdoor furniture and decorative foliage of a customary nature and appearance on a deck, patio or open porch appurtenant to his or her Unit; provided, however, that no such furniture or other personal property shall be stored on any open deck, patio or open porch which is visible from another Unit or from the General Common Elements of the Project during the winter season.

i. Fireworks and Weapons. No Co-owner shall use or permit the use by any occupant, agent, tenant, invitee, guest or member of his or her family of any firearm, air rifle, pellet gun, B-B gun, bow and arrow, illegal firework or other dangerous weapon, projectile or device anywhere on or about the Project.

j. Pets and Animals. No savage or dangerous animals, livestock, or poultry shall be raised, bred, or kept within the Project except dogs, birds, cats, household pets, and service and therapy animals, may be kept, provided they are confined to a Unit owned by the owner of the pet, or animal, are not kept for any commercial purpose, and by reason of number, noise, or trespass on the lands of other owners, do not become an annoyance. Pets and animals permitted by this section shall be kept only in compliance with all applicable Township ordinances and with the Rules promulgated by the Association, and must at all times be kept under such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions or a danger to other pets, animals or persons. No animal shall be permitted to run loose upon the Common Elements, nor upon any Unit or Limited Common Element except those owned by the owner of such animal, and the owner of each animal shall be responsible for cleaning up after the animal.

k. Vehicles. No maintenance or repair shall be performed on any boat, watercraft (including personal watercraft), motor, motorcycle, or vehicle except within a garage or house where totally isolated from public view. Except as may be revised by Rule, no more than three (3) automobiles, motorcycles or other vehicles customarily used for transportation purposes shall be kept overnight outside a closed garage appurtenant to any Unit by those persons residing in or using that Unit; provided that by Rule, the Association may change the number of permitted automobiles, motorcycles, or other vehicles, and provided further that no automobile, motorcycle, boat or other vehicle which is not in operating condition shall be permitted outside of a closed garage. No commercial vehicle or truck shall be parked in or about the Project except when making deliveries or pick-ups in the normal course of business or when parked inside the garage with the garage

door closed or when used by a Co-owner as his or her personal vehicle. No recreational vehicle, motor home, boat or trailer shall be parked outside of a garage except for brief periods of time, not to exceed twenty four (24) hours or such other period as the Association, by Rule, may allow, for loading and unloading. No snowmobile, dirt bike, go-cart, all-terrain vehicle or other motorized recreational vehicle shall be operated or kept within the Project outside of a garage in a location which permits the garage door to be closed. No parking of any boat, automobile, truck, trailer, motorcycle, or other vehicle mentioned in this subparagraph k shall be parked on any grass within the Project at any time.

l. Storage. 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 periodic collection of trash), without the prior written consent of the Board. No activity shall be carried on or condition maintained by any Co-owner either in the Co-owner's Unit or upon the Common Elements which despoils the appearance of the Project.

m. Utility Access. No Co-owner shall in any way restrict access to any utility line or other Common Element that must be accessible to service the Common Elements or to any Unit in any manner which affects an Association responsibility in any way, without the prior written consent of the Board.

n. Soil. All soil excavated from within any Unit and not used elsewhere within the Unit shall remain the property of the Developer. Any unused soil shall be placed by the Unit Co-owner, at the Unit Co-owner's expense, in such place or places within the Project that the Developer shall designate.

o. No Parking. No vehicle shall be parked within or adjacent to the private drive except for short term use which shall not include overnight parking at any time.

p. Arbitration and Hearing. Absent an election to arbitrate pursuant to Article X of these Bylaws, a dispute or question as to whether a violation of any specific provision or restriction contained in this Article has occurred shall be submitted to the Board of Directors of the Association which shall conduct a hearing and render a decision thereon in writing, which decision shall be binding upon all Co-owners and other parties having an interest in the Project.

q. Construction. The restrictions placed upon the Project will not be construed or deemed to create negative reciprocal covenants, easements or any restrictions upon the use of adjacent lands owned by the Developer or any affiliated person or entity.

7.06 Rules. Reasonable rules and regulations concerning the appearance and use of Units and Common Elements and governance and operation of the Project and the Association may be promulgated and amended by the Board ("Rules"). Rules may supplement, explain or expand upon other provisions of the Condominium Documents, but they may not expressly contradict any of the provisions. Copies of the Rules shall be furnished by the Board to each Co-owner at least ten (10) days prior to their effective date, and may be revoked at any time by the

affirmative vote of a majority of all Co-owners entitled to vote. No Rule may be adopted, amended or revoked without the written consent of the Developer during the Development Period.

7.07 Remedies on Breach. A default of the Condominium Documents by a Co-owner shall entitle the Association to the following relief in addition to any other relief to which the Association may be entitled under the Condominium Documents and/or applicable law:

a. Cumulative Remedies. An action to recover sums due for damages, injunctive relief, foreclosure of lien or any other remedy which in the sole discretion of the Board is appropriate to the nature of the breach as may be set forth in the Condominium Documents including, without limitation, the discontinuance of services upon seven (7) days' notice, the levying of fines against Co-owner(s) after notice and hearing and the imposition of late charges for non-payment of assessments. All such remedies shall be deemed to be cumulative and shall not be considered as an election of remedies.

b. Damages, Costs, and Attorney Fees. If the Association suffers any damages and/or incurs any costs or expenses after a breach of the Condominium Documents by a Co-owner, the Association may assess all such damages, costs, and expenses (including any reasonable attorney fees) against the offending Co-owner and collect all such sums in any manner authorized by law and/or the Condominium Documents, including securing such sums in a lien against the Co-owner's Unit and enforcing that lien through foreclosure and/or through any other lawful means. Also, failure of a Co-owner and/or non-Co-owner resident, guest or other third party to comply with the Condominium Documents shall entitle the Association to recover from such Co-owner, non-Co-owner resident, guest, or third party, the costs and actual reasonable attorney fees incurred in connection with the Association's investigating the facts of the matter, determining its damages and its rights, and exercising its rights and remedies regardless of whether a lawsuit or other proceeding is commenced. In addition to, and not in lieu of, the Association's rights set forth in the preceding sentences, in any lawsuit or other proceeding arising because of an alleged default by any Co-owner, the Association, if successful, shall be entitled to recover from the other party or parties to such action the costs of the proceeding and actual attorney's fees (not limited to statutory fees), incurred in obtaining compliance or relief. The Association, if successful, shall be entitled to recover from a Co-owner and/or any other person asserting a claim or counterclaim against the Association, all costs and attorney fees incurred in connection with the Association's defense. Under no circumstances shall a Co-owner or other third party be entitled to recover attorney fees or costs against the Association.

c. No Waiver. The failure of the Association to enforce any right, provision, covenant or condition which is granted by the Condominium Documents shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

7.08 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.

7.09 Enforcement By Developer. The Project shall at all times be maintained in a manner consistent with high standards of a beautiful, serene, private and residential community for the benefit of the Co-owners and all persons interested in the Project. If at any time the Association or a Co-owner fails or refuses to carry out its obligations to maintain, repair, replace and landscape a Common Element or Unit in a manner consistent with the maintenance of such high standards, then the Developer, or any person to whom it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping or maintenance or repair to an improvement required by these Bylaws and to charge the cost of doing so to the Association or defaulting Co-owner as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development Period which right of enforcement shall include (without limitation) an action to restrain and/or enjoin the Association and/or any Co-owner from any activity prohibited by the Condominium Documents.

7.10 Reserved Rights of Developer. The restrictions contained in this Article VII shall not apply to the commercial activities or signs or billboards, if any, of the Developer, affiliate or designee of the Developer, or Residential Builder during the Development Period, or of the Association in furtherance of its powers and purposes set forth in this document and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere contained in this document, the Developer shall have the right to maintain a sales office, advertising display signs, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer.

ARTICLE VIII

MORTGAGES

8.01 Mortgage of Units. Any Co-owner who mortgages a Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Units." Such information relating to mortgagees will be made available to the Developer at no cost to the Developer for the purpose of the Developer's obtaining consent from, or giving notice to, mortgagees concerning amendments to the Master Deed or taking other actions requiring consent or notice to mortgagees under the Condominium Documents or the Act.

8.02 Notice of Insurance. Upon written request, the Association shall notify each mortgagee appearing in the "Mortgagees of Units" book of the name of each company insuring the General Common Elements of the Project against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage. The holder of the mortgage is entitled, upon written request, to notification from the Association of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under the Condominium Documents which is not cured within thirty (30) days of the date of default.

8.03 Rights of Mortgagee. Notwithstanding any other provision of the Condominium Documents, except as otherwise required by mandatory law or regulation, with respect to any first mortgage of record of a Unit, the following provisions shall apply:

a. Inspection and Notice. At the written request of a mortgagee of any such Unit, the mortgagee shall be entitled to: (1) inspect the books and records relating to the Project during normal business hours, upon reasonable notice; (2) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Co-owners; and (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings. Failure, however, of the Association to provide any of the foregoing to a mortgagee which has so requested the same shall not affect the validity of any action or decision by the Association.

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

c. Past Due Assessments. A first mortgagee or other purchaser of a Unit at a mortgage foreclosure sale is not liable for assessments chargeable to the Unit that become due prior to the acquisition of the title to the Unit by such mortgagee or purchaser. Unless otherwise clearly set forth to the contrary by applicable law, for purposes of this Subsection (c), “acquisition of title to the Unit” shall mean the date upon which a sheriff’s deed conveying title to the Unit is executed and delivered to such mortgagee or purchaser.

d. Default Notice. Upon written request to the Association, the holder of a first mortgage on a Unit is entitled to written notification from the Association of any default by the mortgagee of such Unit in the performance of such mortgagor’s obligations under the Condominium Documents which is not cured within thirty (30) days.

e. Guarantors and Insurers. Guarantors and insurers of first mortgages of which the Association has actual notice are entitled to the same rights as first mortgagees in this Article.

8.04 Additional Notification. When notice is to be given to a mortgagee, the Board of Directors shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer’s Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages of Units in the Project if the Board of Directors has actual notice of such participation. However, failure of the Association to provide proper notice under this Section shall not affect the validity of any action or decision by the Association.

8.05 Notice of Foreclosure. The mortgagee of a first mortgage of record of a Unit shall give written 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 resident agent of the Association at the agent's address as shown on the records of the bureau administering corporations of the State of Michigan, or to the address the Association provided to the mortgagee, if any, in those cases where the address is not registered, within ten (10) days after the first publication of the notice. The mortgagee of a first mortgage of record of a Unit shall give notice to the Association of intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the mortgagee, and the foreclosing assignee of a recorded assignment of the mortgage; the date of the mortgage and 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 mortgage premises that substantially conforms with the description contained in the mortgage upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address as shown on the records of the bureau administering corporations of the State of Michigan, or to the address the Association provided to the mortgagee, if any, in those cases where the address is not registered, not less than ten (10) days before commencement of the judicial action.

8.06 Amendment of Act. If the Act is amended to change the rights or obligations of mortgagees with respect to notice, foreclosure and/or voting on amendments, then to the fullest extent permitted by law, the provisions of the Act shall automatically be incorporated by reference into these Condominium Bylaws.

8.07 Validity. The failure of the Association to provide any notice or otherwise comply with any provision contained in this Article VIII shall not affect the validity of any action taken by the Association.

ARTICLE IX

LEASING OF UNITS

In order to maintain a community of congenial residents who are financially responsible and thus protect the value of the Units, the transfer and rental of Units by any Co-owner other than the Developer shall be subject to the following provisions, which provisions each Co-owner covenants to observe.

9.01 Leasing and Rental. A Co-owner may lease his or her Unit for single family residential purposes, provided that written disclosure of such lease transaction is submitted to the Association in the manner specified in Section 9.02. NO CO-OWNER WILL LEASE LESS THAN AN ENTIRE UNIT AND NO TENANT WILL BE PERMITTED TO OCCUPY A UNIT EXCEPT UNDER A LEASE, THE INITIAL TERM OF WHICH IS AT LEAST NINETY (90) DAYS, UNLESS EXCEPTIONS ARE SPECIFICALLY APPROVED IN WRITING BY THE ASSOCIATION. THE TERMS OF ALL LEASES AND OCCUPANCY AGREEMENTS WILL INCORPORATE, OR BE DEEMED TO INCORPORATE, ALL OF THE PROVISIONS

OF THE CONDOMINIUM DOCUMENTS. After the Transitional Control Date, the Association may amend the Condominium Documents as to the rental of Units or terms of occupancy as provided in Section 90(4) of the Act. The amendment shall not affect the rights of any lessors or lessees under a written lease otherwise in compliance with this section and executed before the effective date of the amendment, and shall also not affect any Units as long as they are owned or leased by the Developer.

9.02 Leasing Procedures. The leasing of Units in the Project will conform to the following provisions:

a. A Co-owner desiring to rent or lease a Unit will disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to potential lessees or occupants and, at the same time, will supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. Promptly after it is executed, the Co-owner shall also provide the Association with a copy of the executed lease. If no lease is to be used, then the Co-owner or Developer shall supply the Association with the names and addresses of the lessees or occupants, along with the rental amount and due dates of any rental of compensation payable to a Co-owner or Developer, the due dates of such compensation, the term of the proposed arrangement, and such other information as the Association may require.

b. Tenants or non Co-owner occupants will comply with all of the conditions of the Condominium Documents of the Condominium Project and all leases and rental agreements will so state.

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

(i) The Association will notify the Co-owner by certified mail advising of the alleged violation of the tenant.

(ii) The Co-owner will have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

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

9.03 Written Addendum. The Association may require execution of an Addendum or other document protecting the interests of the Association with respect to any Unit that is not Co-owner occupied. The form of the Addendum may be established in the Rules, which may also provide that the provisions of the form Addendum are incorporated by reference into every lease and occupancy agreement.

9.04 Collection. When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant or other occupant occupying the Co-owner's Unit under a lease or other occupancy agreement and the tenant or other occupant, after receiving such notice, shall deduct from rental payments due the Co-owner the full arrearage and future assessments as they fall due and shall pay them to the Association until the tenant or other occupant receives written notice from the Association that the Co-owner no longer owes money to the Association. Such deductions shall not be a breach of the lease or other occupancy agreement by the tenant or other occupant. If the tenant or other occupant, after being notified, fails or refuses to remit to the Association rent otherwise due to the Co-owner, then the Association, in addition to its other remedies, may do the following:

- a. Issue to the tenant and all other occupants a statutory notice to quit for nonpayment of rent and enforce that notice by summary proceedings; and/or
- b. Initiate proceedings pursuant to Subsection 9.03(c) above and/or under the Act.

9.05 Rules. The Association may adopt Rules and/or require the execution and delivery of forms to implement, expand upon and/or enforce the provisions of this Article IX.

9.06 General Remedies. In the event of a violation of any provision contained in this Article IX, the Association shall be entitled to utilize all rights and remedies available to it under law and/or the Condominium Documents.

9.07 Developer and Association. Except as otherwise provided by law or these Condominium Bylaws, none of the restrictions on leasing or transfer shall apply to Developer, affiliates or designees of the Developer, or to the Association with respect to Units owned by any of them.

9.08 Pre-Acquisition Duty. A purchaser or grantee of a Unit shall be entitled to a written statement from the Association setting forth the amount of unpaid assessments against the seller or grantor and such purchaser or grantee shall not be liable for, nor shall the Unit conveyed or granted be subject to a lien for, any unpaid assessments against the seller or grantor in excess of the amount set forth in such written statement, except amounts which may become due subsequent to the date of the statement. Unless the purchaser or grantee requests a written statement from the Association at least five (5) days before sale as provided in the Act, the purchaser or grantee shall be liable for any unpaid assessments against the Unit together with interest, costs, and reasonable actual attorney fees incurred in collecting the assessments.

ARTICLE X

ARBITRATION

10.01 Submission to Arbitration. Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, Bylaws or other Condominium Documents, or to any disputes, claims or grievances arising among or between the Co-owners or between Co-owners and the Association may, upon the election and written consent of the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration and the parties shall accept the arbitrator's award as final and binding. Unless otherwise agreed in writing by the parties, all arbitration under this Article shall proceed in accordance with the commercial rules of the American Arbitration Association.

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

a. Arbitration. 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 Two Thousand Five Hundred Dollars (\$2,500.00) and arises out of or relates to a purchase agreement, Unit or the Project.

b. Arbitration – Common Elements. At the exclusive option of the Association, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Project, if the amount of the claim is Ten Thousand Dollars (\$10,000.00) or less.

10.03 Preservation of Rights. Election by a Co-owner or by the Association to submit any such dispute, claim or grievance to arbitration shall preclude such party from litigation of such dispute, claim or grievance in the courts; provided, however, that except as otherwise set forth in this Article, no interested party shall be precluded from petitioning the courts to resolve any dispute, claim or grievance in the absence of an election to arbitrate.

ARTICLE XI

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer will be made by appropriate instrument in

writing in which the assignee or transferee will join for the purpose of evidencing its consent to the acceptance of such powers as given and reserved to the Developer. Any rights and powers reserved or retained by Developer will expire and terminate, if not sooner assigned to the Association, one hundred eighty (180) days after the conclusion of the Development Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the expiration and termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to Developer's rights to approve and control the administration of the Project and will not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights or interests granted or reserved to the Developer and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which will not be terminable in any manner under the Condominium Documents and which will be governed only in accordance with the terms of their creation or reservation and not by this provision).

ARTICLE XII

ASSESSMENT OF PENALTIES

12.01 General. The violation by any Co-owner, occupant or guest of any provision of the Condominium Documents (including any duly adopted Rule) shall be grounds for relief by the Association, acting through its duly constituted Board of Directors, and may involve the assessment of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur as a result of his or her personal actions or the actions of the Co-owner's family, pet, guest, tenant or any other person admitted through such Co-owner to the Condominium Project.

12.02 Procedures. Upon any such violation being alleged by the Board, the following procedures will be followed:

a. Notice. Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense setting forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of the Co-owner at the address shown in any certificate filed with the Association pursuant to Section 2.04 of these Bylaws or such other address for the Co-owner known to or used by the Association.

b. Opportunity to Defend. The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting or at a special meeting called for such matter, but in no event shall the Co-owner be required to appear less than ten (10) days from the date of service of the notice.

c. **Default.** Failure to respond to the notice of violation constitutes a default.

d. **Hearing and Decision.** Upon appearance by the Co-owner before the Board and presentation of evidence of defense, or, in the event of the Co-owner's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

12.03 Relief. Upon the Board's decision that a violation of the Condominium Documents has occurred, the Board shall determine what relief to pursue against the defaulting Co-owner under these Bylaws or otherwise. If the Board chooses to fine a Co-owner, it shall determine a reasonable fine based upon the type of conduct involved and whether the conduct is recurring. In no event shall the fine exceed one hundred dollars (\$100) per occurrence or such other maximum amount as the Board, by duly adopted Rule, may prospectively establish from time-to-time.

12.04 Continuing Violation. In the event that a violation continues beyond ten (10) days from the date of the offending Co-owner's hearing at which the Board determines that a violation has occurred, additional fines may be levied on each occasion of any subsequent violation without the necessity of a further hearing or hearings on the matter.

12.05 Collection. The fines levied pursuant to Section 12.03 above shall be specially assessed against the Co-owner and shall be due and payable together with the defaulting Co-owner's next payment of the Regular Assessment, unless the Board sets another date. Any fines which have been specially assessed against a Unit shall be collectible in the same manner as assessments under Article V.

12.06 Inapplicability to Assessments. The Association, acting through the Board, need not utilize the provisions of this Article XII when enforcing its rights and remedies after failure by a Co-owner to pay any assessment or other money owed to the Association.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.01 Severability. In the event that any term, provision, or covenant of these Bylaws or any Condominium Document is held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other term, provision or covenant of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable, and in such event the document shall be construed in all respects as if such invalid or unenforceable provisions were omitted or were deemed enforceable to the fullest extent permitted by law.

13.02 Notices. Except as may be provided otherwise in writing, notices provided for in the Act or in any Condominium Document shall be in writing, and shall be addressed to any Co-owner at the address set forth in the deed of conveyance, or at such other address as may

designated by the Co-owner in writing, including electronic mail (also known as “email”) and/or other forms of written or typed communication to which the Co-owner has consented in writing. All notices to the Association shall be sent to the registered office or address of the Association or otherwise directed by the Association in writing. The Association may designate a different address for notices to it by giving written notice of such change of address to all affected Co-owners. Notices addressed as above shall be deemed delivered when mailed by United States mail with postage prepaid, when delivered in person or when sent to the recipient at an electronic or other address designated by the recipient.

13.03 Amendment. These Bylaws may be amended, altered, changed, added to or repealed only in the manner set forth in Article VIII of the Master Deed of River Pines.

ARTICLE XIV

CONFLICTING PROVISIONS

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

- a. the Master Deed, including the Condominium Subdivision Plan but excluding these Bylaws;
- b. these Bylaws;
- c. the Articles of Incorporation of the Association;
- d. the Association Bylaws;
- e. the Rules of the Association.