

EXHIBIT "A"**SANCTUARY OF FARMINGTON HILLS****BYLAWS****ARTICLE I****ASSOCIATION OF OWNERS**

Section 1. Sanctuary of Farmington Hills , a residential building site condominium located in the City of Farmington Hills, Oakland County, Michigan, shall be administered by an association of owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the Project in accordance with the Project documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3 (8) of the Act and the Bylaws provided for under the Michigan Non-Profit Corporation Act. Each owner shall be entitled to membership, and no other person or entity shall be entitled to membership. The share of an owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Project documents for the Project available at reasonable hours to owners, prospective purchasers and prospective mortgages of units in the Project. All owners in the Project and all persons using or entering upon or acquiring any interest in any unit therein or the common elements thereof shall be subject to the provisions and terms set forth in the aforesaid Project documents.

Section 2. The Association, acting through its officers, shall administer the affairs of the Project. The Treasurer shall keep books and records with a detailed account of the expenditures and receipts affecting the Condominium Project and its administration, and which specify the operating expenses of the Project.

ARTICLE II**ASSESSMENTS**

All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Project documents and the Act shall be levied by the Association against the units and the owners thereof in accordance with the following provisions:

Section 1. Assessments for Common Elements. 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, including fulfilling drainage responsibilities within individual units, shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of or pursuant to any policy of insurance securing the interest of the owners against liabilities or losses arising within, caused by, or connected with the common elements or the administration of the Project, shall constitute receipts affecting the administration of the Project within the meaning of Section 54(4) of the Act.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

a. Budget/Financial Statements. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular periodic payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a non-cumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular Project, the Board of Directors should carefully analyze the Project to determine if a greater amount should be set aside or if additional reserve funds should be established for other purposes from time to time and, in the event of such a determination, the Board of Directors shall be empowered to establish such greater or other reserves without owner approval. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each owner shall not affect or in any way diminish the liability of any owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Project; or (2) to provide replacements of existing common elements; or (3) to provide additions to the common elements not exceeding Five Thousand Dollars (\$5,000.00) annually for the entire Project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); or (4) that an emergency exists, then the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof. An Annual Financial Statement reflecting cash receipts and disbursements shall be distributed to all owners within ninety (90) days following year end.

b. Special Assessments. Special assessments, in addition to those required in subparagraph a above, may be made by the Board of Directors from time to time and approved by the owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the common elements of a cost exceeding Five Thousand Dollars (\$5,000.00) per year for the entire Project (adjusted for increases in the Consumer Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed; or (2) assessments to purchase a unit upon foreclosure of

the lien for assessments described in Section 5 hereof; or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph b (but not including those assessments referred to in subparagraph a above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of at least seven (7) of the unit owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the owners to cover expenses of administration shall be apportioned among and paid by the owners in accordance with the percentage of value allocated to each unit in Article V of the Master Deed. Any other unusual common expenses benefiting less than all of the units, or any expenses incurred as a result of the conduct of less than all those entitled to occupy the Project, or their tenants or invitees, shall be specifically assessed against the unit or units involved, in accordance with such reasonable rules and regulations as shall be adopted by the Board of Directors of the Association. Annual assessments as determined in accordance with Article II, Section 2a. above, shall be payable in advance by owners annually or monthly during the calendar year (which shall be the fiscal year of the Association) as determined by the Board of Directors of the Association, commencing with acceptance of a deed to or a land contract vendee's interest in a unit, or with the acquisition of fee simple title to a unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment.

Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) per annum, plus such additional interest rate surcharge and late payment charges as the Board of Directors shall approve, until each installment is paid in full. Provided, however, that the interest rate and interest rate surcharge combined applying to delinquent amounts shall not exceed the limit set by usury laws in the State of Michigan. The Association may, pursuant to Article XIX, Section 4 hereof, levy fines for chronic late payments of assessments in addition to such interest and late payment charges. Each owner (whether one (1) or more persons) shall be, and remain, personally liable for the payment of all assessments pertinent to his unit which may be levied while such owner is the owner thereof. Payments on account of installments of assessments in default shall be applied as follows: First, to cost of collection and enforcement of payment, including actual attorney's fees (not limited to statutory fees); second, to any late charges, interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Unit. No owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

Section 5. Enforcement.

a. Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments, together with all applicable late charges, interest, fines, costs, advances paid by the Association to protect its lien, actual attorney's fees (not limited to statutory fees), and other costs, by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any owner in the payment of any installment of the annual assessment levied against his unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any Association paid services to an owner in default upon seven (7) days' written notice to such owner of its intention to do so. An owner in

default shall not be entitled to vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the unit from the owner thereof or any persons claiming under him and, if the unit is not occupied, to lease the unit and collect and apply the rental therefrom to any delinquency owed to the Association. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

b. Foreclosure Proceedings. Each owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgagees by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein 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. Further, each owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold (a power of sale) 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. Each owner of a unit in the Project acknowledges that, at the time of acquiring title to such unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for non-payment of assessments and a hearing on the same prior to the sale of the subject unit. The redemption period for a foreclosure is six (6) months from the date of sale unless the condominium unit is abandoned, in which event the redemption period is one (1) month from the date of sale.

c. Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent owner(s) at his or their last known address, of a written notice that one or more installments of the annual assessment levied against the pertinent unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; and (2) the statutory and other authority for the lien; and (3) the amount outstanding (exclusive of interest, costs, actual attorney's fees (not limited to statutory fees), and future assessments); and (4) the legal description of the subject unit(s); and (5) the name(s) of the owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the Project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent owner and shall inform him/her/them that he/she/they may request a judicial hearing by bringing suit against the Association.

(d) Expenses of Collection. The expenses incurred in collecting unpaid assessments, including interest, late charges, fines, costs, actual attorney's fees (not limited to statutory fees) and advances for taxes or other items paid by the Association to protect its lien, shall be chargeable to the owner in default and shall be secured by the lien on his unit.

Section 6. Liability of Mortgagee. Notwithstanding any other provision of the Project documents, the holder of any first mortgage covering any unit in the Project which acquires title to the

unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder acquires title to the unit.

Section 7. Developer's Responsibility for Assessments. The Developer of the Project, although a member of the Association, shall not be responsible at any time for payment of the periodic Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the units that it owns, including the dwellings and other improvements located thereon, together with a proportionate share of all current maintenance expenses actually incurred by the Association from time to time, except that the Developer shall not be responsible for a share of the expenses of professional management of the Project, and except for expenses related to maintenance and the use of the units in the Project and of the dwellings and other improvements constructed within or appurtenant to the units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all units owned by the Developer at the time the expense is incurred to the total number of units then in the Project. In no event shall the Developer be responsible for payment of any assessments with regard to the proposed public roads prior to their dedication to the City of Farmington Hills, or for deferred maintenance, reserves for replacement, for capital improvements, or other special assessments with regard to the general common elements, except with respect to units owned by it on which a completed residential dwelling is located. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any unit from the Developer or to finance any litigation or other claim against the Developer, any cost of investigating and preparing such litigation or claim, or any similar or related costs. A "completed residential dwelling" shall mean a dwelling with respect to which a certificate of occupancy has been issued by the City of Farmington Hills.

Section 8. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 9. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Project, owned or possessed in common by the owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 10. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. Statement as to Unpaid Assessments. The purchaser of any unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. The Association may require the advance payment of a reasonable processing fee for the issuance of such written statement. Upon written request to the Association, accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the unit itself to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the unit and the proceeds of the sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 12. Lawsuit Defense Expenses. Any owner bringing an unsuccessful lawsuit against the Association and/or its Board of Directors for the administration of the affairs of the Association, found to be consistent with the provisions contained in the Project documents, shall be chargeable for all expenses incurred by the Association. Such expenses may be collected by the Association in the same manner as an assessment.

ARTICLE III

ARBITRATION

Section 1. Scope and Election. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Project documents, or any disputes, claims or grievances arising among or between the owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration) and upon written notice to the Association, shall be submitted to the arbitration, and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. In the absence of an agreement between the parties to use other rules, the Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. An election and written consent by owners or the Association to submit a particular dispute(s), claim(s) or grievance(s) to arbitration shall preclude such parties from litigating such dispute(s), claim(s) or grievance(s) in the courts.

Section 4. Mandatory Arbitration with Developer. The Developer, the Association and the owners (by taking ownership of a unit) acknowledge and agree that to the extent permitted by applicable law (Section 144 of the Act), any claim by an owner which might be the subject of a civil action against the Developer, which involves an amount of Two Thousand Five Hundred Dollars (\$2,500.00) or more, and arises out of or relates to the Project or a unit, or which involves any claim by the Association against the Developer in excess of Ten Thousand Dollars (\$10,000.00), and arises out of or relates to the common elements of the Project, shall be settled by binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter. The parties shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real property is involved. Judgment upon the award by arbitration may be entered in a circuit court of appropriate jurisdiction.

Section 5. Owner Authorization for Arbitration. The commencement of any arbitration proceedings against the Developer shall require the approval of two-thirds (2/3) in number of all owners. This will ensure that the owners are fully informed regarding the prospects and any likely expenses of any arbitration proposed by the Association.

Section 6. Disputes Among Owners. Disputes among owners referenced in Article VI, Section 5, shall be processed through the District Court through its community mediation center program.

If resolution is not reached, then the parties (including the Association) shall arbitrate the dispute through a single arbitrator in a small arbitration according to rules set by the arbitrator. The parties shall select the arbitrator. If they cannot agree on an arbitrator, the District Court shall select the arbitrator.

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate given the nature of the general common elements of the Project, carry property coverage for all risks of direct physical loss and liability insurance, fidelity coverage, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the general common elements of the Project, and such insurance shall be carried and administered in accordance with the following provisions:

a. Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association and the owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of owners.

b. Insurance of Common Elements. All general common elements of the Project that are insurable shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

c. Premium Expenses. All premiums for insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

d. Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Project shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds to be used for any purpose other than for repair, replacement or reconstruction of the Project unless at least seven (7) unit owners with two-thirds (2/3) of all of the institutional holders of first mortgages on units in the Project have given their prior written approval to do otherwise.

Section 2. Authority of Association to Settle Insurance Claims. Each owner, by ownership of a unit in the Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of "all risk" property coverage, vandalism and malicious mischief, liability insurance, fidelity coverage and workmen's compensation insurance, if applicable, pertinent to the Project and the common elements appurtenant thereto, and such insurer as may, from time to time, provide such insurance to the Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute the same to the Association, the owners and their respective mortgagees, as their interests may appear (subject always to the Project documents), to execute releases of liability, and to execute all documents and to do all things on behalf of such owner and the Project as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibility of Owners. Each owner shall be obligated and responsible for obtaining "all risk" property coverage and vandalism and malicious mischief insurance with respect to his/her/their residential dwelling and all other improvements constructed or to be constructed within the perimeter of his unit, and for his personal property located therein or thereon or elsewhere on the Project. All such insurance shall be carried by each owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each owner also shall be obligated to obtain insurance coverage for his personal liability for his undivided interest as a tenant in common with all other owners in the common elements, for occurrences within the perimeter of his unit or the improvements located thereon, and also for alternative living expenses in the event of fire. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

Section 4. Waiver of Right of Subrogation. The Association and all owners shall use their best efforts to cause all property and liability insurance carried by the Association or any owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any owner or the Association.

Section 5. Indemnification. Each individual owner shall indemnify and hold harmless every other owner, the Developer and the Association for all damages and costs, including actual attorney's fees (not limited to statutory fees), which the other owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within an individual owner's unit. Each owner shall carry insurance to secure the indemnity obligations under this Section 5, if required by the Association, or if required by the Developer during the construction and sales period. This Section 5 is not intended to give any insurer any subrogation right or any other right or claim against any individual owner.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Project shall be damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefore shall be as follows:

- a. General Common Elements. If the damaged property is a general common element, the damaged property shall be rebuilt or repaired by the Association unless at least seven (7) unit owners and at least sixty (60%) percent of the institutional holders of first mortgages on any unit in the Project agree to the contrary, and the City of Farmington Hills consents to such action.
- b.
- c. Unit or Improvements Thereon. If the damaged property is a unit or any improvements thereon, the owner of such unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such owner shall be responsible for any reconstruction or repair that he elects to make. The owner shall in any event remove all debris and restore his unit and the improvements thereon to a clean and sightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage, and in any event, shall remove all debris within three (3) months from the date of loss.

Section 2. Repair in Accordance with Master Deed. Any such reconstruction or repair shall be substantially in accordance with the Master Deed unless the owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all co-owners for the costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 4. Timely Reconstruction and Repair. If damage to the general common elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay.

Section 5. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

- a. Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a unit or any improvements thereon by eminent domain, the award for such taking shall be paid to the owner of such unit and the residential dwelling thereon and the mortgagee(s) thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If an owner's entire unit and residential dwelling is taken by eminent domain, such owner and his mortgage shall, after acceptance of the condemnation award therefor, be divested of all interest in the Project.
- b. Taking of General Common Elements. If there is any taking of any portion of the general common elements, the condemnation proceeds relative to such taking shall be paid to the owners and their mortgages in proportion to their respective interest in the common elements, and the affirmative vote of at least seven (7) unit 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.
- c. Continuation of Project After Taking. In the event the Project continues after taking by eminent domain, then the remaining portion of the Project shall be re-surveyed and the Master Deed amended accordingly and, if any unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining units 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 of specific approval thereof by any owner.
- d. Notification of Mortgagees. In the event any unit in the Project, or any portion thereof, or the common elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall so notify each institutional holder of a first mortgage lien on any units in the Project, provided that the name and address of each has been provided to the Association.

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

Section 6. Notification of FNMA and FHLMC. In the event any mortgage in the Project is held by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC"), then, upon request therefore by FNMA or FHLMC, the Association shall give them written notice at such address as they may from time to time direct of any loss to 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 FNMA or FHLMC if such damage exceeds One Thousand Dollars (\$1,000.00).

Section 7. Priority of Mortgagee Interests. Nothing contained in the Project documents shall be construed to give an owner or any other party priority over any rights of first mortgagees of units pursuant to their mortgages in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or common elements.

ARTICLE VI

RESTRICTIONS

All of the units in the Project shall be held, used and enjoyed subject to the ordinances of the City of Farmington Hills, applicable law and the following limitations and restrictions:

Section 1. Residential Use. No unit in the Project shall be used for other than single-family residential purposes as defined by the City of Farmington Hills Zoning Ordinance, and the common elements shall be used only for purposes consistent with single-family residential use. The operation of a family or group day care home within the Project is prohibited.

Use of units shall also be restricted in the following manner:

- a. Building Size and Height. No building or structure shall exceed two stories above grade or thirty-five (35) feet in height and all buildings or structures shall be constructed within the perimeter of a unit according to the setback and side yard restrictions imposed by the applicable governmental laws and ordinances. These side yard and setback limits are delineated on Exhibit B of the Master Deed. All buildings and structures shall be in conformity with the following minimum size standards as to living area above ground level measured by the external walls:
- (1) One Story/Ranch: 2,500 square feet.
 - (2) One and One-Half Story: 3,200 square feet with a minimum 1,900 square feet on first floor.
 - (3) Multi-Story: 3,300 square feet with a minimum of 1,700 square feet on the first floor.

The Developer reserves the right, within its sole discretion, to lower the required minimum square footage for specific residences. Garages, porches, decks and breezeways shall not be included in computing minimum size requirements. All buildings shall be constructed by a licensed contractor and completed within one (1) year from the date of issuance of a building permit by the City of Farmington

Hills Building Department. All unused building materials and temporary construction shall be removed from the premises within thirty (30) days after substantial completion of the structure. The portion of the surface of the earth which is disturbed by excavation and other construction work shall be finish graded, seeded, sodded and/or covered with other approved landscaping as soon as the construction work and weather permit. No burial of construction debris will be permitted. All soil to be removed from any of the units either in grading or excavating will, at the option of the Developer, become the property of the Developer and when removed will be placed by the owner of the unit in such place or places within the Project as the Developer will designate at the owner's expense. Owners may not interrupt the surface flow of storm water across their units.

- b. Garages. Each single family dwelling shall have a minimum of a two (2); may have a three (3) car attached garage, and with written approval from the Developer, or the Association as hereinafter provided in Section 3, may have a four (4) car attached garage. Carports and detached garages shall not be erected, placed or permitted to remain on any unit. All driveways shall be surfaced with asphalt, concrete or paving bricks, at the time of construction of the dwelling served thereby, weather permitting. For security and aesthetic reasons, garage doors will be kept closed at all times except as may be reasonably necessary to gain access to and from any garage.
- c. Temporary Structures. No old or used structure, of any kind, shall be placed upon any unit. No temporary structure of any character such as a tent, camper, mobile home, trailer, shack, barn, and/or other out-building of any design whatsoever shall be erected or placed upon any unit prior to construction of the main residence, nor shall any such structure be occupied as living quarters at any time. This provision shall not prevent the use of temporary structures incidental to and during construction of the main residence provided that such temporary structures shall be removed from the premises immediately upon completion of the main residence.
- d. Accessory Buildings. No accessory building or other out-building shall be permitted on any unit unless it is approved by the Developer, or the Association, as hereinafter provided in Section 3. The Developer, or the Association, in the exercise of its sole discretion, may permit the erection of structures such as swimming pool accessory buildings, greenhouses or law/garden storage sheds. Notwithstanding the Developer's or the Association's approval, such structures shall be architecturally compatible with the main residence, be constructed of similar materials on a concrete slab with a rat wall, and shall not exceed two hundred (200) square feet in size, without the advance written approval of the Developer, or the Association, if applicable. No oil or fuel storage tanks may be installed on any unit.
- e. Swimming Pools. All swimming pools shall be below ground, except children's play pools, hot tubs and Jacuzzi tubs.
- f. Fences. No owner shall construct, or cause to be constructed, any fence of any nature upon his unit or the common elements without the prior written approval of the Developer, or the Association, if applicable. Perimeter fences (along the exterior lines of the Project shall be permitted with Association and City approval. Perimeter fences around swimming pools shall be required to be constructed in accordance with all applicable building codes. Fences shall not be located within

the front or side set-backs in front of the rear building line of the dwelling to be located on each unit and shall not exceed four (4) feet in height except around swimming pools and tennis courts. Fences erected to screen patios, enclose child play areas and fenced dog runs may be permitted only with advance written approval of the Association as to size, location and fencing materials. No dog runs may be constructed in front of the rear line of the dwelling constructed within a unit or within the side yard set back line, and any such dog run must be attached to the rear of the dwelling to allow direct access from the house, deck or patio. Invisible fences are encouraged for pet control. Fences shall be used primarily for limited enclosure purposes. All fencing and/or screening shall be made of materials which are architecturally compatible with the main residence, specifically excluding cyclone fencing, snow fencing and plywood, but including split rail construction, which may have a green wire liner on the inner side of the fence.

- g. Exterior Lighting. No owner shall install exterior lighting that causes excessive illumination so as to constitute a nuisance to other owners. Prohibited lighting shall include, but not be limited to, mercury vapor and halogen lighting. All exterior lighting shall be mounted on the dwellings, except for low wattage lighting adjacent to driveways, decks, patios, walkways, and swimming pools.
- h. Mailboxes. The size, color, style, location and other attributes of the mailbox for each residence shall be as specified by the U.S. Postal Service and the Developer, in order to insure consistency and uniformity within the Project. Alternatively, upon approval of seven (7) or more unit owners, a central mailbox may be installed at Association's expense.
- i. Antenna. No radio, television or other antenna or aerial shall be permitted on any unit other than the type commonly used for domestic residential purposes. Any antenna or aerial shall be installed on the main residence and not on a separate pole or tower. Dish-type antennae in excess of one (1) meter in diameter shall not be permitted not shall any antenna or aerial exceeding twelve (12) feet in height above the roof ridge line on any dwelling. Location of dish type antennae shall be approved by the Association to ensure their placement in a discrete unobtrusive location.
- j. Maintenance of Unimproved Units. Units which have not been improved shall remain in their natural state, but shall be maintained in a presentable condition by the owner. Grassy areas shall be mowed a minimum of twice each summer to control weeds. No dumping shall be allowed on unimproved units. The Association shall enforce this paragraph pursuant to Article XIX, below.
- k. Refuse and Garbage. Each owner shall promptly dispose of all refuse and garbage so that it will not be objectionable or visible to adjacent owners. No outside storage of refuse or garbage or outside incinerator shall be permitted. Each residence shall be equipped with an interior garbage disposal. No disposal of garbage, rubbish, leaves or debris shall be allowed on vacant units. Owners shall arrange for weekly pick-up of garbage by only one private garbage/refuse contractor. The Association may elect to take over selection of a garbage/refuse contractor and may assess each unit for an equal share of the cost of garbage/refuse collection. Garden composting shall be allowed provided that it shall not result in a violation of any other restriction in these Bylaws. The

Association or the City may determine the contractor and day of pick up, which unit owners will abide. Garbage cans and recycling bins shall remain inside a residential unit 12 hours or less before scheduled pick up.

- i. Trees. Trees shall be planted by the Developer and/or the builder of the residential dwelling according to landscaping plans approved by the City of Farmington Hills when the building permit for a residential dwelling is issued. All additional trees may be planted only with Association approval, who must approve location, genre and size of trees.
- m. Drainage Easement. Each unit owner shall maintain the surface area of such easements within his unit, shall keep the grass cut to a reasonable height, shall keep the area free of trash and debris and shall take such action as may be necessary to eliminate surface erosion. The unit owner shall not contour the land or install any structure or landscaping within said easements that would interfere with the flow of storm water through them. The Association shall have access to such units to maintain, repair and replace such easements.

Section 2. Leasing and Rental.

- a. Right to Lease. An owner may lease his unit and the improvements thereon for single family residential purposes as defined by the City of Farmington Hills. No owner shall lease less than an entire unit and the improvements thereon. No lease shall have a term of more than two (2) consecutive years unless approved otherwise by the Association's Board of Directors and the approval of six (6) or more unit owners. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Project documents. An owner, including the Developer, desiring to rent or lease a unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease or otherwise agreeing to grant possession of a unit to potential lessees or occupants and, at the same time, shall supply the Association with a copy of the exact lease for its review for its compliance with the condominium documents. The owner or Developer shall also provide the Association with a copy of the executed lease. If no lease is to be used, then the owner or the Developer shall supply the Association with the name and address of the lessees or occupants, along with the rental amount and due date of any rental or compensation payable to an owner or the Developer, the due dates of that rental and compensation, and the term of the proposed arrangement. The Developer, in its discretion, may lease any number of units and the improvements thereon.
- b. Leasing Procedures. The leasing of units and improvements thereon shall conform to the following provisions:
 - (1) Tenants and non-owner occupants shall comply with all of the conditions of the Project documents, and all leases and rental agreements shall so state.
 - (2) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Project documents, the Association shall take the following action:

- (a) The Association shall notify the owner by certified mail advising of the alleged violation by the tenant.
 - (b) The owner shall 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.
 - (c) 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 owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the owner and tenant or non-owner occupant for breach of the conditions of the Project documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the owner liable for any damages to the common elements caused by the owner or tenant in connection with the unit or the Project.
- (3) When an owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to tenant occupying an owner's unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. Any tenant failing to make such payments after receiving written notice from the Association shall become personally liable for their payment to the Association and the Association may do the following:
- (a) Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceedings.
 - (b) Initiate proceedings pursuant to subsection (2) (c) hereinabove.

Section 3. Architectural Control. No dwelling, structure or other improvement shall be constructed within a unit or elsewhere within the Project, nor shall any exterior modification be made to any existing dwelling, structure or improvement, unless the site plan and building plans and specifications therefore containing such detail as the Developer may reasonably request have first been approved by the Developer. Construction of any dwelling or other improvements must also receive any necessary approvals from the local public authority. The Developer shall have the right to refuse any such plans or specifications or grading or landscaping plans which are not suitable or desirable in its sole opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, proposed exterior materials (which may include wood (with limited amounts of textured vinyl and textured plywood siding, such as T-1-11), brick, and stone, but no aluminum siding or brick laminates) and exterior colors which shall blend in with existing residences and the natural surroundings, the site upon which it is proposed to be constructed, the location of the dwelling within each unit, and the degree of harmony thereof with the Project as a whole and the area of future development described in the Master

Deed. Unless prevented by existing natural vegetation, or severe elevations in the topography, wherever possible lawns shall occupy the majority of the front yard between the dwelling and the traveled portion of the road adjacent thereto. No log, modular, manufactured or any other type of residential housing constructed and assembled off-site will be permitted. All dwellings must be constructed on-site. No flat roofs will be permitted and a minimum front roof pitch of 6/12 will be required. Dimensional roof shingles shall be required; however, the Developer reserves the right, within its sole discretion, to waive this requirement for specific residences. The purpose of this section is to assure the continued maintenance of the Project as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all owners. Further, the restrictions hereby placed upon the premises shall not be construed or deemed to create negative reciprocal covenants, easements or any restrictions upon the use of the area of future development described in the Master Deed or any portion thereof unless, until and only to the extent such land is included in this Project by Master Deed amendment. The Developer's rights under this Article VI, Section 3 may, in the Developer's discretion, be assigned to the Association or other successor to the Developer. Said rights shall automatically be assigned to the Association at the end of the construction and sales period. The Developer may construct any improvements upon the Project that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Project documents, and any limitations imposed by the City of Farmington Hills.

In no event shall any unit owner have the right to impose liability on the Developer or the Association, or otherwise contest judicially any decision of the Developer or the Association (or alleged failure of the Developer or the Association to make a decision) relative to the approval or disapproval of a site plan and building plans, or any aspect or other matter as to which the Developer reserves the right to approve, disapprove or grant a variance with regard to under this Article VI. The approval by the Developer of a site plan and building plans, or other matter shall not be construed as a representation or warranty that the site plan or building plans or other matter is in conformity with the zoning ordinances of the City of Farmington Hills, if applicable, or building regulations of any other governmental authority. The Developer specifically disclaims any obligation or duty to ascertain any such non-conformities or to advise a unit owner or any other person of the same, even if known to the Developer.

Section 4. Changes in Common Elements. Except as provided in Article VI, Section 3 above with respect to the Developer, no owner shall make changes in any of the common elements without the express written approval of the Board of Directors of the Association, and the City of Farmington Hills, if applicable.

Section 5. Activities. No unlawful or offensive activity shall be carried on in any unit or upon the common elements, nor shall anything be done which may be or become an annoyance or a nuisance to the owners of the Project. No garage sales shall be permitted on any unit in the Project, except when done in conjunction with the sale of the residence, or when a neighborhood garage sale is held, and then such sale shall be limited to two (2) days in duration. No unreasonably noisy activity shall occur in or on the common elements or in any unit at any time, and disputes among owners arising as a result of this provision which cannot be amicably resolved shall be arbitrated by the Association. No owner shall do or permit anything to be done or keep or permit to be kept in his unit or on the common elements anything that will increase the rate of insurance on the Project without the written approval of the Association, and each owner shall pay to the Association the increased insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots, or other similar dangerous weapons, projectiles or devices.

Section 6. Pets. Subject to the provisions of this Section 6, owners shall be entitled to keep no more than three (3) pets of a domestic nature that will reside within the dwelling constructed within their units. No pet or animal may be kept or bred for any commercial purpose. All pets shall be maintained in compliance with City of Farmington Hills ordinances. Pets shall have such are and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any unit or on the common elements. In the event an owner's pet causes unnecessary and unreasonable disturbance or annoyance to other owners, one or more, and such owner files a written complaint with the Association specifying the cause of such disturbance or annoyance, the Board of Directors, after notice and opportunity for hearing before the Board to the owner keeping the pet, may, if it determines that such pet is in fact causing unnecessary and unreasonable disturbance or annoyance, require the owner to remove the pet from his unit and the Project or impose such other restrictions on the keeping of such pet as are reasonable. No pet or animal may be permitted to run loose at any time upon other units or the common elements, and any animal shall at all times be leashed and attended by some responsible person while on the common elements. No animal shall be left unattended outside of the dwelling between 11 o'clock p.m. and 7 o'clock a.m. Invisible fences are encouraged for pet control. No dog houses or unattended tethering of dogs shall be allowed on any unit in the Project. No savage or dangerous animal shall be kept, and any owner who causes any animal to be brought or kept upon the Project shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefore. Each owner shall be responsible for collection and disposal of all fecal matter deposited within the Project by any pet maintained by such owner. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Project which it determines to be in violation of the restrictions imposed by this section. The Association shall have the right to require that any pets be licensed with Oakland County and registered with the Association and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this section, the Board of Directors of the Association may assess fines for such violation in accordance with Article XIX of these Bylaws and in accordance with duly adopted rules and regulations of the Association.

Section 7. Aesthetics. Neither the common elements nor the unit outside of the dwelling and garage constructed thereon shall be used for the display of lawn statuary or the storage of supplies, materials, firewood, personal property, or trash or refuse of any kinds, except as provided in duly adopted rules and regulations of the Association. Trash receptacles shall be maintained in garages and shall not be permitted to remain elsewhere on the unit or common elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. In general, no activity shall be carried on nor condition maintained by an owner, either in his unit or upon the common elements, which is detrimental to the appearance of the Project. In the event that any dwelling is damaged or destroyed a general clean-up shall be accomplished within thirty (30) days. Minor repairs shall be completed as soon as possible and compensation of major repairs and reconstruction shall be accomplished within nine (9) months, weather permitting.

Section 8. Vehicles. No travel trailers, motor homes, motorcycles, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, all-terrain vehicles, snowmobiles, snowmobile trailers, or vehicles, other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored upon the Project, unless parked in the garage with the door closed. Travel trailers, motor homes, camping vehicles, and camping trailers may be temporarily parked upon the unit for a period of no more than forty-eight (48) consecutive hours for loading and unloading purposes twice a year. No inoperable or unlicensed vehicles of any type may be brought or stored upon the Project either temporarily or permanently, unless parked in the garage with the doors closed. Commercial vehicles and trucks shall not be parked in or about the Project (except as above provided)

except while making deliveries or pick ups in the normal course of business, unless parked pursuant to the advance written approval of the Association. Use of motorized vehicles anywhere on the open space common areas, other than authorized maintenance vehicles, is absolutely prohibited. Overnight parking on any private road in the Project is prohibited except as the Association may make reasonable exceptions thereto from time to time. Automobiles used by the occupants of a unit may be parked overnight on the driveway which services the unit.

Section 9. Advertising. Except for the entrance sign, no signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a unit or on the common elements, excluding one "For Sale" sign which shall not exceed six (6) square feet in area per side, without written permission from the Association and, during the construction and sales period, from the Developer, and a sign permit issued by the City of Farmington Hills, if applicable.

Section 10. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations, including grievance procedures (such as mediation that shall precede any litigation or arbitration), from time to time reflect the needs and desires of the majority of the owners in the Project. Reasonable rules and regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of units and the common elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the transitional control date. Copies of all such rules and regulations and amendments thereto shall be furnished to all owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all owners in number and in value. Such rules may not be applied to limit the Developer's construction, sales or rental activities.

Section 11. Right of Access of Association. The Association or its duly authorized agents shall have access to the portion of each unit outside of the residential dwelling from time to time, during reasonable working hours, upon notice to the owner thereof, as may be necessary for the maintenance, repair or replacement of storm water drainage easements and of any of the common elements. The Association or its agents shall also have access to each unit at all times without notice as may be necessary to make emergency repairs to prevent damage to the common elements, to the unit itself or to another unit, and shall not be liable to such owner for any necessary damage to his unit caused thereby.

Section 12. Landscaping. No owner shall perform any landscaping or remove, trim or plant any trees, shrubs or flowers or place any ornamental materials on the general common elements without the prior written approval of the Developer, or the Association, if applicable. No lawn statuary shall be permitted without the prior written approval of the Developer, or the Association, if applicable. Basic landscaping, including finish grading, seeding or sodding, must be completed within ninety (90) days after date of occupancy, weather permitting. The owner of each unit shall develop a landscape treatment which will tend to enhance, complement and harmonize with adjacent property. No existing trees shall be cut, except for diseased and dead trees, or those that are of a nuisance species, such as poplar, willow or box elder, without the prior written approval of the Developer or the Association, as set forth in Section 3 of this Article. No surface soil shall be dug or removed from any unit for purposes other than building and landscaping of the unit, without the prior written approval of the Developer, or the Association, if applicable. All debris shall be promptly removed. New planting shall complement and enhance the character of the existing vegetation, topography and structures. Each owner shall have the responsibility to maintain the grounds of his unit, together with that portion of the general common elements in front thereof between the unit and the traveled portion of the road right-of-way, including the mowing of grass to a height of six (6) inches or less, removal of weeds, and proper trimming of bushes and trees. If the Association shall receive reasonable complaints from other owners regarding lack of

maintenance of the grounds of a unit, then, and in that event, it shall have the right and duty to have such maintenance of the grounds of the unit performed as the Board of Directors shall determine as being reasonable, and the charges therefor shall become a lien upon the unit and collected in the fashion as set forth in Article II of these Bylaws. The Association shall enforce this paragraph pursuant to Article XIX, below.

Section 13. Common Element Maintenance. Streets, sidewalks, yards, landscaped areas, and driveways shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, or other obstructions may be left unattended on or about the common elements, or they may be removed and disposed of at the discretion of the Association.

Section 14. Owner Maintenance. Each owner shall maintain his unit, together with that portion of the general common elements in front thereof between the unit and the traveled portion of the road right-of-way, and the improvements on the unit in a safe, aesthetically pleasing, clean, and sanitary condition. Each owner shall also use due care to avoid damaging any of the common elements, including, but not limited to, the telephone, natural gas, electrical, plumbing, drainage easement courses or other utility conduits and systems and any other common elements within any unit which are appurtenant to or which may affect any other unit. Each owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by him or his family, guests, agents, or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible owner in the manner provided in Article II hereof. An owner shall be responsible for the repair of the limited common elements servicing his/her/their unit.

Section 15. Roads Prior to Acceptance. Proposed public roads as set forth on the Condominium Subdivision Plan will be maintained, replaced, repaired and resurfaced as necessary by the Association, but only until they are dedicated to the public. It is the Association's responsibility to inspect and to perform preventative maintenance of the Project roadways on a regular basis in order to maximize their useful life and to minimize repair and replacement costs. However, although it is contemplated that the roads will be dedicated to the public, it is possible such dedication may not necessarily take place immediately, or at all. Upon dedication of the roads and acceptance by the City of Farmington Hills, the Association will no longer be responsible for maintaining the roads, although the Association, in its sole and absolute discretion, may elect to continue to snowplow or otherwise maintain the roads to the extent it deems it appropriate, and as shall be permitted by the City of Farmington Hills.

Section 16. Reserved Rights of Developer.

- a. Prior Approval by Developer. During the construction and sales period, no hedges, trees or substantial plantings or landscaping shall be installed, removed or trimmed until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by the Developer, and a copy of said plans and specifications, as finally approved, to become the Developer's property.
- b. Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs, if any, of the Developer during the construction and sales period or of the

Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, the Developer shall have the right throughout the entire construction and sales period to maintain, or to authorize others to maintain, a sales office, 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, subject to the approval of the City of Farmington Hills, if applicable. The Developer shall restore the areas so utilized to habitable status upon termination of use.

- c. Enforcement of Bylaws. The Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private residential community for the benefit of the owners and all persons interested in the Project. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace, and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any common elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the construction and sales period notwithstanding that it may no longer own a unit in the Project, which right of enforcement shall include (without limitation) an action to restrain the Association or any owner from any activity prohibited by these Bylaws.
- d. Variances. The Developer reserves the right, within its sole discretion, to grant variances from the restrictions in Article VI on a case by case basis for specific residences, provided that such variances are consistent with the approved site plan and applicable ordinances of the City of Farmington Hills.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any owner who mortgages his unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of a mortgage of any such unit, which shall provide its name and address, and the unit number or address of the unit on which it has a mortgage, report any unpaid assessments due from the owner of such unit. The Association shall give to the holder of any first mortgage covering any unit in the Project, which shall have provided the information required, written notification of any default in the performance of the obligations of the owner of such unit that is not cured within sixty (60) days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the general common elements against fire, perils covered by extended coverage, and against vandalism and malicious mischief, public liability, and fidelity coverage, and the amount of such coverage to the extent that the Association is obligated by the terms of these Bylaws to obtain such insurance coverage, as well as of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any unit in the Project shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

Section 4. Notice. Whenever a ballot requirement appears in these Bylaws for the benefit of a mortgagee which requires a ballot in support of or against a proposal submitted by the Association, the mortgagee shall respond within ninety (90) days of mailing of said notice or the lack of response thereto shall be deemed as approval of the proposal.

ARTICLE VIII

VOTING

Section 1. Vote. There are eleven (11) votes based upon one vote per unit. Except as limited in these Bylaws, each unit owner shall be entitled to one vote.

Section 2. Eligibility to Vote. No owner other than the Developer shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a unit in the Project to the Association, such as a copy of a recorded deed, signed land contract or title insurance policy. A land contract vendee shall be considered the owner for voting purposes. Except as provided in Article XI, Section 2 of these Bylaws, no owner, other than the Developer, shall be entitled to vote prior to the date of the first annual meeting of members held in accordance with Section 2 of Article IX. The vote of each owner may be cast only by the individual representative designated by such owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the first annual meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no units at some time or from time to time during such period. At and after the first annual meeting, the Developer shall be entitled to one vote for each unit which it owns.

Section 3. Designation of Voting Representative. Each owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the unit or units owned by the owner, and the name and address of each person, firm, corporation, partnership, association, trust, or other entity who is the owner. Such notice shall be signed and dated by the owner. The individual representative designated may be changed by the owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of four (4) of the unit owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Project documents that require a greater number of votes, in which case the minimum number of unit owners must be in attendance (in person or by proxy) to constitute a quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than fifty percent (50%) of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

ARTICLE IX

MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure when not otherwise in conflict with the Project documents or the laws of the State of Michigan.

Section 2. First Annual Meeting. The first annual meeting of members of the Association may be convened only by the Developer and may be called at any time after more than fifty percent (50%) of the units in Sanctuary of Farmington Hills have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer owners of nine (9) of the units that may be created or fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer owner of a unit in the Project, whichever first occurs. The Developer may call meetings of members for informative or other appropriate purposes prior to the first annual meeting of members, and no such meeting shall be construed as the first annual meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each owner. The phrase "units that may be created" as used in this paragraph and elsewhere in the Project documents refers to the maximum number of units which the Developer is permitted under the Project documents to include in the Project.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held in the months of October or November of each succeeding year after the year in which the first annual meeting is held, on such date and at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the first annual meeting. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The owners may also transact at annual meetings such other business of the Association as may properly come before them. A year to date of the month-end preceding the meeting, statement of income and expenses, together with a projection of income and expenses until December 31, together with a projected budget for the ensuing year, shall be circulated to all unit owners at or prior to the annual meeting.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the owners presented to the Secretary of the Association setting forth the issue(s) to be discussed. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice. Such meetings shall

deal with legitimate business concerns. Issues relating to business judgments of the board may be discussed but not overruled at a special meeting.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purposes thereof as well as the time and place where it is to be held, upon each owner of record at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 6. Adjournment. If any meeting of owners cannot be held because a quorum is not in attendance, the owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors or officers); (g) election of Directors (at annual meeting or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this section, the order of seniority of officers shall be President, Vice President, Secretary, and Treasurer.

Section 8. Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present either in person or by proxy and if, either before or after the meeting, each of the members not present in person or by proxy signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of member, when signed by the President or the Secretary, shall be presumed truthfully to

evidence the matters set forth therein. A recitation in the minutes of any such meetings that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X

ADVISORY COMMITTEE

Within one (1) year after conveyance of legal or equitable title to the first unit in the Project to a purchaser or within one hundred twenty (120) days after conveyance to purchasers of four (4) units, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-developer owners. The Advisory Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if more than fifty percent (50%) of the non-developer owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the non-developer owners and to aid in the transition of control of the Association from the Developer to the other owners. The Advisory Committee shall cease to exist automatically when the non-developer owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace, at its discretion and at any time, any member of the Advisory Committee who has not been elected thereto by the owners.

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The first Board of Directors designated by the Developer shall be composed of three (3) persons, and such first Board of Directors shall manage the affairs of the Association until a successor Board of Directors is elected at the first annual meeting of members of the Association convened at the time required by Article IX, Section 2 of these Bylaws. The members of the Board of Directors must be members of the Association for officers, partners, trustees, employees, or agents of members of the Association. No more than one (1) owner from a unit may serve on the Board of Directors at the same time. Directors shall serve without compensation.

Section 2. Election of Directors.

- a. First Board of Directors. The first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-developer owner to the Board. Elections for non-developer owner Directors shall be held as provided in subsections b and c below.
- b. Appointment of Non-Developer Owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer owners of three (3) of the units, one (1) out of the three (3) Directors shall be selected by non-developer owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-developer owners and request that they hold a meeting and elect the required Director. Upon certification to the Developer by the owners of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the first annual meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

c. Election of Directors at and After First Annual Meeting.

- (1) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer owners of nine (9) of the units, the non-developer owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least one Director as long as it owns at least one (1) unit. When the nine (9) unit conveyance level is achieved, a meeting of owners shall be promptly convened to effectuate this provision, even if the first annual meeting has already occurred.
- (2) Regardless of the percentage of units which have been conveyed, upon the expiration of the fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer owner of a unit in the Project, the non-developer owners have the right to elect a number of members of the Board of Directors equal to the percentage of units they own, and the Developer has the right to elect a number of members 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 shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.
- (3) At the First Annual Meeting one (1) Director shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one (1) slate and the person receiving the highest number of votes shall be elected for a term of two years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, vacancies shall be filled first for any two (2) year vacancy by the person receiving the highest number of votes and the one (1) year vacant term by the person(s) receiving the next highest number of votes. The Directors shall hold office until their successors have been elected and hold their first meeting. The Developer designated board member shall serve for the lesser period of one (1) year or until the Developer ceases to own any units.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the co-owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be properly imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

- a. To manage and administer the affairs of and to main the Condominium Project and the Common Elements thereof.
- b. To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

- c. To carry insurance and collect and allocate the proceeds thereof.
- d. To rebuild improvements to the common elements after casualty.
- e. To contract for and employ persons, firms, corporations, or other agents to assist in the management, operation, maintenance, and administration of the Condominium Project; provided that no contract for a nonterminable period (except for cause); or for more than three (3) years; or for more than twenty percent (20%) of the Association's yearly budget in any fiscal year shall be entered into without the approval of the co-owners at a regular or special duly convened meeting. The twenty percent (20%) of annual budget limitation of the preceding sentence shall not apply to any contract that either the Board of Directors or the City of Farmington Hills deem necessary for the maintenance of the health, welfare and safety of the Association, including, but not limited to, contracts for repair, replacement or maintenance of project roads, utility systems, detention ponds or drainage systems, if any.
- f. To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.
- g. To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of owners of at least eight (8) units.
- h. To make rules and regulations in accordance with Article VI, Section 10 of these Bylaws.
- i. To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium, and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.
- j. To enforce the provisions of the condominium Documents.

Section 5. Vacancies. Vacancies in the Board of Directors which occur after the transitional control date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-developer owner elected Directors which occur prior to the transitional control date may be filled only through election by non-developer owners and shall be filled in the manner specified in Section 2b of this Article.

Section 6. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of at least six (6) unit owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be six (6) or more unit owners. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer owners to serve before the first annual meeting may be removed before the first annual meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and places as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, email, fax, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given personally, by mail, email, fax, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon twenty-four (24) hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for purposes of determining a quorum. A quorum of the Directors shall also permit the Board of Directors to take action by the written consent of individual Directors and by means of a telephone conference between the Directors. The Board of Directors is not subject to the Michigan Open Meetings Act and may close portions of its meetings to the owners, and provide for confidentiality of the minutes of the closed portion of its meetings, for such issues, as an example, as discussion of personnel employment and litigation matters.

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the transitional control date shall be

binding upon the Association so long as such actions are within the scope of the owners and duties which may be executed generally by the Board of Directors as provided in the Project documents.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for the funds of the Association furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE XII

OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary, and a Treasurer. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two offices except that of President and Vice President may be held by one person.

- a. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.
- b. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.
- c. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general perform all duties incident to the office of Secretary.
- d. Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected, at any

regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XIII

SEAL

The Association may (but need not) have a seal. If the Board determines that the Association shall have a seal, then it shall have inscribed thereon the name of the Association and the words "corporate seal", and "Michigan".

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration and which shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association and the owners. Such accounts and all other Association records shall be open for inspection by the owners and their mortgages during reasonable working hours. The Association shall prepare and distribute to each owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor that such audit be a certified audit. Any institutional holder of a first mortgage lien on any unit in the Project shall be entitled to receive a copy of such annual audited financial statement within ninety (90) days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration. If an audited statement is not available, any holder of a first mortgage on a unit in the Project shall be allowed to have an audited statement prepared at its own expense.

Section 2. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

Section 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.