

CONDOMINIUM BYLAWS – EXHIBIT “A” TO MASTER DEED

Aero Park Barns

ARTICLE I

ASSOCIATION OF COOWNERS

A. **Aero Park Barns**, a storage Condominium Project located in City of Traverse City, Grand Traverse County, State of Michigan, shall be administered by an Association of Coowners, which shall be a nonprofit corporation (hereinafter called the "Association") organized under the laws of the State of Michigan.

B. The Association shall be organized to manage, maintain and operate the Condominium in accordance with the Master Deed, these Bylaws, the Articles of Incorporation and Bylaws of the Association and the laws of the State of Michigan. The Association shall be responsible for the management and administration of the Common Elements, property, easements and affairs of the Condominium Project. The Association may provide for independent management of the Condominium Project.

C. Membership in the Association and voting by the members of the Association shall be in accordance with the following provisions:

1. Each Coowner shall be a member of the Association and no other person or entity shall be entitled to membership.

2. The share of a Coowner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit in the Condominium.

3. Except as limited in these Bylaws, each Coowner shall be entitled to one (1) vote for each Condominium Unit owned when voting by number and one (1) vote, the value of which shall equal the total of the percentages allocated to the Unit owned by such co-owner as set forth in Article V of the Master Deed, when voting by value. Voting shall be by number except in those instances when voting is specifically required to be in value.

4. No Coowner, 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 Condominium Project to the Association. No Coowner, other than the Developer, shall be entitled to vote prior to the First Annual Meeting of Members held in accordance with Paragraph H of this Article I. The vote of each Coowner may only be cast by the individual representative designated by such Coowner in the notice required in Paragraph 5 below or by a proxy given by such individual

representative. The Developer shall be entitled to vote each Unit which it owns. Notwithstanding anything herein to the contrary, a purchaser of a Unit by means of a land contract shall be designated the owner of that Unit and entitled to the vote for that Unit.

5. Each Coowner 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 Coowner. Such notice shall state the name, address and email address of each person, firm, corporation, partnership, association, trust or other entity who is the Coowner. Such notice shall be signed and dated by the Coowner. The individual representative designated may be changed by the Coowner at any time by filing a new notice in the manner herein provided.

6. There shall be an annual meeting of the members of the Association commencing with the First Annual Meeting held as provided in Paragraph H of this Article I. Other meetings may be provided for in the Bylaws of the Association. Notice of the time, place and subject matter of all meetings shall be given to each Coowner by mailing or electronic transmission the same to each individual representative designated by the respective Coowner at least ten (10) days prior to said meeting.

7. The presence, in person or by proxy, of one-fifth (1/5) of the Coowners in number and in value shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required to require a greater quorum. The written or electronic 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 a vote is cast.

8. Votes may be cast in person or by proxy or by writing, duly signed by the designated voting representative not present at a given meeting in person or by proxy or by electronic means, subject to the discretion of the Board of Directors. Proxies and any written vote 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.

9. A majority, except where otherwise provided herein, shall consist of more than fifty percent (50%) in value 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 herein above set forth and may require such majority to be one of both number and value of designated voting representatives present in person or by proxy, or by written ballot, if applicable, at a given meeting of the members of the Association.

10. Any action which may be taken at a meeting of the Co-owners (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots will be solicited in the same manner as provided above for the giving of notice of regular meetings of Members. Such solicitations will 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 will afford an opportunity to specify a choice between approval and disapproval of each matter and will provide that, where the member specifies a choice, the vote will be cast in accordance therewith. Approval by written ballot will 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.

D. The Association shall keep detailed books of account showing all expenditures and receipts of administration 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 Co-owners. The Association shall prepare and distribute to each Co-owner at least once a year financial statement, the contents of which shall be defined by the Association. Such accounts books, records, contracts, and financial statements concerning the administration and operation of the Condominium Project shall be available for examination by any of the Co-owners and their mortgagees at convenient times. If the Association's annual revenues are greater than \$20,000.00, then on an annual basis the Association shall have its books, records, and financial statements independently audited or reviewed at the discretion of the Board of Directors by a certified public accountant, as defined in section 720 of the occupational code, 1980 PA 299, MCL 339.720. The audit or review shall be performed in accordance with the statements on auditing standards or the statements on standards for accounting and review services, respectively, of the American Institute of Certified Public Accountants. The Association may opt out of this requirement on an annual basis by an affirmative vote of a majority of the Co-owners. The accounting expenses shall be expenses of administration. The Association also shall maintain on file current copies of the Master Deed for the Project, any amendments thereto and all other Condominium Documents, and shall permit all Co-owners, prospective purchasers and prospective mortgagees interested in the Project, to inspect the same during reasonable hours.

E. The affairs of the Association shall be governed by a Board of Directors, all of whom shall serve without compensation and who must be members of the Association, except for the first Board of Directors designated in the Articles of Incorporation of the Association and any successors thereto elected by the Developer prior to the First Annual Meeting of the members.

F. The Association Bylaws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of the officers of the Association and may contain any other provisions pertinent to officers of the Association in

furtherance of the provisions and purposes of the Condominium Documents and not inconsistent therewith. Officers may be compensated, but only upon the affirmative vote of more than sixty percent (60%) of all Co-owners in number and in value.

G. Every director and every officer of the Corporation shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer when expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the directors seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Coowners thereof.

H. The First Annual Meeting of the members of the Association may be convened by the Board of Directors and may be called at any time after conveyance of legal or equitable title to a Unit to a nonDeveloper Coowner but in no event later than fifty-four (54) months after such event. The date, time and place of such First Annual Meeting shall be set by the Board of Directors, and at least ten (10) days written or electronic notice thereof shall be given to each Coowner. Thereafter, an annual meeting shall be held each year on such date as is specified in the Association Bylaws. The Board of Directors shall establish an Advisory Committee of nonDeveloper members upon the passage of: (a) one hundred twenty (120) days after legal or equitable title to one-third (1/3) of the Condominium Units has been conveyed to nonDeveloper Coowners; or (b) one (1) year after the first conveyance of legal or equitable title to a Condominium Unit to a nonDeveloper Coowner, whichever first occurs. The Advisory Committee shall meet with the Board of Directors to facilitate communication with the nonDeveloper members and to aid in transferring control from the Developer to nonDeveloper members. The Advisory Committee shall be composed of not less than one (1) nor more than three (3) nonDeveloper members, who shall be appointed by the Board of Directors in any manner it selects, and who shall serve at the pleasure of the Board of Directors. The Advisory Committee shall automatically dissolve after a majority of the Board of Directors is comprised of nonDeveloper Coowners. Reasonable notice of such meetings shall be provided to all members of the Committee, and such meetings may be open or closed, in the discretion of the Board of Directors.

I. Not later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-Developer Co-owners of twenty-five percent (25%) of the Units that may be created, at least one (1) Director and at least one-fourth (1/4) of the Board of Directors of the Association shall be elected by non-Developer Co-owners. Not later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-Developer Co-owners of fifty percent (50%) of the Units that may be created, at least one-third (1/3) of the Board of Directors shall be elected by non-Developer Co-owners. Not later than one hundred twenty (120) days after the

conveyance of legal or equitable title to non-Developer Co-owners of seventy-five percent (75%) of the Units, the non-Developer Co-owners shall elect all Directors on the Board except that the Developer may designate at least one (1) Director as long as the Developer owns or offers for sale at least ten percent (10%) of the Units in the Project or as long as ten percent (10%) of the Units that may be created remain unbuilt.

Notwithstanding the formula provided above, fifty-four (54) months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit in the Project, if title to at least seventy-five percent (75%) of the Units that may be created has not been conveyed, the non-Developer Co-owners may elect the number of Members of the Board of Directors of the Association equal to the percentage of Units they hold, and the Developer may elect the number of Members of the Board equal to the percentage of Units that it owns and pays assessments for. This election may increase but not reduce the minimum election and designation rights otherwise established in these Bylaws. The application of this provision does not require a change in the size of the Board as stated in the Association Bylaws.

If the calculation of the percentage of Members of the Board that the non-Developer Co-owners may elect or if the product of the number of Members of the Board multiplied by the percentage of Units held by the non-Developer Co-owners results in a right of non-Developer co-owners to elect a fractional number of Members of the Board, a fractional election right of zero point five (0.5) or more shall be rounded up to the nearest whole number, which shall be the number of Members of the Board that the non-Developer Co-owners may elect. After applying this formula, the Developer may elect the remaining Members of the Board. The application of this provision shall not eliminate the right of the Developer to designate at least one (1) Member, as provided in these Bylaws.

J. The Board of Directors may employ, at a compensation established by it, a managing agent for the Condominium to perform such duties and services as the Board shall authorize, including, but not limited to, the powers and duties set forth in this Article. Any director, the Developer, or any related person or entity, may serve as managing agent if so appointed. If the Board employs a professional management agent for the Association, the Board shall notify each holder of a mortgage lien on any Condominium Unit prior to terminating the employment of such professional management agent (or any successor thereto) and assuming self-management. In no event shall the Board be authorized to enter into a contract with a professional management agent, or a contract providing for services by the Developer or its affiliates, which is not terminable by the Association upon the Transitional Control Date or within ninety (90) days thereafter and upon thirty (30) days' written notice for cause. Upon the Transitional Control Date, or within ninety (90) days thereafter, the Board of Directors may terminate a service or management contract with the Developer or its affiliates. In addition, the Board of Directors may terminate any management contract which extends beyond one (1) year after the Transitional Control Date by providing notice of termination to the management agent at least thirty (30) days before the expiration of the one (1) year.

ARTICLE II

ASSESSMENTS

A. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Coowners, and personal property taxes based thereon shall be treated as expenses of administration.

B. 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 Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, a policy of insurance securing the interest of the Coowners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project.

C. Assessments shall be determined in accordance with the following provisions:

1. 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 Condominium 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 monthly payments as set forth in Section D 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. The minimum standard required by this section may prove to be inadequate for a particular Project. The Association of Coowners shall carefully analyze their Condominium Project to determine if a greater amount should be set aside or if additional reserve funds should be established for other purposes. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be mailed or emailed to each Coowner, although the delivery of a copy of the budget to each Coowner shall not affect the liability of any Coowner for any existing or future assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors:

- a. that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium;
- b. to provide replacements of existing Common Elements;
- c. to provide additions to any Common Element not exceeding \$2,500.00 annually; or

d. in the event of emergencies;

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.

2. Special assessments, in addition to those required in Paragraph C(1) above may be made by the Board of Directors from time to time and approved by the Coowners. Special assessments referred to in this paragraph shall not be levied without the prior approval of more than sixty percent (60%) of all Coowners in value and in number.

D. All assessments levied against the Coowners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the Percentage of Value allocated to each Unit in Article V of the Master Deed without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article II, Paragraph C(1) above, shall be payable by Coowners in twelve (12) equal monthly installments, commencing with acquisition of legal or equitable title to a Unit. 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. Assessments in default shall bear interest at the rate of seven percent (7%) per annum until paid in full. Each Coowner (whether one 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 Coowner is the owner thereof.

E. No Coowner 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.

F. Collection of Assessments. All remedies are discussed herein are cumulative and nothing herein shall limit the Association's right to use any legal means and remedy available against delinquent Owners.

1. *Suit at Law or Equity.* The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. Each Co-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 such lien either by judicial action or by advertisement, and further, to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Notwithstanding anything to the contrary, 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 Co-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 delinquency is not cured within ten (10) days after the date of mailing. Such written notice shall be in recordable form, executed by an authorized representative of the Association and shall set forth the following: (1) the name of the Co-owner of record thereof, (2) the legal description of the Condominium Unit or Units to which the notice applies, (3) the amounts due the Association of Co-owners at the date of notice, exclusive of interest, costs, attorney fees and future assessments. The notice shall be recorded in the office of the Register of Deeds in the county in which the Condominium Project is located prior to the 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. A receiver may be appointed in an action for foreclosure of the assessment lien and may be empowered to take possession of the Condominium Unit, and to lease the Condominium Unit and to collect and apply the rental therefrom. The Co-owner of a Condominium Unit subject to foreclosure under this section, and any purchaser, grantee, successor or assignee of the Co-owner's interest in the Condominium Unit is liable for assessments by the Association chargeable to the Condominium Unit that become due before expiration of the period of redemption together with interest, advances made by the Association for taxes or other liens to protect its lien, costs and attorney fees incurred in their collection.

2. *Other Remedies.* In the event of default by any Co-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 may also discontinue the furnishing of any services to a Co-owner in default upon seven (7) days' written notice to such Co-owner of its intent to do so. A Co-owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues. Further, a Co-owner in default may be barred from using any and all Common Elements until the default is cured.
3. *Costs.* The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney fees (not limited to statutory fees), and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default and shall be secured by the lien on his Unit(s). The Board may also adopt an administrative fee that relates to the increased cost of the association in the collection of delinquent assessments.

G. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of 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 comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit).

H. The Developer shall only be responsible for payment of the full Association maintenance assessment (but not any special assessments) for all Completed Units it owns and is currently renting; otherwise, for Completed Units it owns which it is not renting and for incomplete Units it owns, the Developer shall not be responsible for payment of any assessments. "Completed Unit" shall mean a Unit with respect to which a certificate of occupancy has been issued by the local public authority. An "Incomplete Unit" shall mean any Unit that is not a Completed Unit.

The Developer shall maintain, at its own expense, any Incomplete Units it owns and shall pay its portion of real estate taxes in the year of the establishment of the Condominium.

I. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with the Act.

J. A construction lien otherwise arising under Act No. 179 of the Michigan Public Acts of 1891, as amended, shall be subject to Section 132 of the Act. Pursuant to Section 111 of the Act, the purchaser of any Condominium Unit may request a statement of the Association as to the outstanding amount of any unpaid assessments. Upon receipt of a written request to the Association accompanied by a copy of 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 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 sale thereof prior to all claims except real property taxes and first mortgages of record.

K. Upon the sale or conveyance of a Condominium Unit, all unpaid assessments against the Condominium Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan or any subdivision thereof for taxes or special assessments due and unpaid on the Unit; and (b) payments due under first mortgages having priority thereto. A purchaser of a Condominium Unit is entitled to written statement from the Association, setting forth the amount of unpaid assessments outstanding against the Unit, and the purchaser is not liable for unpaid assessments in excess of the amount set forth in such written statement, nor shall the Unit be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the Association as provided herein at least five (5) days before the sale, or arrange for the payment of any unpaid assessments against the Unit at the closing of the Unit purchase if such a statement was requested, shall be liable for any

unpaid assessments against the Unit together with interest, costs, and attorney=s fees incurred in connection with the collection thereof.

L. Contributions to Working Capital Reserve by Purchasers of Units from Initial Co-owners. The Board of Directors of the Association shall have the right to require that the purchasers of a Unit that is being resold by the initial non-Developer Co-owners of the Unit or by any subsequent Co-owners contribute to the Association an amount up to or equal to two (2) months of the regular Association assessment upon closing on the sale of the Unit, with said contribution being deposited in the Association's reserve accounts. The imposition of this requirement upon the purchasers of resold Units shall not affect the non-refundable character of any previous contributions paid to the Association by the selling Co-owner. The Association Board of Directors shall provide written notice to the Co-owners of its election to require the contribution described in this Section and such written notice shall remain effective until negated by a subsequent written notice from the Board. The Association shall also have any and all remedies with respect to the unpaid contribution that are provided to the Association in these Bylaws for delinquent assessments.

ARTICLE III

ARBITRATION

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

B. In the absence of an election and consent to arbitrate pursuant to Paragraph A of this Article III, no Coowner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

C. Election by Coowners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

A. The Association shall provide an insurance policy providing "special" and "all risk" coverage and liability insurance, and such other insurance as the Board of Directors deems advisable, pertinent to the ownership, use and maintenance of the Common Elements of the Condominium Project.

B. All such insurance shall be purchased by the Association for the benefit of the Association and the Coowners and their mortgagees as their interests may appear and all premiums for insurance carried by the Association shall be an expense of administration.

C. Each Coowner may obtain all necessary insurance coverage at his own expense upon his Unit. It shall be each Coowner's responsibility to obtain insurance coverage for his personal property located within his Unit or elsewhere on the Condominium Project, for his personal liability for occurrences within his Unit or upon the Limited Common Elements appurtenant to his Unit, and the Association shall have absolutely no responsibility for obtaining such coverage.

D. All Common Elements of the Condominium Project shall be insured against fire and other perils covered by standard extended coverage endorsement in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Any improvements made by a Co-owner within a Unit shall be covered by insurance obtained by and at the expense of said Co-owner; provided that, if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto shall be assessed to and borne solely by said Co-owner and collected as a part of the assessments against said Co-owner under Article II hereof.

E. The proceeds of any insurance policies received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

F. Each Coowner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorneyin fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and worker's compensation insurance, if applicable, pertinent to the Condominium Project, his Unit and the Common Elements appurtenant thereto with such insurer as may, from time to time, provide such insurance to the Condominium Project.

G. Neither the Association nor any of the Co-owners shall be liable to the other or to any insurance company (by way of waiver of subrogation) providing coverage for any loss or damage to any Common Element, improvement, Unit, building, structure or other tangible property, or any resulting loss of income, even though such loss or damage might have been occasioned by the negligence of the other party, its agents, guests, invitees or employees, provided and to the extent such loss or damage is covered by insurance.

ARTICLE V

RECONSTRUCTION OR REPAIR

A. If any part of the Condominium property shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

1. If the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenantable, unless it is determined that the Condominium shall be terminated and each institutional holder of a first mortgage lien on any Unit in the Condominium has given its prior written approval of such termination.

2. If the Condominium is so damaged that no Unit is tenantable, and if each institutional holder of a first mortgage lien on any Unit in the Condominium has given its prior written approval of the termination of the Condominium, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless seventyfive percent (75%) or more of the Coowners in value and in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

B. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Project.

C. If the damage is only to a part of a Unit, which is the responsibility of a Coowner to maintain and repair, it shall be the responsibility of the Coowner to repair such damage in accordance with Paragraph D below. In all other cases, the responsibility for construction and repair shall be that of the Association.

D. Each Co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures and all appliances whether free standing or built-in. In the event damage to interior walls within a Co-owner's Unit or to pipes, wires, conduits, ducts or other Common Elements thereof, or to any fixtures, equipment and trim which are standard items within a Unit is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Paragraph F below. If any other interior portion of a Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto and if there is a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagees jointly. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association shall promptly notify each institutional holder of a first mortgage lien on any of the Units of the Condominium.

E. No Co-owner shall make any structural repair or modification to his or her Unit without prior written consent of the Association. The Association shall not consent if such repair or modification may jeopardize or impair the structural soundness or safety, or both, of the Condominium Project.

F. The Association shall be responsible for the reconstruction, repair and maintenance of the Common Elements. Immediately after a casualty causing damage to property for which the Association has a responsibility for maintenance, repair and reconstruction, the Association shall

obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that sufficient to defray the estimated costs 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 costs thereof are insufficient, assessments shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

G. The following provisions shall control upon any taking by eminent domain:

1. In the event of any taking of an entire Unit by eminent domain, the award for such taking shall be paid to the owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the owner and his mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any Co-owner whose Unit is not wholly taken by eminent domain, then such award shall be paid the condemning authority to the Co-owner and his mortgagee, as their interest may appear.
2. If there is any taking of any portion of the Condominium other than any Unit the condemnation proceeds relative to such taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than seventy-five percent (75%) of the Co-owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.
3. In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium 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 Co-owners, based upon the continuing value of the Condominium of one hundred percent (100%). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner, but only with the prior written approval of all holders of first mortgage liens on individual Units in the Project.
4. The Association shall promptly notify each institutional holder of a first mortgage lien on any of the Units in the Condominium in the event that any Unit or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding.

H. Nothing contained in the Condominium Documents shall be construed to give a Condominium Unit owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages and in the case of a distribution to

Condominium Unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI

RESTRICTIONS

A. Units in the Condominium may be used for any purpose permitted under City Ordinance, including dry storage or commercial purposes, and the Common Elements shall be used only for purposes consistent with the use of the individual Units.

B. A Co-owner may lease his Unit for the same purposes set forth in Paragraph A of this Article VI and pursuant to the provisions of Article VII of these Bylaws; provided, however, that the lease term shall not be less than 30 days in duration.

C. Except as specifically provided for herein, no Coowner shall make alterations in exterior appearance or make structural modifications to his Unit (including interior walls through or in which there exists easements for support or utilities) or make changes in any of the Common Elements without the express written approval of the Board of Directors including (but not by way of limitation) exterior painting or the erection of antennas, lights, aerials, awnings, doors (including screen doors), or other exterior attachments or modifications. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Condominium. As long as the removal of a wall dividing two (2) or more Units will not materially impact the soundness, safety, utility or appearance of the Project, if a Co-owner owns two (2) or more adjoining Units, the Co-owner may remove the interior wall dividing the Units it owns. The Co-owner removing any wall in accordance with this paragraph shall be liable for all costs and expenses related to such removal and installation and any cost and expense related to any damage to the Project as a whole related to the removal of such walls.

D. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, limited or general, nor shall anything be done which may or becomes an annoyance or a nuisance to the Co-owners of the Condominium, nor shall any unreasonably noisy activity be carried on in any Unit or on the Common Elements. No Co-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 Condominium without the written approval of the Association and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition.

E. The Common Elements, limited or general, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association.

F. Driveways, roads and parking areas shall not be obstructed in any way nor shall they be

used for purposes other than for which they are reasonably and obviously intended.

G. No items may be stored outside of a Unit.

H. Signs or other advertising devices are allowed as permitted by Zoning, so long as the sign or other advertising device does not exceed four (4) feet by six (6) feet in size and is approved in writing by the Association prior to installation of the same. The Developer, its affiliates, assigns and agents are not restricted as to the form size shape, or content of any sign it displays within the Condominium Project. The Developer, its affiliates, assigns and agents may freely display signs within the Condominium Project, including without limitation its Common Elements without the approval or consent of the Board or any Co-owner. After Developer and its affiliates have sold all of their interest in Units within the Development, Co-owner's or their agent may exhibit a single sign that is not more than five (5) feet square advertising the property for sale or rent. Signs used by a builder or lender to advertise the property during the construction or sales phase of the Condominium Project will be allowed only after Developer, its affiliates, assigns and agents have no interest in any Unit in the Condominium Project.

I. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws 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 elected by the Developer) prior to the First Annual Meeting of the entire Association held as provided in Article I, Paragraph H, of these Bylaws. Copies of all such regulations and amendments thereto shall be furnished to all Co-owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each Co-owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all Co-owners in number and in value except that the Co-owners may not revoke any regulation or amendment prior to said First Annual Meeting of the entire Association.

J. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to his Unit and any Limited Common Elements appurtenant thereto during all periods of absence and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

K. Each Coowner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. The Co-owner shall be responsible for shoveling of all sidewalks and entryways to all Units. Each Coowner shall also use due care to avoid damaging any of the Common Elements including,

electrical conduits and systems. Each Coowner 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 guests, agents or invitees, unless such damages or costs are paid by insurance carried by the Association in which case there shall be no such responsibility (unless reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Coowner 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 Coowner in the manner provided in Article II hereof.

ARTICLE VII

LEASING

A. Before the Transitional Control Date, during the development and sales period the rights of a Co-owner, including the Developer, to rent any number of Condominium Units shall be controlled by the provisions of the Condominium Documents as recorded by the Developer and shall not be changed without Developer approval. After the Transitional Control Date, the Association may amend the Condominium Documents as to the rental of Condominium Units or terms of occupancy. The amendment shall not affect the rights of any lessors or lessees under a written lease otherwise in compliance with this section and executed before the effective date of the amendment, or Condominium Units that are owned or leased by the Developer.

B. A Co-owner, including the Developer, desiring to rent or lease a Condominium Unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease or otherwise agreeing to grant possession of a Condominium 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 Co-owner or Developer shall also provide the Association with a copy of the executed lease. If no lease is to be used, then the Co-owner or Developer shall supply the Association with the name and address of the lessees or occupants, along with the rental amount and due dates of any rental or compensation payable to a Co-owner or Developer, the due dates of that rental and compensation and the term of the proposed arrangement.

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

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

1. The Association shall notify the Co-owner by certified mail, advising of the alleged violation by the tenant. The Co-owner shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

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

E. When a Co-owner is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Condominium Unit under a lease or rental agreement, and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deduction does not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following:

1. 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 proceeding.
2. Initiate proceedings pursuant to Paragraph D(2).

ARTICLE VIII

MORTGAGES

Any Coowner 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 mortgagee of any such Unit, report any unpaid assessments due from the Coowner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Coowner of such Unit that is not cured within sixty (60) days.

A. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage and vandalism and malicious mischief and the amounts of such coverage.

B. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit on the Condominium 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.

C. The Association shall give timely notice to all mortgagees of: (1) any condemnation or casualty loss that affects either a material portion of the project or the Unit securing its mortgage; (2) any 60-day delinquency in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage; (3) a lapse, cancellation or material modification of any insurance policy maintained by the Association; and (4) any proposed action that requires the consent of a specified percentage of mortgagees.

ARTICLE IX

AMENDMENTS

Amendments to these Bylaws shall be in accordance with Article X of the Master Deed.

ARTICLE X

COMPLIANCE

The Association of Coowners and all present or future Coowners, tenants, future tenants or any other persons acquiring an interest in or using the facilities of the Project in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium premises shall signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XI

DEFINITIONS

All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit or as set forth in the Act.

ARTICLE XII

REMEDIES FOR DEFAULT

A. Any default by a Coowner shall entitle the Association or another Coowner or Coowners to the following relief:

1. Failure to comply with any of the terms or provisions of the Condominium Documents or the Act shall be grounds for relief, which may include, but without limiting, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Coowner or Coowners.

2. In any proceeding arising because of an alleged default by an Co-owner or in any proceeding brought against the Association or its officer and/or directors to compel enforcement of the Condominium Documents, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees), as may be determined by the Court, but in no event shall any Co-owner be entitled to recover such attorneys' fees.

3. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon any Common Elements, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Coowner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents.

4. The violation of any of the provisions of the Condominium Documents by any Coowner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. Fines may be assessed only upon notice to the offending Coowners as prescribed in the Association Bylaws and an opportunity for such Coowner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these Bylaws.

B. The failure of the Association or of any Coowner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Coowner to enforce such right, provisions, covenant or condition in the future.

C. All rights, remedies and privileges granted to the Association or any Coowner or Coowners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude any party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

D. Recovery of Costs and Attorney's Fees. The Association shall be entitled to recover from the responsible Co-owner, lessee, tenant, non-Co-owner resident and/or guest, the pre-litigation costs and attorney fees, including those incurred in bankruptcy proceedings and/or probate proceedings, incurred in obtaining any of their compliance with the Condominium Documents and the Act. A Co-owner, if successful in suing another Co-owner, lessee, tenant, non-Co-owner resident and/or guest, shall be entitled to recover from the responsible Co-owner, lessee, tenant, non-Co-owner resident and/or guest the costs and attorney's fees incurred in obtaining any of their compliance with the Condominium Documents and the Act. The Association shall have no responsibility to collect or enforce any judicial or administrative orders

against or obtained by a Co-owner against another Co-owner, lessee, tenant, non-Co-owner resident and/or guest. In any proceeding arising because of an alleged default by a Co-owner, lessee, tenant, non-Co-owner resident and/or guest, the Association, if successful, shall be entitled to recover the costs of the proceeding, including all those incurred in any appellate, bankruptcy and/or probate proceedings, and such reasonable attorney fees (not limited to statutory fees) as may be determined by the Court, but in no event shall any Co-owner be entitled to recover such costs and/or attorney fees from the Association. The Association, if successful, also shall be entitled to recoup the costs and attorney's fees incurred in defending any claim, counterclaim or other matter asserted against the Association from the Co-owner asserting the claim, counterclaim or other matter, or whose lessee, tenant, non-Co-owner resident and/or guest asserted the claim, counterclaim or other matter, but in no event shall any Co-owner, lessee, tenant, non-Co-owner resident and/or guest be entitled to recover such costs and/or attorney's fees from the Association.

ARTICLE XIII

SEVERABILITY

In the event that any of the terms, provisions or covenants of these Bylaws or the Condominium Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE XIV

CONFLICTING PROVISIONS

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

1. The Master Deed, including the Condominium Subdivision Plan;
2. These Condominium Bylaws;
3. The Articles of Incorporation of the Association;
4. The Bylaws of the Association; and
5. The Rules and Regulations of the Association.

ARTICLE XV

CAPTIONS

The captions contained in these Condominium Bylaws are for convenient reference only, and do not add to or detract from nor in any way expand or limit the content of the Articles and Sections set forth herein.

ARTICLE XVI

COMPLIANCE WITH ORDINANCES

The Condominium is subject to the City Zoning Ordinance which contains restrictions in addition to those found in the Master Deed and Bylaws and any applicable requirements of the State of Michigan.

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