

PITTSFIELD VILLAGE CONDOMINIUM CONDOMINIUM BYLAWS

EXHIBIT "A" TO THE MASTER DEED

ARTICLE I

ASSOCIATION OF CO-OWNERS

Section 1. Association. Pittsfield Village Condominium, a residential Condominium located in the City of Ann Arbor, County of Washtenaw, State of Michigan, hereinafter the "Condominium", shall be administered by an Association of Co-owners which shall be a nonprofit 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 Condominium in accordance with the Master Deed, these Bylaws, the Articles of Incorporation, the duly adopted rules and regulations of the Association, and the laws of the State of Michigan.

These Bylaws shall constitute the Bylaws referred to in the Master Deed and required by Section 3 (8) of Act No. 59 of the Michigan Public Acts of 1978, as amended (hereinafter the "Act") and the Michigan Nonprofit Corporation Act.

Section 2. Membership; No Refunds of Reserves. Each Co-owner shall be a member of the Association and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to the Co-owner's Unit in the Condominium.

A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve or other asset of the Association. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Condominium Documents for the Condominium available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium. All Co-owners in the Condominium 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 Condominium Documents.

ARTICLE II

ASSESSMENTS

All expenses arising from the management, administration and operation of the Association pursuant to the Condominium Documents and the Act shall be levied by the Association against the Units and the Co-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 Condominium shall constitute expenditures affecting the administration of the Condominium, and all sums received as the proceeds of, or pursuant to a policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium shall constitute receipts affecting the administration of the Condominium, 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; Additional Assessments.** 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, maintenance, repair, replacement, insurance and administration of the Condominium, including a reasonable allowance for contingencies and reserves. Failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Co-owner's obligation to pay the allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget each Unit Co-owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of the monthly payment which is due not more than ten (10) days after such new annual or adjusted budget is adopted.

Any sums owed to the Association by any individual Co-owner may be assessed to and collected from the responsible Co-owner as an addition to the regular assessment installment next coming due. The discretionary authority of the Board to levy assessments pursuant to this Section will rest solely with the Board for the benefit of the Association and the members thereof and will not be enforceable by any creditors of the Association or its members.

Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each Co-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 Co-owner shall not affect the liability of any Co-owner for any existing or future assessments.

If the Board of Directors at any time determines, in its sole discretion that the assessments levied are or may prove to be insufficient:

(1) to pay the costs of operation, management, maintenance, repair, replacement, insurance and administration of the Condominium;

(2) to provide replacements of existing Common Elements;

(3) to provide additions to the Common Elements not exceeding Ten Thousand Dollars (\$10,000.00), in the aggregate, annually, or

(4) 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 without Co-owner approval as it shall deem to be necessary.

The Board of Directors shall also have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 5 hereof. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof except in the event that the Association may voluntarily and conditionally assign the right to levy assessments to any lender in connection with any voluntary loan transaction entered into by the Association.

(b) **Special Assessments.** Special assessments, other than additional assessments referenced in subsection (a) of this Section 3, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to:

(1) assessments for additions to (and not repair or replacement of) the Common Elements of an aggregate cost exceeding Ten Thousand Dollars (\$10,000.00), per year;

(2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof;

(3) assessments for any other appropriate purpose not elsewhere herein described.

Special assessments referred to in this subsection (but not including those assessments referred to in subsection 2(a) above which may be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than two-thirds ($2/3^{\text{rd}}$) percent of all Co-owners eligible to vote in number. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof except in the event that the Association may voluntarily and conditionally assign the right to levy assessments to any lender in connection with any voluntary loan transaction entered into by the Association.

(c) **Taxes.** After the year in which the Condominium is established, all special assessments and property taxes shall be assessed against the individual units and not upon the total property of the Condominium or any part thereof. To the extent that any property taxes are assessed to the Project, the Common Areas and/or the Association, they shall be considered as an Expense of Administration, paid by the Association and assessed to the Co-owners pursuant to Section 5.3. Taxes and governmental special assessments which have become a lien against the property of the Condominium in the year of its establishment (as provided in Section 131 of the Act) shall be Expenses of Administration and shall be paid by the Association. Each unit shall be assessed a percentage of the total bill for such taxes and assessments equal to the percentage of value allocated to it in the Master Deed, and the owner thereof shall reimburse the Association for his unit's share of such bill within ten (10) days after he has been tendered a statement therefor.

(d) **Reserve for Major Repairs and Replacement.** The Association shall maintain a reserve fund for major repairs and replacement of general common elements pursuant to MCL 559.205 in an amount not less than ten percent (10%) of the Association's current annual budget on a noncumulative basis.

Moneys in the reserve fund shall be used only for major repairs and replacement of general common elements. The minimum standards required by this Section may prove inadequate for a particular project. The Association, through its Board of Directors, should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes, particularly with respect to long-term projects and replacement costs. The Association may hire professionals to prepare capital reserve studies in order to properly plan for adequate planning and funding of major repairs and replacements to the common elements.

Section 3. Apportionment of Assessments; Default in Payment. Unless otherwise provided herein, all assessments levied against the Co-owners 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 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, Section 2 (a) above (but not additional or special assessments which shall be payable as the Board of Directors elects) shall be payable by the Co-owners in twelve (12) equal monthly installments, commencing with acceptance of a Deed to, or a land contract purchaser's interest in, a Unit, or with the acquisition of fee simple title to a Unit by any other means. Monthly installments of the annual assessment are due on the first day of each month. 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. A late charge shall be assessed for any assessment in default paid more than ten (10) days after its due date. The late charge shall be in the amount of Twenty-five Dollars (\$25.00) or such other amount as may be determined by the Board of Directors from time to time. In the event the board establishes a new late charge amount, it shall give written notice to all members thirty (30) days before the new late charge rate shall become applicable. Such late charge shall not be deemed to be a penalty or interest upon the funds due to the Association but is intended to constitute a reasonable estimate of the administrative costs and other damages incurred by the Association in connection with the late payment of assessments. Assessments in default shall be subject to late charges as determined by the Board of Directors and shall bear interest at the rate of seven (7%) percent per annum or such higher rate as may be allowed by law until paid in full. All payments shall be applied first against late charges, attorney fees and costs and thereafter against assessments in order of oldest delinquency. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his/her 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 on the payment of any assessment shall not be entitled to vote at any meeting of the Association so long as such default continues. Any first mortgagee of a unit in the Condominium may consider a default in the payment of any assessment a default in the payment of its mortgage. When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of arrearage to any person occupying the unit under a lease or rental agreement, and such person, 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 deductions shall not be a breach of the rental agreement or lease by the occupant.

Each Co-owner (whether one or more persons) shall be and remain personally liable for the payment of all assessments (including late charges and costs of collection and enforcement of payment) pertinent to the Co-owner's Unit which may be levied while such Co-owner is the owner thereof. In addition to a Co-owner who is also a land contract seller, the land contract purchaser shall be personally liable for the payment of all assessments (including late charges and costs of collection and enforcement of payment) pertinent to the subject Condominium Unit which are levied up to and including the date upon which the land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit.

Section 4. Cooperative-Developer's Responsibility for Assessments. Cooperative-Developer, a member of the Association, shall be responsible for the payment of all regular or special assessments levied by the Association on the Cooperative-Developer's units

Section 5. Waiver of Use or Abandonment of Unit; Uncompleted Repair Work. No Co-owner may exempt himself or herself from liability for contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of the Co-owner's Unit, or because of uncompleted repair work, or the failure of the Association to provide service.

Section 6. Enforcement. 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, or both in accordance with the Act. Pursuant to Section 139 of the Act, no Co-owner may assert in an answer or set-off to a complaint brought by the Association for nonpayment of assessments the fact that the Association or its agents have not provided services or management to the Co-owner.

Each Co-owner, and every other person who from time to time has any interest in the Condominium, 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. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purpose 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 Co-owner and every other person who from time to time has any interest in the Condominium, shall be deemed to have authorized and empowered the Association to sell or to cause the Unit to be sold 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 Co-owner of a Unit in the Condominium acknowledges that at the time of acquiring title to such Unit, the Co-owner was notified of the provisions of this Section and that the Co-owner voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit. The Association, acting on behalf of all Co-owners, may bid in at the foreclosure sale, and acquire, hold, lease, mortgage or convey the Condominium Unit.

Notwithstanding the foregoing, a judicial foreclosure action shall not 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/her or their last known address of a written notice that one or more installments of the annual assessment and/or a portion or all of an additional and/or a special 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 or in the form of a written Affidavit of an authorized representative of the Association that sets forth (i) the Affiant's capacity to make the Affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. The Affidavit may contain other information that the Association of Co-owners considers appropriate as per the Michigan Condominium Act including but not limited to the amount of any unpaid interest, costs, attorney fees, future assessments, court costs and/or unpaid monetary fines. Such Affidavit shall be recorded in the office of the Washtenaw County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing to the Co-owner. 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 Co-owner and shall inform the Co-owner that he/she may request a judicial hearing by bringing suit against the Association.

The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's fees (not limited to statutory fees), late charges, unpaid monetary fines and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default including late charges and unpaid monetary fines, if any, and shall be secured by the lien on the Co-owner's Unit. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against the Co-owner's Unit, and/or in the event of default by any Co-owner in the payment of any installment and/or portion of any additional or special assessment levied against the Co-owner's Unit, or any other obligation of a Co-owner which, according to these Bylaws, may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof, the Association shall have the right to declare all unpaid installments of the annual assessment for the applicable fiscal year (and for any future fiscal year in which said delinquency continues) and/or all unpaid portions or installments of the additional or special assessment, if applicable, immediately due and payable. The Association also may discontinue the furnishing of any utility or other services to a Co-owner in default upon seven (7) days written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Condominium, shall not be entitled to vote at any meeting of the Association, and shall not be entitled to run for election as a director or be appointed an officer of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from the Co-owner's Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any person claiming under such Co-owner as provided by the Act.

Section 7. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any mortgage covering any Unit in the Condominium which acquires title to the Unit pursuant to the remedies provided in the mortgage and any purchaser at a foreclosure sale in regard to said mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the acquisition of title by such holder, purchaser or assignee (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). If title is acquired via deed in lieu of foreclosure, the grantee under such deed shall be fully liable to the Association for all amounts owed on the unit.

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 Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 10. Construction Lien. A construction lien (mechanic's lien) otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to the limitations set forth in Section 132 of the Act, including the following:

(a) A construction lien (mechanic's lien) for work performed upon a Condominium Unit or upon a Limited Common Element may attach only to the Condominium Unit upon which the work was performed.

(b) A construction lien (mechanic's lien) for work authorized by the Association of Co-owners may attach to each Condominium Unit only to the proportionate extent that the Co-owner of the Condominium Unit is required to contribute to the expenses of administration as provided by the Condominium Documents.

(c) A construction lien (mechanic's lien) may not arise or attach to a Condominium Unit for work performed on the Common Elements not contracted by the Association of Co-owners.

Section 11. Statement as to Unpaid Assessments. Pursuant to the provisions of the Act, the purchaser of any Unit may request a statement from the Association as to the outstanding amount of any unpaid Association assessments, interest, late charges, fines, costs and attorney fees thereon and related collection costs. 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 the Unit, the Association shall provide a written statement of such unpaid assessments and related collection costs 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 together with interest, costs, and attorneys' fees incurred in the collection thereof, 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 tax liens on the Condominium Unit in favor of any state or federal taxing authority and first mortgages of record. The Association may charge such reasonable amounts for preparation of such a statement as it may from time to time determine.

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 Condominium Documents, or any disputes, claims or grievances arising among or between Co-owners, or between a Co-owner or Co-owners and the Association shall, upon the election and written consent of both of the parties to any such disputes, claims or grievances, and written notice to the Association, if applicable, be submitted to arbitration and the parties thereto shall accept the arbitrators' 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. 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. Any agreement to arbitrate pursuant to the provisions of this Article III, Section 1 shall include an agreement between the parties that the judgment of any Circuit Court of the State of Michigan may be rendered upon any award rendered pursuant to such arbitration.

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

Section 3. Election of Remedies. Election by the parties to submit such disputes, claims or grievances to arbitration shall preclude them from litigating such disputes, claims or grievances in the Courts.

ARTICLE IV

INSURANCE

Section 1. Basic Insurance Responsibility of the Association. The Association shall carry property insurance, general liability insurance, directors and officers liability insurance, workers compensation and employers liability insurance, if applicable, and such other insurance as the Board may determine to be

appropriate with respect to the ownership, use and maintenance of the General and Limited Common Elements of the Condominium and the administration of Condominium affairs. Such insurance shall be carried and administered in accordance with the following provisions:

Section 2. Insurance Responsibilities of the Co-owners. It shall be each Co-owner's responsibility to determine by personal investigation the nature and extent of insurance coverage needed to protect his/her Unit, his/her personal property located within his/her Unit or elsewhere in the Condominium and for his/her personal liability for occurrences within his/her Unit or upon the Limited Common Elements appurtenant to his/her Unit and also for additional living expenses. Each Co-owner may obtain insurance coverage at his/her own expense upon the building items within his/her Condominium Unit which were furnished with the Unit by the Cooperative-Developer however it will be considered to be excess insurance since the Association's property insurance will be primary coverage as described below. Each Co-owner shall be solely responsible to insure all betterments, improvements, alterations and additions to their Unit and its appurtenant Limited Common Elements. Each Co-owner and the Association hereby waive their own and their insurers' rights of subrogation and recovery as to any claims against any Co-owner and the Association.

Section 3. Specific Property Insurance Responsibilities of the Association. The Association shall purchase insurance for the benefit of the Association, the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of Certificates of Insurance with mortgagee endorsements to the mortgagees of the Co-owners.

(a) Property Coverage. All Common Elements of the Condominium shall be insured under a Special Form property damage insurance policy or policies covering immediate and direct loss or damage to covered property unless the loss is excluded under Section III B EXCLUSIONS of the policy; vandalism, malicious mischief and any other cause of loss deemed advisable by the Board of Directors of the Association, in an amount equal to the maximum insurable replacement value, including code reconstruction, if applicable, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall include interior walls within any Unit and the pipes, wires, conduits and ducts contained therein and shall further include all building items including fixtures, equipment and trim within a Unit which were furnished with the Unit by the Cooperative-Developer. The property insurance coverage shall be written on a Blanket Amount basis including an Agreed Value clause for the entire Condominium with appropriate provisions in order that no coinsurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction and the insurance proceeds failed, for some reason, to be equal to the total cost of replacement). All information in the Association's records regarding insurance coverage shall be made available to all Co-owners upon request and reasonable notice during normal business hours so that the Co-owners shall be enabled to judge the adequacy of such coverage. Upon re-evaluation and effectuation of coverage, the Association shall notify all the Co-owners of the nature and extent of all changes in coverages.

(b) General Liability Insurance. General liability insurance shall be carried in such limits as the Board of Directors may from time to time determine to be appropriate. The general liability insurance shall cover: (1) the Association; (2) each Co-owner of the Condominium but only with respect to his/her liability arising out of the ownership, maintenance or repair of that portion of the premises which is their duty as such; and (3) any person or organization while acting as a managing agent for the Association. The liability insurance carried by the Association shall, where appropriate, contain cross-liability endorsements to cover liability of the Co-owners as a group to another Co-owner.

(c) Directors and Officers Liability Insurance. Directors and officers liability insurance shall be carried in such limits as the Board of Directors may from time to time determine to be

appropriate. The liability insurance shall cover any persons who now are, or shall become duly elected or appointed directors or officers of the Association. The policy may also have to be endorsed to include "prior acts" coverage for persons who had been duly elected or appointed directors or officers of the Association if it is determined that previous expiring policies do not cover claims for wrongful acts reported after the expiration or termination date of those expiring policies.

Section 4. Premium Expense. All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of the Association.

Section 5. 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, the Co-owners and their mortgagees as their interests may appear; provided, however, whenever Article V of these Bylaws requires the repair or reconstruction of the Condominium, any insurance proceeds received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such purpose. Property insurance proceeds shall never be used for any purpose other than for repair, replacement or reconstruction of the condominium project unless all of the holders of mortgages on Units, and all Co-owners, in the Condominium have given their prior written approval.

Section 6. Authority of Association to Settle Insurance Claims. Each Co-owner by ownership, of a Unit in the Condominium, shall be deemed to appoint the Association as the true and lawful attorney-in-fact to act in connection with all matters concerning insurance pertinent to the Condominium, the Unit and the Common Elements appurtenant thereto. 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, distribute the proceeds to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owners and the Condominium as shall be necessary or convenient to accomplish the foregoing.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. In the event 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:

(a) **One or More Units Tenable.** In the event the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenable, unless it is determined by unanimous vote of all of the Co-owners in the Condominium 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 for such termination.

(b) **No Unit Tenable.** In the event the Condominium is so damaged that no Unit is tenable, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless seventy-five (75%) percent or more of all the Co-owners in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

Section 2. Repair in Accordance with Master Deed, Etc. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless 66 2/3rds percent of the Co-owners in number shall consent to do otherwise.

Section 3. Co-owner and Association Responsibilities. In the event the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association subject to the terms and conditions of the Master Deed.

Section 4. Co-owner Responsibility for Repair. Each Co-owner shall be responsible for the reconstruction, repair, maintenance, replacement and decoration of the interior of the Co-owner's Unit, including all finished flooring and floor coverings, all interior walls, wall coverings, interior trim and, including, without limitation the following items:

(a) All appliances within the Unit and supporting hardware, including, but not limited to, smoke alarms, fire alarms, carbon monoxide alarms, furnace, humidifier, air cleaner, air conditioner, compressor, garbage disposal, dishwasher, range, oven, vent fan, duct work, vent covers (provided however that the association shall be responsible for painting their exterior), filter, water softeners, water filters, sump pumps and water heaters, if any.

(b) Each entry door (provided however that the Association shall be responsible for their exterior painting) and its deadbolts, locking mechanism, handles and knobs on both sides of door, all window and door screens, all interior doors and related hardware within the individual Unit and all related locks and hardware.

(c) All electrical fixtures and appliances within the individual Unit, including, but not limited to, doorbell systems (all components inside and out of Unit), lighting fixtures (except deck and porch light fixtures which shall be maintained, repaired and replaced by the Association), switches, outlets, antenna outlets and circuit breakers, and all exterior photocells on garages and porches.

(d) All plumbing fixtures including commodes, tubs, shower pans, shower stalls, shower enclosures, tub and shower caulking, faucets, shut-off valves, rings, seals and washers.

(e) All cabinets, counters, sinks, tile and wood, either floor or wall, and related hardware.

(f) All improvements and decorations including, but not limited to, paint, wallpaper, paneling, carpeting, linoleum, tile, finished floors and trim.

(g) Individual Unit drain lines located within the Unit perimeter walls (foundation); however, in the event a drain line services more than one Unit, then in that event, the Association will be responsible for its reconstruction, repair, maintenance and replacement.

(h) Patio divider fences and porch railings.

(i) All other items not specifically enumerated above which may be located within the individual Unit's perimeter walls.

In the event that damage to interior walls within a Co-owner's Unit, or to pipes, wire, conduits, ducts or other Common Elements therein, 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 Section 5 of this Article V provided however that the portion of the expense incurred but not recovered by virtue of any insurance deductible shall be the Co-owner's obligation. 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 mortgage endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly. In the event damage to a Co-owner's Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall begin reconstruction or repair of the damage upon receipt of the insurance proceeds from the Association. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 5. Association Responsibility for Repair. The Association shall be responsible for reconstruction, repair and maintenance of the Common Elements as provided in the Master Deed and as noted above in Section 4. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair or 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 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 the Co-owners who are responsible for the costs of reconstruction or repair of the damaged property (as provided in the Master Deed) in sufficient amounts to provide funds to pay the estimated or actual costs of repair. This Article shall not be construed to require replacement of mature trees or vegetation with equivalent trees or vegetation.

Section 6. Timely Reconstruction and Repair. The Association or Co-owner responsible for the reconstruction, repair and/or maintenance shall proceed with and complete reconstruction, repair, maintenance or replacement of the damaged property without delay.

Section 7. Eminent Domain. Section 133 of the Act and the following provisions shall control upon any taking by eminent domain.

(a) **Taking of Entire Unit.** In the event of any taking of an entire Unit by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the owner and his/her mortgagee, they shall be divested of all interest in the Condominium. 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 by the condemning authority to the Co-owner and his/her mortgagee, as their interests may appear.

(b) **Taking of Common Elements.** 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 two-thirds (2/3) of all of the Co-owners in number 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 Condominium After Taking.** In the event the Condominium continues after taking by eminent domain, then the remaining portion of the Condominium shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Paragraph 6 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 (100%) percent. A Condominium Unit partially taken shall receive a reallocated percentage of value based pro rata on the percentage taken. 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 notice to all holders of first mortgage liens on individual Units in the Condominium.

(d) **Notification of Mortgagees.** In the event any Unit in the Condominium, 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 promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

(e) **Conflict.** To the extent not inconsistent with the foregoing provisions, Section 133 of the Act shall control upon any taking by eminent domain.

Section 8. Mortgages Held By FHLMC; Other Institutional Holders. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon request therefor by FHLMC, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds \$10,000.00 in amount or if damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds \$10,000.00. The Association shall provide such other reasonable notice as may be required, from time to time, by other institutional holders of mortgages upon Units.

Section 9. Priority of Mortgagee Interests. 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 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

Section 1. Residential Use. No Unit shall be used for any commercial, manufacturing, industrial or business purposes that create any nuisances or liability exposures, such as, but not limited to, customer/client/patient visits, noise, traffic or parking congestion, odors, vibrations or anything else that might detract from the peaceful and residential character of Pittsfield Village. Subject to the foregoing and all other applicable restrictions, home offices are not necessarily forbidden. Timesharing and interval ownership is prohibited.

Section 2. Leasing and Rental.

(a) **Violation of Condominium Documents by Tenants or Non-Co-owner Occupants.** If the Association determines that the tenant or non-Co-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(1) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant or non-Co-owner occupant.

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

(3) If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its own behalf an action for eviction against the tenant or non-Co-owner occupant and simultaneously for money damages in the same action against the Co-

owner and tenant or non-Co-owner occupant for breach of the conditions of the Condominium Documents. The relief set forth in this subsection may be by summary proceedings. The Association may hold both the tenant or non-Co-owner occupant and the Co-owner liable for any damages caused by the Co-owner or tenant or non-Co-owner occupant in connection with the Condominium Unit or the Condominium and for actual legal fees incurred by the Association in connection with legal proceedings hereunder.

(b) **Arrearage in Condominium Assessments.** When a Co-owner is in arrears 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 deductions shall not be a breach of the rental agreement or lease by the tenant. The form of lease used by any Co-owner shall explicitly contain the foregoing provisions. Pursuant to the Michigan Condominium Act, if the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association of Co-owners, then the Association of Co-owners may do the following:

(1) issue a statutory notice to quit for nonpayment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.

(2) initiate proceedings pursuant to MCL 559.212(4)(b).

(c) **Limited Right to Lease.** A Co-owner may lease his/her unit for the same purposes set forth in Section 1 provided that the initial lease term shall be for a minimum of 30 days unless specifically approved by the Board of Directors in writing. No transient tenants may be accommodated unless specifically approved by the Board of Directors in writing. An exact copy of the proposed lease shall be provided to the Association ten (10) days prior to presenting it to the tenant for execution and shall specifically state that the tenant acknowledges that he/she must abide by all of the terms and conditions of the Condominium Documents including the Association's rules and regulations. If no lease form is to be used, then the Co-owner shall supply the Association of co-owners with the name and address of the potential lessee, along with the rental amount and due dates under the proposed agreement.

(d) **Restriction on Leasing.** Except as hereinafter provided, no Unit shall be leased by the Co-owner thereof (except a lender in possession of such Unit following a default in a first mortgage, a foreclosure proceeding or by any deed or other arrangement in lieu of foreclosure) or otherwise utilized for transient or hotel purposes, which shall be defined as (i) rental for any period less than 30 days ; or (ii) any rental where the occupants of the Unit are provided customary hotel services, such as room service for food and beverages, maid service, furnishing laundry and linen, and bellboy service. No Unit Owner may lease less than an entire Unit.

(i) In addition to the foregoing restriction relative to leasing, where a party that purchases a Unit (Purchaser) from an Owner who was originally a shareholder (Original Owner) of The Village Cooperative Homes, Inc. the Cooperative- -Developer herein, where the Original Owner acquired the Unit as part of the conversion of the property from a cooperative to a condominium form of ownership, such Purchaser shall not be permitted to lease his (her) Unit unless:

(aa) Purchaser has occupied the Unit as a primary residence for at least one (1) year from the date of purchase, and

(bb) The number of units in the Association not occupied by a Unit Owner as a primary residence or second home is less than twenty-five percent (25%) of the total units.

(ii) The provisions set forth in this paragraph shall not apply to any Institutional Lender who acquires title to one or more Units.

(iii) The Association, acting through its Board of Directors, reserves the right to waive any of the restrictions in this Section in order to address special circumstances or occurrences in the best interest of the Association and its Co-owners.

Section 3. Alterations and Modifications of Units and Common Elements. No Co-owner shall make alterations in exterior appearance or make structural modifications to the Co-owner's Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements, Limited or General, without the advance express written approval of the Board of Directors (which approval shall be in recordable form), including, but not by way of limitation, exterior painting or the erection of antennas, lights, aerials, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards or other exterior attachments or modifications, nor shall any Co-owner damage or make modifications or attachments to walls between Units which in any way impair sound conditioning. Over the air reception devices including but not limited to satellite dish antennas shall not be attached or installed upon any General Common Element roof; such devices shall not be attached or installed upon any other General Common Element without the advance written permission of the Board of Directors. Over the air reception devices such as satellite dish antennas may be installed within Units or Limited Common Elements in accordance with the rules and regulations of the Federal Communications Commission. No attachment, appliance or other item may be installed which is designed to kill or repel insects or other animals by light or humanly audible sound.

The foregoing is subject to the applicable provisions of the Michigan Condominium Act governing improvements or modifications if the purpose of the improvement or modification is to facilitate access to or movement within the Unit for persons with disabilities under the circumstances provided for in the Act at MCL 559.147 a, as amended from time to time.

The Co-owner shall be responsible for the maintenance and repair of any such modification or improvement. In the event that the Co-owner fails to maintain and/or repair said modification or improvement to the satisfaction of the Association, the Association may undertake to maintain and/or repair same and assess the Co-owner the costs thereof and collect same from the Co-owner in the same manner as provided for the collection of assessments in Article II hereof. The Co-owner shall indemnify and hold the Association harmless from and against any and all costs, damages, and liabilities incurred in regard to said modification and/or improvement.

No Co-owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves or any element which affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments any nature that restrict such access and will have no responsibility for repairing or reinstalling any materials, (whether or not installation thereof has been approved hereunder), that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

The Board of Directors may appoint a Committee and may delegate to it responsibility for establishing rules relating to the appearance of units and common areas, and the construction, maintenance, and repair, and approval thereof. Even after approval, a Co-owner shall be responsible for all damages to any other units and their contents or to the common elements, resulting from any such modification. Upon any modification or alteration by a Co-owner, the Co-owner and all successors to the Co-owner's interest shall be responsible for the maintenance, repair or replacement of such modification or alteration.

Section 4. Activities. No unsafe, unsanitary, unlawful or nuisance activity shall be carried on in any Unit or upon the Common Elements, Limited or General, nor shall anything be done which may be or become

an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall be carried on in or on the Common Elements or in any Unit at any time. No Co-owner shall do or permit anything to be done or keep or permit to be kept in the Co-owner's 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 even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: smoking in the interior common areas, the use of firearms, paint ball guns, air rifles, pellet guns, b-b guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 5. Pets/Animals.

(a) No animal may be kept or bred for any commercial purpose. All animals shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No dog may be permitted to run loose at any time upon the Common Elements and all dogs shall at all times be leashed and attended by some responsible person while on the Common Elements, Limited or General. The Board of Directors may, in its discretion, designate certain portions of the General Common Elements of the Project wherein such animals may be walked and/or exercised. Nothing herein contained shall be construed to require the Board of Directors to so designate a portion of the General Common Elements for the walking and/or exercising of animals.

(b) No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability (including costs and attorney fees) which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Board has given its permission therefor, and the Association may assess and collect from the responsible Co-owner such losses and/or damages in the manner provided in Article II hereof.

(c) Each Co-owner shall be responsible for the immediate collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No animal which can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper.

(d) The Association may also assess fines for such violation of the restrictions imposed by this Section or by any applicable rules and regulations of the Association.

(e) In addition to the provisions of this Section and notwithstanding anything to the contrary, the following provisions shall apply as to pets/animals:

(1) **Definition.** For purposes of this Section, a "pet" shall be understood to include any animal housed in any residential unit, and including (but not limited to) dogs and cats.

(2) **Control.** No pet shall be tied up or staked out on the commons or limited common elements. All pets shall be confined to the interior of the unit except while on a leash under the pet owner's direct control. A picture of the pet may be used as evidence that it was loose.

(3) **Pets as Nuisances.** No pet shall be permitted to be a nuisance or cause a dangerous condition of any kind. The following will be deemed as such under the provisions of this policy:

- i. Excessive noise or odor from either inside or outside the pet owner's unit:
- ii. Damage to common or limited common elements, trees, grass, shrubs and buildings.

iii. Animal waste not cleaned up immediately.

(4) **Responsibility for Pet Damage.** A Co-owner and resident are each responsible for any violations or damage caused by any pet belonging to a resident or to a guest of a resident, including cleanup expenses incurred by the Association.

Section 6. Aesthetics; Outdoor Holiday Decorations. 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. No unsightly condition shall be maintained on any porch. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. Natural cut holiday trees and any other natural cut vegetation are prohibited. Outdoor holiday decorations shall not be permitted prior to November 25 or after January 2. In general, no activity shall be carried on nor condition maintained by any Co-owner either in the Co-owner's Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 7. Utilization of Common Elements; Barbeques. Use of any recreational facilities or other amenities in the Condominium may be limited to such times and in such manner as the Association shall determine by duly adopted regulations; provided, however, that use of any amenities in the Condominium shall be limited to resident Co-owners who are members in good standing of the Association and to the tenants, land contract purchasers and/or other non-Co-owner occupants of Condominium Units in which the Co-owner does not reside and/or such guests as may be permitted by the rules and regulations made by the Association; provided, further, however, that the nonresident Co-owners of such Condominium Units are members in good standing of the Association. Barbeque grills may be stored on decks but must be placed at least ten feet away from any structure when in operation.

Section 8. Signs, Advertising. No signs shall be displayed which are visible from the exterior of a Unit or on the Common Elements at any time for any reason without advance written approval of the Board of Directors. This prohibition includes, but is not limited to, "For Sale" signs, "Open" signs, "Garage Sale" signs and political signs. No advertising devices shall be displayed which are visible from the exterior of a Unit or on the Common Elements at any time without the advance written permission of the Board of Directors.

Section 9. Rules/Regulations. Reasonable rules and regulations consistent with the Act, the Master Deed and these Bylaws, concerning the use of the Condominium may be made and amended from time to time by the Board of Directors of the Association. 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 at a duly noticed official meeting at which a quorum has been established by the affirmative vote of more than two-thirds (2/3rd) percent of all Co-owners in number eligible to vote.

Section 10. Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements (such as crawl spaces) 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 and/or to protect the safety and/or welfare of the inhabitants of the Condominium.

It shall be the responsibility of each Co-owner to provide the Association means of access to the Co-owner's 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 the Co-owner's 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. In the event that it is necessary for the Association to gain access to a Unit to make repairs to prevent damage to the Common Elements or to another Unit or to protect the safety and welfare of the inhabitants of the Condominium, the costs, expenses, damages, and/or attorney fees incurred by the Association in such undertaking shall be assessed to the responsible Co-owner and collected in the same manner as provided in Article II of these Bylaws, including all damages resulting from any Co-owner or their tenants, family, occupants, invitees or contractor's failure or delay in providing access to the Association. The Association shall have no liability for damages to Co-owner alterations, betterments, improvements or customizations resulting from the Association's efforts to gain access to any common element nor shall the Association be held liable for the expenses of the removal or replacements of any such obstructions.

Section 11. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the General Common Elements unless approved by the Board of Directors in writing. Each Co-owner shall have the right to plant perennials and annuals. Any such approved landscaping performed by the Co-owner and any such trees, shrubs, or flowers planted by the Co-owner shall be performed and/or planted, as the case may be, in a manner consistent with the landscaping in other portions of the Condominium Premises. The Co-owner shall be responsible for the maintenance of any such approved landscaping performed by a Co-owner and any such trees, shrubs, or flowers planted by the Co-owner. In the event that such Co-owner fails to adequately maintain such landscaping performed by the Co-owner and any such trees, shrubs, or flowers planted by the Co-owner to the satisfaction of the Association, the Association shall have the right to perform such maintenance and assess and collect from the Co-owner the cost thereof in the manner provided in Article II hereof. The Co-owner shall also be liable for any damages to the Common Elements arising from the performance of such landscaping or the planting of such trees, shrubs, or flowers, or the continued maintenance thereof. Fences, hedges and walls shall not be constructed or placed on the common elements.

Section 12. Co-owner Maintenance. Each Co-owner shall maintain his/her Unit and any Limited Common Elements appurtenant thereto for which he/she has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall be fully responsible for any and all damage resulting from failed wax rings, plumbing appliance seals, caulking and/or grout. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including but not limited to, the telephone, water, plumbing, electrical or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association, or to other Co-owners, as the case may be, resulting from negligent damage to or misuse of any of the Common Elements by the Co-owner, or his/her family, guests, tenants, land contract purchasers, 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 full reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Natural gas and/or water shall not be wasted by any person and in the event of waste the Board of Directors shall have the authority to assess the excess consumption cost to the Co-owner of the Unit where the waste occurred. "Waste" shall mean and include gas or water consumption arising from the failure (whether intentional or by virtue of negligence) to maintain appliances and/or failure to secure doors and/or windows, as determined by the Board of Directors in its reasonable discretion. Any costs or damages to the Association or to other Co-owners, as the case may be, may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof. The Co-owners shall have the responsibility to report to the Association any Common Element which has been damaged or which is otherwise in need of maintenance, repair or replacement and any other circumstances which if not promptly reported and attended to, could result in loss or damage to any Common Element. All damages resulting from the failure of the Co-owner to report any of the foregoing items may be assessed to and collected from the responsible Co-owner in the manner provided in

Article II hereof. Each Co-owner shall have these responsibilities and liabilities regardless of whether they occupy the Unit or the Unit is occupied by their tenant, guest, etc.

Section 13. Assessment of Costs of Enforcement. Any and all costs, damages, expenses and/or attorney fees incurred by the Association in enforcing any of the restrictions set forth in this Article VI and/or rules and regulations made by the Board of Directors of the Association under Article VI, Section 9 of these Bylaws, and any expenses incurred as a result of the conduct of less than all those entitled to occupy the Condominium Project, or by their licensees or invitees, may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his/her 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 shall report any unpaid assessments due from the Co-owner of such Unit to the holder of any first mortgage covering such Unit upon request. The Association may also give to the holder of any first mortgage covering any Unit in the Condominium written notification of any other default in the performance of the obligations of the Co-owner of such Unit that is not cured within sixty (60) days.

Section 2. Insurance. Upon request, 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. Upon request, the Association shall promptly notify each mortgagee appearing in the above-described book in the event that such insurance is canceled or otherwise terminated, that amounts or types of coverage afforded under the insurance policy change, or that the insurance company issuing the policy has changed.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in 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.

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one (1) vote for each Unit owned by such Co-owner, regardless of the percentage of the percentage allocated to the Units owned by such Co-owner as set forth in the Master Deed.

Section 2. Eligibility to Vote. No Co-owner shall be entitled to vote at any meeting of the Association until he/she has presented a deed or other evidence of ownership of a Unit in the Condominium to the Association. Land contract vendees shall be recognized as owners unless the vendor provides the Association with a copy of the land contract expressly reserving voting privileges to the vendor. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. No Co-owner who is in default of a duty to pay any sum to the Association shall be entitled to vote until such default is cured.

Section 3. Designation of Voting Representative. Each Co-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 Co-owner. Such notice shall state the name, address and telephone number of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name, address and telephone number of each person, firm, corporation, partnership, association, trust, or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-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 ten (10%) percent in number of the Co-owners eligible to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically provided herein to require a greater quorum. The written ballot 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 ballot is cast.

Section 5. Voting. Votes may be cast in person or by proxy or by a written ballot duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any ballots must be filed with the Secretary of the Association, or such other person as the Association shall designate, at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted. No person shall be permitted to act as proxy for more than five (5) designated voters and all such persons shall be members of the Association.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than fifty (50%) percent in number of units 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, the requisite affirmative vote may be required to exceed the simple majority hereinabove set forth and may require a designated percentage in number of all Co-owners.

ARTICLE IX

MEETINGS

Section 1. Location; Procedure. Meetings of the Association shall be held at such suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order, when not otherwise in conflict with the Articles of Incorporation, the Condominium Bylaws, the Condominium Master Deed or the laws of the State of Michigan.

Section 2. First Annual Meeting. *The following text is included by virtue of mandatory provisions of the Condominium Act and without regard to such mandatory text provisions, there shall be an Annual Meeting of the Association every year at a date time and place as determined by the Board of* The First Annual Meeting of members of the Association may be convened only by Cooperative-Developer and may be called at any time more than 50% of the Units that have been conveyed in Pittsfield Village Condominiums to members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-Cooperative-Developer Co-owners of 75% of all Units that may be created or 54 months after the first conveyance of legal or equitable title to non-Cooperative-Developer Co-owner of a Unit in the Project, whichever first occurs. Cooperative-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 Association, and at least 10 days' written notice thereof shall be given to each Co-owner. The phrase "Units that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Units which the Cooperative-Developer is permitted under the Condominium Documents to include in the Condominium.

Section 3. Annual Meeting; Agenda. Annual Meetings of members of the corporation shall be held during the month of May at such date, time and place as the Board of Directors shall direct. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article X of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Corporation as may properly come before them. At the Annual Meeting of members, the order of business shall be as follows, unless otherwise determined by the Board of Directors:

- (a) Calling the meeting to order.
- (b) Proof of notice of the meeting.
- (c) Determination of Quorum.
- (d) Reading of minutes of the last previous Annual Meeting.
- (e) Reports from officers.
- (f) Reports from committees.
- (g) Election of directors.
- (h) Other business.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of a majority of the Board of Directors or upon a petition signed by one-third (1/3) of the Co-owners presented to the Secretary of the Association. 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.

Section 5. Membership Meeting Notices. 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 purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, at least ten (10) calendar days but not more than sixty (60) calendar days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of the Condominium 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. Proxy and written ballot forms shall be distributed with the first notice of all business meetings.

Section 6. Quorum. The presence in person or by proxy of ten (10%) percent in number of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically provided herein to require a greater quorum. The written ballot 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 ballot is cast.

Section 7. Adjournment for Want of Quorum. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-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 8. Appointment of Election Tellers. The Board of Directors shall appoint two (2) Co-owners who are not candidates or spouses or co-habitants of any candidates to serve as tellers of the ballots cast in every election. It shall be the duty of such tellers to oversee the counting and tallying of the ballots so as to assure that the ballots are fairly and accurately handled and counted.

ARTICLE X

ADMINISTRATION

Section 1. Board of Directors. The business, property and affairs of the Association shall be managed by a Board of Directors to be elected and to serve in the manner set forth in the Bylaws. Until the initial meeting of members as provided in Article IX Section 2 hereof, the Directors designated by the Cooperative-Cooperative-Developer, or their successors appointed by the Association as provided in the Bylaws, shall serve. The entire Board of Directors consisting of five (5) directors shall be elected or appointed at the first meeting of the Association. A director must be a resident Co-owner. In the event that a unit has more than one Co-owner, only one of the Co-owners may be a director at any one time. The top three (3) directors receiving the most votes shall serve for a two (2) year term and the remaining two (2) shall serve for an initial term of one (1) year. Thereafter, at each annual meeting of the Association and at any meeting of the Association called by the Board of Directors for the particular purpose of electing directors, directors shall be elected for two (2) year terms.

Section 3. Powers, Duties. The Board of Directors shall have all 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. In addition to the foregoing general duties imposed by these Bylaws, or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

(a) Management and administration of the affairs of and maintenance of the condominium project and the common elements thereof.

(b) To 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 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.

(f) To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any apartment 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 and all of the purposes of the business 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 more than fifty (50%) percent in number of all of the members of the Association entitled to vote and present in person, by proxy or by written ballot.

(h) To establish and maintain a reserve fund for the periodic maintenance, repair and replacement of the Common Elements as required by the Act.

(i) To make and amend reasonable rules and regulations (the "Rules"), in its sole discretion, consistent with the Michigan Condominium Act, the Master Deed and these Condominium Bylaws affecting Co-owners and their tenants, guests, employees and invitees concerning the use and enjoyment of the Condominium and to enforce such regulations by all legal methods, including, but not limited to, the imposition of fines and late payment charges, eviction proceedings or legal proceedings (copies of all such regulations and amendments thereto shall be furnished to all members and shall become effective ten (10) days after mailing or delivery thereof to the designated voting representative of each member. Rules adopted by the Association may be adopted, amended or revoked by the Board of Directors;

(j) 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.

(k) To enforce the provisions of the Condominium Documents.

(l) The Board of Directors may employ for the Association a professional management agent at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed above, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium documents required to be performed by or have the approval of the Board of Directors or the members of the Association.

(m) To borrow money and issue evidences of indebtedness in furtherance of any and all the purposes of the business of the Association, and to secure those debts by mortgage, pledge or other lien on property owned by the Association; provided, however, that any such action shall first be approved by the affirmative vote of the majority of Co-Owners of the Association by number.

(n) To enforce the provisions of the Condominium Documents, as amended from time to time, and to sue on behalf of the Condominium or the members and to assert, defend or settle claims on behalf of the members with respect to the Common Elements;

(o) To do anything required of or permitted by it as administrator of the Condominium by the Condominium Master Deed, these Bylaws or the Michigan Condominium Act, as amended from time to time;

(p) To provide services to Co-owners;

(q) In general, to enter into any kind of activity; to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of the Condominium and to the accomplishment of any of the purposes thereof not forbidden, and with all powers conferred upon nonprofit corporations by the laws of the State of Michigan. Provided, however, that, except in the case of licenses, leases or rental arrangements having a duration of one (1) year or less, neither the Board nor the Association shall, by act or omission, abandon, partition, subdivide, encumber, sell or transfer the common elements, or any of them, unless at least two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each first mortgage owned) and two-thirds (2/3) of the Co-owners (one vote per unit) in number have consented thereto

Section 4. Vacancies. Vacancies in the Board of Directors 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. Each person so elected shall be a Director until a successor is elected at the next Annual Meeting of the Association. The Board shall consider past service to the Association as a factor in the selection of any of its appointees; no Co-owner shall be eligible for appointment if delinquent in the payment of any amount owed the Association.

Section 5. Recall. At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by affirmative vote of at least fifty-one (51%) percent of the entire membership and a successor may then and there be elected to fill any vacancy thus created. Any Director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting.

Section 6. First Meetings of Boards. The first meeting of a newly elected Board of Directors shall be held within ten (10) calendar days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected. No other notice shall be necessary to the newly elected Directors to constitute a duly called first meeting.

Section 7. Regular Board Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two 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, fax, telephone or email, at least ten (10) days prior to the date named for such meeting.

Section 8. Special Board Meetings. Special meetings of the Board of Directors may be called by the President on three (3) calendar days' notice to each Director, given personally, by mail, fax, telephone or email, 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 one Director.

Section 9. 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 10. 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, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. 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.

Section 11. Fidelity Bonds/Employee Dishonesty Insurance. The Board of Directors shall require that all directors, officers, agents and employees of the Association handling or responsible for Association funds and/or property shall be covered by adequate fidelity bonds and/or employees dishonesty insurance purchased by the Association. The premiums on such bonds and/or insurance shall be expenses of administration. Such bonds and/or insurance shall not be less than the estimated maximum of funds held by the

Association at any time, including maximum expected reserve funds and in no event less than a sum equal to three month's aggregate assessments on all units plus reserve funds.

Section 12. Executive Sessions. The Board of Directors, in its discretion, may close a portion or all of any meeting of the Board of Directors to the members of the Association or may permit members of the Association to attend a portion or all of any meeting of the Board of Directors. Any member of the Association shall have the right to inspect, and make copies of, the minutes of the meetings of the Board of Directors; provided, however, that no member of the Association shall be entitled to review or copy any minutes which reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, common law, the Michigan Rules of Evidence, or the Michigan Court Rules.

Section 13. Conflicts of Interest. In the event any director shall have any relationship with, or interest in, any person or entity with whom or which the Association may have any contractual dealings, such director shall have an affirmative duty to disclose such relationship or interest, in writing, to the Board of Directors at a Board meeting as soon as such contractual dealings are contemplated or initiated.

ARTICLE XI

OFFICERS

Section 1. Officers; Compensation Prohibited. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be members of the Association and members of the Board of Directors. 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. Officers shall serve without compensation, whether by salary, stipend or otherwise except that they may be reimbursed for their out of pocket expenses incurred in the performance of their duties.

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.

Section 4. President. The President shall be the chief executive officer of the Association. He/She shall preside at all meetings of the Association and of the Board of Directors. He/She 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/she may in his/her discretion deem appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his/her 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/her by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of the meetings of the members of the Association; he/she shall have charge of the corporate

seal and of such books and papers as the Board of Directors may direct; and he/she shall, in general, perform all duties incident to the office of the Secretary. The Secretary, or, in the absence or disability of the Secretary, the Treasurer, shall sign the minutes upon approval. Any Co-owner shall be entitled to obtain a copy of the approved and signed minutes except minutes of executive sessions of the Board; the Association shall have the right to require advance payment of the reasonable cost of providing requested copies of minutes.

Section 7. Treasurer. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall review and oversee payment of all invoices. The Treasurer shall monitor the reserve funds of the Association and consult with the Board as necessary concerning such funds. All decisions concerning reserve funds shall be made by the Board and shall not be delegated to any third party. Withdrawals from reserve funds shall be approved in advance by signature of at least one director if payable to the Association; if payable to any other party the signature of at least two directors shall be required. Reserve funds shall be used only for such purposes as are permitted under Michigan law. He/She 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. The Treasurer shall appoint a Budget Committee comprised of one or more Co-owners and Directors selected at the discretion of the Treasurer which shall consult with the Treasurer and the Board as to all budget matters; the Board shall have the sole responsibility to approve the budget.

Section 8. Miscellaneous. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XII

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 Co-owners. Such accounts and all other non-privileged Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Board of Directors shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Board of Directors. The Board of Directors shall annually engage a qualified, independent certified public accountant to perform a compilation, review or audit of the books of account. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual financial statement within ninety (90) days following the end of the Association's fiscal year upon request therefore. The cost of any such compilation, review or audit and any other accounting expenses shall be expenses of administration.

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. Absent such determination by the Board of Directors, the fiscal year of the Association shall be the calendar year. The commencement date of the fiscal year shall be subject to change by the directors for accounting reasons or other good cause.

Section 3. Depositories. The funds of the Association may be invested from time to time in accounts or deposit certificates of such banks or credit unions as are insured by an agency of the federal government and may also be invested in interest-bearing obligations of the United States Government or in such other depositories as may be adequately insured in the discretion of the Board of Directors. The funds of the Association 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.

ARTICLE XIII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Indemnification of Directors and Officers. The Association shall indemnify any person who was or is party or is threatened to be made a party to a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, other than an action by or in the right of the Association, by reason of the fact that he or she is or was a Director, Officer, or employee of the Association, against expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association or its members, was not guilty of willful and wanton misconduct or gross negligence and, with respect to a criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association or its members and, with respect to a criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful or was not guilty of willful and wanton misconduct or gross negligence; provided, however, that in the event of any claim for reimbursement or indemnification hereunder based upon settlement by the Director, Officer or other person seeking such reimbursement or indemnification, the indemnification provided for herein shall apply only if the Board of Directors (with the person seeking reimbursement or indemnification abstaining) approves such settlement and reimbursement or indemnification as being in the best interest of the Association. The foregoing right of reimbursement or indemnification shall be in addition to and not exclusive of other rights to which such Director, Officer or other person may be entitled. At least ten days prior to payment of any reimbursement or indemnification which it has approved, the Board of Directors shall notify all Co-owners thereof.

The Association shall indemnify any person who was or is party or is threatened to be made a party to a threatened, pending or completed action or suit in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a Director, Officer, or employee of the Association, against expenses, including attorneys' fees and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action or suit, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association or its members and was not guilty of willful and wanton misconduct or gross negligence. Indemnification shall not be made for a claim, issue or matter in which the person has been found to be liable to the Association except as provided in Section 564c of the Business Corporation Act.

Section 2. Directors' and Officers' Liability Insurance. Whether or not the Association would have the power to indemnify the persons under Sections 561 and 562 of the Nonprofit Corporation Act, the Association shall provide directors and officers liability insurance for every director and every officer of the Association for the same purposes provided above in Section 1 and in such amounts as may reasonably insure against potential liability arising out of the performance of their respective duties. No director or officer shall collect for the same expense or liability under Section 1 above and under this Section 2; however, to the extent that the liability insurance provided herein to a director or officer was not waived by such director or officer and is inadequate to pay any expenses or liabilities otherwise properly indemnifiable under the terms hereof, a director or officer shall be reimbursed or indemnified only for such excess amounts under Section 1 hereof.

ARTICLE XIV

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the directors or by one-third (1/3) or more in number of the Co-owners or by an instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. Voting. These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than sixty-six and two thirds (66 2/3%) percent of all Co-owners entitled to vote in number. Notwithstanding any provision of the Condominium Documents to the contrary, mortgagees are entitled to vote only on amendments which are material to their interests as defined in the Michigan Condominium Act as amended from time to time.

Section 4. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Washtenaw County Register of Deeds.

Section 5. Binding. A copy of each amendment to these Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XV

COMPLIANCE

The Association of Co-owners and all present or future Co-owners, tenants, land contract purchasers, or any other persons acquiring an interest in or using the facilities of the Condominium in any manner are subject to and shall comply with the Act, as amended, and with the Condominium Documents, 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 XVI

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. Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate.

ARTICLE XVIII

REMEDIES FOR DEFAULT

Section 1. Relief Available. Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

(a) **Legal Action.** Failure to comply with any of the terms and provisions of the Condominium Documents or the Act, including any of the rules and regulations promulgated by the Board of Directors of the Association hereunder, shall be grounds for relief, which may include without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

(b) **Recovery of Costs.** In the event of a default of the Condominium Documents by a Co-owner and/or non-Co-owner resident or guest, the Association shall be entitled to recover from the Co-owner and/or non-Co-owner resident or guest, the pre-litigation costs and attorney fees incurred in obtaining their compliance with the Condominium Documents. In any proceeding arising because of an alleged default by any Co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding 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 attorney fees. The Association, if successful, shall also be entitled to recoup the costs and attorney's fees incurred in defending any claim, counterclaim or other matter from the Co-owner asserting the claim, counterclaim or other matter.

(c) **Removal and Abatement.** The violation of any of the provisions of the Condominium Documents, including the rules and regulations promulgated by the Board of Directors of the Association hereunder, shall also give the Association, or its duly authorized agents, the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents; provided, however, that judicial proceedings shall be instituted before items of construction are altered or demolished pursuant to this subsection. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

(d) **Assessment of Fines.** The violation of any of the provisions of the Condominium Documents, including any of the rules and regulations promulgated by the Board of Directors of the Association hereunder, by any Co-owner, in addition to the rights set forth above, shall be grounds for assessment by the Association of a monetary fine for such violation.

(i) **Procedures.** Upon any violation being alleged by the Association, a written notice shall be sent to the offending Co-owner describing the facts constituting the alleged violation, the specific restriction alleged to have been violated and the notice shall set forth the date (no less than seven (7) days from the date of the notice), time and place for a hearing before the Board of Directors, at which the Co-owner shall have the right to appear before the Board and offer evidence in defense of the alleged violation. The Board shall issue a written notice of its determination within ten (10) days after the hearing and, upon finding that a violation has occurred, the Board of Directors may levy a fine in accordance with the following subsection.

(ii) **Fine Schedule.** Upon a determination that a material violation of any of the provisions of the condominium documents has occurred the following fines may be levied:

1st Violation - No fine shall be levied unless the Board determines that the nature of the violation is such as to be best deterred if a fine is imposed for a first violation.

2nd Violation - \$25.00 fine

3rd Violation - \$50.00 fine

4th & Subsequent Violation - \$100.00 fine

Section 2. Non-Waiver of Right. The failure of the Association or of any Co-owner 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 Co-owner to enforce such right, provision, covenant or condition in the future.

Section 3. Cumulative Rights, Remedies, and Privileges. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners 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 the 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.

ARTICLE XVII

RIGHTS RESERVED TO COOPERATIVE-DEVELOPER

Any or all of the rights and powers granted or reserved to the Cooperative-Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, shall be exercisable by the Association.

ARTICLE XVIII

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.