

CUMBERLAND VALLEY

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF OWNERS

Cumberland Valley, a residential Condominium located in the Township of White Lake, Oakland County, Michigan, shall be administered by an Association of Owners to be known as Cumberland Valley Association, which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Development in accordance with the Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3 (8) of the Act and the bylaws provided for under the Michigan Nonprofit Corporation Act. Each Owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to his Homesite. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Documents for the Development available at reasonable hours to Owners, prospective purchasers and prospective mortgagees of Homesites in the Development. All Owners in the Development and all persons using or entering upon or acquiring any interest in any Homesite therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Documents.

ARTICLE II

ASSESSMENTS

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

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the General Common Elements or the administration of the Development shall constitute expenditures affecting the administration of the Development, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Owners against liabilities of losses arising within, caused by, or connected with the General Common Elements or the administration of the Development shall constitute

receipts affecting the administration of the Development, 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.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Development, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those General Common Elements that must be repaired or replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular project, the Association of Owners should carefully analyze the Development to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Owner shall not affect or in any way diminish the liability of any Owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Development, (2) to provide repairs or replacements of existing General Common Elements, (3) to provide additions to the General Common Elements not exceeding One Thousand (\$1,000.00) Dollars annually for entire Development, 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 as it shall deem to be necessary. The Board of Directors also shall have the authority, without Owner consent, to levy assessments pursuant to the provisions of Article v, Section 3 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) **Special Assessments.** Special assessments, in addition to those required from time to time and approved by the Board of Directors from time to time and approved by the Owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the General Common Elements of a cost exceeding One Thousand (\$1,000.00) Dollars for the entire Development per year, (2) assessments to

purchase a Homesite upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in Subparagraph 2 (a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty (60%) percent of all Owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof. The limitations contained in this Section shall not apply to special assessments levied by the Charter Township of White Lake pursuant to applicable provisions of the Master Deed.

Section 3. Apportionment of Assessments and Penalty For Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Owners to cover expenses of administration shall be apportioned among and paid by the Owners in accordance with the percentage of value allocated to each Homesite in Article IV of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Homesite. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Owners in a single installment on November 1 for the period November 1 through the succeeding October 31, commencing with acceptance of a deed to or a land contract vendee's interest in a Homesite, or with the acquisition of fee simple title to a Homesite by any other means. The annual assessment for the first Homesite that is owned by an Owner other than the Developer shall be prorated for the current year. The Association may provide for payment of the annual assessment in monthly, quarterly or semiannual installments by a vote of a majority of the Owners. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Each installment in default for ten (10) or more days may bear interest from the initial and due date thereof at the rate of seven (7%) percent per annum until each installment is paid in full. The Association may assess reasonable automatic late charges or may, pursuant to Article XIX hereof, levy fines for late payment of assessments in addition to such interest. Each Owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Homesite which may be levied while such Owner is the owner thereof, except a land contract purchaser from any Owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment levied up to and including the date upon which such land contract seller actually takes possession of the Homesite following extinguishment of all rights of the land contract purchaser in the Homesite. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver of Use or abandonment of Homesite. No Owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Homesite.

Section 5. Enforcement.

(a) **Remedies.** In addition to any other remedies available to the Association, 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. In the event of default by any Owner in the payment of any installment of the annual assessment levied against his Homesite, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. An Owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Owner of ingress or egress to and from his Homesite. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Homesite from the Owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XIX, Section 4 and Article XX of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b) **Foreclosure Proceedings.** Each Owner and every other person who from time to time has any interest in the Development, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Owner and every other person who from time to time has any interest in the Development shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Homesite with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Owner of a Homesite in the Project acknowledges that at the time of acquiring title to such Homesite, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Homesite.

(c) **Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Owner(s) at his or their last known address, a written notice that one or more installments of the annual assessments levied against the pertinent Homesite is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of any 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's fees and future assessments), (iv) the legal description of the subject Homesite(s), and (v) the name(s) of the Owner(s) of record. Such affidavit shall be recorded in the office of the Oakland County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If any delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

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

Section 6. Liability of Mortgagee. Notwithstanding any other provisions of the Documents, the holder of any first mortgage covering any Homesite in the project which comes into possession of the Homesite pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Homesite which accrue prior to the time such holder comes into possession of the Homesite (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 Homesites including the mortgaged Homesite)

Section 7. Developer's Responsibility For Assessments. The Developer, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Homesites that it owns, including the improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to

maintenance and use of the Homesites in the Project and of the improvements constructed within or appurtenant to the Homesites that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses

shall be based upon the ratio of all Homesites owned by the Developer at the time the expense is incurred to the total number of Homesites then in the Project. In no event shall the Developer be responsible for payment of any assessments for deferred management fees, maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to Homesites owned by it on which a completed residential dwelling is located. For instance, the only expenses presently contemplated that the Developer might be expected to pay are a pro rata share of snow removal and other road maintenance from time to time as well as a pro rata share of any liability insurance and other administration costs which the Association might incur from time to time. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Homesite from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. A "completed residential dwelling" shall mean a residential dwelling with respect to which a certificate of occupancy has been issued by the Township of White Lake.

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 Development owned or possessed in common by the Owners, and personal property taxes based thereon shall be treated as expenses of administration.

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

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

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 Documents, or any disputes, claims or grievances arising among or between the Owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

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

Section 3. Election of Remedies. Such election and written consent by Owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, carry extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion, but in no event less than \$1,000,000.00 per occurrence), officers' and directors' liability insurance, and workmen's compensation insurance, if applicable, and any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the General Common Elements and such insurance shall be carried and administered in accordance with the following provisions:

(a) **Responsibilities of Association.** All such insurance shall be purchased by the Association for the benefit of the Association, the Developer and the Owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners, upon request of a mortgagee.

(b) **Insurance of Common Elements.** All General Common Elements of the Development shall be insured against perils covered by a standard extended coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable replacement value as determined annually the Board of Directors of the Association. The Association shall not be responsible, in any way, for maintaining insurance with respect to Limited Common Elements.

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

(d) **Proceeds of Insurance Policies.** If applicable, proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Development shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Homesites in the Project have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each Owner, by ownership of a Homesite in the Development, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of insurance coverage, including vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Development and the General Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Development. Without limitation on the generality of the foregoing, the Association as its attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute the same to the Association, the Owners and respective mortgagees, as their interests may appear (subject always to the Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Owner and the Development as shall be necessary or convenient to the accomplishment of the foregoing. Unless the Association obtains coverage for the dwelling within the project under Article IV, Section 3 below, the Association's authority shall not extend to insurance coverage on any dwelling.

Section 3. Responsibilities of Owners. Each Owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the building and all other improvements constructed or to be constructed within the perimeter of his Homesite for his personal property located therein or thereon or elsewhere on the Development. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Owner hereunder, if requested by the Association. In the event of the failure of an Owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such Owner and the premiums therefore shall constitute a lien against the Owner's Homesite which may be collected from the Owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each Owner also shall be obligated to obtain insurance coverage for his personal liability for occurrences within the perimeter of his Homesite and on the improvements located thereon (naming the Association and the Developer as insured's), and also for any other personal insurance coverage that the Owner wishes to carry. Such insurance coverage must be obtained even though the Owner has not yet commenced construction of a house on the Homesite. Such insurance shall be carried in such minimum amounts as may be specified by the Association and such coverage shall not be less than \$1,000,000.00 (and as specified by the Developer during the Development and Sales Period) and each Owner shall furnish evidence of such coverage to the Association or the Developer upon request. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

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

Section 5. Indemnification. Each individual Owner shall indemnify and hold harmless every other Owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Owner's Homesite and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Development and Sales Period). This Section 5 shall not be construed to give any insurer any subrogation right or other right or claim against any individual Owner, however.

ARTICLE V

RECONSTRUCTION OR REPAIR

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

(a) **General Common Elements.** If the damaged property is a General Common Element the damaged property shall be rebuilt or repaired unless all of the Owners and all of the institutional holders of mortgages on any Homesite in the Project unanimously agree to the contrary. If the General Common Elements includes a roadway or a part of the storm drainage systems, the Township's consent shall also be required to decide not to rebuild or repair such General Common Element.

(b) **Homesite or Improvements Thereon.** If the damaged property is a Homesite or any improvements thereon, the Owner of such Homesite alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such Owner shall be responsible for any reconstruction or repair that he elects to make. The Owner shall in any event remove all debris and restore his Homesite and the improvements thereon to a clean and sightly condition satisfactory to the Association and in accordance with the provisions of Article VI hereof as soon as reasonably possible following the occurrence of the damage.

Section 2. Repair in Accordance with Master Deed, Etc. Any such reconstruction or repair of an improvement within the General Common Elements shall be substantially in accordance with the Master Deed and the original plans and specifications of the improvements unless the Owners shall unanimously decide otherwise.

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

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

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

(a) **Taking of Homesite or Improvements Thereon.** In the event of any taking of all or any portion of a Homesite or any improvements thereon by eminent domain, the award for such taking shall be paid to the Owner of such Homesite and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If an Owner's entire Homesite is taken by eminent domain, such Owner and his mortgagee shall, after acceptance of the condemnation award therefore, be divested of all interest in the Development.

(b) **Taking of General Common Elements.** If there is any taking of any portion of the General Common Elements, the condemnation proceeds relative to such taking shall be paid to the Owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote or more than 50% of the Owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) **Taking of Limited Common Elements.** If there is any taking of any portion of the Limited Common Elements, the condemnation proceeds relative to such taking shall be paid to the Owner of the Homesite to which the Limited Common Elements are appurtenant.

(d) **Continuation Of Development After Taking.** If the Development continues after taking by eminent domain, then the remaining portion of the Development shall be resurveyed and the Master Deed amended accordingly, and, if any Homesite shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Owners based upon the continuing value of the Development of one hundred (100%) percent. 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 Owner.

(e) **Notification of Mortgagees.** If any Homesite in the Development, 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 Homesites in the Development.

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

Section 6. Priority of Mortgagee Interests. Nothing contained in the Documents shall be construed to give an Owner or any other party priority over any rights of first mortgagees of Homesites pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Homesites and/or Common Elements.

ARTICLE VI

RESTRICTIONS

All of the Homesites in the Development shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Residential Use. Except as provided in Section 29 hereof, no Homesite in the Development shall be used for other than single-family residential purposes and the Common Elements shall be used only for purposes consistent with single-family residential use. Houses shall be designed and erected for occupation by, and occupied by, one single family.

Section 2. Leasing and Rental.

(a) Right to Lease. An Owner may lease or sell his Homesite for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. With the exception of a lender in possession of a Homesite following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Owner shall lease less than an entire Homesite in the Development and no tenant shall be permitted to occupy except under a lease the initial term of which is at least six (6) months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Documents. The Developer may lease any number of Homesites in the Development on which dwellings have been built in its discretion.

(b) Leasing Procedures. The leasing of Homesites in the Project shall conform to the following provisions:

(1) An Owner, including the Developer, desiring to rent or lease a Homesite, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease

form for its review for its compliance with the Documents. If the Developer desires to rent Homesites before the Transitional Control Date, he shall notify either the Advisory Committee or each Owner in writing.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Documents and all leases and rental agreements shall so state.

(3) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Documents, the Association shall take the following action:

(i) The Association shall notify the Owner by certified mail advising of the alleged violation by the tenant.

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

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

(4) When an Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying an Owner's dwelling within a Homesite under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.

Section 3. Architectural Control. No building, structure or other improvement shall be constructed within a Homesite or elsewhere within the Development, nor shall any material exterior modification be made to any existing building, structure or improvement, unless plans, specifications and exterior color scheme therefore, containing such detail as the Developer may reasonably request, have first been approved in writing by the Developer. Construction of any building or other improvements must also

receive any necessary approvals from the local public authority. Developer shall have the right to refuse or approve such plans, specifications, location of buildings, grading, or landscaping plans, which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Development as a whole. All residences constructed in Cumberland Valley shall have at least a two-car attached garage as provided in Article VI, Section 24. No detached garages may be constructed without express written consent of the Developer. No residence shall be constructed on any Homesite of less than the following sizes, exclusive of porches, patios, garages, and basements (keeping in mind that local ordinances in effect from time to time may require greater minimums and will be controlling under such circumstances, and also walk out lower levels or basements shall not be used in computation of square footage):

One Story Home	1,900 square feet and not less than 65 feet wide
One and one-half	2,200 square feet and not less than 60 feet wide
Tri-Level Home or Quad-Level Home	2,200 square feet and not less than 60 feet wide
Two Story Home	2,200 square feet and not less than 60 feet wide
Two and one-half Story Home	2,500 square feet and not less than 65 feet wide

Attached garages may be used for the purposes of computing the width of a house, but not for computing the area. No homes shall exceed two and one-half stories in height. No bi-Level homes (sometimes referred to as raised ranches) may be constructed in the Development. All computations of square footage for determination of the permissibility of erection of a residence shall be exclusive of basements, garages, porches, terraces, or walk out lower levels.

The Developer may set minimal brick or masonry requirements for exterior finish materials for house construction. Each house will have brick on all sides of the entire first floor, unless the Developer, in its sole discretion, modifies this requirement for a

particular house due to architectural or other aesthetic considerations deemed appropriate by the Developer.

The Developer may set minimum roof pitch requirements on a per house approval basis taking into consideration the overall design of the house.

No dog houses, sheds or other ancillary buildings may be constructed nearer than thirty (30) feet to any rear Boundary Line. The design and location of any such structure must be approved in the same manner as in the procedure for approval of residences described above. All structures other than dog houses must be made of exterior materials of the same quality as exterior materials for houses in the project.

If the Developer shall fail to approve or disapprove or take any other action upon said plans and specifications within thirty (30) days after complete plans and specifications have been delivered to Developer, such approval will not be required; provided, however, that such plans and locations of structures on the Homesite conform to or are in harmony with existing structures in the Development, these Bylaws and any zoning or other local laws applicable thereto. If Developer takes action with respect to the plans and specifications within such thirty (30) day period, then the affected Owner shall respond appropriately to the Developer's requests until approval shall have been granted. No construction of any building or improvement pursuant either to express approval properly obtained hereunder or by virtue of failure of action either by the Developer or the Association may be construed as a precedent or waiver, binding on the Developer, the Association, any Owner or any other person as to any other structure or improvement which is proposed to be built. The Developer's failure to demand plans or strictly enforce the terms of this Section in one or more instances, against one Homesite owner or several Homesite owners, shall under no circumstances be held to be waiver of the approval rights granted in this Section.

If any portion of the floor of the main level or the first floor of the house is more than three (3) feet above natural grade of the land immediately in front of the house, Developer shall have the right, in its sole discretion, to require the submission of a grading plan for its approval. Upon Developer's request therefore, a satisfactory grading plan shall be submitted to it and no construction upon the Homesite shall proceed until the written approval by Developer of the grading plan. The approval rights of the Developer shall continue throughout the Development and Sales Period.

The purpose of this Section is to assure the continued maintenance of the Development as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Owners. Developer's rights under this Article VI, Section 3 may, in Developer's discretion, be assigned to the Association or other successor to Developer. Developer may construct any improvements upon the Premises that it may, in its sole discretion, elect to make, without the necessity of obtaining the prior written consent from the Association or any other person or entity, subject only to the express limitation contained in the Documents.

Minimum area requirements under applicable zoning ordinances for the minimum building site or unit size must also be satisfied. For the purposes of applying the provisions of the Ordinance to Cumberland Valley the following shall apply:

- (a) The term "lot" as used in the Ordinance shall mean a Homesite as defined in the Master Deed and depicted on the Exhibit B, the Condominium Subdivision Plan.
- (b) The term "front lot line" as used in the ordinance shall mean the Boundary Line separating a Homesite from the Right - of -Way line, all of which are depicted on Exhibit B, the Condominium Subdivision Plan.
- (c) The term "side lot line" as used in the ordinance is the Boundary Line between two Homesites as depicted on Exhibit B, the Condominium Subdivision Plan.
- (d) The term "rear lot line" as used in the ordinance is the Boundary Line at the rear of a Homesite. For the purposes herein, for corner lots, the "rear lot line" is the Boundary Line opposite the front of the house.

Section 4. Alterations and Modifications of Homesites and Common Elements. No Owner shall make alterations, modifications or changes to any of the Homesites or Common Elements (as opposed to the dwelling located within the Homesite), Limited or General, without the express written approval of the Board of Directors (and the Developer during the Development and Sales Period), including, without limitation, the erection of antennas of any sort (including dish antennas), lights, aerials, awnings, newspaper holders, basketball backboards, mailboxes, flag poles or other exterior attachments or modifications. No Owner shall in any way restrict access to any utility line, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way. Radio antennae, television antennae, satellite dish antennae or other types of antennae shall not be permitted to be installed in the Development except within the interior of a building. The Developer may allow limited use of satellite dish antennae less than two feet in diameter if they are concealed in rear yard areas. Such antennae must be obscured from view from adjoining Homesites and the Right-of- Way by using landscape materials such as berms, evergreen trees, etc. or by placing such antenna on the roof of a house and limiting said antenna to 18 inches in diameter and having it not visible from the Right-of-Way.

Section 5. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Homesite or upon the Common Elements nor shall anything be done which may be or become an annoyance or a nuisance to the Owners. No unreasonably noisy activity shall occur in or on the Common Elements or in any Homesite at any time and disputes among Owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Owner shall do or permit anything to be done or keep or permit to be kept in his Homesite or

on the Common Elements anything that will increase the rate of insurance on the Development without the written approval of the Association, and each 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. Any activity involving the use of guns or rifles is expressly prohibited, except for use by an adult for the express purpose of defense against a person or persons perpetrating a violent crime.

Section 6. Pets. Owners may maintain dogs and cats or other common domestic pets; however, no other pets or animals shall be maintained by any Owner unless specifically approved in writing by the Association which consent, if given, shall be revocable at any time for infraction of the rules with respect to animals. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the General Common Elements meaning any animal shall at all times be attended by some responsible person while on the General Common Elements. No savage or dangerous animal shall be kept and any Owner who causes any animal to be brought or kept upon the premises of the Development shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefore. Each Owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Owner. No dog which barks and can be heard on an obnoxiously continuing basis shall be kept in any Homesite or on the Common Elements even if permission was previously granted to maintain the pet on the premises. The Association may, without liability to the Owner thereof, remove or cause to be removed any animal from the Development which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association.

Section 7. Aesthetics. The Homesite (outside of a structure) and the Common Elements 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. Trash receptacles shall be maintained in areas designated therefore at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements or Homesites shall not be used in any way for the outdoor drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by an Owner, either in his Homesite or upon the Common Elements, which is detrimental to the appearance of the Development. Without written approval by the Association, no Owner shall materially change in any way the exterior appearance of the residence and other improvements and appurtenances located within his Homesite. Thus, in connection with any maintenance, repair,

replacement, decoration or redecoration of such residence, improvements or appurtenances, no Owner shall substantially modify the design, material or color of any such item including, without limitation, windows, doors, screens, roofs, siding or any other component which is visible from a Common Element or other Homesite without the approval of the Developer (during the Development and Sales Period) or the Association (after the Association receives architectural control as provided in these Bylaws).

Section 8. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored upon the General Common Elements of the Development. Vehicles shall be parked in garages to the extent possible. None of the vehicles described in the first sentence of this Section may be parked outside an enclosed garage unless the Board of Directors of the Association determines that the vehicle would not be visible from any other Homesite, the Rights-of-Way or adjacent property. The Developer or the Association may require separate garages or screening of such supplementary parking areas within any Homesite. Garage doors shall be kept closed when not in use. No inoperable vehicles of any type may be brought or stored upon the Premises either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Development (except as above provided) unless while making deliveries or pickups in the normal course of business. The Association may make reasonable rules and regulations in implementation of this Section. The provisions of White Lake Township Zoning Ordinance, shall be applicable to the parking of all vehicles within the Development. The purpose of this Section is to accommodate reasonable Owner parking but to avoid unsightly conditions which may detract from the appearance of the Development as a whole, and to assure that all vehicles and recreational or construction type equipment are not to be visible from the roadway or Homesites. No Owner or contractor constructing a house within the Development may violate any "frost law" related to the movement of equipment during thaw periods. Any Owner who violates the frost law or who has hired a contractor who violates the frost law may be fined by the Board of Directors of the Association an amount not to exceed \$500.00 for each violation of the frost law in the Development.

Section 9. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Owners in the Development. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Owners.

Section 10. Right of Access of Association. The Association or its duly authorized agents shall have access to each Homesite's yard area from time to time, during reasonable working hours, upon notice to the Owner thereof, as may be necessary to carry out any responsibilities imposed on the Association by the Documents. The

Association or its agents shall also have access to yard areas of Homesites as may be necessary to respond to emergencies. The Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Owner for any necessary damage to his Homesite caused thereby. This provision, in and of itself, shall not be construed to permit access to the interiors of residences or other structures.

Section 11. Landscaping. No Owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the General Common Elements without the prior written approval of the Association and the Developer, during the Development and Sales Period.

Section 12. Common Element Maintenance. No bicycles, vehicles, chairs or other items may be left unattended on or about the General Common Elements. The Association may contract for the removal of snow from asphalt areas located within General Common Element areas excepting for any approach for an individual driveway servicing a residential structure on a Homesite. Such snow removal may not be done at times that the snow accumulation is considered by Developer or the Association to be of any amount as not to cause vehicular traffic any substantial difficulty. No noisy vehicles such as motorcycles, mini-bikes or all terrain vehicles shall be operated on the Development roadways except as may be minimally necessary for ingress and egress from Homesites or homesites to public roads outside the Development.

Section 13. Owner Maintenance. Yards, landscaped areas, and driveways, shall not be used for purposes other than that for which they are reasonably and obviously intended. Each Owner shall maintain his Homesite in a safe, clean and sanitary condition. Each Owner shall also use due care to avoid damaging any of the General Common Elements or public utilities including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other General Common Elements or public utilities which are appurtenant to or which may affect any other Homesite. Each Owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Owner shall bear the expense to the extent of the deductible amount). Each individual Owner shall indemnify the Association and all other Owners against such damages and costs, including attorneys' fees, and all such costs or damages to the Association may be assessed to and collected from the responsible Owner in the manner provided in Article II hereof.

Section 14. Reserved Rights of Developer.

(a) Prior Approval by Developer. During the Development and Sales Period, no buildings, fences, walls, or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), except interior alterations

which do not affect structural elements of any Homesite, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, and location of such structure or improvement and the grading of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with the Developer. The Developer shall have the right to refuse to approve any such plan or specifications, or grading or plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans, specifications, or grading, it shall have the right: to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Development as a whole. The purpose of this Section is to assure the continued maintenance of the Development as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Owners.

(b) Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer shall have the right to maintain a sales office, model units, mobile trailer used as a sales office, advertising display signs, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer and may continue to do so during the entire Development and Sales Period.

(c) Enforcement of Bylaws. The Development shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Owners and all persons interested in the Development. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any person to whom he may assign this right, at his option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscape maintenance required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period which right of enforcement shall include (without limitation) an action to restrain the Association or any Owner from any activity prohibited by these Bylaws.

Section 15. Swimming Pools. Swimming pools may be installed in rear yard areas but only upon specific written approval of the Developer based upon plans and

specifications therefore. Such approval shall not be unreasonably withheld. No above-ground pools of any sort shall be permitted under any circumstances, with or without the approval of the Developer or the Association.

Section 16. Maintenance of Yards, Lawns, Ditches and Detention Areas.

A. Lawns. The front yard areas of all Homesites (unless such Homesite has not been built upon) shall have well maintained lawns except on those yard areas practical (which means densely wooded areas only); provided, however, in such case field grass and weeds shall be maintain upon which the presence of existing trees makes lawns impractical as if they were grass type vegetation as provided below. The definition of the front yard area shall be the area between the following lines: a line or lines following the front street (paved portion of street, not the Right-of-Way line), a line at the rear of the residential structure and running from the residential structure to the side Boundary Line. A lawn must be installed in the front yard of the Homesite as required in this Section. For the purposes of this Section of the Bylaws the term "install a lawn" shall mean to place sod or seed on the front yard area and in case where grass seed or other ground cover is used, such seeded areas must be covered with vegetation that covers the entire front yard lawn area by the dates specified in this Section in order to meet the requirements of this Section. This Section shall not be deemed to preclude other typical compatible landscaping elements such as shrubs, trees, hedges, berms, flower beds, landscaping beds, and existing trees, which shall, subject to the other provisions of these Bylaws, be allowed. If a certificate of occupancy is issued between August 15 and March 31, the lawn must be installed by June 30. If a certificate of occupancy is issued between April 1 and August 14, the lawn must be installed by October 15. The Developer may, in its sole discretion, allow extensions of these deadlines due to extraordinary circumstances, such as unseasonal weather conditions which make the above timetable unmanageable. Well maintained lawns shall be deemed to be lawns which are regularly cut to a uniform height appropriate for such grass in a first-class residential development, and are trimmed and edged to preserve a neat, groomed and cared for appearance in the Development, and which are treated with appropriate levels of weed killing substances when and where necessary. Phosphorous based lawn fertilizers shall not be used within the Development. Front lawn areas shall have underground sprinkler systems to provide appropriate watering to maintain a healthy green lawn look during dry periods. The Developer shall not be required to comply with the terms of this Section with regards to any Homesites that it owns unless a dwelling has been constructed and completed on the Homesite in question.

The Developer, during the Development and Sales Period, and the Board of Directors thereafter, may require owners of Homesites on which dwellings have not been built to "brush hog" or otherwise mow the weeds or vegetation on the Homesites up to twice a year. One mowing or "brush hogging" may be required in the late spring or early summer after initial growth has subsided; a second

mowing or "brush hogging" may be required in the early fall after the growing season has ended. The Developer, during the Development and Sales Period, and the Board of Directors thereafter, may also elect to require mowing or "brush hogging" of rear yard areas on the same schedule or more often should they deem it appropriate.

B. Erosion Control. Even before an Owner commences construction of a residential dwelling within a Homesite, the Owner shall be responsible for providing proper and adequate soil erosion measures in order to prevent soil, earth, dirt, sediment and other materials from moving and possibly being deposited into and collected in the drainage ditches or other inappropriate areas, if any, in front of the Owner's Homesite. Such erosion prevention methods, by way of example and not as a limitation, may be soil erosion fencing properly installed, sod which is properly staked, and/or seed and mulch which is properly crimped to prevent the mulch from washing away after rains. After an Owner constructs a residential dwelling on a Homesite, any ground within the Homesite, other than wooded areas as provided above, shall be protected from soil erosion by a well maintained lawn and landscaping as described above.

C. Rights of Way and Drainage Ditches. Each Owner of a Homesite in the Project, other than the Developer, shall be responsible for maintenance of the land in front of his Homesite which lies in the road right of way between their front Boundary Line and the edge of the road gravel adjacent to the pavement of the road. Even though the ditches are primarily located in General Common Elements, the ditch area shall be maintained by the Owner whose Homesite abuts the ditch. If a ditch exists within this area, then the Owner shall be responsible for the maintenance thereof. The standard for maintenance of this area will be no less than the standard for lawn maintenance set forth in these Bylaws, except that cobblestones may be necessary at the bottom of drainage areas to prevent erosion. These maintenance responsibilities shall include, by way of illustration and not as limitations, the placement of seed and mulch or sod (which may be required to be staked in place). These soil erosion prevention measures for the ditches shall become the obligation of the Owner commencing with the date on which the Owner receives legal or equitable title to a Homesite or receives possession of the Homesite, whichever occurs first. If the erosion or other damage occurs in a ditch area for which an Owner is responsible, the Owner shall repair the erosion or other damage to restore the ditch to its former condition and to assure that such damage will not occur again due to reasonably expected acts of nature. This may require that the Owner install cobblestone or other erosion reducing features in the ditch where erosion is prevalent. If such installations become necessary, the Owner shall place the cobblestones or other erosion reducing features in the ditch in a manner as directed and approved by the Developer or the Association. If there are persistent erosion problems in a ditch after an Owner has undertaken to assure adequate and vigorous soil retaining grass growth and has placed cobblestones or other erosion reducing features in the ditch, the Association may, in its sole and absolute discretion, undertake to make such additional

improvements to the drainage ditch to preserve the ditch structure and prevent re-occurring erosion problems. The Association shall consider such a request only if it is satisfied that the Owner has undertaken to alleviate the erosion problem by assuring that soil retaining grass growth is maintained and cobblestones or such other erosion reducing features have been installed. The purpose of this provision is to assure that the Association will only undertake to assist in ditch maintenance when it appears that a given ditch area is receiving larger volumes of storm water run off that defeat ordinary erosion prevention measures undertaken by the responsible Owner. In that instance the Association may undertake such corrective measures as it deems appropriate in light of the circumstances and conditions then in existence. It is the intention of this paragraph that the Association give financial relief and assistance to a Homesite Owner who is having repeated washouts or erosion problems of ditch areas after the Owner's herein defined soil erosion responsibilities have been met by the Owner.

In addition, any Owner, including the Developer, shall maintain the ditch, if any, in this area, so as to provide positive storm water drainage. This shall expressly require that the designed storm water flow through the ditch from one side of a Homesite to the other side of the Homesite shall not be obstructed or be materially impaired by the intentional or accidental placement or displacement of earth materials, vegetation, any amassed debris, erosion or the like.

D. Driveways, Culvert Installation and Erosion Control During Construction. The definition of the ditches and ditch areas for the purpose of these Bylaws and this project shall be the land area commencing at the edge of the gravel alongside the asphalt paving and covering the land through the ditch to the top of any slope which may be located into the Homesite. The ditch area will most likely be part of the front lawn area as defined in this Section.

No Owner shall commence construction of any kind until a culvert and driveway approach is properly constructed over and through the front ditch, if any. The size of the driveway and culvert(s) shall be subject to the approval of the Developer. Furthermore, during any construction activities the Owner shall be responsible for placing a fence (such as a snow fence, soil erosion fence or other fencing approved by the Developer) which shall run the entire width of the Homesite on the top side of the ditch (opposite the side of the ditch nearest the pavement). This fencing shall serve as the visual deterrent for any and all construction traffic to preclude access to and entry on the Homesite from any point other than the approved driveway(s) and culvert(s) constructed by the Owner for the purpose of providing access to the Homesite. This fence requirement may be waived by the Developer, in writing only, on an individual per Homesite basis, for topographic or other appropriate reasons, which waivers may be granted in the Developer's sole discretion. All trucks and other vehicles shall be expressly prohibited from driving through any ditch in the Development. This prohibition is for the purpose, among other things, of preventing disruption of sod and seed growth in the ditches, preventing tire and track ruts in the ditches

on the side and bottoms of the ditches and to assure the integrity of the drainage system in the project. The Owner of the Homesite shall be responsible for the violation of the provisions of the section by any of his or her contractors, sub-contractors, agents, employees, tenants.

E. Detention or Retention Areas. The Detention or Retention basin(s) and easements are depicted on Exhibit "B" to the Master Deed. No grade changes or filling may be undertaken by the Owner, their contractors, agents, employees or any other person unless prior approval has been obtained from the Board of Directors of the Association (and from the Developer during the Development and Sales Period). Further-more, any of the above-described alterations or activities within the detention area shall also be subject to the approval of the Township of White Lake. After Board and Developer approval has been granted it shall be the Owner's responsibility to obtain any permits required by the Township of White Lake for the activity which the Owner proposes to undertake.

F. Enforcement. If any of these provisions are violated by the Owner or his or her representatives or there is a failure to comply, the Developer or Association may hire workmen and buy materials necessary to cure the violation and may charge the Owner the actual expense incurred for such violations plus an administrative fee equal the expenses to cover the expenses attendant in correcting the damage resulting from the violation of these provisions and to help defray the extra expenses incurred by the Developer and the Association in undertaking the necessary repairs and the supervision of such repairs. The Developer and the Association shall also have available all remedies set forth in these Bylaws and under Michigan law, including the right to place a lien on the Homesite and equitable relief.

Section 17. Public Health Requirements. The provisions hereinafter set forth have been required by the Michigan Department of Public Health and the Oakland County Health Division. Permits for the installation of wells and sewage disposal systems shall be obtained from the Oakland County Health Division prior to any construction on the individual building sites. All dwellings must be served by potable water systems. Each Owner shall be solely responsible for installation, maintenance, repair and replacement of the well/water supply system and the septic tank/drain field/sanitary disposal system on his building site and the Association shall have absolutely no financial responsibility or other duty with respect thereto. All wells installed for private water supply must, except as set forth below, penetrate an adequate protective clay overburden and prospective building site owners are hereby advised of and agree to this requirement. When an adequate aquiclude cannot be demonstrated, additional safeguards in the form of increased distances and/or depth requirements of 100 feet may be required. All residential dwellings shall be served by an appropriate potable water supply system constructed in accordance with the Groundwater Quality Control provisions of the Michigan public Health Code P.A. 368 of 1978, as amended, and, in particular, with Part 127 thereof. All wells on individual sites shall be drilled by a well driller licensed by the State of Michigan to a depth of not less than that required by the Oakland County Health

Division and a complete well log form for each such potable water well shall be submitted to the Oakland County Health Division within sixty (60) days following completion of such well. All wells must be completely grouted to a depth of 100 feet or through the final protective clay layer.

All on-site sewage disposal systems must be installed with not less than 100 feet isolation from any surface water or impounded water. When deemed necessary, due to the size or configuration of a building site, grade conditions or evidence of elevated ground water, an engineered building site plan or system design plan may be required by the Oakland County Health Division. Such plans, if required, must be submitted for review and approval prior to the issuance of a sewage disposal system permit. Filled areas will not be approved for location of on-site sewage disposal systems. All systems are to be installed according to Oakland County Sanitary Code specifications.

All residential dwellings shall be served by an adequate sewage disposal system. Each such sewage disposal system shall be utilized for disposition of human metabolic waste only and not for processed waste of any sort. Private septic tanks and drainfields constructed in compliance with the regulations of the Oakland County Health Division and all applicable Michigan Department of Public Health Division regulations may be installed and shall be deemed an adequate sewage disposal system. All toilet facilities must be located inside a residential dwelling. Each Owner or other user of a sewage disposal system shall be limited in waste water flowage in accordance with the terms and conditions of the On-Site Sewage Disposal Permit issued by the Oakland County Health Division under Article III of the Oakland County Sanitary Code as may be amended or replaced from time to time. Each sewage disposal system must be cleaned out and/or pumped out every two (2) years. The cost of this service may be collected as an administrative expense of the Association if the Association contracts for the pumping of all septic systems. The Association may collect any expenses incurred under these bylaws including lien and foreclosure rights as specified in Article II, Section S. The Association shall also have any easement rights necessary to exercise its rights under this paragraph.

At some time subsequent to the initial development, it may become necessary to construct a community water supply and/or sewage disposal system. The construction of such public systems, or either of them, may be financed in whole or in part, by the creation of a special assessment district or districts which may include all Homesites in Cumberland Valley. The acceptance of a conveyance or the execution of a land contract by any Owner or purchaser shall constitute the agreement by such Owner or purchaser, his heirs, executors, administrators and assigns that such Owner or purchaser will execute any petition circulated for the purpose of creating such a special assessment district. The Board of Directors of the Association shall be vested with full power and authority to obligate all Owners to participate in a special assessment district or districts and to consider and act upon all other community water and sewer issues on behalf of the Association and all Owners. Further, each Owner will pay such special assessments as may be levied against his Homesite by any such special assessment district and shall take the necessary steps as required by the appropriate state, county and township agencies

and by the Association, acting through its Board of Directors to connect, at his own expense, his water intake and sewage discharge facilities to such community water supply system and/or community sewage disposal system within ninety (90) days following the completion of said system or systems.

The Oakland County Health Division has determined from test wells that the water is safe to drink. The water test showed elevated hardness (294 mg/l) which may be aesthetically objectionable, although this condition is not considered health related. Owners may determine that water softening or treatment systems may be necessary or desirable for their drinking water.

The Oakland County Health Division may require their approval for the location of a well for any Homesite. In addition, the Developer's approval at all well locations is required.

Section 18. Setbacks. No residence shall be erected closer than sixty (60') feet from the front Right-of-Way line nor further than ninety (90') feet from the front right-of-way line, unless approved in writing by Developer for topographical, or unit configuration reasons or other appropriate reasons. Due to topographical conditions there are several Homesites in the Development which will have houses constructed nearer the front Right-of-Way line than as set forth in the preceding sentence. No building on any Homesite shall be erected nearer than forty (40') feet from the side Boundary Line unless approved in writing for topographical reasons or other appropriate reasons. For the purposes of determining setbacks, corner Homesites shall be deemed to have two (2) front yards bordering the Rights-of-Way.

Section 19. Driveway Paving Requirements. Each Owner shall place three inches of asphalt or four inches of concrete in the road Right - of -Way for driveway approaches from the edge of the paved road. Further, each Owner shall have a culvert in the ditch under each respective driveway approach and the culvert must be sized to the specifications set by the Developer (during the Development and Sales Period) or the Association (after the Development and Sales Period ends). Within one year after the dwelling is completed and the certificate of occupancy is issued the entire driveway must be paved with no less than two (2") inches of asphalt or four (4") inches of concrete.

Section 20. Mailboxes. The style and type for all mail boxes or mail box housing for all Homesites shall be prescribed by the Developer and located near the roadway in locations approved by the Developer and/or as required by postal authorities. If required by postal authorities a common mail station for mail boxes and their housing will be placed on the premises. The expenses acquisition, maintenance repair and replacement of all mail boxes and their housing will be borne by the Association as an administrative expense if the postal authorities do not finance the same.

Section 21. Used Homes, Manufactured Housing. Used houses shall not be allowed to be moved on to any Homesite in the Project and no manufactured houses shall be allowed in the Project unless approved in writing by the Developer. For the purposes

of this Section "manufactured houses" shall mean houses in which the majority of the construction or assembly process is performed at a location other than the Homesite upon which the house will be permanently situated.

Section 22. Outbuildings. One outbuilding may be permitted to be built on any Homesite, provided, however, that an outbuilding has the following characteristics:

- (1) An outbuilding shall not be larger than twenty (20') feet by thirty (30') feet in size.
- (2) An outbuilding shall be either a single story or one and one-half (1-1/2) stories.
- (3) An outbuilding shall have exterior finish materials of the same quality as a typical house in the Development.
- (4) An outbuilding shall be located in a back yard area only and shall be a minimum of thirty (30') feet from a property line. Furthermore all outbuildings for Homesites 13, 14 and 15 shall be constructed at least seventy-five (75') feet from the rear outside Boundary Line of the Homesite and all outbuildings for Homesites 16 and 17 shall be constructed at least fifty (50') feet from the rear outside Boundary Line of the Homesite.
- (5) An outbuilding shall be architecturally approved in the same manner as a house and the design features of an outbuilding shall be of the quality as to lend itself as compatible to the quality of the typical house in the Project.

Section 23. Fences. Except as provided herein, no boundary line fences shall be permitted on the Homesites except as provided herein. No fences shall be allowed in front yard areas, other than partial fences, to complement landscaping berms and plantings, and which have been approved by the Developer. Only wood, stone or brick fences, or other fencing approved by Developer, shall be permitted within the Development, provided however, cyclone fences may be permitted by the Developer for dog runs only, and provided further that such dog runs are no larger than twenty (20') feet by thirty (30') feet, are located in compliance with the set back and location requirements pertaining to outbuildings, and there is only one dog run per Homesite unless more or larger dog runs are approved by the Developer. In addition, fences will be permitted to be erected around any in-ground swimming pool in accordance with ordinances regulating the construction and use of swimming pools. The location, design and materials of all fences shall be subject to the approval of the Developer. Any fence which is constructed so as to constitute a total visual screen or which prevents light passage through sixty (60%) percent or more of its area is prohibited. It is the intent of the provisions of this Paragraph to prohibit barbed wire or other wire fencing in general.

Section 24. Garages. All houses shall have at least a two (2) car attached garage, and no house shall have more than a four (4) car attached garage. All garages shall have side

or rear entries for vehicular ingress or egress unless waived by the Developer, provided, however, that corner homesites may have the vehicular entry doors facing the road which does not face the front of the house.

Section 25. Lamp Posts. Each Owner shall maintain one (1) lamp post and light in front of each Homesite. The design shall be approved and location of the fixture shall be determined by the Developer. Each Owner shall provide the necessary wiring and cable to connect the fixture to the dwelling lighting system. The fixture must be installed and be operational at the time the final certificate of occupancy is issued. Each fixture shall be equipped with a high pressure sodium vapor bulb equal to not less than a fifty (50) watt bulb or a substantial equivalent which has been approved by the Developer or the Association (after the Development and Sales Period has ended). Each fixture will be equipped with a photoelectric cell which shall act to turn on the light during periods of darkness.

The expenses of operation, installation and maintenance of the fixtures shall be borne by the individual Owner. The Owner shall replace the bulb or repair the lamp immediately as soon as the bulb burns out or other repairs are needed. Developer need not comply with this Section during the Development and Sales Period as long as no dwelling unit has been completed on the affected Homesite.

Section 26. Advertising and Signs. No sign or billboard shall be placed or maintained on any Homesite or Right-of-Way except one sign advertising the Homesite or house and Homesite for sale or lease, and having not more than nine square feet of surface and the top of which shall be 4 feet or less above the ground. In addition, until all Homesites owned by the Developer are sold, no "For Sale" signs shall be allowed on any Homesite unless a house is under construction (or fully completed) and such house is past the rough carpentry stage of construction, or unless Developer allows a "For Sale" sign on an individual Homesite approval basis. This restriction shall not apply to Homesites owned by the Developer. Builders shall remove their signs from a Homesite within two (2) weeks after completion of a house under construction provided the sale of the house is closed.

Section 27. Damage to Roadways or Common Elements During Construction. Notwithstanding anything contained in the Documents stated to the contrary, damages to private roads or other Common Elements in the Project which are the result of construction activities taking place on an Owner's Homesite must be repaired by the Owner who caused the damage at the Owner's sole expense. Such repairs shall be undertaken as soon as possible. Damages caused to the General Common Elements or Limited Common Elements in front of the Owner's Homesite during construction activity on the Homesite shall be presumed to have been caused by the Owner or his contractor unless there is clear or convincing evidence to the contrary. If an Owner fails to make the repairs, the Association (or the Developer acting on behalf of the Association) may collect the expense incurred by the Association in repairing the roadway or other common element in the same manner and with the same rights and remedies afforded to the Association (including reimbursement of cost and attorney's fees) for the collection of

assessments under the Bylaws. The Association or the Developer shall not be obliged to seek reimbursement from the Owner's contractor, agent or employee before seeking reimbursement from the Owner in question.

Section 28. Non-Disturbance of Wetlands. A certain portion of the land within the Condominium may be a wetland which is protected by federal or state law. Under the provisions of the Goemaere-Anderson Wetland Protection Act, Public Act No. 203 of 1979, any disturbance of a wetland by depositing material in it, dredging or removing material from it, or draining water from the wetland may be done only after a permit has been obtained from the Department of Environmental Quality or its administrative successor. The penalties specified in the Goemaere-Anderson Wetland Protection Act are substantial. In order to assure no inadvertent violations of the Goemaere-Anderson Wetland Protection Act occur, no co-owner may disturb the wetlands in the Development without obtaining: (1) written authorization of the Association; (2) any necessary municipal permits; and (3) any necessary state permits. The Association may assess fines and penalties as provided for in these bylaws for violation of this Section 28. Wetlands are shown on Exhibit B.

Section 29. Protected Tree Area. The westerly seventy-five (75) feet of land surface to the rear of Homesites 13, 14 and 15 as designated in the Condominium Subdivision Plan shall remain a "Protected Tree" area as defined below.

1. The Owners or any other residents in the Development shall not intentionally cause trees to die or eliminate trees prematurely in said Homesites unless they are already dead or near dead.
2. If a substantial number of trees die in Homesites, the respective Owner of the Homesite shall plant similar variety of trees, to replace the dead trees, of no less than 3" diameter at the tree's base, unless substantial numbers of young trees are being generated by natural means in those areas in which substantial numbers of trees have died.
3. If an Owner(s) of said Homesites 13, 14 or 15 does not comply with paragraph two (2) above, the Association shall plant the required trees at the Homeowner's expense.
4. Homesites 13, 14 and 15 shall not have driveways or curbcut access to Cumberland Drive.

This provision shall not be interpreted to forbid Owners of Homesites 13, 14 and 15 from trimming and pruning trees nor shall said Owners be prevented from planting additional trees as they may desire. This provision is for the express purpose of maintaining a woodlands area on Homesites 13, 14 and 15, and it is the express purpose to allow on a perpetual basis "state of the art" woodland management techniques for this subject land surface.

Section 30. Oakland International Airport Restrictions. Cumberland Valley is located in close proximity to the "outer marker" for the approach to the main instrument runway for Oakland International Airport. It is expected that as a result that there will be regular flights of propeller, turbo-prop, and jet powered aircraft over the development at altitudes and noise levels that can be annoying or disturbing when windows are open or individuals are outdoors.

No person who acquires property or interest therein, or who leases property or interest therein within the development after the date of this Master Deed shall be entitled to recover damages with respect to the noise or loss of use and enjoyment attributable to aircraft operations at Oakland International Airport unless, in addition to any other elements for recovery of damages, such person can show that said damage occurred as a result of one or more of the following, which occurred after the date of acquisition or lease of such property or interest therein:

1. A significant change in the type of frequency of aircraft operation at the Airport which causes a change in the location of the exposure area.
2. A significant change in the Airport Layout Plan.
3. A significant change in flight patterns.
4. A significant change in hours of operation.

The "outer marker" is located on the southeast corner of Homesite 4. Neither the Association, nor any Owner, or their respective contractors, guests, invitees or agents, may interfere with the structure of the outer marker itself.

Ownership of Homesite 4 is subject to a lease dated October 26, 1993 between Lakeside Realty, Inc., and the United States of America permitting use of the premises for the outer marker by the government. All rentals and other proceeds of the lease shall be the property of the Owner of Homesite 4. Following termination of the lease, the Owners of Homesite 4 shall require the United States to remove the structure of the outer marker in accordance with the terms of the lease.

Neither the Association nor the Owners of Homesites 4 and 5 shall materially alter or remove the screening (i.e., fencing or tree plantings) related to the outer marker.

Section 31. Tree Clearing. No Owner may clear cut trees from large expanses of a Homesite. Clear cutting is allowed for house construction (and a reasonable area surrounding the house for maneuvering and construction purposes), driveway construction, septic field installation and other construction otherwise permitted under these Bylaws. Clear cutting shall be defined for the purposes hereof as eliminating in any way more than 50% of the healthy tree cover on any Homesite other than the areas permitted to be cleared for construction purposes. Prohibited clear cutting also includes the gradual elimination of healthy trees over time resulting in a reduction of more than

50% of the healthy tree cover existing (in the areas which are not to be cleared for construction purposes) at the time of the original conveyance of the Homesite by the Developer to a non-Developer Owner. It is the express intent of this restriction to forbid any Owner from eliminating the majority of the trees in a section of the unconstructed upon areas of a Homesite. A section of a Homesite shall be defined as one of the following four separate areas of each Homesite: the yard area in front of the house or the likely house location; the yard area extending from the back of the house or likely house location; and each yard area extending from the side of the house or likely house location. This restriction is intended to maintain wooded areas while allowing thinning and trimming of existing trees, elimination of brush, bushes and sapling trees (any tree under 4 inches in diameter at its base) and removal of dead or seriously diseased trees. Any tree may have its branches trimmed periodically to eliminate whole or partial limbs and branches as long as the majority of healthy limb and branches and the integrity of healthy trees are maintained. No Owner may remove any living tree greater than 4 inches in diameter at its base (unless such tree must be eliminated for house, septic system or driveway construction) without first notifying the Developer or the Association after the end of the Development and Sales Period. The Owner shall flag each tree to be removed and shall permit the Developer or the Association a reasonable period of time to inspect the Homesite to determine if any trees proposed to be removed are in violation of this Section. The Owner shall desist from removing any tree which the Developer or the Association determines to be a violation of this Section. In addition to other remedies under the Condominium Documents and under the law, the Developer or the Association may enforce this restriction by enjoining an Owner from violating these provisions. Each Owner acknowledges that irreparable harm will result from a violation of this restriction and that a temporary restraining order, preliminary injunction and permanent injunction are appropriate remedies to prevent violation of this restriction. Any Owner violating this restriction may be subject to fines by the Association of up to \$200 per living tree of 4 inches or greater in diameter at its base which was cut in violation of this Section. Nothing contained herein shall be deemed to expand the rights of Owners to cut trees on Homesites 13, 14 or 15, as limited by Section 29 above.

Section 32. Reserved Rights for Oil and Gas Extraction. The oil, gas and mineral rights with respect to the Premises are now owned by the Developer and will not and have not been conveyed to the Owners. The owner of the oil, gas and mineral rights has the right to extract oil, gas and minerals from the subsurface of the Premises as a result of drilling occurring outside of the Premises. No drilling activity shall be permitted within the boundaries of the Premises.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Owner who mortgages his Homesite shall notify the Association of the name and address of the mortgagee at closing and shall further notify the Association of any subsequent mortgagee acquiring an interest in the Owner's unit. The Association shall maintain such information in a book entitled

"Mortgages of Homesites". The Association may, at the written request of a mortgagee of any such Homesite, report any unpaid assessments due from the Owner of such Homesite. The Association shall give to the holder of any first mortgage covering any Homesite in the Project written notification of any default in the performance of the obligations of the Owner of such Homesite that is not cured within sixty (60) days. If an Owner fails to provide the information required in this section the Association may charge the Owner for any costs it incurs in collecting the information for its records and the costs incurred may be collected from the owner in the same manner as assessments are collected under these Bylaws.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Development with extended coverage, and against vandalism and malicious mischief and the amounts of such coverage.

Section 3. Notification of Meetings. Upon requested submitted to the Association, any institutional holder of a first mortgage lien on any Homesite in the Development 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 Owner shall be entitled to one vote for each Homesite owned.

Section 2. Eligibility to Vote. No Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Homesite in the Development to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article XI. The vote of each Owner may be cast only by the individual representative designated by such Owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Homesites at some time or from time to time during such period. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Homesite which it owns.

Section 3. Designation of Voting Representative. Each Owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the

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

Section 4. Quorum. The presence in person or by proxy of thirty five (35%) percent the Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

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

ARTICLE IX

MEETINGS

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

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than 50% of the Homesites that may be created in Cumberland Valley have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than one hundred and twenty (20) days after the conveyance of legal or equitable title to non-developer Owners of seventy five (75%) percent of all Homesites that may be created or fifty four (54) months after the first conveyance of legal or equitable title to a non-developer Owner of a Homesite in the

Project, whichever first occurs. Developer may call meetings of members' for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting 'of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Owner.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the third Tuesday of March each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight (8) months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The Owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by one third (1/3) of the Owners presented to the Secretary of the Association. 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. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

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

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

such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

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

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

Section 10. Minutes: Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X

ADVISORY COMMITTEE

Within 1 year after conveyance of legal or equitable title to the first Homesite in the Development to a purchaser or within one hundred and twenty (120) days after conveyance to purchasers of one third (1/3) of the Homesites which may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least two (2) non-developer Owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable. The purpose of the Advisory Committee shall be to facilitate communications. Between the temporary Board of Directors and the other Owners and to aid in the transition of control of the Association from the Developer to purchaser Owners. The Advisory Committee

shall cease to exist automatically when the non-developer Owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Owners.

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall be comprised of 3 members, all of whom must be members of the Association of officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors, Directors shall serve without compensation.

Section 2. Election of Directors.

(a) First Board of Directors. The first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-developer Owners to the Board. Elections for non-developer Owner Directors shall be held as provided in subsections (b) and (c) below.

(b) Appointment of Non-developer Owners to Board Prior to First Annual Meeting. Not later than one hundred and twenty (120) days after conveyance of legal or equitable title to non-developer Owners of twenty five (25%) percent of the Homesites that may be created, one of the three Directors shall be selected by non-developer Owners. When the required number of conveyances has been reached, the Developer shall notify the non-developer Owners and request that they hold a meeting and elect the required Director. Upon certification by the Owners to the Developer of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

(c) Election of Directors At and After First Annual Meeting.

(1) Not later than one hundred and twenty (120) days after conveyance of legal or equitable title to non-developer Owners of seventy five (75%) percent of the Homesites that may be created, the non-developer owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least one Director as long as he owns at least one of the Homesites in the Project. Whenever the required conveyance level is achieved, a meeting of Owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(2) Regardless of the percentage of Homesites which have been conveyed, upon the expiration of fifty four (54) months after the first conveyance of legal or equitable title to a non-developer Owner of a Homesite in the Project, the non-developer Owners have the right to elect a number of members of the Board of Directors equal to the percentage of Homesites they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Homesites which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.

(3) If the calculation of the percentage of members of the Board of Directors that the non-developer Owners have the right to elect under subsection (2), or if the product of the number of members of the Board of Directors multiplied by the percentage of Homesites held by the non-developer Owners under subsection (b) results in a right of non-developer Owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate 1 Director as provided in subsection (1).

(4) At the First Annual Meeting two (2) Directors shall be elected for a term of two (2) years and one (1) Director shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one (1) slate and the two (2) persons receiving the highest number of votes shall be elected for a term of two (2) years and the one (1) person receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either one (1) or two (2) Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for one (1) of the Directors elected at the First Annual Meeting) of each Director shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(5) Once the Owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article IX, Section 3 hereof.

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

Section 4. Other Duties. In addition to the foregoing 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) To manage and administer the affairs of and to maintain the Development and the General Common Elements thereof.
- (b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty.
- (e) To contract for and employ persons, firms, corporations or other agents to assist with the management, operation, maintenance and administration of the Development.
- (f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Homesite in the Development and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.
- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association in number and in value.
- (h) To make rules and regulations in accordance with Article VI, Section 9 of these Bylaws.
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Development and to delegate to such committees any functions or responsibilities which are not by law or the Documents required to be performed by the Board.
- (j) To enforce the provisions of the Documents.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) 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 in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three years or which is not terminable by the Association upon ninety (90) days written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act. No management contract shall be entered into by the Association where the management fee to be charged to the Association is in excess of five (5%) percent of the total budget, exclusive of reserves for repair and replacement of the common elements.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-developer Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, anyone or more of the Directors may be removed with or without cause by the affirmative vote or more than fifty (50%) percent of all of the Owners qualified to vote and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal thirty five (35%) requirement set forth in Article VII, Section 4. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer Owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be

necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such 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, telephone or facsimile, at least ten (10) days prior to the date named for such meeting.

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

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

Section 12. Quorum. At a 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 to a subsequent time upon twenty four (24) hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Documents.

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

ARTICLE XII

OFFICERS

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

(a) **President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) **Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary.

(c) **Treasurer.** The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

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

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

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

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such accounts and all other Association records shall be open for inspection by the Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of first mortgage lien on any Homesite in the Development shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefore. The costs of any such audit and any 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. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

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

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

ARTICLE XVI

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 may be proposed by one third (1/3) or more of the Owners by 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 Owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 66-2/3% of all Owners. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of 66-2/3% of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held.

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as

any such amendment does not materially alter or change the right of an Owner or mortgagee.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Oakland County Register of Deeds.

Section 6. Binding. A copy of each amendment to the 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 Development irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVII

COMPLIANCE

The Association and all present or future Owners, tenants, future tenants, or any other persons acquiring an interest in or using the Development in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Homesite or an interest therein or the utilization of or entry upon the Premises shall signify that the Documents are accepted and ratified. If the Documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XVIII

DEFINITIONS

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

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by an Owner shall entitle the Association or another Owner or Owners to the following relief:

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Documents 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 Owner or Owners.

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Owner be entitled to recover such attorney's fees.

Section 3. Removal and Abatement. The violation of any of the provisions of the Documents 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 or into any Homesite (but not into any dwelling or related garage), where reasonably necessary, and summarily remove and abate, at the expense of the Owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Documents. The Association shall have no liability to any Owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Documents by any Owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of Article XX thereof.

Section 5. Non -waiver of Right. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by the Documents shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

Section 6. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Documents shall be deemed to be cumulative and the exercise of anyone 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.

Section 7. Enforcement of Provisions of Documents. An Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Documents. An Owner may maintain an action against any other Owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Documents or the Act.

ARTICLE XX

ASSESSMENT OF FINES

Section 1. General. The violation by any Owner, occupant or guest of any provisions of the Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association, acting through its duly constituted Board of

Directors, of monetary fines against the involved Owner. Such Owner shall be deemed responsible for such violations whether they occur as a result of his personal actions or the actions of his family, guests, tenants or any other person admitted through such Owner to the Premises.

Section 2. Procedures. Upon any such violation being alleged by the Board, the following procedures will be followed:

(a) **Notice.** Notice of the violation, including the Development Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Owner at the address as shown in the notice required to be filed with the Association pursuant to Article VIII, Section 3 of these Bylaws.

(b) **Opportunity to Defend.** The offending Owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting but in no event shall the Owner be required to appear less than ten (10) days from the date of the Notice.

(c) **Default.** Failure to respond to the Notice of Violation constitutes a default.

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

Section 3. Amounts. Upon violation of any of the provisions of the Documents and after default of the offending Owner or upon the decision of the Board as recited above, the following fines shall be levied:

(a) **First violation.** No fine shall be levied for the first violation.

(b) **Second violation.** A Twenty-Five (\$25.00) Dollar fine shall be levied for the second violation of any of the provisions of the Documents.

(c) **Third Violation.** A Fifty (\$50.00) Dollar fine shall be levied for the third violation of any of the provisions of the Documents.

(d) **Fourth violation and Subsequent violations.** A One Hundred (\$100.00) Dollar fine shall be levied for the fourth (4th) and subsequent violation of any of the provisions of the Documents.

For purposes of this Section 3, a repeat violation means the violation of any provision of the Documents and is not intended to be limited to a violation of the provision previously violated.

This schedule of fines may be changed by the Board of Directors by a resolution of the Board. Notwithstanding anything stated in these Bylaws to the contrary, a change in this schedule of fines may be made by Board resolution and will not require that an amendment to these Bylaws be adopted or recorded. Furthermore, should the Board of Directors adopt an appropriate resolution, this schedule of fines may escalate to keep pace with adjustments to the Consumer Price Index as announced by the Bureau of Labor Statistics which Index shall be the Index published to the metropolitan statistical area in which the Project is located.

Notwithstanding anything herein to the contrary, fines for violating a "frost law" in the Development may be in an amount of up to Five Hundred (\$500.00) Dollars for each violation. Nothing contained herein is intended to limit the fines prescribed in other sections of these Bylaws.

Section 4. Collection. The fines levied pursuant to Section 3 above and Article VI, Section 7 above, shall be assessed against the Owner and shall be due and payable together with the regular Development assessment on the first of the next following month. Failure to pay the fine will subject the Owner to all liabilities set forth in the Documents including, without limitation, those described in Article II and this Article XX of these Bylaws.

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period as defined in Article IV of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Development and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such

documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XXII

SEVERABILITY

If any of the terms, provisions or covenants of these Bylaws or the 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.

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