

BYLAWS

THE SHORES OF LONG LAKE HOMEOWNERS ASSOCIATION

ARTICLE I

PURPOSE

The Shores of Long Lake Homeowners Association (hereafter the "Association") has been incorporated for the purpose of acting as the Association of lot owners for The Shores of Long Lake Subdivision, and for The Village By the Shores, which may be a platted subdivision or a residential site condominium (collectively "the "Development"). The Association shall be governed by any Declarations of Covenants, Conditions and Restrictions now or hereafter recorded with respect to the Development (the "Development Restrictions"), these Bylaws, the Articles of Incorporation of the Association, duly adopted rules and Regulations of the Association, and the laws of the State of Michigan. The owner of each lot or site condominium unit in the Development ("Lot Owner") shall be a member of the Association and no other person or entity shall be entitled to membership. The share of a Lot Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his or her lot or site condominium unit ("Lot").

ARTICLE II

VOTING

Section 1. VOTES. Except as limited in these Bylaws, or the Development Restrictions, each Lot Owner shall be entitled to one vote for each Lot owned. If title to a Lot is held by two or more persons or entities, all of such Owners shall be members of the Association, but only one of such Owners shall be entitled to vote in Association matters, which person shall be designated in writing by the Owners.

Section 2. ELIGIBILITY TO VOTE. No Lot Owner, other than Robertson Orion, L.L.C., (the "Developer") shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Lot in the Development to the Association. The vote of each Lot Owner may only be cast by the representative designated by such Lot Owner in the notice required in Section 3 of this Article II or by a written proxy given by such individual representative. The Developer shall, at all times, be entitled to one vote for each Lot which it owns.

Section 3. DESIGNATION. Each Lot Owner other than the Developer 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 Lot Owner. Such notice shall state the name and address of the individual representative designated, identification of the Lot or Lots owned by the Lot Owner and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Lot Owner. Such notice shall be signed and dated by the Lot Owner. The individual representative designated may be changed by the Lot Owner at any time by filing

a new notice in the manner herein provided. A Lot Owner may designate one alternative representative who may vote only in the absence of the designated representative. Votes cannot be split, and in no event shall more than one vote be cast per Lot.

Section 4. QUORUM. The presence in person or by proxy of thirty five percent (35%) in number of the Lot Owners qualified to vote shall constitute a quorum for the conduct of business at a meeting of the members of the Association except for voting on questions specifically required herein 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 in person or by proxy or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

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

ARTICLE III

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 Development Restrictions shall be levied by the Association against the Lots and the Lot Owners thereof in accordance with the following provisions:

Section 1. COMMON AREA. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Association and any Common Area conveyed to the Association or dedicated to the use of the Lot Owners of the Development by the subdivision plat or master deed creating such Common Area, including without limitation any stormwater retention pond serving the development located within a condominium and designated as a common element by the condominium master deed. and any property taxes assessed thereon shall be treated as expenses of administration.

Section 2. EXPENDITURES AND RECEIPTS. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Area 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, a policy of insurance securing the interest of the Association or the Lot Owners against liabilities or losses

arising within, caused by, or connected with the Common Area or the administration of the Development shall constitute receipts affecting the administration of the Development.

Section 3. DETERMINATION OF ASSESSMENTS. Assessments shall be determined and assessed in accordance with the provisions of Article III of the Development Restrictions.

Section 4. 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 lien that secures payment of assessments. A Lot Owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

(b) **FORECLOSURE.** Each Lot Owner, and every other person who from time to time has any interest in any Lot in the Development, shall be deemed to have granted the Association the unqualified right to elect to foreclose such lien either by judicial action or, if otherwise permitted by Michigan law, by advertisement as provided in the Development Restrictions.

(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 Lot Owner(s) at his or their last known address of a written notice that the annual assessment levied against the pertinent Lot or any special assessment 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 in the form of a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments); (4) the legal description of the subject Lot(s); and (5) the name(s) of the Lot Owner(s) of record. Such affidavit shall be recorded in the Office of the Register of Deeds for Oakland County at least ten (10) days prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the representative designated above and shall inform such representative that he may request a judicial hearing by bringing suit against the Association.

Section 5. LIABILITY OF DEVELOPER. The liability of Developer for the payment of assessments for any Lots owned by it shall be limited as set forth in the Development Restrictions.

ARTICLE IV

ARBITRATION

Section 1. SCOPE AND ELECTION. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Development Restrictions, or any disputes, claims or grievances arising among or between the Lot 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 the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

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

Section 3. ELECTION OF REMEDIES. Such election and written consent by Lot Owner 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 V

INSURANCE

Section 1. EXTENT OF COVERAGE. The Association shall carry fire and extended coverage, vandalism and malicious mischief and public liability and property damage insurance, officers and directors liability insurance, and workmen's compensation insurance, as applicable, pertinent to the ownership, use and maintenance of the Common Area of the Development, and any facilities and improvements located thereon. All facilities and improvements, if any, located on Common Area owned by the Association or dedicated for use by the Association or Lot Owners within the Development, shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. The Association and all Lot Owners shall use their best efforts to see that all property and liability insurance carried by the Association or any Lot Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Lot Owner or the Association. The Association, if the Board of Directors deems appropriate, shall also carry officers' and directors' liability insurance as provided in Article XI below. All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and applied as provided herein. Whenever repair or reconstruction of facilities or

improvements located on the Common Area shall be required as provided in Article XIII of the Development Restrictions, 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 such repair, replacement or reconstruction unless approved by affirmative vote of not less than eighty percent (80%) of Lot Owners as provided in said Article XIII.

ARTICLE VI

MORTGAGES

Section 1. NOTICE TO ASSOCIATION. Any Lot Owner who mortgages his Lot may notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in an appropriate record. The Association may, at the written request of a mortgagee of any such Lot whose name has been submitted by the Lot Owner, report any unpaid assessments due from the Lot Owner of such Lot. The Association shall give to the holder of any first mortgage covering any Lot in the Development whose name and address has been submitted by the Lot Owner, and which mortgage holder so requests, written notification of any default in the performance of the obligations of the Lot Owner of such Lot at least thirty (30) days prior to taking any action to enforce the lien against the Lot.

Section 2. INSURANCE. The Association shall notify each mortgagee appearing in said record who requests notice of the name of each company insuring the Common Area against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amount of such coverage.

ARTICLE VII

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 Lot 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 Articles of Incorporation, these Bylaws, the Development Restrictions 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 Developer and may be called at any time after more than 50% of the Lots created or to be created in the Development have been conveyed to non-developer Lot Owners and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the earlier of: (a) the date of conveyance of legal or equitable title to non-developer Lot Owners of 75% in number of all Lots, or (b) sixty (60) months after conveyance of legal or equitable title of a lot in the Development to a non-developer Lot Owner. 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 10 days' written notice thereof shall be given to each Lot Owner.

Section 3. ANNUAL MEETINGS. Annual meetings of members of the Association shall be held on the second Tuesday of May 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 months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Lot Owners a Board of Directors in accordance with the requirements of Article X of these Bylaws. The Lot 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 Lot Owners as directed by resolution of the Board of Directors or upon a petition signed by one third (1/3) of the Lot 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 Lot 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 Lot Owner at the address shown in the notice filed with the Association pursuant to Article II, Section 3 of these Bylaws or, if no such notice is filed, to the occupant at the mailing address for each lot, 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 business to be conducted at a meeting of Lot Owners cannot be conducted because a quorum is not in attendance, the Lot 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 of 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 VIII

ADVISORY COMMITTEE

Within one year after conveyance of legal or equitable title to the first Lot in the Development to a non-developer purchaser, if requested by a majority of non-developer Lot Owners, the Developer shall cause to be established an Advisory Committee consisting of at least 3 non-developer Lot Owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that, if a majority of the non-developer Lot Owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purposes of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the non-developer Lot Owners and to aid the transition of control of the Association from the Developer to non-developer Lot Owners. The Advisory Committee shall cease to exist automatically when the non-developer Lot 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 non-developer Lot Owners.

ARTICLE IX

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of five directors, who must be members of the Association or officers, partners, members, trustees, employees or agents of members of the Association except for the first Board of Directors which may also be a lesser number of Directors designated in the Articles of Incorporation of the Association or by the Developer or Incorporator by written resolution. 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 election of the first non-developer Lot Owners to the Board. Elections for non-developer Lot Owner Directors shall be held as provided in subsections (b) and (c) below.

(b) **APPOINTMENT OF NON-DEVELOPER LOT OWNERS TO BOARD PRIOR TO FIRST ANNUAL MEETING.** Not later than 120 days after conveyance of legal or equitable title to non-developer Lot Owners of thirty-five (35%) percent or more of the Lots created or to be created within the Development, one of the Directors shall be selected by non-developer Lot Owners. When the required percentage of conveyances have been reached, the Developer shall appoint one non-developer Lot Owner to the Board to serve until the First Annual Meeting of members unless he or she is removed pursuant to Section 7 of this Article or resigns or becomes incapacitated. Unless the Board consists of five Directors at the time of such appointment, the new Director will be an addition to the Board, and will not replace any existing Director unless the Developer directs otherwise.

(c) ELECTION OF DIRECTORS AT AND AFTER FIRST ANNUAL MEETING.

(i) At the First Annual Meeting and subsequent annual meetings, the non-developer Lot Owners shall have the right to elect a number of members of the Board of Directors equal to the percentage of Lots they own, and the Developer shall have the right to elect a number of members of the Board of Directors equal to the percentage of Lots which are owned by the Developer; provided, that the Developer shall have the right to designate at least one (1) Director as long as the Developer continues to own any Lots within the Development. The date on which non-Developer Lot Owners are entitled to elect their proportionate share of Directors under this subsection (i) shall be the Transitional Control Date.

(ii) If the calculation of the percentage of members of the Board of Directors that the non-developer Lot Owners have the right to elect under subsection (i) results in a right of non-developer Lot 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 Lot 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 one Director as provided in subsection (i).

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

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

Section 3. POWERS AND DUTIES. The Board of Directors shall have the powers and perform the duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Development Restrictions or required thereby to be exercised and done by the Lot 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 perform and fulfill all of the obligations and purposes of the Association as set forth in the Development Restrictions, the Articles of Incorporation and these Bylaws;

(b) 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 Association and the Development and to delegate to such committees any functions or responsibilities which are not by law or the Development Restrictions required to be performed by the board;

(c) To establish such rules and regulations as the Board of Directors deems reasonably necessary or appropriate governing the use of the Common Areas of the Development including, without limitation, the swimming and beach facility.

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 Development Restrictions 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 3 years or which is not terminable by the Association upon 90 days' written notice thereof to the other party.

Section 6. VACANCIES. Vacancies in the Board of Directors occurring after the Transitional Control Date, as defined in subsection 2(c)(i) of this Article, 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 Lot Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Lot 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, any one or more of the Directors may be removed with or without cause by a majority vote of the Lot Owners (other than those appointed by Developer) and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Lot 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 Lot 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 maybe held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

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

Section 11. WAIVER OF NOTICE. Before or at any meeting of the board of directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the

Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. QUORUM. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 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 Development Restrictions.

Section 14. FIDELITY BONDS. The Board of Directors may 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 X

OFFICERS

Section 1. OFFICERS. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, 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 (2) offices except that of President and Vice President may be held by one person. All officers shall be members of the Association, except that, so long as the Developer has the right to appoint at least one director, officers, partners, members, trustees, employees or agents of the Developer may serve as officers of the Association.

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 of Directors called for such purpose.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Association. He or she 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.

Section 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

Section 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he or she shall have charge of the corporate seal and of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the Secretary

Section 7. TREASURER. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 8. OTHER 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 XI

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 or her in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a Director or officer of the Association, whether or not he or she 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 10 days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Lot 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 XII

SEAL

The Association may (but need not) have a seal which shall have inscribed thereon the name of the Association, the words "Corporate Seal", and "Michigan".

ARTICLE XIII

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 Area and any other expenses incurred by or on behalf of the Association. Such accounts and all other Association records shall be open for inspection by the Lot Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Lot 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 reviewed at least annually by qualified independent accountants; provided, however, that such accountants need not be certified public accountants nor does such review need to be a certified audit. Any institutional holder of a first mortgage lien on any Lot in the Development shall be entitled to receive a copy of such annual financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such review 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. Unless the Directors determine otherwise, the Association's fiscal year shall be the calendar year.

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

ARTICLE XIV

AMENDMENTS

Section 1. PROPOSAL. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third (1/3) or more in number of the members or 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 the Association Bylaws.

Section 3. VOTING. These Bylaws may be amended by the Association at any regular annual meeting or a special meeting called for such purpose, by an affirmative vote of not less than seventy-five (75%) percent of all Lot 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 seventy-five (75%) percent of the mortgagees shall be required, which each mortgagee to have one vote for each mortgage held.

Section 4. WHEN EFFECTIVE. Any amendment to these Bylaws shall become immediately effective when duly adopted in accordance with these Bylaws.

Section 5. BINDING EFFECT. 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 XV

DEFINITIONS

Unless otherwise defined herein, all terms used herein shall have the same meaning as set forth in the Development Restrictions.

ARTICLE XVI

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer, acting in its capacity as Declarant, in the Development Restrictions 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 successor developer or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. The immediately preceding sentence dealing with the assignment and transfer 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 and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Development Restrictions 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 XVII

SEVERABILITY

In the event that any of the terms, provisions, or covenants of these Bylaws 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 hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

VILLAGE

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
EASEMENTS AND LIENS**

THE VILLAGE BY THE SHORES

Village of Lake Orion, Oakland County, Michigan

This Declaration made this ____ day of _____, 1998, by **ROBERTSON ORION, L.L.C.**, a Michigan corporation whose address is 6905 Telegraph Road, Suite 200, Bloomfield Hills, Michigan 48301 (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the land contract purchaser of certain real property located in the Village of Lake Orion, Oakland County, State of Michigan, which has been platted as a residential subdivision in accordance with a plat recorded in Liber _____ of Plats, Pages ____ through _____, Oakland County Records and is now commonly known as The Village By The Shores (the "Subdivision") containing Lots 1 through 30 and one private park; and

WHEREAS, Franklin-Wright Settlements, Inc. ("Franklin-Wright") is the fee title holder and land contract seller of the land incorporated in the Subdivision and has joined in the execution of the Subdivision plat at the request of Declarant; and

WHEREAS, the Subdivision is part of a residential development located within both the Village of Lake Orion and the Charter Township of Orion which will include the Subdivision and The Shores of Long Lake Subdivision(s) (collectively the "Development"); and

WHEREAS, Declarant desires to impose upon the Subdivision covenants, conditions and restrictions consistent with those imposed or to be imposed on the other subdivision(s) within the Development in order to insure the most beneficial development of the Subdivision and the Development as a single family residential area, to prevent any use thereof which might tend to diminish its value or pleasurable enjoyment, and to assure the harmony, attractiveness and utility thereof; to provide for Lot Owners in the Subdivision and the Development to bear certain expenses; and to impose other rights and obligations as set forth below; and

WHEREAS, Franklin-Wright is agreeable to the same and joins in this Declaration solely at Declarant's request in order to consent to the imposition of the covenants, conditions and restrictions of this Declaration on the Subdivision land and not as a Developer or joint venturer with Declarant; and

WHEREAS, Declarant and the Village of Lake Orion have joined in the execution of a Declaration and Agreement Concerning Maintenance of Wetlands, Storm Water Detention Areas and Open Space covering the Subdivision land located within the Village of Lake Orion dated _____, 1998 and recorded in Liber _____, page _____, Oakland County Records (the "Village Open Space Agreement"); and

WHEREAS, Declarant and the Charter Township of Orion have also joined, or will join, in the execution of a Declaration and Agreement Concerning Maintenance of Wetlands, Storm Water Detention Areas and Open Space covering other land to be included within the Development located within the Charter Township of Orion which will be recorded in [dated _____, 1997 and recorded in Liber _____, Page _____,] Oakland County Records (the "Township Open Space Agreement"); and

WHEREAS, Declarant has caused a non-profit corporation to be created under the laws of the State of Michigan for the purpose of exercising the powers and functions set forth herein and in its bylaws;

NOW, THEREFORE, Declarant hereby declares that the Subdivision and each and every lot therein shall be held, sold, transferred or conveyed subject to the following covenants, conditions and restrictions, which shall run with the Subdivision land and each and every lot therein and shall be binding upon and inure to the benefit of all parties having any right, title or interest in the Subdivision or any part thereof, their heirs, successors and assigns.

ARTICLE I

DEFINITIONS

As used in this Declaration, the following terms shall have the following meanings:

A. "Association" or "Subdivision Association" shall mean The Shores of Long Lake Homeowners Association, the Michigan nonprofit corporation formed by Declarant for the purpose of acting as the property owners' association for the Subdivision and for The Shores of Long Lake, the other subdivision within the Development, and exercising and performing the powers and functions as may be herein described and as described in the declaration of covenants for The Shores of Long Lake and in the bylaws of the Association.

B. "Board" shall mean the Board of Directors of the Association.

C. "Common Area" shall mean all parks, open space and stormwater detention areas and facilities within the Subdivision and elsewhere in the Development including those designated as "Open Space" in the Village Open Space Agreement and Township Open Space Agreement, and all other land located within the Subdivision and Development, whether or not included within a platted subdivision, and neither dedicated to the public nor incorporated in any Lot, but excluding any "median" strips between the front or side lot line and the edge of the street, whether or not located within a dedicated road right of way.

D. "Declarant" shall mean Robertson Orion, L.L.C., a Michigan corporation, or any successor or assign of Robertson Orion, L.L.C. in and to those lots which have not been conveyed to individual lot owners; provided, however, that such successor or assign shall only be deemed to be the Declarant hereunder if Robertson Orion, L.L.C. specifically designates, in writing, that such successor or assign is to be the Declarant hereunder and such designation is recorded in the Office of the Register of Deeds in Oakland County, Michigan.

E. "Dwelling" or "Dwelling Unit" shall mean a single family residential dwelling.

F. "Lot" shall mean any platted residential lot within the Subdivision as such Lots are established by the plat of the Subdivision. In addition, where the context requires, the term

"Lot" shall also include platted residential lots in other subdivisions within the Development.

G. "Lot Owner" shall mean the holder of record title to, or the land contract purchaser of, a Lot.

H. "Member" shall mean a member of the Association.

I. "Structure" shall mean any building, driveway, parking area, sidewalk, patio, pavers, deck, structure, dwelling, garage, shed, outbuilding, fence, wall, gazebo, hedge, in-ground swimming pool, swimming pool enclosure, bath house, or any other improvement of a permanent or substantial nature.

J. "Subdivision" shall mean The Village By The Shores, according to the plat thereof referenced above.

ARTICLE II

ASSOCIATION MEMBERSHIP, VOTING RIGHTS AND GOVERNANCE

Section 2.1 Membership, Voting and Governance. Every person who is an Owner (as herein defined) shall automatically be a Member of the Association. The Association shall be governed by a Board of Directors and officers elected in accordance with the bylaws of the Association, a copy of which bylaws are attached hereto as Exhibit "A" and incorporated herein by this reference. Voting rights shall be governed by the bylaws of the Association. The bylaws are intended to be read and interpreted in harmony with this Declaration insofar as possible. However, in the event of a conflict between any of the terms and provisions of this Declaration and the bylaws, the terms and provisions of this Declaration shall govern.

Section 2.2 Transition of Control of the Association. If, at such time as the Lot Owners gain the right to elect some or all of the directors of the Association, the Lot Owners are unwilling or unable to elect a Board of Directors willing to serve as Directors, or if an insufficient number of Lot Owners are willing to serve on the Board of Directors, then Declarant shall have the right, but not the obligation, to engage a management company to perform all of the obligations of the Association hereunder and to delegate to the management company the right to appoint, from time to time as necessary, a sufficient number of Directors to fill all vacancies on the Board of Directors. The Directors so appointed need not be Lot Owners. The Board of Directors as so appointed shall serve until such time as the Lot Owners are willing and able to elect a Board of Directors consisting solely of Lot Owners who are willing to serve as Directors.

ARTICLE III

COVENANTS FOR MAINTENANCE AND CAPITAL CHARGES, LIENS

Section 3.1 Association's Maintenance Obligations. The Association shall be responsible for the performance of all obligations imposed on either the Declarant or the Association by the Village Open Space Agreement and/or the Township Open Space Agreement (the terms and provisions of which Open Space Agreements are incorporated herein by this reference), whether or not title to the Common Area has been conveyed to the Association, and the improvement, maintenance, preservation, repair and replacement of all parks, wetlands, street trees planted by Declarant within all street rights of way within or abutting the Subdivision, trees planted by Declarant within Common Areas, beach and swim facilities, other Common Areas, storm water detention areas and drainage facilities, emergency access easements, if any, landscaped cul-de-sacs and boulevards, and all lighting fixtures (including light poles and related lighting fixtures, if any, for the roads within the Development unless maintained by a public authority), pumping and/or irrigation equipment, gates, Subdivision entry landscaping and signs, if any, Subdivision boundary fences, slopes, berms, vegetation screening, screening fences, and/or other landscaping, equipment and facilities located thereon or used in connection therewith, located within the Development and all charges for electricity and/or other energy charges incurred in connection with any of the foregoing; provided, that the foregoing shall not relieve the Declarant of any obligation to the Village of Lake Orion which Declarant has expressly assumed or undertaken on its own behalf pursuant to the Village Open Space Agreement, any completion agreement between Declarant and the Village of Lake Orion, or any other agreement between Declarant and the Village of Lake Orion entered into in connection with the development of the Subdivision and the Development. The Association shall be responsible for the care and maintenance of all landscaping on all Common Areas including, without limitation, all grass, trees, flowers and shrubs. All Common Area landscaping installed by Declarant or the Association shall be maintained in good condition and in substantially the same character as the initial Common Area landscaping to be installed by Declarant as shown on the landscaping plan prepared by _____, dated _____, a copy of which is attached hereto as Exhibit _____.

Section 3.2 Creation of the Lien and Personal Obligations for Assessments, Initial Contribution. Each Owner of any Lot by accepting a conveyance of such Lot or entering into a land contract for the purchase of such Lot, whether or not such fact shall be so expressed in such contract or conveyance, shall be deemed to covenant and agree to pay to the Association (a) annual assessments to meet regular Association expenses and (b) special assessments for capital improvements and, if applicable, for Lot maintenance, such assessments to be fixed as herein provided, except that the liability of Declarant for such assessments shall be limited as hereinafter provided. The annual and special assessments, together with such interest thereon and cost of collection thereof as hereinafter provided for, shall be a lien on the Lot against which they are made, which lien shall arise automatically on the Assessment Date. Each such assessment together with such interest therein and the cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment was made. At the time of conveyance of a lot by Declarant to the initial non-developer Lot Owner, the purchasing Lot Owner shall make an initial contribution to the working capital of the Association equal to (i) that portion of the annual assessment chargeable to non-developer Lot Owners attributable to the remaining portion of the year during which the conveyance takes place, plus (ii) Two Hundred Dollars (\$200.00).

Section 3.3 Purpose of Annual Assessments. The annual assessments levied under this Article shall be used by the Association for the purpose of (a) promoting the recreation, health welfare and safety of the residents living in the Development, (b) for the improvement and

maintenance of the stormwater retention ponds and drainage facilities, landscaped cul-de-sacs and boulevards and road rights-of-way, Common Area landscaping, emergency access easements, if any, parks, other Common Areas and all lighting, pumping equipment, gates, subdivision entry signs and landscaping, boundary fences and/or other equipment located thereon or used in connection therewith, and all charges for electricity and/or other energy charges incurred by the Association in connection with any of the foregoing; (c) providing of services and facilities for the benefit of such residents, (d) maintaining, beautifying and improving the streets, parkways, right of ways and entryways within the Development, (e) the performance of all other maintenance and repair obligations pursuant to Section 3.1 above, and (f) payment of any taxes and insurance premiums relating to the Common Area and any other property of the Association and the performance of its functions. Provided, that funds expended for the maintenance of public streets and roads shall be limited to only such amounts as the Association shall deem reasonably necessary to supplement such maintenance and services as shall be the obligation of or provided by the Oakland County Road Commission, the Village of Lake Orion, and/or any other public authority. The Association shall use such assessments for the purposes set forth above including the repair, replacement and additions to any landscaping or facility to be maintained by the Association, as well as for the cost of labor, equipment materials, management and the supervision thereof.

Section 3.4 Budget, Levy of Assessments. The Board shall in each year, commencing with the year 1998 or the year in which the plat for the Subdivision is recorded, whichever is later, levy against all of the Lots in the Subdivision an assessment in accordance with the following:

a. 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 fulfillment of the Association's responsibilities, including a reasonable allowance for contingencies and reserves for replacement of improvements that may need to be replaced on a periodic basis and for the performance of occasional, irregular maintenance of the stormwater drainage and detention system and facilities throughout the Development, with such contingencies and reserves to be determined by the Board of Directors, in their reasonable discretion; provided, that such reserves shall be not less than ten percent (10%) of the Association's annual budget on a non-cumulative basis. Upon adoption of an annual budget by the Board of Directors, the assessment for said year shall be established based upon said budget; provided, that until such time as all of the Lots in the Development have been completed and conveyed to non-developer Lot Owners, the annual assessment shall be based on Declarant's estimated budget for the completed Development, which need not include any allowance for reserves. In no event shall the annual assessment be less than Twenty Dollars (\$20.00) per year per developed Lot as required by the Village Open Space Agreement and Township Open Space Agreement.

b. The assessment shall be a charge of a specified number of dollars for each Lot and, except as provided in Subsection (c) below, shall be the same for all Lots in the Subdivision and all Lots within the Development then subject to assessment.

c. Notwithstanding the foregoing, the liability of Declarant for such assessments shall be limited to (i) Twenty Dollars (\$20.00) per year per Lot plus, (ii) so long as Declarant continues to own twenty percent (20%) or more of the Lots to be created within the Development, the cost of maintaining the sign and landscaping at the main entrance to the Development, including mowing, watering, lighting and annual flower plantings; provided, that the foregoing shall not relieve the Declarant of any obligation to the Village of Lake Orion which Declarant has expressly assumed or undertaken on its own behalf pursuant to the Village Open Space Agreement, any Completion Agreement between Declarant and the Village of Lake Orion, or any other agreement between Declarant and the Village of Lake Orion entered into in connection with the development of the Subdivision and the Development.

Section 3.5 Assessment by Village or Township, Reimbursement, Spread of Assessments.

a. The Village Open Space Agreement and the Township Open Space Agreement, the terms and provisions of which Agreements are incorporated herein by reference, respectively, give the Village of Lake Orion and the Charter Township of Orion the right to enter upon portions of the Common Areas located within the Village of Lake Orion and the Charter Township of Orion, respectively, for the purpose of maintaining the stormwater detention and drainage facilities located thereon, to charge the costs of such maintenance to the Association, and to assess the costs thereof against the Lot owners in the event the Association fails to pay the same within the time provided in those agreements. The rights accorded the Village of Lake Orion and the Charter Township of Orion by the Village Open Space Agreement and the Township Open Space Agreement may be exercised if the Association fails to properly maintain the same, or in the case of emergency, and, except in the case of emergency as provided in the Open Space Agreements, only after giving notice to the Association in accordance with the terms of the Open Space Agreements. In the event the Village of Lake Orion or the Charter Township of Orion exercises their respective rights under the Village Open Space Agreement or the Township Open Space Agreement and enters upon any of the Common Areas for the purpose of performing maintenance of the Stormwater Facilities hereon pursuant to the Open Space Agreements, the costs incurred by the Village of Lake Orion or the Charter Township of Orion, as applicable, shall be deemed costs of administration of the Association and shall be spread among all of the Lot Owners within the Development in the same manner as other costs and expenses of the Association. If, notwithstanding the foregoing, the Association does not pay the costs assessed against it by the Village of Lake Orion or the Charter Township of Orion and if, as a result, the Village of Lake Orion or the Charter Township of Orion assesses the owners of the lots lying within the boundaries of the Village of Lake Orion or the Charter Township of Orion, respectively, but not all of the lot owners within the Development, the Association shall be obligated to reimburse the lot owners so assessed the amount by which the assessment made by the Village of Lake Orion or the Charter Township of Orion exceeds their respective pro rata shares of such maintenance costs based on proration of such costs over all of the Lots in the Development. The Association shall, in addition, be obligated to assess those Lot owners not assessed by the Village of Lake Orion or the Charter Township of Orion, and only those lot owners, for their respective pro rata shares of such costs. Any assessment levied under this Section 3.5 shall be due and payable thirty (30) days after the Owner has been rendered a statement therefor, or at such other later date as the Board of the Association shall determine, which later date shall be set forth in the notice of assessment, and shall constitute a lien against the lot to the same extent as liens for annual and special assessments as provided in Section 3.2 above and shall be enforceable in the same manner. The Village Open Space Agreement also imposes on the Declarant and the association the obligation to maintain insurance coverage against, and to indemnify and defend the Village with respect to, damage or injury to persons or property resulting from stormwater drainage from the subdivision, all as more fully set forth therein.

b. With respect to the Village of Lake Orion, only, in the event that the Declarant and the Association shall at any time fail to carry-out the responsibilities specified in Section 3.1 above, and/or in the event of a failure to preserve or maintain such areas or facilities in reasonable order and condition, the Village may serve written notice upon the Declarant (until such time as Declarant conveys ownership of the Common Areas to the Association) and the Association setting forth the deficiencies in maintenance and/or preservation. The notice shall also set forth a demand that the deficiencies be cured within a stated reasonable time period, and the date, time and place of a hearing before the Village Council, or such other board, body or official designated by the Village Council, for the purpose of allowing the Declarant and/or the Association to be heard as to why the Village should not proceed with the maintenance and/or preservation which has not been undertaken. At the hearing, the time for curing the deficiencies and the hearing itself may be extended and/or continued to a date certain. If, following the hearing, the Village Council, or the other board, body or official designated to conduct the hearing, shall determine that maintenance and/or preservation have not been

undertaken within the time specified in the notice, the Village shall thereupon have the power and authority, but not the obligation, to enter upon the Property, or cause its agents or contractors to enter upon the Property, and perform such maintenance and/or preservation as reasonably found by the Village to be appropriate. The cost and expense of making and financing such maintenance and/or preservation, including without limitation the cost of notices by the Village and reasonable legal fees incurred by the Village, plus an administrative fee in the amount of twenty-five (25%) percent of the total of all costs and expenses incurred by the Village, shall be paid by the Declarant, until such time as Declarant conveys ownership of the Common Areas to the Association, and thereafter by the Association, and such amount shall constitute a lien on an equal pro rata basis as to all of the residential Lots within the Development. The Village may require the payment of such monies prior to commencement of work. The Declarant and the Association shall be jointly and severally liable and responsible for the payment of such costs and expenses until such time as Declarant conveys ownership of the Common Areas to the Association, and thereafter the Association shall be solely liable for the same. If such costs and expenses have not been paid within 30 days of a billing to the Declarant (until such time as Declarant conveys ownership of the Common Areas to the Association) or the Association, in the discretion of the Village, such costs and expenses may be collected by suit initiated against such parties and, in such event, the Declarant (until such time as Declarant conveys ownership of the Common Areas to the Association) or the Association shall pay all court costs and reasonable attorney fees incurred by the Village in connection with such suit, provided that the Village is the prevailing party. Additionally, or alternatively, the Village may place all unpaid amounts, due and owing under this Paragraph on the delinquent tax roll of the Village, pro rata, as to each Lot within the Subdivision, and such unpaid amounts shall accrue interest and penalties, and shall be collected as, and shall be deemed delinquent real property taxes, according to the laws made and provided for the collection of delinquent real property taxes.

Section 3.6 Special Assessments for Lot Maintenance. In addition to the assessments authorized in the preceding sections, the Association may levy a special assessment against any Lot or Lots, except Lots owned by Declarant, for the purpose of maintaining the exterior of any structure located thereon, for maintaining and caring for the surface thereof and any plantings or other vegetation located thereon including, without limitation, for the purpose of completing the initial landscaping required by Section 5.7 below if not completed by the lot owner within the time therein provided. A special assessment for such purposes shall not be levied except in compliance with the following:

a. The Association shall determine that the maintenance and appearance of a Lot or Lots detracts from the appearance and attractiveness of the Subdivision and the buildings and other improvements located thereon and/or that the initial landscaping required by Section 5.7 has not been timely completed. Such determination shall be made by a majority vote of the members of the Board.

b. A written notice of that determination specifying exactly what in the opinion of the Association must be done in order to rectify the unsatisfactory condition shall be delivered to the Owner of the offending Lot. Association representatives designated by the Board shall have the right to enter on any Lot to more accurately determine how any unsatisfactory condition may be best remedied.

c. The Owner receiving such notice shall be given a period of thirty (30) days after the receipt thereof to commence the required work.

d. If the Owner has not commenced the required work within said thirty day period or if having commenced such work it is not pursued diligently and completed within a reasonable period of time after commencement, and in any event within sixty (60) days after delivery of the notice to the Lot Owner, the Association shall have the right to go upon Owner's premises, with or without the assistance of legal process, complete the required work and assess the cost thereof against such premises, provided, however, such cost shall not exceed

the reasonable cost for performing such work.

e. Any assessment levied under this Section 3.6 shall be due and payable thirty (30) days after the Owner has been rendered a statement therefor, and shall constitute a lien against the lot to the same extent as liens for annual and special assessments as provided in Section 3.2 above and shall be enforceable in the same manner.

In no event shall Declarant be liable for, nor shall any Lot owned by Declarant be subject to, any lien for any special assessment levied pursuant to this Section 3.6. Nothing contained in this Section 3.6 shall be deemed to prohibit or limit the right of the Association to pursue any other right or remedy afforded it by this Declaration or at law or in equity to enforce the maintenance obligations imposed on the Lot Owners by this Declaration.

Section 3.7 Notice of Assessment, Penalty for Default in Payment. At any time during the year 1998, or the year in which the plat for the Subdivision is recorded, whichever is later, and during the month of January of each year thereafter the Board shall send a written statement to each Owner setting forth the budget established for the Association for that year and stating the amount of the assessment for the ensuing year. The failure to deliver a copy of the budget or notice to any Lot Owner shall not affect the liability of any Lot Owner for such assessments. January 1 of each year shall be deemed to be the "Assessment Date" for that year. Each Owner shall pay such statement within thirty (30) days after it has been sent. Provided, that the Board of Directors of the Association shall have the authority to provide for payment of the annual assessments in periodic installments of such frequency as the Board shall reasonably determine, in which case payments shall be deemed delinquent if not paid within ten (10) days following the payment due date.

Section 3.8 Special Assessments for Capital Improvements, Emergencies. In addition to the assessments authorized by Sections 3.4, 3.5 and 3.6 of this Article, the Association may levy a special assessment to be spread over not in excess of five equal successive annual payments for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of any improvements to be maintained by the Association pursuant to this Declaration, including any fixtures, equipment and other personal Property relating thereto, provided, however, that no such special assessments in excess of \$2,500.00 per year in the aggregate for the entire Development shall be levied unless first approved by two-thirds of the total votes cast in person or by proxy at a meeting of the Association Members duly called for that purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance of the meeting and shall set forth the purpose of the meeting. The Board shall have the authority to levy special assessments for capital improvements up to, but not in excess of, \$2,500.00 per year in the aggregate for the entire Development by vote of a majority of the members of the Board without approval of the members. In addition to the foregoing, in the event of an emergency the Association may levy a special assessment not greater than Two Thousand Five Hundred Dollars (\$2,500.00) by vote of a majority of the members of the Board without approval of the members.

a. Any such special assessment or any installment thereof currently due shall be added to the annual statement to be sent to each Owner pursuant to Section 3.7 of this Article and shall be due and payable at the same time as the annual assessment and shall become delinquent and accrue interest the same as such annual assessment.

b. The special assessment levied under this Section shall be levied against each Lot for which an annual maintenance assessment is levied under Section 3.4 of this Article, except Lots owned by Declarant.

c. The quorum required for any meeting at which a special assessment is approved as permitted by this Section shall be, at the first meeting called for such purpose, at least sixty percent (60%) of all of the then authorized votes present either in person or by proxy. If the required quorum is not present at the first meeting called for the purpose considering the

spreading of a special assessment, another meeting may be called for the purpose, with notice thereof being given as provided for in this Section, and the required quorum at any such subsequent meeting shall be two-thirds of the required quorum for the first meeting, provided that such second meeting shall be held no more than sixty (60) days subsequent to the holding of the first, meeting.

Section 3.9 Certificate re Assessments. Upon the written request of any Owner, the Association shall furnish, within a reasonable time, a written certificate regarding the status of any assessments levied against such Owner's Lot. Any such certificate, when properly issued by the Association, shall be conclusive and binding with regard to the status of any assessment as between the Association and any bona fide purchaser and any lender who has purchased and/or taken a lien on said Lot as security for the repayment of a loan in reliance upon such certificate. Provided, that the delivery of an erroneous certificate shall not relieve any Lot Owner of liability for the actual amount of unpaid assessment.

Section 3.10 Subordination of Liens to Mortgages. The lien for assessments provided for in this Article shall be subordinate to the lien of any mortgage or mortgages held by any bank, savings and loan Association, insurance company, mortgage company or other similar institution or any first mortgage held by any other person, other than a purchase-money mortgage held by a seller of the land in question. Sale or transfer of a parcel of land shall not affect the assessment lien. However, the sale or transfer of any Lot subject to assessment pursuant to a foreclosure of a mortgage, or in lieu of foreclosure of a mortgage, to which the lien is subordinate shall extinguish any lien for assessments as to payments thereof which became due prior to such sale or transfer. No such sale or transfer pursuant to foreclosure shall relieve any Lot from any assessments thereafter levied or from the lien accruing from such assessments.

Section 3.11 Collection of Assessment and Enforcement of Lien. All assessments, both annual and special, not paid within the time or times provided in this Article III, shall be deemed delinquent and interest shall accrue on delinquent assessments at the maximum legal rate of interest, but not less than seven percent (7%) per annum, from the initial due date until paid. If any assessment shall not be paid within ninety (90) days after receipt of a statement therefor, the Association, in addition to its right to bring an action against the Owner and obtain a personal judgment against the Owner, may foreclose the lien either judicially or, if permitted by applicable law, by advertisement, in the same manner and by following similar procedures as in the case of mortgages, including the allowance of such costs, expenses and attorney fees as would be taxable in the foreclosure of a mortgage. Provided, that no such foreclosure shall be commenced unless the Association has given the owner at least ten (10) days prior written notice of its intention to foreclose. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and, to the extent permitted by Michigan law, 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 Lot Owner and every other person who from time to time has any interest in any Lot, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Lot with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale, first toward satisfaction of the Lot Owner's obligations to the Association and thereafter in accordance with the priorities established by applicable law. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' 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 Lot Owner in default and shall be secured by the lien on his Lot.

Section 3.12 Architectural Control Fees; Other Fees.

- a. Prior to Declarant's delegation of authority to the Association pursuant to

Article IX of this Declaration, Declarant shall have the right to assess fees or other charges against any Lot in the Subdivision concerning which Declarant has been requested to review and approve any architectural or other plans and/or specifications pursuant to Articles IV or V of this Declaration. The fees shall be in amounts reasonably sufficient to defray the actual out-of-pocket costs of architectural control activities performed by Declarant with respect to that Lot. Declarant shall also have the right to assess fees or other charges against every lot in the Subdivision sufficient to defray the costs incurred by Declarant in the performance of any maintenance or other activity imposed on the Association by this Declaration and for which the Association is authorized to assess such costs and fees against the lots. Such fees or other charges shall be levied on such basis as Declarant deems reasonable, but not more often than monthly. Such fees shall also be secured by a lien against the applicable Lot or Lots in the same manner and to the same extent as assessments levied pursuant to this Article III, and such lien may be foreclosed in the same manner as provided in this Article.

b. In addition to the foregoing, at the time of the initial sale or other conveyance of any Lot by Declarant, Declarant shall have the right to collect an amount equal to the projected fees and other charges for the first full year following the date of such sale or conveyance, as such amount is projected by Declarant.

c. Neither Declarant nor any member of the Association shall be compensated from such fees or other charges for the time expended in Association activities. As and when Declarant or the Association determines that the amount collected exceeds the anticipated costs of the future Association activities, any excess funds shall be delivered or credited to the Lot Owners on a prorata basis. Any excess funds collected by Declarant under this Section 3.12 and not expended by Declarant shall be delivered to the Association at the time Declarant delegates all of its rights hereunder to the Association pursuant to Article IX.

Section 3.13 Limitation of Benefit. The authority of the Association to levy assessments pursuant to this Article III is solely for the benefit of the Association and the Lot Owners, and shall not be enforceable by any of the creditors of the Association or of any Lot Owner.

Section 3.14 No Exemption by Waiver or Abandonment. No Lot Owner may exempt himself from liability for his share of the expenses of the Association administration by waiver of the use of enjoyment of any of the Common Area or by the abandonment of his Lot.

Section 3.15 Limitation of Declarant's Liability. In no event shall Declarant or any Lot owned by Declarant be liable for any assessment or portion thereof, whether annual or special, the purpose of which is to fund the costs and expenses of pursuing any claim or enforcement action against Declarant, whether by arbitration, judicial proceeding or otherwise

ARTICLE IV

APPROVAL OF STRUCTURE

Section 4.1 Buildings. No Building may be erected, installed, or placed upon any lot by any person other than the Declarant unless the Lot Owner of such Lot has submitted to Declarant in writing, and Declarant has approved, such documentation as Declarant shall deem appropriate, which required documentation may include any or all of the following in Declarant's discretion:

a. A topographic survey of the Lot showing existing and proposed grades, the location and boundaries of any wetlands touching or encroaching on the Lot, and the proposed location of each Building located or to be located upon the Lot;

b. Construction and architectural plans including dimensioned floor plans, typical sections and all elevations for all Buildings to be constructed upon the Lot;

c. Specifications for each Building setting forth the type and quality of all materials and workmanship and including a detailed finish schedule for all exterior materials, products and finishes, with actual samples of all exterior materials;

d. A landscaping plan of the Lot showing finished grading, drainage, planting, seeding, existing trees to be saved and lighting; and

e. A construction schedule specifying the approximate commencement and completion dates of construction of the Buildings, as well as such other dates as Declarant may specify for completion of stages of the Buildings.

f. Declarant may, at its discretion, require that any or all of such plans and surveys be prepared and certified by a licensed architect, engineer or surveyor, as appropriate; provided, that Declarant's failure to require the same shall not relieve any Lot Owner from the requirements of any statute, ordinance or regulation governing the same.

g. A Lot Owner shall submit two (2) copies of the aforescribed documents to Declarant, and Declarant shall retain one (1) copy of each document for its records. Provided, that if Declarant is the owner of any Lot at the time the Building(s) is erected thereon, Declarant shall not be obligated to submit any of the foregoing documents.

Section 4.2 Other Structures. Except as may be hereafter provided, no other structure or improvement of any kind shall be erected, constructed or modified on any Lot by any person other than Declarant unless there shall first have been submitted to and approved by Declarant plans and specifications appropriate to the nature of the structure proposed.

Section 4.3 Plan Approval. Declarant intends and desires that all Structures within the Development be architecturally harmonious and architecturally pleasing and that the design and location of such structures take into account the preservation of trees and the natural environment of the Development. In order to insure that such goals are accomplished, Declarant shall, in Declarant's sole discretion, have the right to approve or disapprove the appearance, construction, materials, proposed location, design, specifications or any other attribute of any Structure. All Buildings and Structures shall be of "traditional" architectural style.

Section 4.4 Construction, Alteration. A Lot Owner may only construct, install or place upon a Lot those Structures which have been approved in writing by Declarant in the manner set forth herein. A Lot Owner may not change, alter or modify an approved Structure without the written consent of Declarant.

Section 4.5 Delegation of Authority. At any time prior to the delegation of all of Declarant's authority under this Declaration to the Association pursuant to Article IX hereof, Declarant may delegate to the Association any or all of its architectural control and related enforcement functions. Upon such delegation of authority, the Association shall appoint an Architectural Control Committee consisting of not less than three and not more than five members, all of whom shall be Lot Owners, to perform the architectural control functions so delegated pursuant to this Article IV; provided, that so long as Declarant owns one or more lots in the Development, and for a period of five (5) years thereafter, Declarant shall have the right to designate at least one member of the Architectural Control Committee, which designee need not be a Lot Owner. Any such delegation of authority notwithstanding, the Architectural Control Committee shall not have any authority with respect to any residence or other structure to be constructed by Declarant, which construction shall remain within the sole and absolute discretion of Declarant.

Section 4.6 Time For Response. Declarant and/or the Association shall respond to any request for approval of plans submitted under this Article IV or Article V hereof within forty-five (45) days after receipt of the same by Declarant or the Association. If Declarant or the

Association fails to respond to such request within the forty-five (45) day period the request shall be deemed to be approved. If the Declarant or the Association denies any such request for approval the denial shall be in writing and shall state the reason for the denial.

Section 4.7 Inapplicability to Declarant. The provisions of this Article IV shall be inapplicable to Declarant, and Declarant shall be free to build such residences and other structures within the Subdivisions and the Development as Declarant shall determine, in its sole discretion, without the approval of any other person or entity including, without limitation, the Association or any Architectural Control Committee established pursuant to this Declaration.

ARTICLE V

BUILDING RESTRICTIONS

Section 5.1 Single Dwelling. Only one (1) detached single-family Dwelling, which shall include an attached garage and appropriate driveway and parking areas, may be constructed, installed or placed upon a Lot. Except as otherwise expressly prohibited hereby, other Structures, appurtenances and amenities consistent with a high quality, single-family residential development shall also be permitted, provided that the Lot Owner obtains the appropriate approvals for the same from the Declarant or the Association as required by this Declaration. All Dwellings within the Subdivision shall contain the minimum square footage required at the time of construction by the Village of Lake Orion.

Section 5.2 Setbacks. No Structure shall be placed, erected, installed or located on any Lot nearer to the front, side or rear lot line than is permitted by the ordinances of the Village of Lake Orion in effect at the time of installation of such Structure, unless a waiver or variance of such setback restriction is obtained from the Village of Lake Orion and from the Declarant or the Association, as the case may be.

Section 5.3 Completion. The exterior of all Dwellings and other Structures must be completed as soon as practical after construction commences, weather permitting, except where such completion is delayed due to strikes, fires, national emergency or natural calamities, or would result in great hardship to the owner or builder.

Section 5.4 Driveways, Garages. All driveways shall be paved with asphalt, concrete, brick pavers or other permanent, hard surface and shall be completed prior to occupancy unless delayed due to inclement weather or ground conditions, or other circumstances beyond the control of the builder, in which case such work shall be completed as soon as practicable after occupancy. No gravel or unpaved driveways shall be permitted. All garages shall be attached to the Dwelling. No circular driveways shall be permitted without the prior written consent of Declarant.

Section 5.5 Swimming Pools, Equipment. No above ground swimming pools shall be erected or maintained on any Lot. All mechanical and electrical pool equipment and other equipment shall be enclosed or screened so as not to be visible from the outside of any building or structure. The appearance and materials of such enclosure or screening shall be in harmony with and compatible with the rest of the building or structure.

Section 5.6 Fences, Invisible Fences. No fence, wall or hedge of any kind shall be erected or maintained on any Lot, except that a two or three-rail fence, not more than four feet (4') high may be placed in or around the back yard, only, of each Dwelling Unit with the prior written approval of Declarant, and only if and to the extent permitted by the Village of Lake Orion and all applicable ordinances. It shall be the policy of Declarant and the Association to encourage the use of a standard fence consistent with the foregoing. Fences required by any law or ordinance to be installed around any in-ground swimming pool shall be subject to approval by Declarant as to appearance and location. No fence, wall or hedge shall be located nearer to

any front lot line than the rear building line without prior written approval of Declarant. No fence, wall or hedge shall be maintained or erected which blocks or hinders vision at street intersections. No chain link or stockade fences shall be permitted. All "invisible" fences and similar devices intended to restrain pets shall be installed in such a manner so as to prevent unleashed pets from roaming closer to the front Lot line than the front building line and, in the case of corner lots, twenty (20) feet from the street-side lot line.

Section 5.7 Completion of Minimum Landscaping, Maintenance. Minimum landscaping, consisting of sodding or hydroseeding of the entire Lot (including the area between the Lot lines and the curb) and complete front foundational plantings, shall be completed on each Lot within one hundred twenty (120) days after conveyance of that Lot to the first non-developer Lot Owner, weather permitting. All of such landscaping shall thereafter be maintained by the Lot Owner in a neat and sightly condition.

Section 5.8 Antennae, Satellite Dishes. No outside television antenna or other antenna, or aerial saucer, dish or similar device shall be placed, constructed, altered or maintained on any Lot, unless Declarant determines in its sole discretion that the absence of an outside antenna causes substantial hardship with respect to a particular Lot; provided, that not more than one satellite communications dish not exceeding eighteen inches (18") in diameter may be installed on each residence subject to reasonable requirements of Declarant or the Association concerning screening and location.

Section 5.9 Dog Kennels. Dog kennels or runs or other enclosed shelters for permitted animals must be architecturally compatible with the dwelling and must be approved by Declarant and, if required by village ordinances, the Village of Lake Orion, relative to the location or design of fencing. It shall be the policy of Declarant that invisible fencing shall be encouraged around all dog runs and kennels, and other types of fencing will not be approved unless the use of invisible fencing is not feasible. Each Lot Owner must keep any such kennel, shelter or run in clean and sanitary condition.

Section 5.10 No Temporary Structures. No mobile home, trailer, house or camping trailer, tent, shack, tool storage shed, barn, tree house or other similar outbuilding or structure shall be utilized for residence purposes on any Lot at any time, either temporarily or permanently.

Section 5.11 No Change of Grade or Other Drainage Facilities. In no event shall any Lot Owner make any change in grade or other facilities which provide for drainage in any manner which would adversely affect the drainage flow or the functioning of the drainage system within the Subdivision without the prior written consent of the Declarant and the Village of Lake Orion.

Section 5.12 Wetlands Restriction. The existing boundaries of the wetlands and/or other natural features subject to limitations on use within the subdivision are depicted on the Plat of the Subdivision, and portions of such wetlands and/or natural features extend and encroach upon several of the Lots. The wetlands and/or natural features, and all trees, shrubs, vegetation, soil, ground cover and other natural features therein, shall be perpetually preserved and maintained in their natural state. Provided, that nothing in this Section or this Declaration shall be deemed to preclude Declarant from installing or constructing necessary improvements, including without limitation detention ponds and drainage facilities, anywhere on the Property in accordance with Declarant's approved development plans, as amended or modified, and applicable statues, ordinances and permits. No portion of any deck, patio or other structure may be located within, extend into or otherwise encroach upon any wetland located within or adjacent to the Subdivision, whether or not shown on the plat, and no use or activity shall be permitted within any wetland that would constitute a violation of any applicable wetland statute or ordinance. In the event any such deck, patio or other structure extends into or otherwise encroaches upon such wetlands in violation of this Section 5.12 and the Lot Owner fails or refuses to remove the same within thirty (30) days after written notice of the same from the Association, then the Association shall have the right, but not the responsibility, to remove the

same. The cost of such removal shall be a personal obligation of the Lot Owner and a charge against the Lot, shall be secured by a lien against the Lot, and shall be enforceable by the Association in the same manner and to the same extent as liens for Assessments pursuant to Article III above. It shall be the obligation of any Lot Owner who has caused or permitted to be caused any damage or impairment of any such wetlands, whether upon or adjacent to such Lot Owner's Lot or elsewhere in the Development, to repair any such damage or impairment and to restore the wetland to its condition prior to the occurrence of such damage or impairment.

Section 5.13 Storm and Security Doors and Windows. All storm doors shall be of a type approved by Declarant. Under no circumstances shall steel-barred or aluminum-barred doors or windows or any similar appearing security doors or windows be permitted in the Subdivision.

ARTICLE VI

USE RESTRICTIONS

Section 6.1 Applicability. The restrictions, conditions and requirements set forth herein shall apply to each and every Lot. All Lot Owners, as well as their family members, guests, occupants and invitees, shall comply with the restrictions, conditions and requirements set forth herein.

Section 6.2 Residential Use. Upon sale or conveyance to individual purchasers, all Lots shall be used only for single family residential purposes. Declarant may maintain one or more model homes within the Subdivision, including sales and construction offices therein, but only for use in connection with the construction and sale of homes and Lots within the Development. No part of any Dwelling or other Structure shall be used for any commercial or other business activity; provided, that home offices shall be permitted to the extent the same are permitted by applicable zoning and use ordinances.

Section 6.3 Signs, Mailboxes. No signs shall be erected or maintained on any Lot without the prior written permission of Declarant except one sign not to exceed five (5) square feet in area advertising the Lot on which it is located for sale or lease, or except as may be required by legal proceedings. If such permission is granted, Declarant reserves the right to restrict size, color and content of such signs. Unless otherwise specified by Declarant, any signs permitted by it shall have a black background and gold lettering (except that licensed real estate brokers may use their standard "for sale" signs), and shall not exceed the size of a normal residential "for sale" sign. All property identification signs, delivery receptacles, yard lights and the like shall be of a standard color, size and style determined by Declarant and shall be erected only in areas designated by Declarant. All mailboxes shall be mounted on wooden or "wood look" posts or as otherwise approved by Declarant, and shall be U.S. post office approved rural delivery type boxes.

Section 6.4 Temporary Use. No structure of a temporary character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to trailers or shelters used by Declarant or approved by Declarant and used by a contractor during construction.

Section 6.5 Vehicles, Boats, Trailers. No trailers, trucks, boats, aircraft, commercial vehicles, campers, motor homes or other recreational vehicles, or other vehicles except non-commercial passenger vehicles (including automobiles, vans, sport utility vehicles and pick-up trucks used for non-commercial passenger purposes and motorcycles) shall be parked or maintained on any Lot or street in the Subdivision unless in a suitable private garage which is built in accordance with the restrictions set forth herein. Provided, that occasional parking of recreational vehicles or trailers for periods not to exceed 48 hours in preparation for departure on, or return from, trips or vacations shall be permitted. No vehicle shall be parked anywhere on a Lot other than in the garage or on the driveway or other approved, paved parking area. No vehicle that is not currently licensed and in operating condition shall be parked anywhere on a

Lot other than in the garage.

Section 6.6 Pets. No animals or fowl (except common household pets) shall be kept or maintained on any Lot, and household pets shall be confined to the Lot unless being walked on a leash. Pets causing a nuisance or destruction shall be restrained.

Section 6.7 Maintenance. It shall be the responsibility of each Lot Owner to maintain his Lot, including the area between the Lot line and the curb of any adjoining street, in a neat and sightly manner and to prevent the development of any unclean, unsightly or unkempt conditions of buildings or ground on such Lot which shall tend to substantially decrease the beauty of the Development as a whole or any specific area thereof. Not more than two lawn ornaments, sculptures or statues shall be placed or permitted to remain on any Lot without the prior written permission of Declarant

Section 6.8 Nuisances. No noxious or offensive activity shall be performed upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the other Lots or Lot Owners. There shall not be maintained on any Lot or elsewhere within the Subdivision any animals or device or thing of any sort whose normal activities or existence is in any way noxious, noisy, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the reasonable enjoyment of other Lots in the Development. Without limiting the scope or application of the foregoing, outdoor spotlights that shine into or otherwise illuminate the homes on surrounding Lots shall be deemed to be nuisances, as shall outdoor horns, sirens or other noisemaking devices, whether attached to security systems or otherwise, which go off repeatedly or for an extended period of time. It shall be the responsibility of each Lot Owner whose Dwelling has such noisemaking device to arrange for the monitoring and, if necessary, disabling of such noisemaking devices when the Lot Owner is not at the Dwelling. In the event any such noisemaking device is activated when the Lot owner is not at the dwelling and continues undiminished for a sufficient period of time so as to become an annoyance to surrounding Lot Owners, the Association and its authorized agents shall have the right to enter upon the Lot without liability to the Lot Owner to temporarily disable such device. No outdoor floodlights shall be permitted without the prior approval of Declarant or the Association, as appropriate. Declarant or the Association, as applicable shall be the final arbiter of whether a particular animal, device or thing is in violation of the foregoing restrictions.

Section 6.9 Declarant's Right to Maintain and To Abate Nuisances. Declarant reserves for itself and/or the Association and its or the Association's respective agents the right and easement to enter upon any Lot not owned by Declarant for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, or to abate any nuisance which in the opinion of Declarant or the Association detracts from the overall beauty, setting, safety and enjoyment of the Development. Entrance upon a Lot for such purposes shall not be deemed a trespass. Declarant or the Association and its agents may likewise enter upon such land to remove any trash which has collected on such Lot without such entrance and removal being deemed a trespass. The provisions of this paragraph shall not be construed as an obligation on the part of Declarant or the Association to mow, clear, cut or prune any Lot nor to provide garbage or trash removal services nor to abate any nuisance. The foregoing notwithstanding, except in the case of emergencies or extended absence or vacation of the Lot Owners, neither the Declarant nor the Association shall take any action to abate a nuisance without first providing the Lot Owner with notice and reasonable opportunity to cure or remove such nuisance.

ARTICLE VII

EASEMENTS

Section 7.1 Utility Easements. Declarant hereby reserves all easements as shown on the

plat. Such easements shall be for the purpose of installing, maintaining, repairing and replacing electrical, telephone, telecommunication, and television poles, wires, cables, conduits, sanitary and storm sewers, pipes and equipment, water mains and pipes, storm water detention areas, pipes, facilities and drainage ditches, and similar equipment used by other similar public conveniences or utilities, or as otherwise designated on the plat. Declarant shall have the right to assign its easements rights hereunder to one or more utility companies or municipal authorities or other similar entity which operates such public conveniences and utilities. The easements reserved hereunder include the right to cut any trees, bushes, or shrubbery, make any such gradings, or take any other action reasonably necessary to ensure the economical and safe operation of such public conveniences and utilities, and to maintain high standards of health, safety and appearance. The foregoing notwithstanding, nothing contained in this Article shall be construed as an obligation of Declarant to provide or maintain the services described above.

Section 7.2 Common Area. All Lot Owners within the Subdivision and the Development shall be entitled to the benefit of a non-exclusive easement over the Common Area within the Subdivision for the use and enjoyment of the Common Area for such purposes consistent with the nature of the Common Area, as may be permitted, and subject to such restrictions as may be imposed by this Declaration, the Village Open Space Agreement or Township Open Space Agreement, as applicable, reasonable rules and regulations governing the same imposed by the Association, any other restrictive covenant, agreement or easement now in existence or hereafter imposed or granted by Declarant or the Association, and all applicable governmental statutes, ordinance and regulations. In addition, upon recordation of plats and declarations of covenants for the other subdivisions within the Development, each Lot owner shall be entitled to the benefit of non-exclusive easements over the Common Areas created thereby for the same purposes, and subject to the same limitations, as set forth above.

Section 7.3 Drainage Easements. All stormwater drainage areas, detention or retention ponds and other drainage facilities ("Stormwater Facilities") within the Subdivision are and shall be subject to a perpetual easement for drainage purposes, which is hereby declared, for the benefit of all residential property within the Development. In the event the Stormwater Facilities are not properly maintained by Declarant so long as Declarant is responsible for the same or thereafter by the Association and either The Village of Lake Orion or The Charter Township of Orion elect to exercise their respective rights under the Village Open Space Agreement and/or the Township Open Space Agreement, the authorized representatives of the Village and/or the Township shall have the right to enter upon the Stormwater Facilities and the drainage easements hereby created, together with such portions of adjoining Common Areas as shall be reasonably necessary, to perform such maintenance and repairs as may be necessary and permitted by the respective Open Space Agreements and to charge the costs thereof to the Lot Owners as provided in the Open Space Agreements.

ARTICLE VIII

SUBDIVISION OF A LOT

No Lot shall be subdivided, or its boundary lines changed, without the written consent of Declarant. Declarant hereby expressly reserves to itself the right to replat or subdivide, subject to and in accordance with all applicable statutes and ordinances, any two (2) or more Lots shown on the plat or preliminary plat of the Subdivision in order to create a modified building Lot or Lots and to take such other steps as are reasonably necessary to make such replatted Lot suitable and fit as a building site, including, but not limited to, the relocation of easements, walkways and rights to conform to the new boundaries of such replatted Lots.

ARTICLE IX

DELEGATION OF AUTHORITY TO OWNERS' ASSOCIATION

At such time as all of the Lots in the Development are sold and conveyed by Declarant and Dwellings are erected thereon, or at such earlier time as Declarant may elect in its sole discretion, Declarant shall assign, transfer and delegate to the Association, all of its rights as set forth in this Declaration, including all rights of approval and enforcement as set forth herein.

From and after the date of such assignment, delegation or transfer, the Association shall exercise all of the authority and discretion granted to Declarant in this Declaration, and Declarant shall have no further responsibilities with respect to such matters; provided, that nothing contained in this Article IX shall be deemed to prohibit Declarant from making a partial delegation of its authority under this Declaration prior to the date the last Lot in the Development is sold and conveyed by Declarant. In the event of such a partial delegation of authority including, without limitation, a partial delegation of architectural control authority pursuant to Section 4.5 above, the Association shall exercise only such authority as is delegated thereby, and Declarant shall retain all authority under this Declaration that is not so delegated.

ARTICLE X

EXCULPATION FROM LIABILITY

As provided in Article IV hereof, the primary purpose for providing for architectural control is to ensure the proper and harmonious development of the Subdivision in order to maximize the aesthetic beauty of the Subdivision and its blending with the surrounding area. To this end, Declarant or the Association, as the case may be, shall be deemed to have broad discretion in terms of determining what Dwellings, fences, walls, hedges or other Structures will enhance the aesthetic beauty and desirability of the Subdivision, or otherwise further or be consistent with the purpose of any restrictions. In no event shall either Declarant or the Association have any liability whatsoever to anyone for their approval or disapproval of plans, drawings, specifications, elevations or the Dwellings, fences, walls, hedges or other Structures subject hereto, whether such alleged liability is based on negligence, tort, express or implied contract, fiduciary duty or otherwise. Neither Declarant nor the Association shall have liability to anyone including, but not limited to, Lot Owners, for approval of plans, specifications, structures or the like which are not in conformity with the provisions of this Declaration, or for disapproving plans, specifications, structures or the like which may be in conformity with the provisions hereof.

In no event shall any party have the right to impose liability on, or otherwise contest judicially, the Declarant or the Association for any decision of the Declarant or the Association (or alleged failure of the Declarant or the Association to make a decision) relative to the approval or disapproval of a Structure or any aspect or other matter as to which the Declarant reserves the right to approve or waive under this Declaration. The approval of the Declarant (or the Association, as the case may be) of a Structure or other matter shall not be construed as a representation or warranty that the Structure or matter is in conformity with the ordinances or other requirements of the Village of Lake Orion or any other governmental authority. Any obligation or duty to ascertain any such nonconformities, or to advise the Owner or any other person of the same (even if known), is hereby disclaimed.

ARTICLE XI

DURATION AND ENFORCEMENT

Section 11.1 Duration. The provisions hereof shall run with the land and bind the Lots within the Subdivision for a period of fifty (50) years from the date hereof, after which time they shall

be extended automatically for successive periods of ten (10) years unless, subject to the limitations set forth in Section 12.4 of this Declaration, seventy-five percent (75%) of the Lot Owners in the Subdivision vote in writing to amend, limit or remove the restrictions set forth herein.

Section 11.2 Assessment of fines. The violation by any Lot Owner other than Declarant, occupant or guest of any of the provisions of this Declaration or any Open Space Agreement (the "Development Documents") shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the involved Lot Owner. Such Lot 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 Lot Owner to the Development. Upon any such violation being alleged by the board, the following procedures will be followed:

a. **Notice.** Notice of the violation, including identification of the Development Documents provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Lot Owner on notice as to the violation shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Lot Owner at the Lot address.

b. **Opportunity to Defend.** The offending Lot 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 Lot 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 Lot Owner before the Board and presentation of evidence of defense, or, in the event of the Lot 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.

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

i. **First Violation.** No fine shall be levied;

ii. **Second Violation.** Such amount as the Board shall determine, but not more than Twenty-Five Dollars (\$25.00);

iii. **Third Violation.** Such amount as the Board shall determine, but not more than Fifty Dollars (\$50.00); and

iv. **Fourth Violation and Subsequent Violations.** Such amount as the Board shall determine, but not more than One Hundred Dollars (\$100.00).

f. **Collection.** The fines levied pursuant to subsection e above shall be assessed against the Lot Owner and shall be due and payable on the first day of the next following month. Failure to pay the fine will subject the Lot Owner to all liabilities set forth in the Development Documents.

g. **Declarant Exempt From Fines.** The Association shall not be entitled to assess fines against the Declarant for any alleged violations of the Development Documents but shall be limited solely to its other legal remedies for redress of such alleged violations.

Section 11.3 Restrictive Scheme, Enforcement. The various covenants, obligations and

restrictions imposed by this Declaration upon the Lots and Lot Owners within the Subdivision are intended by Declarant to form a part of a restrictive scheme which both burdens and benefits all of the Lots and Lot Owners within the Development. Accordingly, in addition to any other remedy provided for herein or under applicable law, the Declarant, the Association, or, in the event the Association fails to act, the Lot Owners of five (5) Lots in the Subdivision or ten (10) Lots within the Development, shall have the right at any time or times during the term of this Declaration to proceed at law or in equity against any person violating or attempting to violate any provision contained herein, to prevent or abate such violations, to compel compliance with the terms hereof, to enter upon any land within the Subdivision and correct any condition in and remove any building, improvement or other Structure erected, installed or maintained in violation of the terms hereof at the violating Lot Owner's expense, and to recover damages or other compensation for any violation; provided, that the owners of Lots within the Development but not within the Subdivision must also be subject to the same restrictions in order to bring such an enforcement action and, provided further, if the Association fails to act, no other Lot Owners, whether acting pursuant to this Section 11.3 or otherwise, shall enter onto the Lot of another Owner to abate any nuisance or take any other such action without first obtaining an order from a court of competent jurisdiction authorizing the same. Any such entry shall not constitute a trespass. The Declarant or any other party having a right to enforce the terms of this Declaration may recover against a Lot Owner violating the provisions of this Declaration all reasonable costs incurred in enforcing such provisions in any of the foregoing ways, including the costs of removing offending Structures and actual attorneys fees and other litigation costs.

Section 11.4 Non-Waiver. The failure to enforce any provision contained herein in any particular instance shall not be deemed a waiver of the right to do so as to any continuing, subsequent or other violation.

Section 11.5 Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Lot Owner or Lot Owners pursuant to any terms, provisions, covenants or conditions of the Development Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

ARTICLE XII

AMENDMENT

Section 12.1 Declarant's Right to Amend. Until the later of such time as (i) ninety percent (90%) of the Lots within the Subdivision or (ii) ninety percent (90%) of the Lots within the Development are sold and conveyed, Declarant reserves the exclusive right to amend this Declaration, unilaterally, by executing a written instrument and recording same with the Office of the Register of Deeds, Oakland County, Michigan.

Section 12.2 Transition Period. At such time as (i) ninety percent (90%) or more, but less than one hundred percent (100%) of the Lots within the Subdivision or (ii) ninety percent (90%) or more, but less than one hundred percent (100%) of the Lots within the Development are sold and conveyed, whichever occurs later, this Declaration shall not be amended without the consent of Declarant and at least fifty-one percent (51%) of the Lots, each Lot being entitled to one (1) vote. Declarant shall be entitled to one vote for each Lot owned by Declarant.

Section 12.3 Amendment by Owners. At such time as (i) Declarant has sold and conveyed all of the Lots in the Subdivision and the Development and (ii) Declarant has delegated all of its rights hereunder to the Association, then Declarant's consent shall not be required to any proposed amendment to the Declaration except as provided herein. Provided that, except as provided in Section 11.1, and in this Article XII, this Declaration cannot thereafter be amended without the written consent of seventy-five percent (75%) of Lot Owners and, provided further, that no such amendment shall terminate this Declaration or any provision hereof prior to the time set forth in Section 11.1 above without both the affirmative vote of one hundred percent (100%) of the Lot Owners and the written consent of Declarant. No such amendment shall be effective to eliminate or restrict a right of any lot owner voting against such amendment which would otherwise exist but for such amendment and, provided further, that such amendment shall be effective against any successor in title to any lot owner voting against such amendment. Notwithstanding the preceding sentence, the successors in title to any Lot Owner voting against any such amendment shall be bound prospectively, only, and shall not be required to remove any structure nor abate any condition which was not a violation of this Declaration at the time the same was installed or commenced and which would not constitute a violation hereof but for such amendment.

Section 12.4 Limitation on Amendments. Anything contained in this Article XII to the contrary notwithstanding, the provisions of this Declaration imposing on Declarant or the Association the obligation to maintain the Common Areas and facilities thereon and/or granting to the Village of Lake Orion the right to enforce the same, or granting or reserving easements for the same, including without limitation Sections 3.1, 3.5, 5.12, 7.1, 7.3 and Article VIII, shall not be modified, amended or deleted without the prior written approval of the Village of Lake Orion.

ARTICLE XIII

RECONSTRUCTION OR REPAIR

Section 13.1 Determination to Reconstruct or Repair. If any part of the facilities and improvements located within the Development shall be partially or completely destroyed, the determination of whether or not it shall be reconstructed or repaired and the responsibility therefor shall be made in the following manner:

(a) **Common Area.** If the damaged property is a Common Area or any facilities or improvement thereon, the damaged property shall be rebuilt or repaired by the Association unless, to the extent not in conflict with the Association's obligations to maintain

drainage and detention facilities and/or other Common Area as required by any Open Space Agreement or this Declaration, the owners of eighty (80%) percent of the Lots in the Subdivision by affirmative vote, agree to the contrary.

(b) Lots. If the damaged property is any improvement on any Lot, the Lot Owner of such Lot alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or the other person or entity having an interest in such property, and such Lot Owner shall be responsible for any reconstruction or repair that he elects to make. The Lot Owner shall in any event remove all debris and restore his Lot and the improvements thereon to a clean and sightly condition as soon as reasonably possible following the occurrence of the damage.

Section 13.2 Repair in Accordance With Plans and Specifications. Any such reconstruction or repair of the Common Area shall be substantially in accordance with the plans and specifications for the improvements to a condition as comparable as possible to the condition existing prior to damage unless eighty (80%) percent of the Lot Owners shall, by affirmative vote, decide otherwise.

Section 13.3 Association Responsibility For Repair. Promptly after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at anytime during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, the Association shall impose a special assessment against all Lot Owners in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 13.4 Timely Reconstruction and Repair. If damage to Common Area adversely affects the appearance of the Subdivision, the Association shall proceed with replacement of the damaged property without delay, and shall prosecute such repairs diligently until completion.

Section 13.5 Eminent Domain. If there is any taking of any portion of the Common Area, the condemnation proceeds relative to such taking shall be used, first, to rebuild, repair or replace the portion so taken or to take such other action as the Association shall deem appropriate, unless, to the extent not in conflict with the Association's obligations to maintain drainage and detention facilities and/or other Common Area as required by any Open Space Agreement or this Declaration, at least eighty (80%) percent of the Lot Owners vote to the contrary. Any excess proceeds shall be retained by the Association and used to defray the expenses of the Association arising thereafter, and the Lot Owners' assessments shall be reduced accordingly.

ARTICLE XIV
VILLAGE ORDINANCES

All restrictions set forth in this Declaration are separate and distinct from the ordinances of the Village of Lake Orion. All lots are subject to the ordinances of the Village of Lake Orion and neither the Declarant nor the Association have any authority to modify, vary or waive any provision of such ordinances.

ARTICLE XV
VARIANCE

Declarant shall have the right to waive, or grant a variance with respect to, any requirement or restriction imposed by this Declaration in such circumstances as Declarant shall deem appropriate; provided, that such waiver or variance shall be in writing and shall not relieve the Lot Owner from the obligation to obtain any waivers or variances that may be required by applicable state laws or the ordinances of the Village of Lake Orion. The foregoing notwithstanding, Declarant shall not have the authority to grant a variance from the application of the provisions of this Declaration imposing on Declarant or the Association the obligation to maintain the Common Areas and facilities thereon and/or granting to the Village of Lake Orion the right to enforce the same, or granting or reserving easements for the same, including without limitation Sections 3.1, 3.5, 5.12, 7.1, 7.3 and Article VIII, without the prior written approval of the Village of Lake Orion.

ARTICLE XVI
SEVERABILITY

The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration this ____ day of _____, 1998.

WITNESSES:

Paul Phillips
Paul Phillips

Douglas T. Smith
Douglas T. Smith

ROBERTSON ORION, L.L.C., a
Michigan limited liability company

By: Robertson Bros., Company,
a Michigan corporation

Its: Manager

By: *Paul C. Robertson, Jr.*
Its: President

STATE OF MICHIGAN }
COUNTY OF OAKLAND } ss

The foregoing instrument was acknowledged before me this 24 day of July, 1998, by Paul C. Robertson, Jr., President of Robertson Bros., Company, a Michigan corporation, manager of Robertson Orion, L.L.C., a Michigan limited liability company, on behalf of the corporation and the company.

JANET E. WHITE
Notary Public, Oakland County, MI
Commission Expires Oct. 27, 1999

Janet E. White
Notary Public
Oakland County, Michigan
My commission expires: 10-27-99

LAND CONTRACT VENDOR'S CONSENT TO DECLARATION

Franklin-Wright Settlements, Inc., a Michigan corporation, being the land contract vendor of the land burdened by the foregoing Declaration of Covenants does hereby consent to this Declaration of Covenants.

WITNESSES:

Paul Phillips
Paul Phillips
Douglas T. Smith
Douglas T. Smith

Franklin-Wright Settlements, Inc., a
Michigan corporation

By: *James D. Jackson*
James D. Jackson
Its: Executive Director

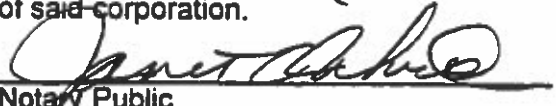
(acknowledgment on next page)

STATE OF MICHIGAN

COUNTY OF

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The foregoing instrument was acknowledgment this 21 day of July, 1998 by Judith D. Jackson, the Executive Director of Franklin-Wright Settlements, Inc., a Michigan corporation on behalf of said corporation.


Notary Public

County, Michigan

My Commission Expires: 10-27-99

DRAFTED BY AND WHEN
RECORDED RETURN TO:
D. Stewart Green, Esquire
32270 Telegraph Road, Suite 200
Birmingham, Michigan 48025-2457

JANET E. WHITE
Notary Public, Oakland County, MI
My Commission Expires Oct. 27, 1999