

MELLENIE PARK CONDOMINIUM ASSOCIATION

ARTICLE I

Section 1. The Condominium shall be administered by a Michigan non-profit corporation, MELLENIE PARK CONDOMINIUM ASSOCIATION (hereinafter called the "Association"), which shall be responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the Condominium in accordance with the Master Deed, these By-Laws, the Articles of Incorporation, Corporate By-Laws and duly adopted Rules and Regulations of the Association, and the laws of the State of Michigan. All co-owners in the Condominium and all persons using or entering upon or acquiring any interest in any Condominium unit or the common elements shall be subject to the provisions and terms set forth in the aforesaid Master Deed, By-Laws, Articles, Rules and Regulations, and laws. These By-Laws are designated as the Condominium By-Laws and relate to the manner in which the Condominium and the common affairs of the co-owners of the Condominium units shall be administered.

Section 2. Membership in the Association and voting by members of the Association shall be in accordance with the following provisions:

A. Each co-owner, including Developer, shall be a member of the Association, and no other person or entity shall be entitled to membership. Each member shall have one vote for each unit owned.

B. The share of a co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to a unit in the Condominium.

C. Except as limited in these By-Laws, each co-owner shall be entitled to one vote for each unit owned when

voting by number and one vote, the value of which shall equal the total of the percentages allocated to the units owned by such co-owners as set forth in the Master Deed, when voting by value. Voting shall be by number. In the case of any unit owned jointly by more than one co-owner, the voting rights appurtenant to that unit shall be exercised jointly as a single vote.

D. No co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until the co-owner has presented evidence of ownership of a unit in the Condominium to the Association. No co-owner, other than the Developer, shall be entitled to vote prior to the first annual meeting of members held in accordance with Section 6 of this Article I, except as specifically provided in Section 7. The vote of each co-owner may only be cast by the individual representative designated by such co-owner in the notice required in subparagraph E below or by a proxy given by such individual representative.

E. Each co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the unit or units owned by the co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the co-owner. The individual representative designated may be changed by the co-owner at any time by filing a new notice in the manner herein provided. At any meeting, the filing of such written notice as a prerequisite to voting may be waived by the chairman of the meeting.

F. There shall be an annual meeting of the members of the Association commencing with the first annual meeting held as provided in Section 6 of this Article I. Other meetings shall be held as provided for in the Corporate By-Laws of the Association. Notice of the time, place and subject matter

of all meetings shall be given to each co-owner by mailing the same to each individual representative designated by the respective co-owners.

G. The presence in person or by proxy of more than one-half (1/2) in number of the co-owners shall constitute a quorum for holding a meeting of the members of the Association. 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.

H. 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.

I. Unless otherwise provided, any action which could be authorized at a meeting of the members shall be authorized by any affirmative vote of more than fifty (50%) percent. The foregoing statement and any other provision of the Master Deed, these By-Laws or the Corporate By-Laws requiring the approval of a majority (or other stated percentage) of the members or co-owners shall be construed to mean, unless otherwise specifically stated, a majority (or other stated percentage) in number (and not value) of the votes cast by 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 duly called and held.

J. Other provisions as to voting by members, not inconsistent with the provisions herein contained, may be set forth in the Corporate By-Laws.

Section 3. The Board of Directors of the Association shall keep detailed books of account showing all expenditures and

receipts of the Condominium and its administration which shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association. All books, records and contracts of the Association shall be available for examination by any of the co-owners and their mortgagees during convenient times. All books and records shall be audited and reviewed at least annually by independent accountants; provided, however, that such audits need not be certified. The Association shall prepare and distribute to each co-owner at least annually a financial statement, the contents of which shall be defined by the Association. Any institutional holder of a first mortgage lien on any unit in the Condominium shall be entitled to receive a copy of such annual audited financial statements within ninety (90) days following and end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration. The Association shall keep current copies of the Master Deed establishing the Condominium and all amendments to the Master Deed and all other Condominium documents available for inspection at reasonable hours by co-owners, prospective purchasers of Condominium units, and existing and prospective mortgagees of Condominium units.

Section 4. The affairs of the Association shall be governed by a Board of Directors, all of whom shall serve without compensation. Directors must be members of the Association except for the first Board of Directors designated in the Articles of Incorporation of the Association and any successors thereto appointed prior to the first annual meeting of members held pursuant to Section 6 of this Article I. If a member is a partner or corporation, then any partner or employee of the partnership, or officer, director or employee of the corporation shall be qualified to serve as a director.

A. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all acts and things necessary thereto

subject to the provisions of the Master Deed, these By-Laws, the Corporate By-Laws, Articles of Incorporation and applicable laws. In addition to the foregoing general duties, the Board of Directors shall be responsible specifically for the following:

1. To manage and administer the affairs of and maintain the Condominium and the common elements thereof.
2. To collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.
3. To carry insurance and collect and allocate the proceeds thereof.
4. To rebuild improvements after casualty.
5. To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium project.
6. To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including Condominium units, easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association. The purchase, sale, mortgage or lease of any real property (including any unit in the Condominium) shall require the approval of a majority of the members.
7. To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Association. Prior to the first annual meeting of the co-owners, the Board of Directors may make such borrowing only with the approval of a majority of the members.
8. To make rules and regulations in accordance with Article VI, Section 10 of these By-Laws.
9. To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities.

10. To make rules and regulations and to enter into agreements with institutional lenders, the purposes of which are to obtain mortgage financing for unit co-owners which is acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Governmental National Mortgage Association and/or any governmental agency, or to satisfy the requirements of the United States Department of Housing and Urban Development.
11. To enforce the provisions of the Master Deed, these By-Laws, the Corporate By-Laws and the Articles of Incorporation.

B. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity affiliated with the Developer) at reasonable compensation established by the Board to perform such duties and services as the duties listed in Section 4-A of the Article I; and the Board may delegate to such management agent any other duties or powers. In the event the Board does employ professional management for the Association, the Board shall secure the written approval of each institutional Condominium prior to terminating professional management and assuming self-management. In no event may the Board enter into any contract for management, the maximum term of which is greater than two (2) years. In addition to the foregoing, any contract for management or other services by and between the Association and the Developer or any affiliate of the Developer shall provide that such contract is voidable by the Board of Directors of the Association on the transitional control date (as defined in the Master Deed) or within ninety (90) days thereafter, and on thirty (30) days notice at any time thereafter for cause. To the extent any management contract extends beyond one (1) year after the transitional contract date, the excess period under the contract may be voided by the Board of Directors of the Association by notice to the management agent at least thirty (30) days before the expiration of the one (1) year period.

C. All of the actions (including, without

limitation, the adoption of these By-Laws and any rules and regulations for the Association, and any undertaking or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association named in its Articles of Incorporation, or any successors thereto appointed before the first annual meeting of members, shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association at the first or any subsequent annual meeting of members, provided that such actions are constant with the powers and duties of the Board of Directors described in these By-Laws, the Corporate By-Laws, the Master Deed, and any other document establishing the Condominium.

Section 5. The Corporate By-Laws shall provide for the designation, number, terms of office, qualifications, manner of election, duties, manner of removal and replacement of the officers of the Association and may contain any other provisions pertinent to officers of the Association. Officers may be compensated, but only upon the affirmative vote of more than sixty-six (66%) percent of the Co-Owners in number.

Section 6. The first annual meeting of the members of the Association may be convened only by the Developer and may be called, in the Developer's discretion, at any time or before the earlier of the dates providing for the first annual meeting in subsections 7-B and 7-C of this Article I. The date, time and place of such first annual meeting shall be set by the Board of Directors, and at least ten (10) days written notice thereof shall be given to each co-owner. Thereafter, an annual meeting shall be held each year on such dates as is specified in the Corporate By-Laws.

Section 7. The following provisions shall apply, notwithstanding the fact that the first annual meeting may not have been called:

A. An advisory committee of non-developer co-owners shall be established either 120 days after conveyance of

legal or equitable title to non-developer co-owners of one-third (1/3) of the units that may be created, or one (1) year after the initial conveyance of legal or equitable title to a non-developer co-owner of a unit in project, whichever occurs first. The advisory committee shall meet with the Condominium project Board of Directors for the purpose of facilitating communications and aiding the transition of control to the Association of co-owner. The advisory committee shall cease to exist when a majority of the Board of Directors of the Association of co-owners is elected by the non-developer co-owners.

B. Not later than 120 days after conveyance of legal or equitable title to non-developer co-owners of twenty-five (25%) percent of the units that may be created, at least one (1) director and not less than twenty-five (25%) percent of the Board of Directors of the Association of co-owners shall be elected by non-developer co-owners. No later than 120 days after conveyance of legal or equitable title to non-developer co-owners of fifty (50%) percent of the units that may be created, not less than thirty-three and one-third (33 1/3%) percent of the Board of Directors shall be elected by non-developer co-owners. Not later than 120 after conveyance of legal or equitable title to non-developer co-owners of seventy-five (75%) percent of the units that may be created, and before conveyance of ninety (90%) percent of such units, the first annual meeting shall be called; and the non-developer co-owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one (1) director as long as Developer owns and offers for sale at least ten (10%) percent of the units in the project or as long as ten (10%) percent of the units remain that may be created.

C. Notwithstanding the formula provided in subsection B, fifty-four (54) months after the first conveyance of legal or equitable title to non-developer co-owner of a unit in project, if title to not less than seventy-five (75%) percent of the units that may created has not been conveyed, the first

annual meeting shall be called; and the non-developer co-owners have the right to elect, as provided in the Condominium documents, a number of members of the Board of Directors of the Association of Co-Owners equal to the percentage of units they hold, and the Developer has the right to elect, as provided in the Condominium documents, a number of members of the Board of Directors equal to the percentage of the units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection B. Application of this subsection does not require a change in the size of the Board as determined in the Condominium documents.

D. If the calculation of the percentage of members of the board show that the non-developer co-owners have the right to elect under subsection B, or if the product of the number of members of the board, multiplied by the percentage of units held by the non-developer co-owners under subsection C results in a right of non-developer co-owners to elect the fractional number of members of the board, than 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 that the non-developer co-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. Application of this subsection shall not eliminate the right of the Developer to designate one (1) member as provided in subsection B.

E. As used in this section, the terms "units that may be created" means the maximum number of units in all phases of the Condominium as stated in the Master Deed.

Section 8. Any references to the "first Board of Directors" in the Master Deed, these By-Laws, the Corporate By-Laws or the Articles of Incorporation shall mean and refer to the Board of Directors named in the Articles of Incorporation,

including any successor or additional directors appointed by the first Board of Directors prior to the first annual meeting of the members of the Association.

ARTICLE II

Section 1. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 2. Expenditures affecting administration of the Condominium shall include all costs incurred in satisfaction of any liability arising within, caused by or in connection with the common elements of the administration of the Condominium. Receipts affecting administration of the Condominium shall include all sums received as proceeds of, or pursuant to, a policy of insurance securing the interests of the co-owners against liabilities or losses arising within, caused by or connected with the common elements or the administration of the Condominium.

Section 3. Assessments shall be determined in accordance with the following provisions:

The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each co-owner, and the assessment for the year shall be established based upon said budget. The Board of Directors of the Association may increase the assessment if the Board of Directors finds that the revenues of the Association are insufficient to pay costs of operation. Special assessments may be made by the Board of Directors from time to time for payment of any obligation of the Association. In any fiscal year of the Association, expenditures for capital improvements may not exceed Two Thousand Five Hundred (\$2,500.00) Dollars or One Hundred Fifty (\$150.00) Dollars per unit (whichever is greater), unless such expenditures are approved by sixty (60%) percent of the co-owners in number. The first Board of Directors shall not authorize any capital improvement at the expense of the Association. The Board of Directors shall maintain a reserve fund for major repairs and replacement of common elements, which reserve fund shall be in the amount of not less than ten (10%) percent of the Association's current annual

budget (excluding that portion of the budget allocated to the reserve fund itself) on a non-cumulative basis. The minimum standard required by this subsection may prove to be inadequate for the Condominium. The Board of Directors shall annually consider the needs of the Condominium to determine if a greater amount should be set aside in reserve or if additional reserve funds should be established for any other purposes.

Section 4. All assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners, including the Developer, to the extent of the occupied units owned by the Developer, subject to Section 9 of this Article in accordance with the percentage of value allocated to each unit in the Master Deed and any other assessment provisions in the Master Deed. Annual assessments shall be payable by co-owners in twelve (12) equal monthly installments. The payment of an assessment shall be in default if such assessment or any part thereof is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear interest at the rate of seven (7%) percent per annum until paid in full. The Board of Directors may also adopt uniform late charges pursuant to Section 8 of Article VI of these By-Laws. Each co-owner (whether one or more persons) shall be personally liable for the payment of all assessments levied against the unit. A co-owner selling a unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve account or other asset of the Association. Sums assessed to a co-owner which are unpaid constitute a lien upon the unit or units in the Condominium owned by the co-owner at the time of the assessment before other liens except tax liens on the Condominium unit in favor of any state or federal taxing authority and sums unpaid on the first mortgage of record; except that past due assessments which are evidenced by a notice of lien, recorded as provided hereafter in Section 8 of this Article, have priority over a first mortgage recorded subsequent to the recording of the notice of lien. The lien upon each Condominium unit owned by the co-owner shall be in the amount of assessment against the Condominium unit, plus a proportionate share of the total of all other unpaid assessments

attributable to condominium units no longer owned by the co-owner but which became due while the co-owner had title to the Condominium units. The lien may be foreclosed by an action or by advertisement by the Association in the name of the Condominium on behalf of the other co-owners.

Section 5. No co-owner shall be exempt from liability for contribution toward the expenses of administration by waiver of use or enjoyment of any of the common elements or by the abandonment of a Condominium unit.

Section 6. The Association may enforce collection of delinquent assessments by a suit of law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. Each co-owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the 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 co-owner and every other person who from time to time has any interest in the Condominium, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by Michigan law. The Association, acting on behalf of all co-owners, may bid in at the foreclosure sale and acquire, hold, lease, mortgage, or convey the Condominium unit. The expenses incurred in collection of 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, plus any late charges, shall be chargeable to

the co-owner in default and shall be secured by the lien on the unit. In the event of default by co-owner in the payment of any installment of the annual assessment, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association may also discontinue the furnishing of any utilities or other services to a co-owner in default upon seven (7) days written notice to such co-owner of its intention to do so. A co-owner in default shall not be entitled to utilize any of the general common elements of the Condominium and shall not be entitled to vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to take possession of the unit if the unit is not occupied by the co-owner and to lease the Condominium unit and collect and apply the rental therefrom.

Section 7. Notwithstanding any other provisions of the Master Deed, these By-Laws, the Corporate By-Laws or Articles of Incorporation of the Association, if the mortgagee of a first mortgage of record or other purchaser of a Condominium unit obtains title to the Condominium unit as a result of foreclosure of its first mortgage, such person, its successors and assigns, is not liable for the assessments by the Association chargeable to the unit which became due prior to the acquisition of title to the unit by such person and the expiration of the period of redemption from such foreclosure. The unpaid assessments are deemed to be common expenses collectible from all of the Condominium unit owners including such persons, its successors and assigns.

Section 8. The Association may not commence proceedings to foreclose a lien for unpaid assessments without recording and serving a notice of lien in the following manner:

A. The notice of lien shall set forth the legal description of the Condominium unit or units to which the lien attaches, the name of the co-owner of record thereof, the amount due the Association as of the date of the notice, exclusive of

interest, costs, attorneys' fees and future assessments.

B. The notice of lien shall be in recordable form, executed by an authorized representative of the Association, and may contain such other information as the Association deems appropriate.

C. The notice of lien shall be recorded in the office of the Register of Deeds in the county in which the Condominium is situated and shall be served upon the delinquent co-owners by first class mail, postage prepaid, addressed to the last known address of the co-owner at least ten (10) days in advance of the commencement of the foreclosure proceedings.

Section 9. Notwithstanding any other provisions of these By-Laws to the contrary, the Developer shall not pay regular monthly assessments prior to the first annual meeting of the members of the Association but shall reimburse the Association in connection with units owned by Developer. After said first annual meeting, the Developer shall pay regular monthly assessments for units which are completed, but for units which are not completed shall only reimburse the Association for direct maintenance expenses incurred by the Association in connection with such units. For purposes of this Section 9, a unit is deemed completed when a Certificate of Occupancy has been issued for it by local building authorities.

Section 10. Upon the sale or conveyance of a Condominium unit, all unpaid assessments against the Condominium unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except: a) amounts due the State of Michigan or any subdivision thereof for taxes or special assessment due and unpaid on the unit, and b) payments due under first mortgages having priority thereto. A purchaser of a Condominium unit is entitled to a written statement from the Association setting forth the amount of unpaid assessments outstanding against the unit, and the purchaser is not liable for any unpaid assessment in excess of the amount set forth in such written statement, nor

shall the unit be subject to any lien for any amounts in excess of the amount set forth in such written statement, nor shall the unit be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the Association as provided herein at least five (5) days before the sale, shall be liable for any unpaid assessments against the unit together with interest, costs and attorneys' fees incurred in connection with the collection thereof.

ARTICLE III

Section 1. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Master Deed, these By-Laws, Corporate By-Laws, Articles of Incorporation of the Association, or any rule or regulation of the Association, or any disputes, claims or grievances arising among or between co-owners and the Association shall, upon the election and written consent of the parties to any such disputes, claims or grievances and written notice to the Association, be submitted to arbitration; and the parties thereto shall accept the arbitrator's decision as final and binding. The Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to any such arbitration.

Section 2. No co-owner nor the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election by co-owners or the Association to submit any such dispute, claims or grievances to arbitration shall preclude such parties from litigating such dispute, claims or grievances in the courts.

Section 4. Any civil action proposed by the Board of Directors on behalf of the Association, other than for the collection of delinquent assessments, shall be subject to prior approval of a majority of the co-owners. After the first annual meeting of the members of the Association, the foregoing

percentage requirements shall be determined without regard to any units which may be owned by the Developer.

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ARTICLE IV

Section 1. The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the common elements of the Condominium, and such other insurance as the Board of Directors deems advisable; and all such insurance shall be carried and administered in accordance with the following provisions:

A. All such insurance shall be purchased by the Association for the benefit of the Association, the co-owners and their mortgagees, as their interests may appear; and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners. Unit owners may obtain additional insurance upon their units, at their own expense, in addition to the coverage carried by the Association. It shall be each co-owner's responsibility to obtain insurance coverage for personal property located within a unit or elsewhere in the Condominium and for personal liability for occurrences within a unit or upon limited common elements appurtenant to a unit, and also for alternative living expense in the event of fire; and the Association shall have absolutely no responsibility for obtaining such coverages. The Association and all co-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any co-owner or the Association.

B. All common elements of the Condominium shall be insured against fire and other perils covered by a standard extended coverage endorsement in an amount equal to the appropriate percentage of maximum insurable replacement value, excluding foundation and excavation costs, as determined annually

by the Board of Directors of the Association. Such coverage shall also include interior walls within any unit and the pipes, wires, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a unit which are furnished with the unit, or such replacements or such improvements made by a co-owner within a unit. Any other improvements made by a co-owner within a unit shall be covered by insurance obtained by and at the expense of said co-owner; provided that, if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto may be assessed to and borne solely by said co-owner and collected as part of the assessment against said co-owner under Article II hereof.

C. All premiums for insurance purchased by the Association pursuant to these By-Laws shall be expenses of administration.

D. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, the co-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these By-Laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction; and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Condominium unless all of the institutional holders of first mortgages on units in the Condominium have given their prior written approval.

Section 2. Each co-owner, by ownership of a unit in the Condominium, shall be deemed to appoint the Association as the co-owner's true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief,

liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium, the co-owner's unit and the common elements appurtenant thereto with such insurer as may, from time to time, provide such insurance for the Condominium. Without limitation on the generality of the foregoing, the Association, as said attorney-in-fact, shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the co-owners and respective mortgagees, as their interests may appear (subject always to the provisions of the Master Deed and these By-Laws), to execute releases of liability and to execute all documents and to do all things on behalf of such co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

ARTICLE V

Section 1. If any part of the Condominium shall be partially or completely destroyed, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

A. If the damaged property is a common element or a unit, the property shall be rebuilt or repaired if any unit in the Condominium is tenantable, unless it is determined by a unanimous vote of all of the co-owners in the Condominium that the Condominium shall be terminated; and each institutional holder of a first mortgage lien on any unit in the Condominium has given prior written approval of such termination.

B. If the Condominium is so damaged that no unit is tenantable, and if each institutional holder of a first mortgage lien on any unit in the Condominium has given its prior written approval of the termination of the Condominium, the damaged property shall not be rebuilt and the Condominium shall be terminated unless seventy-five (75%) percent or more of all co-owners in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction. The seventy-five (75%) percent majority required by this subsection B shall be

applied to all existing co-owners and shall not mean seventy-five (75%) percent of the co-owners attending a meeting.

Section 2. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless the co-owners shall unanimously decide otherwise.

Section 3. If the damage is only to a part of a unit which is the responsibility of a co-owner to maintain and repair, it shall be the responsibility of the co-owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

Section 4. Each co-owner shall be responsible for the reconstruction and repair of the interior of the co-owner's unit including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior wall (but not any common elements therein), interior trim, furniture, light fixtures and all appliances, whether freestanding or built-in. In the event of damage to any of the foregoing, or to interior walls within the co-owner's unit or to pipes, wires, conduits, ducts or other common elements therein is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5 of this Article. If any other interior portion of a unit is covered by insurance held by the Association for the benefit of the co-owner, the co-owner shall be entitled to receive the proceeds of insurance relative thereto; and if there is a mortgagee endorsement, the proceeds shall be payable to the co-owner and the mortgagee jointly. In the event of substantial damage to or destruction of any unit or any part of the common elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any unit in the Condominium.

Section 5. The Association shall be responsible for the reconstruction and repair of the common elements (except as

specifically otherwise provided in the Master Deed) and any incidental damage to a unit caused by such common elements or the reconstruction and repair thereof. Immediately after a casualty causing damage to property for which the Association has the responsibility of 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 any time during such reconstruction or repair, the funds for the repayment of the costs thereof are insufficient, assessments shall be made against all co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 6. The following provisions shall apply upon any taking by eminent domain of any part of the Condominium:

A. If any portion of the common elements is taken by eminent domain, the award therefor shall be allocated to the co-owners in proportion to their respective undivided interests in the common elements. The Association, acting through its Board of Directors, may negotiate on behalf of all co-owners for any taking of common elements; and any negotiated settlement approved by more than two-third (2/3) of the co-owners, based upon assigned voting rights, shall be binding on all co-owners.

B. If a Condominium unit is taken by eminent domain, the undivided interest in the common elements appertaining to the Condominium unit shall thenceforth appertain to the remaining Condominium units, being allocated to them in proportion to their respective undivided interests in the common elements. The court shall enter a decree reflecting the reallocation of undivided interest produced thereby; and the award shall include, without limitation, just compensation to the co-owner of the Condominium unit taken for the co-owner's

undivided interest in the common elements as well as for the
Condominium unit.

LIBER 049810835

C. If portions of a Condominium unit are taken by eminent domain, the court shall determine the fair market value of the portions of the Condominium unit not taken. The undivided interest in such Condominium unit in the common elements appertaining to the Condominium units shall be reduced in proportion to the diminution in the fair market value of the Condominium unit resulting from the taking. The portions of undivided interest in the common elements thereby divested from the co-owners of a Condominium unit shall be reallocated among the other Condominium units in the Condominium project in the proportion to their respective undivided interests in the common elements. A Condominium unit partially taken shall receive the reallocation in proportion to its undivided interest in the common elements as reduced by the court under this subsection. The court shall enter a decree reflecting the reallocation of undivided interest produced thereby, and the award shall include just compensation to the co-owner of the Condominium unit partially taken for that portion of the undivided interest in the common elements divested from the co-owner and not revested in the co-owner, as well as for that portion of the Condominium unit taken by eminent domain.

D. If the taking of a portion of a Condominium unit makes it impractical to use the remaining portion of that Condominium unit for a lawful purpose permitted by the Condominium documents, then the entire undivided interest in the common elements appertaining to that Condominium unit shall thenceforth appertain to the remaining Condominium units, being allocated to them in proportion to their respective undivided interests in the common elements. The remaining portion of that Condominium unit shall thenceforth be a common element. The court shall enter an order reflecting the reallocation of undivided interest produced thereby, and the award shall include just compensation to the co-owner of the Condominium unit for the

co-owner's entire undivided interest in the common elements and
for the entire Condominium unit.

LIBER 04981 PG 836

E. Votes in the Association of co-owners and liability for future expenses of administration appertaining to a Condominium unit taken or partially taken by eminent domain shall thenceforth appertain to the remaining Condominium units, being allocated to them in proportion to the relative voting strength in the Association of co-owners. A Condominium unit partially taken shall receive a reallocation as though the voting strength in the Association of co-owners was reduced in proportion to the reduction in the undivided interests in the common elements.

F. In the event the Condominium continues after a taking by eminent domain, then the remaining portion of the Condominium shall be re-surveyed and the Master Deed amended accordingly. Such amendment shall be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any co-owner, but only with the prior written approval of all holders of first mortgage liens on individual units in the Condominium.

G. In the event that any unit in the Condominium, or any portion thereof, or the common elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the units in the Condominium.

Section 7. In the event that any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), or in the event any mortgage is held by or insured by the United States Department of Housing and Urban Development ("HUD"), the Association shall give FHLMC and HUD written notice, at such address as it may from time to time direct, of any loss to or taking of the common elements of the Condominium, or any loss to or taking of any unit, or part thereof, if the loss or taking exceeds Ten Thousand (\$10,000.00) Dollars in amount.

Section 8. Nothing contained in the Master Deed, these By-Laws, the Corporate By-Laws, or Articles of Incorporation of the Association shall be construed to give a Condominium unit owner, or any other party, priority over any rights of first mortgagees of Condominium units pursuant to their mortgages in the case of a distribution to Condominium unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium units and/or common elements.

ARTICLE VI

Section 1. No unit in the Condominium shall be used for other than residential purposes. Any co-owner, including the Developer, may rent any number of units at any time without limitation as to term of occupancy. No co-owner shall carry on any commercial activities anywhere on the premises of the Condominium.

Section 2. No co-owner shall make alterations in exterior appearance or make structural modifications to any unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the common elements, limited or general, without the express written approval of the Board of Directors including, but not limited to, exterior painting or the erection of antennas, lights, aerials, awnings, doors, shutters or other exterior attachments or modifications; nor shall any co-owner damage or make modifications or attachment to common element walls between units which in any way impair sound conditioning qualities of the walls. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Condominium.

Section 3. No immoral, improper, unlawful or offensive activity shall be carried on in any unit or upon the common elements, limited or general; nor shall anything be done which may be or become an annoyance or nuisance to the co-owners of the Condominium, nor shall any unreasonably noisy activity be carried on in any unit or on the common elements. No co-owner shall do

or permit anything to be done or to keep or permit to be kept in the co-owner's unit or on the common elements anything that will increase the rate of insurance on the Condominium without the written approval of the Board of Directors, and each co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition.

Section 4. Without the prior written consent of the Board of Directors, no animal or pet shall be kept in the Condominium by the co-owner. No animal may be permitted to run loose upon the common elements, any animal shall at all times be attended by a responsible person while on the common elements. Any person who causes or permits an animal to be brought or kept on the Condominium property shall be deemed to indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the Condominium property. The term "animal or pet" as used in this section shall not include small animal which are constantly caged or confined such as birds or fish.

Section 5. The common elements, limited or general, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in the Master Deed or in duly adopted rules and regulations of the Association. Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted to remain elsewhere on the common elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The common elements shall not be used in any way for the drying, shaking, or airing of clothing or other fabrics. Automobiles may only be washed in areas approved by the Board of Directors. In general, no activity shall be carried on nor condition maintained by a co-owner either in a unit or upon the common elements, which detracts from the appearance of the Condominium.

Section 6. Sidewalks, yards, courts, landscaped areas,

driveways, roads, parking areas, balconies, patios and porches shall not be obstructed in any way; nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or benches may be left unattended on or about the common elements.

Section 7. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobiles, snowmobile trailers or vehicles other than automobiles may be parked or stored upon the premises of the Condominium unless parked in an area specifically designated therefor by the Board of Directors. Commercial vehicles and trucks shall not be parked in or about the Condominium without the approval of the Board of Directors except while making deliveries or pickups in the normal course of business. The Board of Directors may allocate or assign parking spaces from time to time on an equitable basis.

Section 8. No co-owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots, or other similar dangerous weapons, projectiles or devices anywhere on or about the Condominium.

Section 9. No signs or other advertising devices shall be displayed which are visible from the exterior of a unit or on the common elements, including "For Sale" signs, without written permission from the Board of Directors.

Section 10. Reasonable regulations consistent with all laws, the Master Deed, these By-Laws, the Corporate By-Laws and Articles of Incorporation of the Association concerning the use of the common elements or the rights and responsibilities of the co-owners and the Association with respect to the Condominium or the manner of operation of the Association and of the Condominium may be made and amended from time to time by the Board of Directors. Copies of all such regulations and amendments thereto shall be furnished to all co-owners or posted on a general common element. Any such regulation or amendment may be revoked at any

time by the affirmative vote of a majority of owners.

Section 11. The Association and its duly authorized agents shall have access to each unit and any limited common elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the common elements. The Association or its agents shall also have access to each unit and any limited common elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the common elements or to another unit. It shall be the responsibility of each co-owner to provide the Association means of access to the co-owner's unit and any limited common elements appurtenant thereto during all periods of absence; and in the event of the failure of such co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such co-owner for any necessary damage to any unit or any limited common elements appurtenant thereto caused thereby or for repair or replacement of such damage.

Section 12. No co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the common elements unless approved by the Board of Directors in writing unless permitted by the Master Deed or the regulations of the Association.

Section 13. All window treatments viable from the street shall be white or off white in color when viewed from the street.

Section 14. No unsightly condition shall be maintained upon any balcony, patio or porch, and only furniture and equipment consistent with ordinary balcony, patio or porch use shall be permitted to remain there during seasons when the same are reasonably in use, and no furniture or equipment of any kind shall be stored on balconies, patios or porches during seasons when the same are not reasonably in use. However, no furniture

shall be placed in an area adjacent to the front entrance of a unit.

LIBER 04981 PG 841

Section 15. Each co-owner shall maintain the unit owned and any limited common elements appurtenant thereto for which the co-owner has maintenance responsibility in a safe, clean and sanitary condition. Each co-owner shall also use due care to avoid damaging any of the common elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in any unit which are appurtenant to or which may affect any other unit. Each co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by the co-owner or the co-owner's family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association; in which case, there shall be no such responsibility, unless reimbursement to the Association is excluded by virtue of a deductible provision; in which case, the responsible co-owner shall bear the expense to the extent of the deductible amount. Any costs or damages to the Association may be assessed to and collected from the responsible co-owner in the manner provided in Article II hereof.

Section 16. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the construction and sales period as hereinafter defined, or of the Association in furtherance of its powers and purposes. For the purposes of this section, the construction and sales period shall be deemed to continue so long as Developer owns any unit which Developer offers for sale. Until all units in the entire planned Condominium are sold by Developer, Developer shall have the right to maintain a sales office, storage areas, reasonable parking incident to the foregoing and such access to, from and over the Condominium as may be reasonable to enable sale of the entire Condominium by Developer.

Section 17. A co-owner, including the Developer, desiring to rent or lease a Condominium Unit, shall disclose that fact in writing to the Association at least twenty-one (21) days before leasing the Condominium Unit and shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. No such lease shall be for a term of less than twelve (12) months without the prior written approval of the Association. If Developer desires to rent Condominium Units before the transitional control date, it shall notify either the advisory committee or each co-owner in writing.

A. Tenants or non-co-owner occupants shall comply with all of the conditions of the Condominium documents of the Condominium project, and all leases and rental agreements shall so state.

B. If the Association of co-owners determines that the tenant or non-co-owner occupant failed to comply with the conditions of the Condominium documents, the Association of co-owners shall take the following action:

1. The Association of co-owners shall notify the co-owner by certified mail, advising of the alleged violation by the tenant. The co-owner shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach by the tenant or advise the Association of co-owners that a violation has not occurred.
2. If, after fifteen (15) days the Association of co-owners believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the co-owners on behalf of the Association of co-owners, if it is under the control of the Developer, an action for both eviction against the tenant or non-co-owner occupant and, simultaneously, for money damages against the co-owner and tenant or non-co-owner occupant for breach of the conditions of the Condominium documents. The relief provided for in this section may be by summary proceeding. The Association of co-owners may hold both the tenant and the co-owner liable for any damages to the general common elements caused by the co-owner or tenant in connection with the Condominium unit or Condominium project.

C. When a co-owner is in arrearage to the Association of co-owners for assessments, the Association of co-

owners may give written notice of the arrearage to a tenant occupying a co-owner's Condominium unit under a lease or rental agreement; and the tenant, after receiving the notice, shall deduct from rental payments due the co-owner the arrearage and future assessments as they fall due and pay them to the Association of co-owners. The deduction shall not constitute a breach of the rental agreement or lease by the tenant.

ARTICLE VII

Section 1. Any co-owner who mortgages a unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book maintained solely for such information. The Association may, at the written request of the mortgagee of any unit, report any unpaid assessments due from the co-owner of such unit. The Association shall give to the holder of any first mortgage covering any unit in the Condominium written notification of any default in the performance of the obligations of the co-owner of such unit that is not cured within sixty (60) days.

Section 2. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

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

ARTICLE VIII

These By-Laws may be amended by the Association or by the Developer in the manner provided in the Master Deed. Any amendment to these By-Laws (but not the Corporate By-Laws) shall become effective upon recordation in the office of the Register of Deeds in the county in which the Condominium is located. A copy of each amendment to these By-Laws shall be made available

to every member of the Association after adoption; provided, however, that any amendment that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium, irrespective of whether such persons actually receive a copy of the amendment. These By-Laws may not be amended in any manner to eliminate or conflict with any mandatory provision of the Act or any applicable law or any provision of the Master Deed, nor may they be amended to materially reduce or eliminate the rights of any first mortgagees without the consent of the mortgagees affected.

ARTICLE IX.

The Association of co-owners and all present or future co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the facilities of the Condominium in any manner are subject to and shall comply with the provisions of the Act, Master Deed, these By-Laws, the Corporate By-Laws, the Articles of Incorporation of the Association and the rules and regulations of the Condominium. In the event such Master Deed, By-Laws, or Articles of Incorporation conflict with any provision of the Master Deed, the Master Deed shall govern. If any provision of the Corporate By-Laws conflicts with any provision of these By-Laws, these By-Laws shall govern.

ARTICLE X

As used in the Master Deed, these By-Laws, the Corporate By-Laws and Articles of Incorporation of the Association, the term "Developer" refers to the Developer named in the Master Deed and any successor developer. Pronouns used herein shall be deemed interchangeable with all other pronouns as the context of the provisions hereof may require.

ARTICLE XI

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

- A. Failure to comply with any of the terms or

provisions of the Master Deed, these By-Laws, the Corporate By-Laws, the Articles of Incorporation, or the regulations of the Association shall be grounds for relief, which may including, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof; and such relief may be sought by the Association, or, if appropriate, by an aggrieved co-owner or co-owners.

B. In any proceeding arising because of an alleged default by any co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court; but in no event shall any co-owner be entitled to recover such attorneys' fees.

Section 2. The failure of the Association or of any co-owner to enforce any right, provision, covenant or condition which may be granted by the Master Deed, these By-Laws, the Corporate By-Laws, the Articles of Incorporation or regulations of the Association shall not constitute a waiver of the right of the Association or of any such co-owner to enforce such right, provision covenant or condition in the future. All rights, remedies and privileges granted to the Association or any co-owner or co-owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Master Deed, By-Laws, Articles of Incorporation or regulations 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.

Section 3. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonable incurred by or imposed upon the director or officer in connection with any proceeding to which the director or officer may be a

party, or may become involved, by reason of the director or officer being or having been a director or officer of the corporation, whether or not a director or officer at the time such expenses are incurred, except that this indemnification shall not apply to willful and wanton misconduct or acts of gross negligence. The foregoing indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all co-owners. Such payment must be approved by a majority vote of the Board of Directors without the vote of the director seeking indemnification. In the event that there has been no judicial determination whether the conduct of the director seeking indemnification was willful or wanton misconduct, or gross negligence, the Board of Directors may rely upon an opinion of counsel, which counsel may not be a member of the Association.

ARTICLE XII

In the event that any of the terms, provisions, or covenants of the Master Deed, these By-Laws, the Corporate By-Laws, the Articles of Incorporation or regulations of the Association are held to be partially or wholly invalid or unenforceable for any reasons whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such Master Deed, By-Laws or Articles of the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE XIII

If any mortgage upon all or any portion of the Condominium premises is owned, held or insured by the United States Department of Housing and Urban Development, then any reference in these By-Laws to "mortgagee", "first mortgagee", or "institutional holder" of mortgages shall be construed to include said Department of Housing and Urban Development.