

Documents of the Surf-N-Sand II Condominium Association

The Surf-N-Sand II Condominium project was established in December 1990, according to Act 59 of the Michigan Public Acts of 1978, known as the "Condominium Act". In March 1991 the Master Deed was recorded in the Iosco County Records, along with the Condominium By-Laws and Condominium Subdivision Plan. These three documents, as recorded, define our condominium legally and set out our management rules and responsibilities. The Master Deed and the Condominium By-Laws are included in this document. The Condominium Subdivision Plan is available from any board member.

1. **Master Deed.** The Master Deed contains the definitions of certain terms used within the condominium documents, the percentage of value assigned to each unit, a general description of the units and general and limited common elements, and a statement regarding the relative responsibilities for maintaining the common elements.
2. **Condominium By-Laws.** The Condominium By-Laws contain provisions relating to the operation, management and fiscal affairs of the condominium and, in particular, set forth the guidelines relating to assessments of Association members for the purpose of paying the costs of operation.
3. **Condominium Subdivision Plan.** The Condominium Subdivision Plan is a three dimensional survey depicting the physical location and boundaries of each of the units and all of the common elements.

In particular, owners are asked to familiarize themselves with Article IV of the Master Deed, which defines the Common Elements, and certain articles in the Condominium By-Laws (also called Exhibit A). Under the By-Laws, Article II explains assessments, or the dues paid to the Association, Article VI sets forth the restrictions on the owners, and Article XI, sets forth

remedies for failure to comply with the terms of these Condominium Documents.

A condominium is a form of real property. It may be may be sold, mortgaged or leased, subject only to the restrictions that are contained in the Master Deed.

At closing, each owner receives a deed to his individual condominium unit and an undivided interest in the common areas that comprise the condominium property. These "common elements" are all portions of the property not included within the walls of the individual condominium units. This title to the common elements is included as part of, and cannot be separated from, title to the individual condominium units. This means that all owners share the property outside of their units.

In order to protect all of our property and its' future value, the condominium property is managed by a non-profit corporation of which all owners are a member (the "Association"). Its elected Board of Directors governs the Association.

Article II of the Condominium By-Laws requires the Board of Directors to adopt an annual budget for the maintenance of the common elements. Each co-owner is assessed a monthly dues to cover the costs of upkeep for the common property. The Board of Directors may also levy special assessments as specified in Article II, Section 2 of the Condominium By-Laws.

Article VI of the Condominium By-Laws sets forth restrictions upon the ownership, occupancy and use of a unit. Since it is impossible to paraphrase these restrictions without risking the omission of some provisions that may be significant, each owner must examine these restrictions with care so that there is no misunderstanding regarding the use of the common areas. The following is a list of certain of the more significant restrictions:

General common areas may not be used to store personal property, trash, or refuse of any kind. The common areas must be returned to their original state after use or by nightfall. Do not leave chairs, blankets, boats, etc. on the beach when not in use or over night.

No physical change to exterior units may be made unless prior approval is obtained from the current Board of Directors.

No signs or advertising may be displayed which are visible from the exterior of a unit or on common elements, including "For Sale" signs.

All trash must be put in plastic bags and sealed. Boxes must be broken down prior to disposal in the dumpster.

All grills must be moved off the decks before using (Fire Insurance Regulation).

Owners are permitted ONE pet per unit (unless waved by Board - see Master Deed Article VI Section E, item 3). All pets must be leashed when on common areas. Dog owners are responsible for cleaning up after their pets -- the common areas are NOT a dog run. Guests and visitors are not allowed to overnight their pets.

Operation of any type of motorized recreational vehicles (atvs, golf carts, snowmobiles, etc.) is not permitted in any common area.

Parking:

- No motor homes, travel trailers, or recreational vehicle trailers may be parked overnight.
- Boats, recreational vehicles, and trailers are not allowed to be stored in drive or parking areas.
- No parking is permitted in front of fire hydrants.
- Please adhere to parking in your space or garage. Each owner must be allowed a parking space in front of his or her unit.

Beach fires must be extinguished before leaving and cold ashes cleaned up the following day to maintain beach cleanliness.

No fences or obstructions are permitted except as approved by the Board of Directors.

Owners are advised if units are not winterized, a minimum thermostat setting of fifty-five degrees should be maintained

from October to April to preclude pipe freezing and damaging owners unit and adjacent units.

Special note about this Master Deed:

The Master Deed was drafted in such a way as to give special considerations to the developer while the complex was in the construction stage and before the first board was formed. Since these two events have since occurred those paragraphs that no longer apply have been grayed out.

This Master Deed is a copy of the original on file and published in the Iosco County Records as Liber 407, Pages 326 through 374 and amended as Liber 422, Page 778. While every attempt has been made to have this document accurately reflect the documents on file, this version of the Master Deed remains a non-legal copy and should be treated as such. Any legal use of the Master Deed should defer to the documents on file with Iosco County Records.

Master Deed¹

(Act 59, Public Acts of 1978, as amended)

This Master Deed is made and executed on December 7th, 1990, by B & F Developers, Inc., hereinafter sometimes referred to as the "Developer", whose address is 4348 Budziak, P.O. Box 245, Oscoda, Michigan, in pursuance of the provisions of the Michigan Condominium Act (being Act 59 of the Public Acts of 1978, as amended), hereinafter sometimes referred to as the "Act".

Witnessed

WHEREAS, the Developer desires, by recording this Master Deed together with the Condominium Bylaws attached hereto as Exhibit "A" and together with the Condominium Subdivision Plan attached hereto as Exhibit "B" (both of which are hereby incorporated by this reference and made a part thereof), to establish the real property, described in Article II hereof, together with the improvements located thereon, and the appurtenances thereto, as a Condominium Project under the provisions of the Act.

NOW, THEREFORE, the Developer does, upon the recording hereof, establish The Surf-N-Sand Condominium II as a residential Condominium Project under the Act and does declare that The Surf-N-Sand II Condominium (hereinafter sometimes referred to as the "Condominium," "Project" or "Condominium Project") shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of the Act, and to covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Master Deed and Exhibits "A" and "B" hereto, all of which shall be deemed to run with the land and shall be burden upon and a benefit to the Developer, its successors and assigns, and any person acquiring or owning an interest in said real property, their grantees, successors, heirs, personal representatives, administrators and assigns. In furtherance of the establishment of said Condominium Project, it is provided as follows:

¹ Recorded March 25, 1991 in Liber 407, Pages 326 through 374, Iosco County Records

Article I: Title And Nature

The Condominium Project shall be known as The Surf-N-Sand II Condominium, Iosco County Condominium Subdivision Plan No. 18. The architectural plans for the Condominium Project have been approved by the Township of AuSable, County of Iosco, State of Michigan. The Condominium Project is established in accordance with the Act. The buildings and units contained in the Condominium Project, including the number, boundaries, dimensions and area of each unit therein are set forth completely in the Condominium Subdivision Plan attached hereto as Exhibit "B". Each building contains individual units for residential purposes and each unit is capable to individual utilization as a result of having its own entrance from and exit to a common element of the Condominium Project. Each co-owner in the Condominium Project shall have an exclusive right to his unit and shall have undivided and inseparable rights to share with other co-owners the common elements of the Condominium Project as are designated by this Master Deed.

Article II: Legal Description

The land which is submitted to the Condominium Project established by this Master Deed is particularly described as follows:

The South 540 feet of Lot 12, & Lots 13 & 14 Supervisor's Plat of Golden Beach No. 3, as per plat thereof, AuSable Township, Iosco County, Michigan.

Subject to all easements, restrictions and reservations of record.

Article III: Definitions

Certain terms are utilized not only in this Master Deed and Exhibits "A" and "B" hereto, but are or may be used in various other instruments such as, by way of example, and not limitation, the Articles of Incorporation, corporate Bylaws and Rules and Regulations of The Surf-N-Sand II Condominium Association, a Michigan nonprofit corporation, and deed, mortgages, liens, land contracts, easements and other instruments affecting the establishment of, or transfer of interests in, The Surf-N-Sand II Condominium, as a Condominium Project. Wherever used in such

documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

- A. The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.
- B. "Association" means the nonprofit corporation organized under Michigan law of which all co-owners shall be members, which corporation shall administer, operate, manage and maintain the Condominium Project. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless specifically reserved to its members by the Condominium Documents or the laws of the State of Michigan.
- C. "Association Bylaws" means the corporate Bylaws of The Surf -N-Sand II Condominium Association, the Michigan nonprofit corporation organized to manage, maintain and administer the Condominium Project.
- D. "Common Elements", where used without modification, means both the general and the limited common elements described in Article IV hereof.
- E. "Condominium Bylaws" means Exhibit "A" hereto, which sets forth the substantive rights and obligations of the co-owners, as required by Section 53 of the Act, and which is recorded as part of the Master Deed.
- F. "Condominium Documents" means and includes this Master Deed and Exhibits "A" and "B" hereto, the Articles of Incorporation, Bylaws and the Rules and Regulations, if any, of the Association.
- G. "Condominium Premises" means and includes the land and the buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging to The Surf-N-Sand II Condominium as described above.
- H. "Condominium Project", "Condominium" or "Project" means The Surf-N-Sand II Condominium as a Condominium Project established in conformity with the provisions of the Act.
- I. "Condominium Subdivision Plan" means Exhibit "B" hereto.
- J. "Consolidating Master Deed" means the final amended Master Deed which shall describe The Surf-N-Sand II Condominium as a completed

Condominium Project and shall reflect the entire land area, all units and common elements therein and the respective percentages of value pertinent to each unit as may finally be readjusted in accordance with Article VII hereof. Such Consolidating Master Deed shall, when recorded in the Office of the Register of Deeds for Iosco County, Michigan, supersede this Master Deed and all amendments hereof.

- K. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity (or any combination thereof) who or which owns one or more units in the Condominium Project. The term "owner" shall be synonymous with the term "co-owner". Co-owner includes a land contract vendee if the land contract so provides.
- L. "Developer" means B & F Developers, Inc., which has made and executed this Master Deed, and its successors and assigns.
- M. "Unit", "Condominium Unit" or "Apartment" each means the enclosed space constituting a single, complete residential unit and designated garage in The Surf-N-Sand II Condominium as such space may be described on Exhibit "B" hereto, and shall have the same meaning as the term: "Condominium Unit" as defined by the Act.
- N. Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate.

Article IV: Common Elements

The common elements of the Condominium Project described on Exhibit "B" attached hereto and the respective responsibilities for maintenance, decoration, repair and replacement thereof are as follows:

- A. The general common elements are:
 - 1. The land described in Article II hereof, including driveways, roads, parking spaces and sidewalks not designated as limited common elements;
 - 2. The electrical wiring network throughout the Condominium Project, including that contained within unit walls, up to the point of connection with electrical fixtures, plugs and switches within any unit;

3. The gas line network throughout the Condominium Project, including that contained within unit walls, up to the point of connection with gas fixtures within any unit;
 4. The telephone wiring network throughout the Condominium Project, including that contained within unit walls, up to the point of connection with plugs or entry into a unit;
 5. The water distribution system throughout the Condominium Project, including that contained within unit walls, up to the point of connection with plumbing fixtures within any unit;
 6. The sanitary sewer, storm drainage and water disposal systems throughout the Condominium Project, including that contained within unit walls, up to the point of connection with plumbing fixtures within any unit;
 7. Foundations, supporting columns, walls and unit perimeter walls (including windows and doors therein), roofs, ceilings, floor construction between unit levels and chimneys throughout the Condominium Project; and
 8. Such other elements of the Condominium Project not herein designated as general or limited common elements which are not enclosed within the boundaries of a unit, and which are intended for common use or necessary to the existence, upkeep and safety of the Condominium Project.
- B. The limited common elements are:
- 1.² Each individual parking space in front of each garage in the condominium project shall be subject to the exclusive use and enjoyment of the Co-owner of the unit to which such garage is designated. A garage will be permanently assigned to each unit by the Developer and designated on the Condominium Subdivision Plan of Surf-N-Sand II Condominium.
 2. Each individual wood deck and steps in the Condominium Project shall be subject to the exclusive use and enjoyment of the co-owner of the unit which opens onto such wood deck and steps as shown on Exhibit "B" hereto;

² On April 7, 1992 the Master Deed was amended with the Iosco County Register of Deeds and recorded in Liber 422, Page 778, Iosco County Records. Article IV paragraph B (1) was replaced.

3. The interior surfaces of unit perimeter walls (including windows and doors therein), ceilings and floors contained within a unit and the surfaces of any load bearing walls designated general common elements but within a unit shall be subject to the exclusive use and enjoyment of the co-owner of such unit.
- C. The costs of maintenance, repair and replacement of all general and limited common elements described above shall be borne by the Association except that the costs of decoration and maintenance (but not repair or replacement except in cases of co-owner fault) of all surfaces referred to in Article IV B (4) and the costs of maintenance, repair and replacements of the items specified in Article IV B (3) shall be borne by the co-owner of each unit to which such limited common elements are appurtenant.

No co-owner shall use his unit or the common elements in any manner inconsistent with the purposes of the Condominium Project or in any manner which will interfere with or impair the rights of any other co-owner in the use and enjoyment of his unit or of the common elements.

Article V: Unit Description And Percentage Of Value

- A. Each unit in the Condominium Project is described in this Article with reference to the Subdivision and Site Plan of The Surf-N-Sand II Condominiums as surveyed by Miller Land Surveys and attached hereto as Exhibit "B". Each unit includes all that space contained within the interior finished unpainted walls and ceilings and from the finished sub floor all as shown on the floor plans and sections on Exhibit "B" hereto. In the event that the dimensions on the measured perimeter plan of any specific unit differ from the dimensions on the typical perimeter plan for such unit shown on Exhibit "B" hereto, then the typical upper floor plans for such unit shall be deemed to be automatically changed for such specific unit in the same manner and to the same extent as the measured perimeter plan.
- B. The percentage of value assigned to each unit is set forth in subparagraph C below. The percentage of value assigned to each unit shall be determinative of the proportionate share of each respective co-owner in the proceeds and expenses of the administration and the value of such co-owner's vote at meetings of the Association co-owners. The total value of the Condominium Project is 100. The percentage of value allocated to each unit may be changed only with

the unanimous consent of all of the co-owners expressed in an amendment to this Master Deed, duly approved and recorded, except as provided in Article VII hereof.

C.³ Set forth below are:

1. Each unit number as it appears on the Condominium Subdivision Plan.
2. The percentage of value assigned to each unit.

Unit #	Value Assigned	Unit #	Value Assigned	Unit #	Value Assigned
1	2.86	12	2.86	23	2.86
2	2.86	13	2.86	24	2.86
3	2.86	14	2.86	25	2.86
4	2.86	15	2.86	26	4.26
5	2.86	16	2.86	27	4.26
6	2.86	17	2.86	28	4.26
7	2.86	18	2.86	29	4.26
8	2.86	19	2.86	30	2.86
9	2.86	20	2.86	31	2.86
10	2.86	21	2.86	32	2.86
11	2.86	22	2.86	33	2.86

Article VI: Easements In Favor Of The Condominium Project

In the event that any portion of a unit or common element encroaches upon another unit or common element due to shifting, settling or moving of a building, or due to survey errors, or construction deviations, reciprocal easements shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction. There shall be easements to, through and over those portions of the land, structures, buildings, improvements and walls (including interior unit walls) contained therein for the continuing maintenance and repair of all utilities in the Condominium

³ On April 7, 1992 the Master Deed was amended with the Iosco County Register of Deeds and recorded in Liber 422, Page 778, Iosco County Records. Article V paragraph C was amended for the purpose of altering the condominium project from 34 to 33 units.

Project. There shall exist easements of support with respect to any unit interior wall which supports a common element.

Article VII: Expansion Of Condominium

As of the date of this Master Deed is recorded, Developer intends to establish a Condominium Project consisting of 34 units upon the land described in Article II hereof. Developer reserves the right, however, to expand the number of units to be included within the Condominium Project by the inclusion of additional land and buildings, to a maximum of 50 additional residential units which shall be in substantial harmony, both in nature and in appearance, with existing residential units in the Condominium Project. Therefore, any other provisions of this Master Deed to the contrary notwithstanding, the number of units in the Condominium Project may, at the option of the Developer, or its successors or assigns, from time to time, within a period ending no later than six years from the date of recording this initial Master Deed, be expanded as aforesaid to any number determined by the Developer in its sole judgment; but in no event shall the number of units be more than 50 or less than 10. Such additional units, if any, shall be constructed upon all or some portion of the following described land:

All of the lots of Surf-N-Sand 11 Condominium, according to the recorded plat thereof, AuSable Township, Iosco County, Michigan.

Developer further reserves the right to amend and alter the site and utility plans and the floor plans and elevations of any building or unit described on Exhibit "B" hereto. All such amendments and alterations shall be made prior to any affected unit becoming subject to a binding purchase agreement. The nature and appearance of any such altered site plan, building or unit shall be determined by Developer in its sole judgment. In no event, however, shall such altered building or unit deviate substantially from the general development plan of the Condominium Project.

Such expansion of the Condominium Project shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the discretion of Developer. In such amendment or amendments the percentages of value set forth in Article V hereof shall be proportionately readjusted in order to preserve a total value of 100 for the entire Condominium Project resulting from such amendment or amendments to this Master Deed. The precise determination of the readjustments in percentage of value shall be within the sole judgment of Developer, except that such readjustments shall reflect a continuing relationship among percentages of value based upon relative size of various units. Provided, however, that in no such amendment or amendments shall the percentage of value assigned to each unit in Article V hereof be reduced to less than 0.1. Such amendment or amendments to this Master Deed shall also contain such further definitions and redefinitions of general or limited common elements as may be necessary to adequately describe and service the buildings and units in the entire Condominium Project as so amended. In conjunction with such amendment or amendments, Developer shall have the right to change the nature of any common element previously included in the Condominium Project for any purpose reasonably necessary to achieve the purposes of this Article, including, by way of example and not as limitation, the connection of roadways and sidewalks in the Condominium Project to any roadways and sidewalks which may be located in or planned for any future development and to provide access to any unit which may be located in or planned for any future development from the roadways and sidewalks in the Condominium Project. All of the co-owners and mortgagees of units and other persons interested or to become interested in the Condominium Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing and to any proportionate reallocation of percentages of value of units which Developer, or its successors or assigns, may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer, or its successors or assigns, as agent and attorney for the purpose of

execution of such amendment or amendments to this Master Deed and all other documents necessary to effectuate the foregoing. Such amendment or amendments may be effectuated without the necessity of rerecording an entire Master Deed or the Exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits thereto, PROVIDED, HOWEVER, that a Consolidating Master Deed, when recorded, shall supersede the previously recorded Master Deed and all amendments thereto, but shall relate back to the date of recording of this initial Master Deed.

Nothing herein contained shall in any way obligate Developer to expand the Condominium Project beyond that land described in Article II hereof and those units described in Article V hereof, as established by this Master Deed. Developer may, in its sole judgment, establish all or any portion of said additional land as one or more separate condominium projects, as a rental project or as any other form of development. There are no restrictions on the election of Developer to expand the Condominium Project other than as explicitly set forth herein. There is no obligation on the part of Developer to add any or all of said additional land to the Condominium Project; nor is there any obligation to add portions thereof in any particular improvements thereon in any specified locations.

Article VIII: Easements In Favor Of The Developer

- A. Developer reserves for the benefit of itself, its successors and assigns, perpetual easements for the unrestricted use of all roads, driveways and walkways in the Condominium Project for the purposes of ingress to and egress from the parcel described in Article VII or any portion or portions thereof, and any other land contiguous to the Condominium Project which may be now owned or here-after acquired by Developer or its successors or assigns.
- B. All expenses of maintenance, repair, replacement and resurfacing of any road referred to in this Article VIII shall be shared by this Condominium Project and any developed portions of the contiguous land described in Article VII whose closest means of access to a public road is over such road, Developer also hereby reserves for the benefit of itself, its successors and/or assigns, and all future owners of the land described in Article VII or any portion or portions thereof and any other land contiguous with the Condominium Project or with said land described in Article VII which may be now owned or hereafter acquired by Developer or its successors or assigns, perpetual easements to utilize, tap or tie into, extend and enlarge all utility mains located in the Condominium Project, including, by way of example and not as limitations, water, gas, storm and sanitary sewer mains. In the event that Developer, its successors and assigns, utilizes, taps and ties into, extends or enlarges any utilities located in the Condominium Project, it shall be obligated to pay all of the expenses reasonably necessary to restore the Condominium Project to its condition immediately prior to such utilization, tapping, and tying-into, extension or enlargement.

Article IX: Amendment

This Master Deed and the Condominium Subdivision Plan, Exhibit "B" hereto, (but not Exhibit "A" hereto which may be amended as therein provided) may be amended with the consent of Sixty-Six and Two-Thirds (66 2/3%) percent of the co-owners and mortgagees (Allocating one vote for each mortgage held), EXCEPT as provided in preceding Articles of this Master Deed and EXCEPT as hereinafter set forth in this Article IX:

- A. No unit dimensions may be modified without the written consent of the co-owner of such unit, nor may the nature or extent of limited common

elements or the responsibility for maintenance, repair or replacement thereof be modified without the written consent of the co-owner of any unit to which the same are appurtenant.

- B. Prior to the First Annual Meeting of members of the Association, the Developer may, without the consent of any co-owner or any other person, amend this Master Deed and the plans attached hereto as Exhibit "B" in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the bylaws attached hereto as Exhibit "A" as do not materially affect any rights of any co-owner or mortgagee in the Condominium Project including, by way of example and not as limitation, amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective co-owners and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association and any other agency of the federal government or of the State of Michigan.
- C. The value of the vote of any co-owner and the corresponding proportion of common expenses assessed against such co-owner shall not be modified without the written consent of such co-owner and of his mortgagee
- D. Articles VI, VII, VIII, and this Article IX shall not be amended nor shall the provisions thereof be modified by any other amendment to this Master Deed without the written consent of Developer so long as Developer continues to offer any unit in the Condominium Project for sale or for so long as there remains, under such provisions, any further possibility of expansion of the Condominium Project.
- E. The Condominium Project may not be terminated, vacated, revoked or abandoned without the written consent of Ninety-five (95%) percent of all co-owners and all mortgagees (allocating one vote to each mortgage held).
- F. Developer may, with such co-owner consent as may be provided for in the Act, amend this Master Deed and the Condominium Bylaws attached hereto as Exhibit "A", for the purpose of extending the date of the First Annual Meeting of members of the Association.
- G. Developer may, with such co-owner consent as may be provided for in the Act, amend this Master Deed to extend the date of the expansion of the Condominium Project as set forth in Article VII hereof.

Witnesses:	B & F Developers, Inc.
Gary R. Adams	Burt Y. Poland
Mary E. Robinson	Frank W. Barber

STATE OF MICHIGAN, COUNTY OF ARENAC
 On this day of December, 1990, before me personally appeared B & F Developers, Inc. to me known to be the person described in and who executed the foregoing instrument and acknowledged that she executed the same as her free act and deed. Notary Public PREPARED BY: James H. Cook
 P 207 Main St. Harrisville, M1 48740 517-724-5155

EXHIBIT A

Condominium Bylaws

Article I: Association Of Co-Owners

Section A. The Surf-N-Sand II Condominium, a residential Condominium Project (hereinafter sometimes referred to as the "Condominium", "Project" or "Condominium Project"), located in the Township of AuSable, Iosco County, Michigan shall be administered by an Association of co-owners which shall be a non-profit corporation (hereinafter sometimes referred to as the "Association"), organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the Condominium Project in accordance with the Master Deed, these Bylaws, the Articles of Incorporation, Bylaws and duly adopted Rules and Regulations of the Association, and the laws of the State of Michigan. All co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any unit therein or the common elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

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

- (1) Each co-owner shall be a member of the Association and no other person or entity shall be entitled to membership.
- (2) 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 his unit in the Condominium Project.
- (3) Except as limited in these Bylaws, 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-owner as set forth in Article V of the Master Deed, when voting by value. Voting shall be by value except in those instances when voting is specifically required to be both by number and by value.

- (4) No co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a unit in the Condominium Project to the Association. Except as otherwise provided in Section F of this Article I, 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 F (6) of this Article I. The vote of each co-owner may only be cast by the individual representative designated by such co-owner in the notice required in Section B (5) of this Article or by a proxy given by such individual representative. Developer shall be entitled to one vote for each unit which it owns and with respect to which it is paying monthly assessments.
- (5) 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 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 of each unit 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. Such notice shall be signed and dated by the co-owner. The individual representative designated may be changed by the co-owner at any time by filing a new notice in the manner herein provided.
- (6) There shall be an annual meeting of the members of the Association commencing with the First Annual Meeting held as provided in Section F (6) of this Article 1. Other meetings may be provided for in the Bylaws of the Association. Notice of time, place and subject matter of all meetings as provided in the Association Bylaws shall be given to each co-owner by mailing the same to each individual representative designated by the respective co-owners.
- (7) The presence in person or by proxy of thirty-five (35%) percent in number and in value of the co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required herein to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which such 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

- (8) Votes may be cast in person or by written proxy or by a writing sent by certified mail 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.
- (9) A majority, except where otherwise provided herein, shall consist of more than fifty (50%) percent in value of those qualified to vote and present in person or by proxy (or written ballot, 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 and may require such majority to be one of both number and value of designated voting representatives present in person or by value of designated voting representatives present in person or by proxy (or by written ballot, if applicable) at a given meeting of the members of the Association.
- (10) Other provisions as to voting by members, not inconsistent with the provisions herein contained, may be set forth in the Association Bylaws.

Section C. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association and the co-owners. Such accounts as well as all other association records shall be open for inspection by the co-owners and their mortgagees during reasonable working hours. 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 Project shall be entitled to receive, upon request, a copy of such annual financial statement within ninety (90) days following the end of the Association's fiscal year. The costs of any accounting expenses shall be expenses of administration. The Association shall also maintain on file current copies of the Master Deed for the Condominium Project, any amendment thereto and all other Condominium Documents and shall permit all co-owners, prospective purchasers and prospective mortgagees interested in the Condominium Project to inspect the same during reasonable working hours.

Section D. The affairs of the Association shall be governed by a Board of Directors, all of whom shall serve without compensation and who must be

members of the Association except for the first Board of Directors, designated in the Articles of Incorporation of the Association and any successors thereto elected prior to the First Annual Meeting of members held pursuant to Section F (6) of this Article I. The number, terms of office, manner of election, removal and replacement, meetings, quorum and voting requirements, and other duties or provision of or relating to directors, not inconsistent with the following, shall be provided by the Association Bylaws.

- (1) The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the condominium Documents or required thereby to be exercised and done by the co-owners. In addition to the foregoing general duties imposed by these Bylaws, or any further duties which may be imposed by resolution of the members of the Association or which may be set forth in the Association Bylaws, the Board of Directors shall be responsible specifically for the following:
 - (a) To manage and administer the affairs and maintenance of the Condominium Project and the common elements thereof.
 - (b) To collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.
 - (c) To carry insurance and collect and allocate the proceeds thereof.
 - (d) To rebuild improvements after casualty.
 - (e) To contract for and employ persons, firms, corporations or other agents who shall assist in the management, operation, maintenance and administration of the Condominium Project.
 - (f) To approve or disapprove proposed purchases or lessees of any unit in the manner specified in these Bylaws.
 - (g) To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any unit in the Condominium Project and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association, including, by way of example and not as limitation, the lease or purchase of any unit in the Condominium Project for use by a resident manager.

- (h) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by the affirmative vote of more than sixty (60%) percent of all of the members of the Association in number and in value.
 - (i) To make rules and regulations in accordance with Article VI Section K of these Bylaws.
 - (j) To establish such committees, as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium Project and to delegate to such committees any functions or responsibilities, which are not by law or the Condominium Documents required to be performed by the Board.
 - (k) To enforce the provisions of the Condominium Documents.
 - (l) To make rules and regulations and to enter into agreements with institutional lenders the purposes of which are to obtain mortgage financing for co-owners which is acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association and any other agency of the federal government or of the State of Michigan.
- (2) 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 Section D (1) of this Article 1, as well as any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon ninety (90) days' written notice thereof to the other party.

In addition, Section 55 of the Act provides as follows:

- (1) A service contract which exists between the association of co-owners and the developer or affiliates of the developer and a management contract with the developer or affiliates of the developer is voidable by the board of directors of the association of co-owners on the transitional control date or within 90 days thereafter, and on 30 days' notice at any time thereafter for cause.
- (2) To the extent that any management contract extends beyond 1 year after the transitional control date, the excess period under the contract may be voided by the board of directors of the association of co-owners by notice to the management agent at least 30 days before the expiration of the 1 year."
- (3) All of the actions (including, without limitation, adoption of these Bylaws and any Rules and Regulations for the Association, and any undertakings 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 elected 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 so long as such actions are within the scope of the powers and duties which may be exercised by any Board of Directors as provided in the Condominium Documents.

Section E. The Association Bylaws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of the officers of the Association and may contain any other provisions pertinent to officers of the Association in furtherance of the provisions and purposes of the Condominium Documents and not inconsistent therewith. Officers may be compensated but only upon the affirmative vote of more than sixty (60%) percent of all co-owners in number and in value.

Section F.

- (1) Within one hundred twenty (120) days after conveyance of legal or equitable title to non-developer co-owners of thirty-three and one-third (33 1/3%) percent of all units in all phases of development of the Condominium Project or within one (1) year after the initial conveyance of legal or equitable title to a non-developer co-owner of a unit in the Condominium Project, whichever occurs first, the Developer shall call a special meeting of members for the purpose of electing three (3) persons from among the non-developer co-owners to serve on an Advisory Committee to the first Board of Directors. The purpose of the Advisory Committee shall be to facilitate communication between, and to assist in the transition of control from, the Developer to the co-owners. The members of the Advisory Committee shall serve for one (1) year or until their successors are elected. The Advisory Committee shall cease to exist automatically when a majority of the Board of Directors of the association is elected by the non-developer co-owners. The first Board of Directors and the Advisory Committee shall meet with each other at such times as may be requested by the Advisory Committee; provided, however, that there shall be no more than four (4) such meetings per year unless both entities agree.
- (2) Within one hundred twenty (120) days after conveyance of legal or equitable title to non-developer co-owners of twenty-five (25%) percent of all units in all phases of development of the Condominium Project, the Developer shall call a special meeting of members for the purpose of providing the non-developer co-owners with the opportunity to elect at least one (1) director and not less than twenty-five (25%) percent of the Board of Directors.

- (3) Within one hundred twenty (120) days after conveyance of legal or equitable title to non-developer co-owners of fifty (50%) percent of all units in all phases of development of the Condominium Project, the Developer shall call a special meeting of members for the purpose of providing the non-developer co-owners with the opportunity to elect at least one (1) director and not less than thirty-three and one-third (33 1/3%) percent of the Board of Directors.
- (4) Within one hundred twenty (120) days after conveyance of legal or equitable title to non-developer co-owners of seventy-five (75%) percent of all units in all phases of development of the Condominium Project, the Developer shall call a special meeting of members for the purpose of providing the non-developer co-owners with the opportunity to elect the entire Board of Directors; PROVIDED, however, as long as at least ten (10%) percent of all units in all phases of development of the Condominium Project are either owned and being offered for sale by the Developer or remain to be created, the Developer shall have the right to designate at least one (1) director.
- (5) In the event that the percentage of the Board which non-developer co-owners have the right to elect pursuant to subparagraphs (2), (3) and (4) of this Section F results in a fractional number of members of the Board of 0.5 or more, such fractional election right 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. The Developer shall have the right to designate the remaining members of the Board. Nothing herein, however, shall be in any way eliminate the Developer's right, pursuant to subparagraph (4) of this Section F, to designate at least one (1) director.
- (6) The First Annual Meeting of the members of the Association may be convened only by the Developer and may be called, in Developer's discretion, at any time after conveyance of legal or equitable title to non-developer co-owners of fifty (50%) percent of all units in all phases of development of the Condominium Project. In no event, however, shall said First Annual Meeting be held later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer co-owners of seventy-five (75%) percent of all units in all phases of development of the Condominium Project or fifty-four (54) months after the initial conveyance of legal or equitable title to a non-developer co-owner of a unit in the Condominium Project, whichever occurs first. The date, time and place of such First Annual Meeting shall be set up by the Board of Directors, and at last fifteen (15) days' written notice thereof shall be given to each co-owner. Thereafter, an annual meeting shall be held each year on such date as is specified in the Association Bylaws. The Developer may call additional meetings of members of the Association for informative or other appropriate purposes prior to the First Annual Meeting, and neither such meetings nor the special meetings provided for in this Section F shall be construed as the First Annual Meeting of members.

Section G. Every director and every officer of the association shall be indemnified by the association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except for those cases in which 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 interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all co-owners thereof.

Article II: Assessments

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

Section B. All costs incurred by the Association in satisfaction of any liability arising within, caused by or in connection with the common elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Condominium Project; and all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association securing the interests of the co-owners against liabilities or losses arising from, caused by or in connection with the common elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project; all within the meaning of Section 54(4) of the Act.

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

- (1) The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those common elements which must be replaced on a periodic basis must be established in the budget and must be funded by regular monthly payments as set forth in Section D of this Article II, rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget, on a non-cumulative basis. Such ten (10%) percent minimum standard may prove to be inadequate. The Board of Directors and co-

owners should carefully analyze their Condominium Project to determine whether a greater amount should be set aside, or whether additional reserve funds should be established for other purposes. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each co-owner and the assessment for said year shall be established based upon said budget. The delivery of a copy of the budget to each co-owner and the assessment for said year shall be established based upon said budget. The delivery of a copy of the budget to each co-owner shall, however, not affect the liability of any co-owner for any existing or future assessments. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient: (a) to pay the costs of operation and management of the Condominium Project, (b) to provide replacements of existing common elements, (c) to provide additions to the common elements not exceeding \$2,000.00 annually, or (d) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary.

- (2) Special assessments, in addition to those assessments required in subparagraph (1) of this Section C, may be made by the Board of Directors from time to time and approved by the co-owners as hereinafter provided to meet other needs or requirements of the Association, including, by way of example and not as limitation, (a) assessments for capital improvements or additions at a cost of exceeding \$2,000.00 per year, (b) assessments for the purchase or lease of a unit pursuant to Article VI, Section M hereof, (c) assessments to purchase a unit upon foreclosure of the lien for assessments described in Section F of this Article II, (d) assessments to purchase a unit for use as a resident manager's unit, or (e) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (2) (but not including those assessments referred to in subparagraph (1) of this Section C which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty (60%) percent of all co-owners in number and in value.

Section D. All assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners in accordance with the percentage of value allocated to each unit in Article V of the Master Deed without increase or decrease for the existence of any rights to the use of limited common elements appurtenant to a unit. Annual assessments as determined in accordance with

subparagraph (1) of this Section C shall be payable by co-owners in twelve (12) equal monthly installments, commencing with acceptance of a deed to a unit or with acquisition of the simple title to a unit by any other means. Special assessments shall be due and payable at such times as the Association shall determine. 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. Each co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments pertinent to his unit which may be levied while such co-owner is the owner thereof. Any co-owner in default in his/her monthly assessment shall not be entitled to vote at any regular or special meeting of the association.

Section E. No co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

Section F. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien which secures the payment of assessments. Each co-owner, and every other person who from time to time has any interest in the Condominium Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may from time to time be amended, are incorporated herein by this reference for the purpose of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Furthermore, each co-owner, and every other person who from time to time has any interest in the Condominium Project, 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 (or assessments, as the case may be) is delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each co-owner of a unit in the Condominium Project acknowledges that at the time of acquiring title to such unit, he was notified of the provisions of this Section and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the

lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject unit. 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 co-owner in default at his last known address, a written notice that one or more assessments (or one or more installments of the annual assessment, as the case may be) are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association which sets forth (1) the affiant's capacity to make the affidavit, (2) the statutory and other authority for the lien, (3) the amount outstanding (inclusive of interest, costs, attorney fees and future assessments), (4) the legal description of the subject unit, and (5) the name (or names, as the case may be) of the co-owner of record. Such affidavit shall be recorded in the Office of the Register of Deeds for Iosco County prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. In the event that the default 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 that the Association elects to foreclose the lien by advertisement, the Association shall so notify the co-owner in default and shall inform such co-owner that he may request a judicial hearing by bringing suit against the Association. All expenses incurred in collecting unpaid assessments, including, by way of example and not as limitation, interest, costs, actual attorney's fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the co-owner in default and shall be secured by the lien on his unit. In the event of default by any co-owner in the payment of any installment of the annual assessment levied against his unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. In addition, the Association may 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 Project, 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 collect a reasonable rental for the unit from the co-owner thereof or from any person claiming under him.

Section G. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any unit in the Condominium Project which comes into possession of the unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder comes into possession of the unit (except for claims for a pro rata share of such unpaid assessments or charges resulting from a pro rata reallocation of such unpaid assessments or charges to all units including the mortgaged unit).

Section H. During the period up to the time of the First Annual Meeting of members held in accordance with the provision of Section F (6) of Article I hereof, the Developer of the Condominium Project, even though a member of the Association, shall not be responsible for payment of the monthly Association assessment. During the period up to the time of the First Annual Meeting, Developer shall pay a proportionate share of the Association's current maintenance expenses actually incurred from time to time based upon the ratio of completed units owned by the Developer at the time the expense is incurred to the total number of completed units in the Condominium Project. In no event shall the Developer be responsible for payment, until after said First Annual Meeting of any assessments for referred maintenance, reserves for replacement, capital improvements or other special assessments, except with respect to occupied units owned by it. After the First Annual Meeting, Developer shall be responsible for payment of the 50% monthly Association maintenance assessment for all completed units owned by it and shall also maintain, at its own expense, any incomplete units owned by it. Developer shall not be responsible at any time for payment of said monthly assessment or payment of any expenses whatsoever with respect to un-built units notwithstanding the fact that such un-built units may have been included in the Master Deed. "Occupied Unit" shall mean a unit used for residential purposes. "Completed Unit" shall mean a unit with respect to which a certificate of occupancy has been issued by the local public authority.

Section I. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 231 of the Act.

Section J. A mechanic's lien or construction lien otherwise arising under Act No. 179 of the Public Acts of Michigan of 1891 or Act No. 497 of the Public Acts of Michigan of 1980, respectively, as amended, shall be subject to Section 232 of the Act.

Section K. Pursuant to Section 211 of the Act, the purchaser of a unit may request a statement from the association of the outstanding amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser has the right to acquire title to a unit, the Association shall provide a written

statement of any unpaid assessments which may exist or a statement that none exist with respect to such unit, which statement shall be binding upon the Association for the period stated therein. Upon the payment of such amount within the period stated, the Association's lien for assessments against such unit shall be deemed to have been satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such unit, shall render any unpaid assessments and the lien securing same, fully enforceable against such purchaser as well as the unit itself, to the extent provided for in the Act. Under the Act unpaid assessments constitute a lien upon the unit prior to all claims against the proceeds of sale thereof except for real property taxes and first mortgages of record.

Article III: Arbitration

Section A. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between co-owners and the Association shall, upon the 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 B. Election by co-owners or the association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

Section C. Except as otherwise hereinabove stated in Section B of this Article III, neither a co-owner nor the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Article IV: Insurance

Section A. The Association shall carry all risk, liability and, if applicable, workmen's compensation insurance coverage pertinent to the ownership, use and maintenance of the common elements of the Condominium Project and such insurance, other than title insurance, shall be carried and administered in accordance with the following provision:

- (1) All such insurance shall be purchased by the Association for the benefit of the Association, and the co-owners and their mortgagees, as their interest may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners. Each co-owner may obtain insurance coverage at this own expense upon his unit. It shall be each co-owner's responsibility to obtain insurance coverage for his personal property located within his unit or elsewhere on the Condominium Project, for his personal liability for occurrences within his unit or upon limited common elements appurtenant to his unit and for alternate living expenses in the event of fire, and the Association shall have absolutely no responsibility for obtaining such coverage. 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.
- (2) All common elements of the Condominium Project shall be insured against fire and other perils covered by an all risk policy of insurance, in the amount equal to the 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 acts contained therein and shall further include all fixtures, equipment and trim within a unit which were furnished with the unit as standard items in accordance with the plans and specifications thereof as are on file with the Association (or such replacements thereof as do not exceed the cost of such standard items). Any improvements made by a co-owner within his unit shall be covered by insurance obtained by and at the expense of such co-owner; provided that, if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto shall be assessed to and borne solely by said co-owner and collected as a part of the assessments against said co-owner under Article II hereof.
- (3) All premiums for insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.
- (4) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, and the co-owners and their mortgagees as their interest may appear; provided, however, that whenever repair or reconstruction of the Condominium Project shall be required as

provided in Article V hereof, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to 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 Project unless all of the institutional holders of first mortgage liens on any units have given their prior written approval.

Section B. Each co-owner, by ownership of a unit in the Condominium Project, shall be deemed to have appointed the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of all risk, liability and, if applicable, workmen's compensation insurance coverage pertinent to the Condominium Project, his unit and the common elements appurtenant thereto with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, 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 Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such co-owner and the Condominium Project as shall be necessary or convenient for the accomplishment of the foregoing.

Article V: Reconstruction Or Repair

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

- (1) If the damaged property is a common element or a unit, the property shall be rebuilt or repaired if any unit in the Condominium Project is tenantable, unless it is determined by a unanimous vote of all co-owners that the Condominium Project shall be terminated and each institutional holder of a first mortgage lien on any unit has given its prior written approval of such termination.
- (2) If the Condominium Project is so damaged that no unit is tenantable, and if each institutional holder of a first mortgage lien on any unit has given its prior written approval of the termination of the Condominium Project, the damaged property shall not be rebuilt and the

Condominium Project shall be terminated, unless seventy-five (75%) percent or more of the co-owners in number and in value agree to reconstruction by vote in or writing within (90) days after the destruction.

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

Section C. If the damage is only to a part of the 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 D of this Article V. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

Section D. Each co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his unit, including by way of example and not as limitation, floor coverings, wall coverings, window shades, draperies, interior walls (but not any common elements therein), interior trim, furniture, light fixtures and all appliances, whether free-standing or built-in. In the event that damage to interior walls within a co-owner's unit to or 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 E of this Article V. 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 shall promptly so notify each institutional holder of a first mortgage lien of any unit.

Section E. The Association shall be responsible for the reconstruction, repair and maintenance of the common elements and any incidental damage to a unit caused by the common elements or the reconstruction, repair or maintenance thereof. Immediately 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 reconstruct or repair the damaged property to a condition as good as that existing prior to such

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 payment of such costs are insufficient, assessments shall be made against all co- owners for the costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual costs thereof.

Section F. Section 233 of the Act and the following provisions shall control upon any taking by eminent domain:

- (1) In the event of any taking of an entire unit by eminent domain, the award for such taking shall be paid to the co-owner of such unit and to the mortgagee thereof, as their interests may appear. After acceptance of such award by the co-owner and by his mortgagee, they shall be divested in all interest in the Condominium Project. In the event that any condemnation award shall become payable to any co-owner whose unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Association on behalf of such co-owner. If only a part of any unit is taken, the Association shall rebuild the same as is necessary to make it habitable and remit the balance of the condemnation proceeds pertinent to such unit to the co-owner of such unit and to the mortgagee thereof, as their interest may appear.
- (2) If there is any taking of any portion of the Condominium Project other than any unit, the condemnation proceeds relative to such taking shall be paid to the Association and the affirmative vote of more than fifty (50%) percent of the co-owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate. If no such affirmative vote is obtained, such condemnation proceeds shall be remitted to the co-owners and to their mortgagees, as they interest may appear, in accordance with their respective percentages of value set forth in Article V of the Master Deed.
- (3) In the event that the Condominium Project continues after any taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately adjust the percentages of value of the remaining units based upon the continuing value of the Condominium Project being

100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any co-owner, but only with the prior written approval of all holders of first mortgage liens on individual units.

- (4) In the event that any unit, or any portion thereof, or any common element in the Condominium Project 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 shall promptly so notify each institutional holder of a first mortgage lien on any unit.

Section G. In the event that any mortgage on any unit is held by the Federal Home Loan Mortgage Corporation, the Association shall give written notice to the Federal Home Loan Mortgage Corporation at such address as it may, from time to time, direct: of any loss to or taking of the common elements, if such loss or taking exceeds \$10,000 in amount; or of damage, in excess of \$1,000, to any unit covered by a mortgage held in whole or in part by the Federal Home Mortgage Corporation.

Section H. Nothing contained in the Condominium Documents shall be construed to give a co-owner, or any other party, priority over the rights of holders of first mortgage liens, as established by their mortgages, upon a distribution to co-owners of insurance proceeds or condemnation awards.

Article VI: Restrictions

Section A. No unit in the Condominium Project shall be used for other than single family residence purposes (except that persons not of the same immediate family residing together may occupy a unit with written consent of the Board of Directors, which consent shall not be unreasonably withheld) and the common elements shall be used only for purposes consistent with the use of single-family residences. A family shall mean one person or a group of two or more persons related by bonds of consanguinity, marriage or legal adoption.

Section B. A co-owner may rent or lease his unit for the same purposes set forth in Section A of this Article VI; provided that written approval (which approval shall not be unreasonably withheld) of such lease transaction is obtained from the Board of Directors of the Association in the same manner required in sales transactions as specified in Section M of this Article VI. No co-owner shall lease less than an entire unit. The terms

of all leases, occupancy agreements and other occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. *Developer may lease any number of units, in its discretion.* Tenants and non co-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements, the Association may give written notice of such arrearage to a tenant occupying a unit pursuant to a lease or rental agreement and the tenant, after receipt of such notice, shall deduct from rental payments due the co-owner such arrearage as well as future assessments as they fall due and pay them directly to the Association. Such deductions shall not be a breach of the lease or rental agreement by the tenant. In the event that the Association determines that a tenant or non co-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

- (1) The Association shall notify the co-owner, by certified mail, of the alleged violation by the tenant or non co-owner occupant.
- (2) The co-owner shall have 15 days after receipt of such notice to investigate and correct the alleged violation or advise the Association that such violation has not occurred.
- (3) In the event that the Association, after said 15 day period, believes that the alleged violation has not been cured or may be repeated, it may on its behalf, or derivatively the co-owners may on the Association's behalf, if the Association is under the control of the Developer, institute an action for eviction against the tenant or non-co-owner occupant for such violation. Such relief may be summary proceeding. In addition, the Association may hold both the tenant or non-co-owner occupant and the co-owner liable for any damages caused by any violation of the Condominium Documents.

Section C. No co-owner shall make alterations in exterior appearance or make structural modifications to his unit (including interior walls through or in which there exists easements for support or utilities) or make changes in any of the common elements, limited or general, without the prior written approval of the Board of Directors including (by way of example and not as limitation) exterior painting or the erection of antennas, lights, aerials, awnings, doors, windows, shutters or other exterior attachments or modifications or attachments to common element walls between units which in any way impairs sound conditioning provisions. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Condominium Project.

Section D. No immoral, improper, unlawful or offensive activity shall be carried on in any unit or upon the common elements, limited or general, nor shall anything be done which may be or become an annoyance or a nuisance to the co-owners of the Condominium Project, nor shall any unreasonably noisy activity be carried on in any unit or on the common elements. No co-owner shall do or permit anything to be done or keep or permit to be kept in his unit or on the common elements anything which will increase the rate of insurance on the Condominium Project without the prior written approval of the Board of Directors and each co-owner shall pay to the Association the increase cost of insurance premiums resulting from any such activity or the maintenance of any such condition.

Section E. No animals, except one dog or one cat, which is owned by a co-owner at the time legal or equitable title is conveyed to such co-owner, shall be maintained by any co-owner without the prior written approval of the Board of Directors. Any co-owner who causes any animal to be brought to kept upon the premises of the Condominium Project shall indemnify and hold the Association harmless from and against any loss, cost, damage and liability which the Association may sustain as a result of the presence of such animal within the Condominium Project. No animal may be permitted to run loose at any time upon the common elements and any animal shall at all times be attended by a responsible person while on the common elements, limited or general. The Association may charge all co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II hereof in the event that the Association determines such assessment necessary to delay the maintenance cost to the Association of accommodating animals within the Condominium Project. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper.

Section F. The common elements, limited or general, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted Rules and Regulations of the Association. Trash receptacles shall be maintained in areas designated therefore at all times and shall not be permitted to remain elsewhere on the common elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The common elements shall not be used in any way for drying, shaking or airing of clothing or other fabrics. Automobiles may only be washed in areas approved by the Association. In general, no activity shall be carried on nor

condition maintained by a co-owner either in his unit or upon the common elements, which spoils the appearance of the Condominium Project.

Section G. Sidewalks, yards, landscaped areas, driveways, roads, parking areas and porches shall not be obstructed in any way nor shall they be used for purposes other than those for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, or benches may be left unattended on or about the general common elements. Use of any recreational facilities in the Condominium Project may be limited to such times and in such manner as the Association shall determine by duly adopted regulations.

Section H. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobiles, snowmobile trailers or vehicles other than automobiles, vans and pick-up trucks driven for personal use may be parked or stored upon the premises of the Condominium Project, unless approved by the Board of Directors or unless parked in an area specifically designated therefore by the Association. Commercial vehicles and trucks shall not be parked in or about the Condominium Project (except as above provided) unless while making deliveries or pickups in the normal course of business. Each co-owner shall park such automobile, van or pick-up truck in the spaces provided therefore. Co-owners shall, if required by the Association, register with the Association all automobiles maintained by them within the Condominium Project.

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

Section J. 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 the prior written approval of the Association.

Section K. Reasonable rules and regulations consistent with the Act, the Master Deed and these Bylaws, concerning the use of the common elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors elected by the Developer) prior to the First Annual Meeting of members held as provided in Article I hereof.

Copies of all such regulations and amendments thereto shall be furnished to all co-owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representatives of each co-owner. Any regulation or amendment may be revoked at any time by the affirmative vote of more than fifty (50%) percent of all co-owners in number and in value except that the co-owners may not revoke any regulation or amendment prior to said First Annual Meeting of members.

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

Section M. No co-owner may dispose of a unit or any interest therein by sale or lease without the prior written approval of the Association, which approval shall be obtained in the manner hereinafter provided:

- (1) A co-owner intending to make a sale or lease of a unit, or any interest therein, shall give written notice of such intention delivered to the Association at its registered office and shall furnish the name and address of the intended purchaser or lessee and such other information as the Association shall reasonably require. At the time of giving such notice, such co-owner shall also furnish the Association with copies of all instruments setting forth the terms and conditions of the proposed transaction. The giving of such notice shall constitute a warranty and a representation by such co-owner to the Association and to any purchaser or lessee produced by the Association that the co-owner believes the proposed sale or lease to be bona fide in all respects. The selling or leasing co-owner shall be responsible to the Association for

any damages suffered by it in exercising its rights hereunder and, in the event that any proposed sale is not bona fide, such damages may include (by way of example and not as limitation) the difference between the price or rent paid by the Association for the unit and the fair market or rental value thereof.

- (2) Within twenty (20) days after receipt of such notice of intention to sell or lease, the Association shall either approve the transaction or furnish a purchaser or lessee (as the case may be) satisfactory to it and give notice thereof to the selling or leasing co-owner who will immediately execute a control of sale or lease upon terms as favorable to the selling or leasing co-owner as the terms furnished with the notice. During said twenty (20) day period, the Association shall have the right to show the unit to prospective purchaser and lessees. A purchaser or lessee furnished by the Association may have not less than thirty (30) days subsequent to the date of his approval by the Association within which to close the transaction. Such selling or leasing co-owner shall be bound to consummate the transaction with such purchaser or lessee as may be approved and furnished by the Association. In the event of a sale, the approval of the Association shall be in recordable form, signed by any authorized officer of the Association. In the event of a lease, the approval of the Association shall be in recordable form, signed by any authorized officer of the Association, and shall be delivered to the purchaser. Failure of the Association to either approve such sale or lease or to furnish an appropriate substitute purchaser or lessee within such twenty (20) day period for any reason whatsoever shall be deemed to constitute approval; following which the Association shall, nevertheless, prepare and deliver written approval, which in the event of a sale shall be in recordable form.
- (3) In the event that a sale or lease transaction is consummated between a co-owner and any proposed purchaser or lessee upon any basis other than as disclosed to the Association, the Association shall then have the same rights to disapprove the transaction and to furnish a purchaser or lessee satisfactory to it as are expressed in subsections (1) and (2) of this Section M, and such rights to disapprove and to furnish a purchaser or lessee shall expire twenty (20) days after the Board of Directors receive knowledge at a director's meeting of the actual terms of the transaction or one (1) year after consummation of the original transaction, whichever occurs first.
- (4) The Developer shall not be subject to this Section M in the sale or lease of any unit following establishment of the Condominium Project. Furthermore, Developer hereby reserves the right

to retain any units either for its own use and enjoyment, or for the purpose of the rental thereof.

- (5) This Section M shall not apply to a public or private sale held pursuant to foreclosure of a first mortgage lien on any unit.
- (6) The holder of any first mortgage lien covering any unit in the Condominium Project which comes into possession of the unit covered by such mortgage pursuant to the remedies provided in the mortgage, foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure, shall be exempt from the provisions of this Section M.

Section N. No co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the common elements without the prior written approval of the Board of Directors.

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

Section P. Each co-owner shall maintain his unit and any limited common elements appurtenant thereto, for which he 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 (by way of example and not as limitation) the telephone, water, gas, plumbing, electrical, cable television 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 him, or by his family, guests, lessees, agents or invitees, unless such damages or costs are covered by insurance carried by the Association in which event there shall be no such responsibility (unless reimbursement to the Association is excluded by virtue of a deductible provision, in which even the responsible co-owner shall bear the expense to the extent of the deductible amount). Any damages or costs to the Association may be assessed to and collected from the responsible co-owner in the manner provided in Article II hereof.

Section Q. Neither the restrictions contained in this Article VI, nor those of the Association adopted in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation and Bylaws as the same may, from time to time, be amended, shall apply to the commercial activities or signs or billboards, if any, of the Developer during the development and sales period as hereinafter

defined. For the purposes of this Section, the development and sales period shall be deemed to continue so long as Developer owns any unit which he offers for sale. Until all units in all phases of the Condominium Project are sold by Developer, Developer shall have the right to maintain a sales office, a business office, a construction office, model units, storage areas, reasonable parking incident to the foregoing and such access to, from and over the Condominium Project-as may be reasonable to enable development and sale of the entire Condominium Project by Developer. Developer shall restore the areas so utilized to habitable status upon termination of such use.

Article VII: Mortgages

Section A. Any co-owner who mortgages his unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Units". The Association may, at the written request of a 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 lien covering any unit in the Condominium Project written notification of any default, in the performance of the obligations of the co-owner of such unit, which is not cured within 30 days.

Section B. The Association shall notify each mortgagee appearing in said book of the name of each company from which all risk and liability insurance has been obtained and the amounts of such coverage.

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

Article VIII: Amendments

Section A. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of a majority of the directors of the vote of one-third or more in number of the members of by instrument in writing signed by them.

Section B. 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 C. Except as restricted by Section E of this Article VIII, these Bylaws may be amended by the Association at any regular annual meeting or a special meeting called for such purpose, by the affirmative vote of not

less than sixty-six and two-thirds (66 2/3%) percent of all co-owners both in number and in value.

Section D. Prior to the First Annual Meeting of members, these Bylaws may be amended by the first Board of Directors upon proposal by Developer, without approval from any person, to make such amendments as shall not increase or decrease the benefits or obligations, or materially affect the rights of any member of the Association.

Section E. Any amendment to these Bylaws (but not the Association Bylaws which may be amended as provided therein) shall become effective upon recording of such amendment in the Office of the Register of Deeds for Losco County. Without the prior written approval of all institutional holders of first mortgage liens on any units, no amendment to these Bylaws shall become effective which involves any change, direct or indirect, in Article I Sections C and D (2), Article II Sections C (1), D and G, Article IV Section A (4), Article V Sections A, D, F, G and H, Article VI Section M (6), Article VII Section A, of this Article VIII Sections C and E.

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

Article IX: Compliance

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

Article X: Definitions

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

Article XI: Remedies For Default

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

1. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, by way of example and not as limitation, an action for recovery of damages for injunctive relief, for foreclosure of lien (if default in payment of assessment) or any combination thereof. Such relief may be sought by the Association, or, if appropriate, by an aggrieved co-owner or co-owners.
2. In any proceeding arising because of an alleged default by a 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.
3. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to those rights set forth above, to enter upon the common elements, limited or general, and into any unit, where reasonably necessary, and summarily remove and abate, at the expense of the co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents.
4. The violation of any of the provisions of the Condominium Documents by any co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless Rules and Regulations establishing such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all co-owners in the same manner as prescribed in Article II, Section 4 of the Association Bylaws. Thereafter, fines may be assessed only upon notice to the offending co-owner as prescribed in said Article II, Section 4, and on opportunity being given such co-owner to appear before the Board no less than seven (7) days from the date of such notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these Bylaws. No fine shall be levied for the first violation. No fine shall exceed \$25 for the second violation, \$50 for the third violation or \$100 for any subsequent violation.

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

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

Article XII: Severability

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