EXHIBIT A TO MASTER DEED

THE ISLAND IN THE HILLS

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

THE ISLAND IN THE HILLS, a residential Condominium Project located in Nottawa and Sherman Townships, St. Joseph County, Michigan, shall be administered by The Island in the Hills Condominium Association, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Michigan Condominium Act, being Act 59 of the Public Acts of 1978 (the "Act") and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. 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.

ARTICLE II

ASSESSMENTS

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

Section 1. Assessments for General Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the General Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 2. Assessments for Limited Common Elements All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the

Limited Common Elements shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Limited Common Elements shall constitute receipts affecting the Limited Common Elements within the meaning of Section 54(4) of the Act.

Section 3. Determination of Assessments. Assessments (including for Limited Common Elements) shall be determined in accordance with the following provisions:

(a) Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, maintenance, repair or replacement of the Condominium Project and Limited Common Elements, including a reasonable allowance for contingencies and reserves. A reserve fund shall be maintained for major repairs and replacement of Common Elements, with the exception that no reserve shall be maintained for repair or replacement of natural features in the Natural Wildlife Area, including woods, trees, shrubs, plants and/or meadows. The reserve fund shall be funded by the annual assessment described in Section 4 below, which is payable in annual payments, rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a noncumulative basis as of the Transitional Control Date. The Developer shall be liable for any deficiency in this amount at the Transitional Control Date. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular project, the Association of Co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. The Board of Directors, in preparing the annual budget, shall include allowances for the amount to be paid into the escrow account for the maintenance, repair and replacement of the Wastewater System, or any element thereof, and all other budget expenditures for any part of the Wastewater System that may not be covered by the escrow account. The amounts budgeted for the Wastewater System shall not be less than the amount required to be paid into escrow based on calculations prepared by the Association for the Michigan Department of Environmental Quality ("MDEQ").

Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, (2) to provide replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding $5,000.00 annually for the entire Condominium Project, (4) to provide for the maintenance, repair or replacement of the Limited Common Elements, or (5) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 4 hereof and to assess a one time capital contribution at the time of closing on the purchase of a Unit in an amount equal to the first year's annual installment. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof,

and shall not be enforceable by any creditors of the Association or of the members thereof. The Board of Directors, including the first Board of Directors controlled by the Developer, may relieve Co-owners who have not constructed residences upon their Units from payment, for a limited period of time, of all or some portion of their respectively allocable shares of the Association budget. The purposes of this provision is to provide fair and reasonable relief from Association assessments until such Co-owners actually commence utilizing the Common Elements or Limited Common Elements on a regular basis. Assessments for Limited Common Elements shall be assessed only to those Units to which the Limited Common Elements are appurtenant.

(b) Special Assessments. Special assessments, as to all the Co-owners or to individual Co-owners as provided in Section 69 of the Act, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the Board of Directors, including, but not limited to: (1) assessments for additions to the Common Elements of a Cost exceeding $5,000.00 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, (3) assessments for costs associated with the maintenance, repair, renovation, restoration or replacement of a Limited Common Element or for any unusual expenses or conduct that benefit less than all those entitled to occupy the Condominium as provided in Section 69 of the Act, or (4) assessments for any other appropriate purpose not elsewhere herein described. Assessments shall also be imposed against those Co-owners whose Units are served by the Wastewater System for the cost of maintenance, repair, pumping out, preservation and replacement of all or any part of the Wastewater System that the Association is to perform, including costs to perform construction and replacement of a part or component that should be constructed or replaced by the Co-owner of a Unit, as described in Article VI, Section 26(b) below. The Association may also impose assessments against the Co-owner of a Unit served by the Wastewater System, as described in Article VI, Section 26(b), to recover any costs, expenses and/or other amounts paid or incurred by the Association (including amounts paid to it by other Co-owners) for the construction and/or replacement of any component and/or part of the Sanitary Sewage Holding/Pumping Facility if the Co-owner of the Unit is required to perform this construction or replacement and fails to do so.

(c) The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

Section 4. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, 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. Except as provided otherwise herein or the Master Deed, any unusual common expenses benefiting less than all of the Condominium Units, or any expenses incurred as a result of conduct of less than all of those entitled to occupy the Condominium may be assessed by the Board of Directors against the Condominium Unit or Units involved in accordance with the reasonable judgment of the Board of Directors; this includes assessments, which will be levied only against Co-owners whose Units are connected to the Wastewater System, for the construction, maintenance, repair, preservation and replacement of all or any part of the Wastewater System.

Annual assessments as determined in accordance with Article II, Section 3(a) above shall be payable by Co-owners in one (1) annual installment, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. However, the Association Board may, prior to the beginning of any year, change the payment of the annual assessment from a single annual payment to quarterly or monthly payments and this method of payment shall be effective for the upcoming year and all future years, until changed by the Board. 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. An automatic late charge not exceeding $25 per installment per month may be added to each installment in default for 5 or more days until each installment together with all applicable late charges is paid in full. The Board of Directors shall also have the right to apply a discount for assessments received by the Association on or before the date on which any such assessment falls due. Each Co-owner (whether 1 or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates. Co-owners delinquent in paying assessments shall be ineligible to serve on committees or as a Director of the Association.

Section 5. Waiver of Use or Abandonment of Unit. No Co-owner may exempt such Co-owner from liability for any contribution toward the expenses of administration or for payment of assessments to the Association by waiver of the use or enjoyment of any of the Common Elements or Limited Common Elements, or by the abandonment of the Unit.

Section 6. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments together with all applicable late charges and fines by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any 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 immediately due and payable. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XIX, Section 4 and Article XX of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-owner and every other person who from time to time has any interest in the 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(s) is or are delinquent at public venue, pursuant to judicial proceedings, foreclosure by advertisement or any other means permitted by law 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 Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit.

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that 1 or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the Project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

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

Section 7. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which acquires title to 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 assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit).

Section 8. Developer's Responsibility for Assessments. During the period up to the time of the First Annual Meeting of Members held in accordance with provisions of Article IX, Section 2 hereof, the Developer of the Condominium, even though a member of the Association, shall not be responsible for payment of the monthly Association assessment (except with respect to occupied units that it owns). Developer, however, shall during the period up to the First Annual Meeting of Members pay a proportionate share of the Association's current maintenance expenses actually incurred from time to time, except expenses related to maintenance and use of the Units in the Project and of the dwellings and other improvements constructed within or appurtenance to the Units that are not owned by the Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of Completed Units owned by Developer at the time the expense is incurred to the total number of Units in the Condominium. In no event shall Developer be responsible for payment, until after said First Annual Meeting of Members, of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to Occupied Units owned by it. Developer shall, however, 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 Units not completed notwithstanding the fact that such incomplete Units may have been depicted in the Master Deed. Further, Developer shall in no event be liable for any assessment, general or special, levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating or preparing such litigation or claim or any similar or related costs. "Occupied Unit" shall mean a Unit used as a residence. "Completed Unit" shall mean a Unit with respect to which a certificate of occupancy has been issued by the Township and/or St. Joseph County.

Section 9. . Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 10. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 11. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 12. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least 5 days prior to the closing of the

purchase of such Unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

ARTICLE III

ARBITRATION

Section 1. Scope and Election. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between the Co-owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

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

Section 3. Election of Remedies. Such election and written consent 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.

ARTICLE IV

INSURANCE

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

(a) Responsibilities of Co-owners and Association. All such insurance shall be purchased by the Association for the benefit of the Association, the Developer and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. Each Co-owner should obtain insurance coverage at his own expense upon his Unit. It shall be each Co-owner's responsibility to determine by personal investigation or from his own insurance advisors

the nature and extent of insurance coverage adequate to his needs and thereafter to obtain insurance coverage for his personal property and for everything related to the dwelling located within his Unit or elsewhere on the Condominium and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit, and also for alternative living expense in the event of fire, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(b) Insurance of Common Elements and Fixtures. All Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding trees, vegetation, or other natural features in the Natural Wildlife Area, the foundation, sewers, roads and excavation costs, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement). All information in the Association's records regarding insurance coverage shall be made available to all Co-owners upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting to change the nature and extent of any applicable coverages, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-owners of the nature and extent of all changes in coverages. It shall be each Co-owner's responsibility to determine the necessity for and to obtain insurance coverage for everything related to the Dwelling, including any Limited Common Elements within the Unit, and the Association shall have no responsibility whatsoever for obtaining such coverage.

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

(d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate bank account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction.

Section 4. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability

insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project, his Unit and the General 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 therefor, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the 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 as shall be necessary or convenient to the accomplishment of the foregoing.

Section 5. Responsibilities of Co-owners. Each Co-owner may obtain fire and extended coverage and vandalism and malicious mischief insurance with respect to the building and all other improvements constructed or to be constructed within the perimeter of his Condominium Unit and for his personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever.

Section 6. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Development and Sales Period). This section 4 shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner, however.

ARTICLE V

RECONSTRUCTION OR REPAIR

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

(a) Damage to Common Element. If the damaged property is a Common Element, the property shall be rebuilt or repaired, unless: (i) it is determined by a vote of 80% of the Co-owners in the Condominium that the Condominium shall be terminated, or (ii) the damage is to the Natural Wildlife Area, or any natural features thereof, including trees, shrubs and plants.

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

Section 3. Co-owner Responsibility for Repair.

(a) Unit or Improvements Thereon. If the damaged property is a Unit or any improvements thereon, the Co-owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such Co-owner shall be responsible for any reconstruction or repair that the Co-owner elects to make. If the damaged property includes any part or component of the Wastewater System which the Co-owner is responsible for constructing or replacing pursuant to the Master Deed or pursuant to Article VI, Section 26(b) below, then if this part or component needs to be constructed or replaced, the Co-owner shall construct or replace it at such Co-owner's expense, as provided in Article VI, Section 26(b) below and the Master Deed. The Co-owner shall in any event remove all debris and restore his Unit and the improvements thereon to a clean and slightly condition satisfactory to the Association and in accordance with the provisions of Article V hereof as soon as reasonably possible following the occurrence of the damage.

Section 4. Association Responsibility for Repair. Except as otherwise provided in the Master Deed and in Section 3 hereof, the Association shall be responsible for the reconstruction, repair and maintenance of the General Common Elements and Limited Common Elements. 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 replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 5. Timely Reconstruction and Repair. If damage to Common Elements or Limited Common Elements, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property without delay, and shall complete such replacement within a reasonable time thereafter using its or his best efforts, after the date of the occurrence which caused damage to the property.

Section 6. Eminent Domain. Section 133 of the Act and the following provisions shall control upon any taking by eminent domain:

(a) Taking of Unit. In the event of any taking of all or any portion of a Unit by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and his mortgagee shall, after acceptance of the condemnation award therefor, be divested of 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 Co-owner and his mortgagee, as their interests may appear.

(b) Taking of General Common Elements. If there is any taking of any portion of the Condominium other than any Unit, the condemnation proceeds relative to such

taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% 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.

(c) Continuation of Condominium After Taking. In the event the Condominium Project continues after 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 readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 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. Costs incurred to accomplish matters required by this subsection shall be borne by the Association.

(d) Notification of Mortgagees. In the event any Unit in the Condominium, or any portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

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

Section 7. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Condominium Unit owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Condominium Unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI

RESTRICTIONS

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

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residential purposes.

Section 2. Character and Size of Buildings. No plan for any Dwelling will be approved unless the proposed Dwelling has a minimum square footage required from time to time by the Township. In addition, each single level Dwelling must have a minimum of 1,800 livable square feet. Each bi-level Dwelling shall have a minimum of 1,500 livable square feet on the main floor and 500 livable square feet on the second floor. All computations of livable floor area are for determination of the permissibility of erection of a residence shall be exclusive of garage, porches, or terraces. All garages must be attached or architecturally related to the dwelling. No garage shall provide space for less than two (2) automobiles. Carports are specifically prohibited.

Section 3. Leasing and Rental. A Co-owner or the Developer desiring to lease or rent a Unit may do so subject to the following restrictions:

(a) Prior to Transitional Control Date. Prior to the Transitional Control Date, during the Development and Sales Period, the Developer, or its assigns, may lease any number of Units in the Condominium in its discretion, on such terms as the Developer may desire.

(b) Other Leases. A Co-owner desiring to rent or lease a Unit at any time, and the Developer desiring to rent or lease a Unit at a time to which subsection (a) above does not apply, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease or otherwise agreeing to grant possession of a Unit to potential lessees or occupants, and, at the same time, shall supply the Association with a copy of the exact written lease for the Association's review for its compliance with the Condominium Documents. A written lease is required to be used and shall contain all agreed upon terms for the rental of the Unit. The lease shall provide for a minimal term of at least three (3) months. The lease shall not be executed until it has been reviewed and approved by the Association. A copy of the executed lease shall be provided to the Association by the Co-owner or Developer who is leasing the Unit.

(c) Compliance with Condominium Documents. Tenants or nonco-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases shall so state.

(d) Failure to Comply with Condominium Documents. If the Association determines that the tenant or nonco-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(1) Notice. The Association shall notify the Co-owner by certified mail, advising of the alleged violation by the tenant. The Co-owner shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(2) Eviction. If, after fifteen (15) days, the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for both eviction against the tenant or nonco-owner occupant and, simultaneously, for money damages against the Co-owner and tenant or nonco-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subsection may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the General Common Elements caused by the Co-owner or tenant in connection with the Unit or Project.

(e) Arrearage in Assessments. When a Co-owner is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to the tenant occupying a Co-owner's Unit under a lease, and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deduction does not constitute a breach of the lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following:

(1) Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding;

(2) Initiate proceedings pursuant to subsection d(2) above.

Section 4. Architectural Control.

(a) Approvals Required. No building, structure or other improvement shall be constructed within a Condominium Unit or elsewhere within the Condominium Project, nor shall any exterior modification be made to any existing buildings, structure or improvement, unless plans and specifications therefor, containing such detail as the Developer may reasonably request (which may include architectural plans and specifications, a building location and site plan and landscaping plan), have first been approved in writing by the Developer or an Architectural Control Committee ("ACC") established by Developer. Construction for any building or other improvements must also receive any necessary approvals from the local public authority. Developer or the ACC shall have the right to refuse to approve any such plans or specifications, color and/or material specifications, grading or landscaping plans, or building location site plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it its proposed to be constructed, the proposed location within the Unit and the location of structures within adjoining Units and the degree of harmony thereof with the Condominium as a whole. Construction shall not damage any lines for utilities or pipes for drainage that may be on a Unit

(b) Construction Materials. All residences shall have finished exteriors of materials approved by Developer or ACC. Use of cement block, slag and/or cinder block is expressly prohibited. The Developer may grant such exceptions to this restriction regarding construction materials as it deems suitable. All exterior paints, stains and material colors must be shown as a part of the plans and all colors must be natural and earthtone colors and exist in nature and shall be submitted for approval and which must be approved by Developer or ACC; samples thereof shall be furnished to Developer or ACC upon request. The Developer or ACC shall have the right to approve reasonable deviations from these requirements.

(c) Minimum Width and Depth. The minimum dwelling width and depth shall be subject to the discretion of the Developer or ACC (if established by Developer), which shall attempt to maintain uniform standards throughout the Condominium.

(d) Fences, Walls, Hedges, Etc. No fence, wall, or hedge of any kind shall be erected or maintained on any Unit unless approved by the Developer or the ACC. No fence, wall or hedge shall be maintained or erected which blocks or hinders vision at street intersections. No chain link or stockade style fences shall be permitted. No fence, wall or hedge shall be erected, grown, or maintained in front of or along the front building line of a Unit.

(e) Temporary Structures. Trailers, tents, shacks, sheds, barns, or any temporary buildings of any description whatsoever, are expressly prohibited and no temporary occupancy shall be permitted in unfinished residential buildings. However, the erection of a temporary storage building for materials and supplies to be used in the construction of a dwelling, and which shall be removed from the premises upon completion of the building is permitted.

(f) Driveways. All driveways shall be constructed of concrete, asphalt or paving brick unless the Association shall approve an alternate paving material. The initial plans, submitted to the Developer or the ACC in accordance with the provisions hereof, shall designate the location of the driveway and the building materials to be used for approval by the Developer or the ACC.

(g) Chimneys and Exhaust Flues. No prefabricated metal chimney flues for furnace or hot water heaters shall be visible from the front of any house. Prefabricated fire place flues shall not be used regardless of visibility.

(h) Air Conditioning. No "through the wall" air conditioners may be installed. Whenever possible, outside compressors for central air conditioning units will be located in the side yard. In cases where the compressor is located on the side of the house, appropriate landscaping must be installed so as to create no nuisance to the residents of adjacent dwellings.

(i) Swimming Pools. No swimming pool may be built which is higher than one (1) foot above the existing lot grade. No above ground swimming pools shall be erected or maintained on any Unit.

(j) Building Within Unit. No building shall extend beyond any building envelope area within the Unit as designated by Developer or the ACC.

(k) Lighting. One roadside yard light with a maximum of 75 watts shall be permitted. No lights will be allowed, except light with a maximum of 25 watts for sidewalk lighting. Security lights will only be permitted if on motion sensor.

(l) General. The purpose of this Section is to assure the continued maintenance of the Condominium as an aesthetically pleasing and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners. Developer's rights under this Article VI, Section 4 may, in Developer's discretion, be assigned to the Association, the ACC or other successor to Developer. Developer may construct any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents.

Section 5. Antennas and Satellite Dishes. No outside antennas or satellite dishes shall be allowed on any Unit, except a satellite dish no greater than 24" in diameter, placed in a location approved by the Developer or ACC.

Section 6. Underground Sprinkling Systems. All Units within the Condominium upon which a Dwelling has been constructed shall have an underground irrigation system capable of adequately watering all lawn areas. The system must be installed within one (1) year of occupancy of a Dwelling and must be maintained in good working order and operated sufficiently to ensure proper growing conditions. Notwithstanding the foregoing, no water for such irrigation system may be pumped from Lake Templene without the prior written consent of the Developer.

Section 7. Drainage and Utility Easements. No permanent improvement shall be constructed on any area designated in the Plan or any written easement as a drainage or drain

easement or utility easement, unless approved by the Association and the person to whom the easement was granted. No discharge from any storm water coming on any Unit shall flow into any sanitary sewage facility within the Condominium. Any ditch or swale that is a part of the storm water drainage system serving the Condominium that is located upon a Unit shall be maintained by the Co-owner of the Unit in good repair and free of obstructions.

Section 8. Alterations and Modifications of Common Elements. No Co-owner shall make alterations, modifications or changes in any of the Common Elements without the express written approval of the Board of Directors. No Co-owner shall in any way restrict access to any utility line, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way.

Section 9. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements nor shall anything be done which may be or become an annoyance, a nuisance or a safety hazard to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. 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 that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices. There shall be no operation of loud mechanical equipment on Sunday, specifically, but not limited to lawn mowing. Garage sales will be limited to no more than one (1) per household per year.

Section 10. Pets. Each Co-owner shall have the right to keep on its Unit not more than two (2) domesticated animals as household pets. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements even if permission was previously granted to maintain the pet on the premises. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it

and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association and/or revoke the privilege of a Co-owner to maintain a pet in the Condominium. All such Units that house such household pets shall keep and maintain an underground electronic pet confinement system such that the pet will not leave the boundaries of such Unit.

Section 11. Aesthetics. No unsightly condition shall be maintained on any Unit and only patio, porch and deck furniture and equipment consistent with the normal and reasonable use of such areas 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 thereon during seasons when such areas are not reasonably in use. Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage. Trash receptacles shall be maintained inside the garage at all times and shall not be permitted to remain on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. Vacant Units must be neatly maintained with weeds cut and without accumulation of natural or other debris. 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 is detrimental to the appearance of the Condominium.

Section 12. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation use, may be parked or stored upon the premises of the Condominium, unless parked in the garage with the door closed. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. Each Co-owner shall park his car in the garage space provided therefor and shall park any additional car which he owns in the driveway immediately adjoining his garage space. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. Use of motorized vehicles anywhere on the Condominium Premises, other than passenger cars, authorized maintenance vehicles and commercial vehicles as provided in this Section is absolutely prohibited. Parking on any street in the Condominium is prohibited except as the Association may make reasonable exceptions thereto from time to time. The Association shall have the right to place or cause to be placed adhesive windshield stickers on cars improperly parked and may also enable private towing of improperly parked vehicles to off-premises locations, all without any liability on the part of the Association to the owners or user of any such improperly parked vehicles.

Section 13. Advertising. Except as may be displayed by the Developer or any successor Developer, no signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a Unit or on the Common Elements, including "For Sale' signs, without written permission from the Association and, during the Development and Sales Period, from the Developer. Any sign displayed must be in accordance with Township ordinances and if required by the ordinance, such sign shall be submitted for review by the Township planning commission.

Section 14. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements and Limited Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners; provided, however, that any rules and regulations, and amendments thereto duly adopted shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the rules and regulations. Such rules and regulations may include, without limitation, the imposition of speed limits for vehicular traffic on the roads in the Condominium and the uses to which the General Common Element Areas may be put. All such restrictions shall be fairly and equitably administered for the benefit of all Co-owners. The purpose of such regulatory authority vested in the Association is to assure that all such amenities will be utilized in a reasonable, safe, orderly and environmentally sound manner with due regard for preservation of serenity, avoidance of congestion and maintenance of high community standards and with due consideration, as well, to the reasonable usage of the lake in relation to other lawful users thereof.

Section 15. Right of Access of Association. 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 to carry out any responsibilities imposed on the Association by the Condominium Documents. The Association or its agents shall also have access to Units and Limited Common Elements appurtenant thereto as may be necessary to respond to emergencies or to make emergency repairs to prevent damage to the Limited Common Elements or another Unit. The Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Unit caused thereby.

Section 16. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements or Limited Common Elements without the prior written approval of the Developer or the ACC. Each Unit shall be aesthetically landscaped in accordance with the plan approved by the Developer and shall be completed, weather permitting, within 90 days of closing, or as soon thereafter as weather permits, but no later than June 30 of the following year. No trees over three (3) inches in diameter may be removed from any Unit without the consent of the Developer. Each Unit shall have a minimum of three (3) trees.

Section 17. Special Obligations. Sidewalks, yards, landscaped areas, driveways, and parking areas shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements. Use of recreational facilities, if any, in the Condominium may be limited to such times and in such manner as the Association shall determine by duly adopted rules and regulations.

Section 18. Co-owner Maintenance. 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 or Limited Common Elements including, but not limited to, the telephone, sewer system, water, gas, plumbing, electrical or other utility conduits and systems and any other Common 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 or Limited Common Elements by the Co-owner, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 19. Refuse Disposal. No burning of garbage, trash and other like refuse shall be permitted on the Condominium. Trash and/or other refuse shall not be permitted to accumulate on any Unit. In order to enhance the appearance and orderliness of the Condominium, the Developer hereby reserves for itself, its successors and assigns, the exclusive right to operate, or from time to time, to grant an exclusive license to a third party to operate a commercial scavenging service within the Development for the purpose of removing garbage, trash and other like household refuse, such refuse collection and removal service shall be provided no less often than once a week on a day or days designated by the Developer, its successors and assigns. The charge to be made for such shall be commensurate with the rates charged by commercial scavengers, and subject to change from time to time.

Section 20. Telecommunications Agreements. In the Master Deed, Developer has reserved to itself the exclusive right and power to grant such easements, licenses and other rights of entry, use and access and to enter into any contract or agreement as may be necessary, convenient or desirable to provide for telecommunications, cable television, videotext, broadband cable, satellite dish, earth antenna and similar services.

Section 21. Model Homes. No owner of any Unit shall build or permit the building thereon of any dwelling house that is to be used as a model house or exhibit unless prior written permission to do so shall have been obtained from the Developer.

Section 22. Natural Wildlife Area; Non-Disturbance of Wetlands. The Natural Wildlife Area is a wetland and will be maintained as a natural area. Trees will not be removed, except as necessary and appropriate as determined by the Association.

As a wetland, the Natural Wildlife Area is protected by federal and state law. Under the provisions of the Goemaere-Anderson Wetland Protection Act, Public Act No. 203 of 1979, any disturbance of a wetland by depositing material in it, dredging or removing material from it, or draining water from the wetland may be done only after a permit has been obtained from the Department of Natural Resources or its administrative successor. The penalties specified in the Goemaere-Anderson Wetland Protection Act are substantial. In order to assure no inadvertent violations of the Goemaere-Anderson Wetland Protection Act occur, no Co-owner may walk in or disturb the wetlands in the Natural Wildlife Area without obtaining: (1) written authorization of the Association; (2) any necessary municipal permits; and (3) any necessary state permits. The construction of any improvements in the Natural Wildlife Area is prohibited. This area is also not to be used for any other purposes, including to park or store vehicles or for storage of personal property or dumping of trash. The Association may assess fines and penalties as

provided for in these Bylaws for violation of this Section 22 and may seek injunctive and/or equitable relief to protect the wetlands.

Section 23. Entry Area. The gated entry area established at the entrance to the Condominium, and the landscaping and lighting serving such area, shall be operated and maintained by the Association.

Section 24. Proximity to Golf Course; Assumption of Risk and Indemnification. Each Co-owner acknowledges that: (1) the Condominium will be located adjacent or close to the Island Hills Golf Course ("Golf Course"), (ii) the owning or occupying property adjacent or close to a golf course, as is the case of the Condominium, involves certain risks which may affect the use and enjoyment of the Condominium and the Unit, and (iii) that such risk may include, but are not limited to golf balls being hit into the Condominium, and the Unit, or any Common Element, if any, with the potential of causing death, bodily injury or damage to property. By taking title to their respective Unit, each Co-owner hereby expressly assumes such risk and agrees that neither the Developer or any entity designing, constructing, owning or managing the Golf Course will be liable to such Co-owner or any invitees, tenants, licensees, guests or family of such Co-owner claiming any loss or damage for death, personal injury, damage to property, trespass or any other alleged wrong attributable to any extent to the proximity of the Condominium, the Unit, or any Common Element to the Golf Course and its operation as such, and agrees to indemnify and hold harmless the Developer and any other entity designing, constructing, managing or owning the Golf Course against all claims by each Co-owner's invitees, tenants, licensees, guests or family of each Co-owner with respect to any such claims above described. The foregoing release of liability will apply, without limitation, to any such claim arising in whole or in part from the negligence of the Developer or any entity, designing, constructing, or owning the Golf Course. Nothing in this Section 23 will restrict or limit the right of the Developer or any entity owning or managing the Golf Course to change the design and layout of the Golf Course from time to time, and such changes, if any, will not nullify, restrict or impair the Co-owner's covenants and obligations state in this Section 23.

Section 25. Lake Templene Property Owners' Association. The Association may elect to become a member of the Lake Templene Property Owners Association, Inc. ("L.T.P.O.A."). In such event, the Association may assess each Co-owner in accordance with their percentage of value for their share of any assessments paid by the Association to the L.T.P.O.A. The Association anticipates entering an agreement with the L.T.P.O.A. that shall govern the terms of the participation in the L.T.P.O.A.

Section 26. Islands. Co-owners shall not have any rights whatsoever with respect to any islands located within Lake Templene.

Section 27. Public Health Requirements.

(a) Water Systems. Individual water supply systems will be permitted on a Unit solely to provide water for domestic consumption at the residence on the Unit and for irrigation purposes, swimming pools, or other non-domestic uses on the Unit. Prior to the installation of a well, a permit must be obtained from any applicable federal, state or local authorities. It will be the responsibility of the Owner to install, operate, maintain and repair the water supply system in good order and working condition and comply with all applicable governmental regulations and neither the Developer nor the Association will have any

responsibility with respect to same. All wells shall produce a quality of water that meets Federal and State of Michigan water quality guidelines. All wells shall provide a quantity of water to meet domestic needs. Iron removal equipment may be necessary.

Installation, construction, operation, maintenance and repair of water wells are also subject to those requirements and restriction set forth in the Master Deed.

(b) Waste Treatment. The Units in the Condominium will be served by one of two types of waste water treatment systems: (1) a sewage septic system and drainfield located on the Unit and serving that Unit, or (2) the Wastewater System (defined in the Master Deed) serving several Units.

(1) Units 1 through 11 – Septic System. If a Dwelling is constructed within any of Units 1 through 11, then at or before the time the Dwelling is constructed there shall also be built within the Unit a sewage septic system and drainfield which meets the requirements of the Health Department and that division of the State of Michigan having authority to regulate sewage treatment and wastewater discharge from the Project.

For each Unit 1 through 11, the construction, maintenance, repair and replacement of each sewage septic system and drainfield located on a Unit shall be the sole responsibility and cost of the Co-owner of such Unit and shall be performed strictly in accordance with the Master Deed, these Bylaws, any rules and regulations prescribed by the Association and all applicable state, county and local public health and other statutes, regulations rules and ordinances.

(2) Units 12 through 47 – Wastewater System. If a Dwelling is constructed within any of Units 12 through 47, it will be connected to and serviced by the Wastewater System. At or before the time the Dwelling is constructed there shall also be built within the Unit a solids holding tank, liquid holding tank, pumping station and pressure lines from the liquid holding tank to the border of the Unit (this equipment is referred to herein as the "Sanitary Sewage Holding/Pumping Facility"). The Sanitary Sewage Holding/Pumping Facility shall be approved by (including the size, type and nature of any equipment installed) and meet all requirements established by the Health Department and that division of the State of Michigan having authority to regulate sewage treatment and wastewater discharge from the Project. Construction, operation, maintenance and repair of the Wastewater System are also subject to those requirements and restriction set forth in the Master Deed.

For each Unit 12 through 47 that is serviced by the Wastewater System, the initial construction and ultimate replacement of the Sanitary Sewage Holding/Pumping Facility on such Unit, or any part or component thereof, shall be the sole responsibility and cost of the Co-owner of the Unit on which this equipment is located and shall be performed strictly in accordance with the Master Deed, the Bylaws, any rules and regulations imposed by the Association and all applicable state, county and local public health and other statutes, regulations rules and ordinances. The maintenance and repair of the Sanitary Sewage Holding/Pumping

Facility on each Unit 12-47 and the pumping out of the solids tank on each Unit 12 – 47 will be the responsibility of the Association.

The final determination of whether a part or component of the Sanitary Sewage Holding/Pumping Facility on a Unit should be constructed or replaced shall be made by the Association. If the Co-owner of a Unit serviced by the Wastewater System fails to construct or replace any part or component of the Sanitary Sewage Holding/Pumping Facility that should be constructed and/or replaced, the Association shall undertake this construction and/or replacement and pay for it with funds contained in the escrow account for the Wastewater System, or it may assess the other Co-owners connected to the Wastewater System for the cost, expenses, and other amounts related to the construction and/or replacement, with this assessment being subject to the terms of Article II above. However, any costs, expenses and/or other amounts paid or incurred by the Association (including amounts paid to it by other Co-owners) for such construction and/or replacement may be assessed by the Association against the Co-owner of the Unit who failed to construct or replace the component or part of the Sanitary Sewage Holding/Pumping Facility. This shall be an assessment that is subject to Article II above, and the Association may exercise all rights, remedies and proceedings described in Article II to collect and enforce payment from this delinquent Co-owner.

If a public sewer system ever becomes available to the Condominium in the future, then each Unit that is developed, among Units 12 – 47, must connect to this public sewer system.

(3) Addition of Units 1 – 11 to Wastewater System.

If a public sewer system becomes available to the Condominium in the future, then each Unit that is developed, among Units 1 – 11, must connect to this public sewer system. If the capacity of the Wastewater System is expanded so that, in the opinion of the Michigan Department of Environmental Quality ("MDEQ"), it will be able to adequately process the wastewater discharge from Units 1 – 11, then each Unit that is developed, among Units 1 – 11, must connect to the Wastewater System.

If any of Units 1 – 11 are required to hook up to the Wastewater System, then the Co-owner of this Unit shall construct within this Unit a Sanitary Sewage Holding/Pumping Facility, consisting of a solids holding tank, liquids holding tank, pumping station and pressure lines from the holding tanks to the border of the Unit, and the Association shall install additional pressure lines and other equipment necessary to connect these Units to the holding tank at the common drainfield. This equipment shall be approved (including the size, type and nature of any equipment installed) and installed in a location within the Unit acceptable to the Health Department and the division of the State of Michigan having authority to regulate sewage treatment and wastewater discharge from the Project.

The cost of the construction and replacement of the equipment for the Sanitary Sewage Holding/Pumping Facility shall be the fiscal responsibility of the Co-

owner of the Unit to the same extent as the Co-owners of Units 12 – 47. If a Co-owner fails to construct or replace any part or component of the Sanitary Sewage Holding/Pumping Facility on his Unit, the Association shall have the same rights, obligations and responsibilities it has regarding Units 12 – 47, as described in subsection (2) above, including the obligation to undertake such construction and/or replacement and the right to assess the Co-owner of the Unit for the costs, expenses and other amounts paid or incurred by the Association (including amounts paid to it by other Co-owners) for such construction and/or replacement.

Any upgrades necessary to increase the capacity of the Wastewater System or for any other reason as is required by any public regulating authority shall be the fiscal responsibility of the Association.

(4) Addition of Area of Future Development. If the Project is expanded into the area of future development, designated in the Master Deed, then the Developer has the right to connect any additional Units located in the area of future development to the Wastewater System. The Developer will be responsible for paying the cost to expand, redesign, and upgrade the Wastewater System to accommodate the additional Units and the extra waste water they will discharge. The owner of a Unit located in the Area of Future Development will be responsible for constructing within this Unit a Sanitary Sewage Holding/Pumping Facility, consisting of a solids holding tank, liquids holding tank, pumping station and pressure lines from the holding tanks to the border of the Unit.

It is understood that if someone other than the Developer or the Association wishes to connect to the Wastewater System, this person must obtain a perpetual agreement with the Association to provide wastewater treatment services.

All plans, equipment, upgrades, and modifications shall be approved (including the size, type and nature of any equipment installed) and installed in a location and manner acceptable to the Health Department and the division of the State of Michigan having authority to regulate sewage treatment and wastewater discharge from the Project.

After the Units in the area of future development have been connected to the Wastewater System, the Association shall have those same rights and obligations to operate, maintain, repair, and ultimately replace the Wastewater System as it has for Units 12-47. The Co-owner of a Unit in the area of future development shall have the same rights and obligations as a Co-owner of Units 12 – 47 to construct and replace the Sanitary Sewage Holding/Pumping Facility and any part or component thereof.

Section 28. Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer shall have the right to maintain a sales office, a

business office, a construction office, model units, advertising display signs, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer and may continue to do so during the entire Development and Sales Period and may continue to do so even after the conclusion of the Development and Sales Period and for so long as Developer continues to construct or owns or holds title or an option or other enforceable interest in land for development as condominiums within one mile from the perimeter of Condominium Premises. Developer shall also have the right to maintain or conduct on the Condominium Premises any type of promotional activity, it desires, including the erection of any and all kinds of temporary facilities relative to the marketing, promotion of the Project, or other Developer activity within Condominium Premises or the area within said one mile perimeter.

Section 29. Enforcement of Bylaws. The Condominium project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association or any Co-owner fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any person to whom he may assign this right, at his option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period notwithstanding that it may no longer own a Unit in the Condominium which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

Section 30. Developer's Right to Maintain Signs. The Developer reserves the right, until the termination of the Project, to maintain a sign on the Condominium Premises that reflects the name of the Project and identifies the involvement of the Developer, and/or any one of the Developer's affiliates, in the development of the Project.

Section 31. Lake Templene.

(a) Water Usage and Control. Lake Templene is designated as a private lake. Riparian rights for the Condominium have been reserved and retained by Island Hills Golf Club, LLC, its successors and assigns ("Golf Club"). When Golf Club conveyed the land comprising the Condominium to Developer, Golf Club did not convey any riparian rights in Lake Templene. None of the Units includes riparian rights; a Unit Co-owner does not have an ownership interest in Lake Templene or the bottom land of Lake Templene that adjoins his Unit. The right to usage and control of the Lake remains with Golf Club, its successors and assigns or authorized agents.

Golf Club has executed an Agreement and Easement Regarding Lake Rights which grants Developer and the Association the right to grant Co-owners of Units in the Condominium limited rights to use and enjoy Lake Templene. Pursuant to the Agreement and Easement Regarding Lake Rights, Co-owners are granted the following limited rights to use Lake Templene:

1. A Co-owner of a Unit in the Condominium that has frontage on Lake Templene ("Lake Front Owner") is allowed to pump water from Lake Templene to a water sprinkling system located on the lake front Unit owned by that Lake Front Owner, provided that

Golf Club gives prior written permission for such pumping. The Golf Club's permission to pump water from the Lake may be canceled, revoked or temporarily suspended at any time if the Golf Club believes it is in the best interests of Lake Templene or the Golf Club.

2. A Lake Front Owner may use the lake frontage on his lake front Unit only for access to Lake Templene for use of the shoreline of his Unit and the use of the surface waters of Lake Templene for swimming, fishing, wading, boating and any normal lakefront activities. Such use shall be in common with others who have a right to use Lake Templene. A Lake Front Owner may install seasonal docks, rafts, piers or boat moorings within Lake Templene along the frontage of his lake front Unit, extending onto the bottom land of Lake Templene. A Lake Front Owner may place only two (2) docks on his Unit; which may extend from the shore of his lake front Unit into Lake Templene and such docks shall be located within the bottom land of Lake Templene that is owned by the Golf Club. Boats and docks shall not be placed or moored across Unit boundaries, as extended into the Lake, nor be placed in a manner to hinder the use of Lake Templene by any other Lake Front Owner or be a nuisance or safety risk. Docks shall extend into Lake Templene only as far as is reasonable to dock boats or to place boats in a hoist. All use of Lake Templene frontage associated with the Condominium shall be subject to applicable federal, state and local statutes and ordinances, and also the provisions of the Condominium Documents.

3. Co-owners of Units in the Condominium, including those who do not own lots that adjoin Lake Templene ("Back Lot Owners"), may use those boat launches on Lake Templene that are owned or operated by St. Joseph County Lake and Land Development Corporation ("SJC Corp."), and its successors and assigns, and any lake association(if so appointed by SJC Corp.), and their successors and assigns, to access and use the waters of Lake Templene for boating and boating related activities, such as fishing from a boat or water skiing.

(b) Restrictions on Use of Lake Templene. Use of Lake Templene by the Association, the Developer and the Co-owners is subject to the following restrictions and limitations:

1. There shall be no water skiing or personal watercraft or power boat racing before nine a.m. (9:00 a.m.) or after official sunset, except for special events authorized by the Golf Club, the Developer or the Lake Templene Property Owners Association.

2. For the good of the waters of Lake Templene and for the control of the fish population, Golf Club and those with riparian rights in Lake Templene shall be entitled to lower the level of Lake Templene for periods of time when deemed necessary.

3. Golf Club, its successors and assigns, shall have the right at any time to dredge or otherwise remove any accretion or deposits from any Units adjacent to Lake Templene to maintain the established shoreline of the Lake. Lake Front Owners may not dredge or remove any accretion or deposits from the lake bottom adjacent to their Unit without the prior written permission of Golf Club and all necessary governmental approvals.

Neither Golf Club, Developer nor the Association shall be obligated to dredge or otherwise remove any accretions or deposits from any lake bottom adjacent to the Condominium.

4. No Co-owner shall have any rights whatsoever in any islands located within Lake Templene.

5. Golf Club may authorize the application of chemical weed treatment, killer or herbicide, chemical treatment to control aquatic life, or other chemical water treatment for any portion of Lake Templene and the consent or approval of Developer, the Association or any Unit owners is not required, and they shall not attempt to prevent such action by Golf Club and other riparian rights owners.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. 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 "Mortgages of Units". The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

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

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

ARTICLE VIII

VOTING

Section 1. Vote. Except as provided in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned and one vote, the value of which shall equal the total of the percentages allocated to the Unit 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 in value and in number.

Section 2. Eligibility to Vote. 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 provided in Article XI, Section 2 of these Bylaws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Unit which it owns.

Section 3. Designation of Voting Representative. Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 25% 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 by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

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

ARTICLE IX

MEETINGS

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

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than 50% of the Units to be created in the Condominium Project have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Co-owners of 75% of all Units that may be created or 54 months after the first

conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 10 days' written notice thereof shall be given to each Co-owner. The phrase "Units that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Units which the Developer is permitted, under the Condominium Documents as may be amended, to include in the Condominium.

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

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by 1/3 of the Co-owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

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

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

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

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

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

ARTICLE X

ADVISORY COMMITTEE

An Advisory Committee of nondeveloper Co-owners shall be established either 120 days after conveyance of legal or equitable title to nondeveloper Co-owners of 1/3 of the Units that may be created or one year after the initial conveyance of legal or equitable title to a nondeveloper Co-owner of a Unit in the Project, whichever occurs first. The Advisory Committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the Association. The Advisory Committee shall cease to exist when a majority of the Board of Directors is elected by the nondeveloper Co-owners.

The Committee shall be selected, established and perpetuated in any manner the Developer deems advisable. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The business and affairs of the Association shall be managed by a Board of Directors. The Board of Directors shall initially be comprised of five (5) members, but may be increased to seven (7) by vote of the Developer prior to conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created, or by vote of the Co-owners after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created. All Directors elected by the Members must be members of the Association or officers, partners, trustees, employees or agents of members of the Association or of the Developer. The Developer may elect or appoint any persons to act as Directors, without qualification. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) First Board of Directors. The first Board of Directors shall be appointed by the Developer and be comprised of five (5) persons. They shall serve until the next annual meeting of the members, or until the election or appointment of their successors, or until their death, resignation or removal from office.

(b) Election of Directors by Non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% of the Units that may be created, at least one Director and not less than 25% of the Board of Directors shall be elected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units that may be created, not less than 1/3 of the Board of Directors shall be elected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created, and before conveyance of 90% of such Units, the non-developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least one Director as long as the Developer owns and offers for sale at least 10% of the Units in the Project or as long as 10% of the Units remain that may be created in the Project.

When the required number of conveyances have been reached, the Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required Director or Directors, as the case may be.

(c) Election of Directors 54 Months After First Conveyance. Regardless of the percentage of Units which have been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a nondeveloper Co-owner of a Unit in the Project, if title to not less than 75% of the Units that may be created has not been conveyed, the nondeveloper Co-owners shall have the right to elect a number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (b). Application of this subsection does not require a change in the size of the Board of Directors.

(d) Determining Number of Directors to be Elected by Co-owners; Term of Office.

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

For purposes of calculating the timing of events described in subsections (b) and (c), conveyance by the Developer to a residential builder, even though not an affiliate of the Developer, is not considered a sale to a nondeveloper Co-owner until such time as the residential builder conveys that Unit with a completed residence which is occupied.

(2) The Directors elected by the nondeveloper Co-owners (referred to as "Co-owner Directors") shall serve for a term of one (1) year, or until their death, resignation or removal or the election and appointment of their successor. Each year, at the annual meeting of the Members, the nondeveloper Co-owners shall elect persons to serve as Co-owner Directors. The Co-owner Directors shall be elected by a plurality of the votes cast by the nondeveloper Co-owners.

The Directors appointed by the Developer shall serve for a term of one year, or until their death, resignation or removal or the election and appointment of their successor.

(e) Units that May be Created. The phrase "Units that may be created" as used in this Article XI and elsewhere in the Condominium Documents means the maximum number of Units in all phases of the Project as stated in the Master Deed.

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

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors powers an duties shall include, but not be limited to, the following:

(a) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.

(b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association, it is expressly understood that the Association may from time to time convey portions of the property underlying the General

Common Elements to the owner of the Island Hills Golf Club which, in the opinion of the Board of Directors, not necessary or desirable for the Condominium.

(c) To carry insurance and collect and allocate the proceeds thereof.

(d) To rebuild improvements after casualty.

(e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.

(f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association.

(h) To make rules and regulations permitted by the Master Deed and these Bylaws.

(i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

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

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. A service contract which exists between the Association 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 on the Transitional Control Date or within 90 days thereafter, and on 30 days' notice at any time thereafter for cause.

To the extent that a management contract extends beyond one year after the Transitional Control Date, the excess period under the contract may be voided by the Board of Directors by notice to the management agent at least 30 days before expiration of the one year.

Section 6. Vacancies. Vacancies in the Board of Directors which occur prior to the date on which nondeveloper Co-owners have the right to elect a Director to the Board, pursuant to Sections 2 (b) and (c) above, shall be filled by decision of the Developer. After nondeveloper

Co-owners have the right to elect one or more Directors to the Board, any vacancy in a position held by a Co-owner Director shall be filled by majority vote of the non-developer Co-owners at any regular or special meeting of the nondeveloper Co-owners at which a majority of the nondeveloper Co-owners are present and the person elected shall serve for the remainder of the term of the Director who is being replaced. Any vacancy in a position held by a Director appointed by the Developer shall be filled through appointment by the Developer.

Section 7. Removal. A Director appointed by the Developer may be removed at any time, with or without cause, by the Developer. A Co-owner Director, elected by the nondeveloper Co-owners, may be removed at any time, with or without cause, by majority vote of the Co-owners at any regular or special meeting of the nondeveloper Co-owners at which a majority of the nondeveloper Co-owners are present.

Section 8. First Meeting. The first meeting of the Board of Directors shall be held within 10 days of their appointment by the Developer. The Developer shall notify each Director of the place, date and time of the meeting.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, telephone or telegraph, at least 10 days prior to the date named for such meeting.

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

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

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 24 hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the date on which nondeveloper Co-owners have the right to elect Directors to the Board shall be binding upon the

Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

ARTICLE XII

OFFICERS

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

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

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

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

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

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

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

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

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and 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 once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 2. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

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

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such

cases wherein the Director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least 10 days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Co-owners thereof. Further, the Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

ARTICLE XVI

AMENDMENTS

Section 1. Amendment. These Bylaws may be amended pursuant to the procedures described in the Master Deed for amending any of the Condominium Documents, including the right of the Developer and the Association to amend, without the consent of the Association, if the amendment does not materially alter or change the rights of a Co-owner or mortgagee.

Section 2. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the St. Joseph County Register of Deeds.

Section 3. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVII

COMPLIANCE

The Association and all present or future Co-owners, tenants, future tenants, or any other persons or occupants acquiring an interest in or using the facilities of the Project in any manner are subject to and shall comply with the Act, as amended, the Master Deed, these Bylaws, the Articles of Incorporation and any rules and regulations adopted by the Association, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium Premises shall signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XVIII

DEFINITIONS

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

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

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

Section 3. Removal and Abatement. 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 the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the 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 in accordance with the provisions of Article XX thereof.

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

Section 6. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

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

ARTICLE XX

ASSESSMENT OF FINES

Section 1. General. The violation by any Co-owner, occupant: or guest of any provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur as a result of his personal actions or the actions of his family, guests, tenants or any other person admitted through such Co-owner to the Condominium Premises.

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

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

(b) Opportunity to Defend. The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting but in no event shall the Co-owner be required to appear less than 10 days from the date of the Notice. The offending Co-owner may, at his option, elect to forego the appearance as provided herein by delivery of a written response to the Board.

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

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

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

(a) First Violation. No fine shall be levied.

(b) Second Violation. Twenty-Five Dollars ($25.00) fine.

(c) Third Violation. Fifty Dollars ($50.00) fine.

(d) Fourth Violation. One Hundred Dollars ($100.00) fine.

(e) Subsequent Violations. Fine to be established by the Association.

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

Section 5. Developer Exempt From Fines. The Association shall not be entitled to assess fines against the Developer during the Development and Sales Period for any alleged violations of the Condominium Documents but shall be remitted solely to its other legal remedies for redress of such alleged violations.

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

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

ARTICLE XXII

SEVERABILITY

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

whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

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