

**EXHIBIT "A"**  
**ARBOR COVE CONDOMINIUM**  
**BYLAWS**

**ARTICLE I**  
**ASSOCIATION OF CO-OWNERS**

Arbor Cove Condominium, a residential Condominium Project located in the City of Auburn Hills, Oakland County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the 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 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, mortgagees, 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 Common Elements.** All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the 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. Determination of Assessments.** Assessments shall be determined in accordance with the following provisions:

(a) **Budget; Regular Assessments.** The Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management, and maintenance of the

Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 2(c) below 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. 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. Upon adoption of an annual budget by the Association, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish such lien or the liability of any Co-owner for any existing or future assessments. Should the Association at any time decide, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient (a) to pay the costs of operation and management of the Condominium, (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$2,000.00 annually for the entire Condominium Project, or (2) that an emergency exists, the Association 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 Association also shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 4 hereof. The discretionary authority of the Association to levy assessments pursuant to this subparagraph shall rest solely with the Association for the benefit of the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

**(b) Special Assessments.** Special assessments, in addition to those required in subparagraph (a) above, may be made by the Association from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$2,000.00 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 to purchase a Unit for use as a resident manager's Unit, or (4) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Association) shall not be levied without the prior approval of more than 60% of all Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

**(c) Apportionment of Assessments.** 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 each Co-owner's proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in periodic installments, 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. A Co-owner selling a Unit shall not be entitled to any refund of any amounts paid for assessment or with respect to any reserve, account, or other asset of the Association.

**Section 3. Penalties for Default.** The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. Assessments in default shall bear interest at the highest rate allowed by law until paid in full. A late charge not to exceed \$25.00 per installment may be assessed automatically by the Association upon each installment in default for ten or more days until paid in full. The Board of Directors may revise said uniform late charges, and may levy additional late fees for special and additional assessments, pursuant to Section 18 of Article VI of these Bylaws, without the necessity of amending these Bylaws. The Association may, pursuant to Article XVII, Section 4, and Article XVIII hereof, levy fines for late payment of assessments in addition to such late charge. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

**Section 4. Liens for Unpaid Assessments.** Sums assessed to Co-owner by the Association that remain unpaid, including but not limited to regular assessments and special assessments, together with interest on such sums, collection and late charges, advances made by the Association of Co-owners for taxes or other liens to protect its lien, attorney fees, and fines in accordance with the Condominium Documents shall constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment before other liens except tax liens on the Unit in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record except that past due assessments that are evidenced by a notice of lien, recorded as set forth in Section 108 of the Condominium Act. Any such unpaid sum shall constitute a lien against the Unit as of the first day of the fiscal year to which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges, which the Association may levy against any Co-owner, shall be deemed to be assessments for purposes of this Section and Section 108 of the Act. Upon the sale or conveyance of a Unit, all unpaid assessments, interest, late charges, fines, costs, and attorney fees against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except amount due the state, or any subdivision thereof, or any municipality for taxes and special assessments due and unpaid on the Unit and payments due under a first mortgage having priority thereto.

**Section 5. Waiver of Use or Abandonment of Unit.** No Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

**Section 6. Enforcement.**

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any 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. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven-day written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association or run or serve as a Director or Officer 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 XVII, Section 4 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 Association is entitled to reasonable interest, expenses, costs, and attorney fees for foreclosure 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. The redemption period for a foreclosure is 6 months from the date of sale unless the property is abandoned, in which event the redemption period is 1 month from the date of sale. 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 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. The Co-owner of a Unit subject to foreclosure and any purchaser, grantee, successor, or assignee of the Co-owner's interest in the Condominium Unit, is liable for assessments by the Association of the Co-owners chargeable to the Unit that become due before expiration of the period of redemption together with interest, advances made by the Association for taxes or other liens to protect its lien, costs and attorney fees incurred in their collection.

**(c) Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten 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 one or more installments of the annual assessment levied against the pertinent Unit or any other charges properly levied by the Association is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten 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 Oakland County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-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. 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 and other charges due thereon, whether regular, additional or special or resulting from fines, interest, late fees, costs or any other charge levied by the Association. 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 and any other charges levied by the Association as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the sale or conveyance of the Unit, all unpaid assessments, interest, late charges, fine, costs and attorney fees or any other charge levied by the Association against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except, amounts due the state, or any subdivision, or municipality for taxes and special assessments due and unpaid on the Unit, and payments due under a first mortgage having priority thereto. Upon the payment of the assessments and other charges, the Association's lien for assessments as to such Unit shall be deemed satisfied. Nothing herein withstanding; the failure to collect the payment for the unpaid assessment at 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.

**Section 8. Liability of Mortgagee.** The mortgagee of a first mortgage of record of a Unit shall give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, within 10 days after first publication. The mortgagee of a first mortgage of record shall give notice to the Association of its intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the date the mortgage was recorded, the amount claimed due on the mortgage on the date of the notice, and a description of the mortgaged premises that substantially conforms with the description continued in the mortgage upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address, or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, not less than 10 days before commence of the judicial action. Failure of the mortgagee to provide notice as required shall only provide the Association with legal recourse and will not, in any event, invalidate any foreclosure proceeding between a mortgagee and mortgagor. If the mortgagee of a first mortgage of record or other purchaser of Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such person, its successors, and assigns are not liable for the unpaid assessments chargeable to the Unit that become due prior to the acquisition of title to the Unit by such person except for assessments that have priority over the first mortgage under Section 108 of the Condominium Act.

**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.

### **ARTICLE III ARBITRATION AND LITIGATION**

#### **Section 1. Arbitration Among or Between Co-Owners or Co-Owners and the Association.**

(a) **Scope and Election.** Disputes, claims, or grievances arising out of or relating to the interpretation of the application of the Condominium Documents, or any disputes, claims or grievances arising out of disputes among or between Co-owners or between Co-Owners or the Association, shall be submitted to Arbitration upon the election and written consent of the parties to any such disputes, claims or grievances and upon written notice to the Association.

(b) **Arbitration.** With respect to all arbitration under this Section: (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding; (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration; (iii) the period of limitations prescribed by law for the bringing of a civil action shall apply equally to the requirement or agreement to settle by arbitration; (iv) all costs of arbitration shall be allocated in the manner provided by the arbitration association; (v) the method of appointment of the arbitrator or arbitrators shall be pursuant to rules of the arbitration association; (vi) the arbitration shall proceed according to section 5001 to 5065 of Act No. 236 of the Public Acts of 1961, being sections 600.5001 to 600.5065 of the Michigan Compiled Laws, as amended, which may be supplemented by the rules of the arbitration association, and (vii) the agreement to arbitrate precludes the parties from litigating such claims in the courts.

(c) **Judicial Relief.** In the absence of the election and written consent of the parties to arbitrate as provided pursuant to Section 1(a) above, no Co-owner or the Association adversely affected by a violation of or failure to comply with the Act or rules promulgated under the Act, or a provision of an agreement or master deed shall be precluded from petitioning a court of competent jurisdiction to resolve any dispute, claim or grievances.

(d) **Election of Remedies.** The election by the parties to submit any dispute, claim, or grievance to arbitration prohibits the parties from petitioning the courts regarding that dispute, claim, or grievance.

#### **Section 2. Arbitration Between the Developer and Co-owner(s) and/or the Association.** By purchase of a Unit, Co-owners agree as follows:

(a) **Arbitration Between the Developer and Co-owner(s).** With respect to any claim that might be the subject of a civil action between a purchaser, Co-owner, or person occupying a restricted unit under section 104b of the Act and the Developer, which claim involves an amount of Two Thousand Five Hundred Dollars (\$2,500.00) or less and arises out of or relates to the Common Elements of the Project, such claim shall be settled by arbitration at the exclusive option of the purchaser, Co-owner, or person occupying a restricted unit under section 104b of the Act. All other claims may be settled by arbitration upon the agreement of the parties.

(b) **Arbitration Between the Developer and the Association.** With respect to any claim that might be the subject of a civil action between the Association and the Developer, which

claim arises out of or relates to the Common Elements of the Condominium Project, if the amount of the claim is Ten Thousand Dollars (\$10,000.00) or less such claim shall be settled by arbitration, at the exclusive option of the Association. All other claims may be settled by arbitration upon the agreement of the parties.

(c) **Arbitration.** With respect to all arbitration under this Section: (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding; (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration; (iii) the period of limitations prescribed by law for the bringing of a civil action shall apply equally to the requirement or agreement to settle by arbitration; (iv) all costs of arbitration shall be allocated in the manner provided by the arbitration association; (v) the method of appointment of the arbitrator or arbitrators shall be pursuant to rules of the arbitration association; (vi) the arbitration shall proceed according to section 5001 to 5065 of Act No. 236 of the Public Acts of 1961, being sections 600.5001 to 600.5065 of the Michigan Compiled Laws, as amended, which may be supplemented by the rules of the arbitration association, and (vii) the agreement to arbitrate precludes the parties from litigating such claims in the courts.

(d) **Judicial Relief.** In the absence of the election and written consent of the parties to arbitrate as provided pursuant to Section 1(a) above, no Co-owner or the Association adversely affected by a violation of or failure to comply with the Act or rules promulgated under the Act, or a provision of an agreement or master deed shall be precluded from petitioning a court of competent jurisdiction to resolve any dispute, claim or grievances.

(e) **Section 107 Action by Co-owners.** Nothing in this Section shall, however, prohibit a co-owner from maintaining an action in court against the Association and its officers and directors to compel these persons to enforce the terms and provisions of the Condominium Documents, nor to prohibit a co-owner from maintaining an action in court 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.

**Section 3. Approval of Civil Actions.** Actions on behalf of and against the Co-owners shall be brought in the name of the Association. Subject to the express limitations on actions herein, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. The commencement of any civil action or arbitration (other than one to enforce the Condominium Documents, collect delinquent assessments or to respond to a claim filed by another party, including counterclaims and third party claims related thereto) shall require the approval of a majority in number of the Co-owners, and shall be governed by the requirements of this Section 3. The requirements of this Section 3 will ensure that the Co-owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation. The following procedures and requirements apply to the Association's commencement of any civil action other than as stated above:

(a) **Board of Directors' Recommendation to Co-owners.** The Association's Board of Directors shall be responsible in the first instance for recommending to the Co-owners that a civil action be filed, and supervising and directing any civil actions that are filed.

(b) **Litigation Evaluation Meeting.** If an attorney is to be engaged for purposes of filing a civil action on behalf of the Association, the Board of Directors shall call a special meeting of the Co-owners ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The notice requirements of Article IX, Section 4 of these Bylaws shall apply. The Board of Directors shall provide to all Co-owners at or in advance of such meeting all information related to the proposed civil action so as to allow Co-owners to make an informed decision as to the merits and estimated costs of such proceeding, how the litigation will be funded, all possible alternatives to litigation, the history of actions taken to date to avoid litigation, and all opinions of experts retained or hired by the Association to give advice concerning the proposed action.

(c) **Fee Agreement with Litigation Attorney.** The Association shall have a written fee agreement with the litigation attorney, and any other attorney retained to handle the proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the Co-owners prior to the litigation evaluation meeting and approved by them.

(d) **Co-owner Vote Required.** At the litigation evaluation meeting the Co-owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action. The commencement of any civil action by the Association (other than those excepted from this requirement above in this Section 3) shall require the approval of a majority of all of the Co-owners, and such approval shall constitute approval by the Co-owners of the Association's funding of the lawsuit as disclosed and approved, whether by annual, special or additional assessments. The Association will keep the Association members advised of the progress of any approved litigation or arbitration and the costs thereof.

(e) **Disclosure of Litigation Expenses.** The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("litigation expenses") shall be fully disclosed to Co-owners in the Association's annual reviewed financial statements as the case progresses. The litigation expenses for each civil action filed by the Association shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget and annual reviewed financial statements.

**Section 4. Mediation.** Regardless of the other remedies available under these Bylaws or the Act, the parties to any dispute shall have the ability to agree to mediate any disputes. In instances involving a dispute between two or more Co-owners which has been presented to the Association, the Association may compel the disputing Co-owners to first attempt to mediate the dispute before considering any other action. In all other instances, mediation shall be totally voluntary and upon agreement of the disputing parties.

## ARTICLE IV INSURANCE

**Section 1. Extent of Coverage.** The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements and certain other portions of the Condominium Project, as set forth below, and such insurance, other than title 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, 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 shall 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 any additional fixtures, built-in equipment and trim (as referred to in subsection (b) below) 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 event of fire, and the Association shall have absolutely no responsibility for obtaining such coverage. 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 foundation and excavation costs, as determined annually by 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 coverage. Such coverage shall also include interior walls within any Unit and the pipes, wire, conduits and ducts contained therein and shall further include all fixtures, equipment and trim within a Unit which were furnished with the Unit as standard items in accord with the plans and specifications thereof as are on file with the City of Auburn Hills (or such replacements thereof as do not exceed the cost of such standard items). It shall be each Co-owner's responsibility to determine the necessity for and to obtain insurance coverage for all fixtures, equipment, trim and other items or attachments within the Unit or any Limited Common Elements appurtenant thereto which were installed in addition to said standard items (or as replacements for such standard items to the extent that replacement cost exceeded the original cost of such standard items) whether installed originally by the Developer or subsequently by the Co-owner, and the Association shall have no responsibility whatsoever for obtaining such coverage unless agreed specifically and separately between the Association and the Co-owner in writing.

(c) **Premium Expenses.** All premiums upon 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 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.

(e) **Deductible.** When a claim is made on any of the insurance policies maintained by the Association for damage to a Unit or appurtenant Limited Common Element, the Co-owner of such Unit and/or appurtenant Limited Common Element shall be responsible for payment of any applicable deductible. In the case of damage to a General Common Element, the Association shall pay the deductible.

**Section 2. 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 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.

## ARTICLE V RECONSTRUCTION OR REPAIR

**Section 1. Determination to Reconstruct or Repair.** If any part of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(a) **Partial Damage.** If the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenantable, unless it is determined by an affirmative vote of 80% of the Co-owners in the Condominium that the Condominium shall be terminated.

(b) **Total Destruction.** If the Condominium is so damaged that no Unit is tenantable, the damaged property shall not be rebuilt unless 80% or more of the Co-owners agree to reconstruction by vote or in writing within 90 days after the destruction.

**Section 2. Repair in Accordance with Plans and Specifications.** 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) **Definition of Co-owner Responsibility.** If the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of

the Co-owner to repair such damage in accordance with subsection (b) hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

**(b) Damage to Interior of Unit.** Each Co-owner shall be responsible for the reconstruction, repair and maintenance of the interior of his Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures and all appliances, whether free-standing or built-in. In the event damage to interior walls within a Co-owner's Unit, or to pipes, wires, conduits, ducts or other Common Elements therein, or to any fixtures, equipment and trim which are standard items within a Unit is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 4 of this Article V. If any other interior portion of a Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto, and if there is a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

**Section 4. Association Responsibility for Repair.** Except as provided in Section 3 hereof, the Association shall be responsible for the reconstruction, repair, and maintenance of the Common Elements. Immediately after the occurrence of 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 place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all 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 a Unit adversely affects the appearance of the Project, 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 6 months 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 an entire 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. After acceptance of such award by the Co-owner and his mortgagee, they shall 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 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 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 Association without the necessity of execution or specific approval thereof by any Co-owner.

(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.

**Section 7. Notification of FHLMC and FNMA.** In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, upon request therefor by FHLMC, or FNMA, as the case may be, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds \$10,000 in amount or damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds \$1,000.

**Section 8. Priority of Mortgagee Interests.** Nothing contained in the Condominium Documents shall be construed to give a Co-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 Co-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 residential purposes and the Common Elements shall be used only for purposes consistent with single-family residential use. No Co-owner shall carry on any commercial activities anywhere on the premises of the Condominium.

### **Section 2. Leasing and Rental.**

(a) **Right to Lease.** A Co-owner may lease his Unit for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Association in the manner specified in subsection (b) below, and provided that written approval (which approval shall not be unreasonably withheld) of such transaction is obtained from the Association. With the exception of a lender in possession of a Unit following a default

of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least twelve months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements, and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion.

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

(1) A Co-owner, not including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents.

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

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

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

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

(iii) If after 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 eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or 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: (a) issue a statutory notice to quit for non-payment of rent to the tenant and the Association shall have the right to enforce the notice by

summary proceeding; (b) initiate proceedings on the Association's behalf or derivatively by the Co-owners on behalf of the Association, an action for both eviction against the tenant or non-Co-owner and, simultaneously, an action for money damages against the Co-owner and tenant or non-Co-owner occupant for breach of the conditions of the Condominium Documents.

### **Section 3. Alterations and Modifications.**

**(a) Prohibited Alterations.** No Co-owner shall make alterations in exterior appearance or make structural modifications to his Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements without the express written approval of the Association, including without limitation exterior painting or the erection of lights, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards, or other exterior attachments or modifications. The erection of antennas, DBS reception devices, and other technologies regulated by the Federal Communications Commission, not to exceed one meter in diameter may be placed within a Unit or on the Limited Common Elements appurtenant to the Unit without approval of the Association. All other installations and installations upon or attaching to or penetrating General Common Elements must be approved in advance in writing by the Association in accordance with duly promulgated rules and regulations of the Association, which shall at all times be construed so as not to violate FCC regulations applicable thereto. No Co-owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves, or any other element that must be accessible to service the Common Elements or any element that affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing, or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

**(b) Alterations for "persons with disabilities."** A Co-owner may make improvements or modifications to the Co-owner's Unit, including improvements or modifications to Common Elements and to the route from the public way to the door of the Co-owners Unit, at his or her expense, if the purpose of the improvement or modification is to facilitate access to or movement within the Unit for persons with disabilities who reside in or regularly visit the Unit, or to alleviate conditions that could be hazardous to persons with disabilities who reside in or regularly visit the Unit. The improvement or modification shall not impair the structural integrity of the structure or otherwise lessen the support of a portion of the Condominium Project. The Co-owner is liable for the cost of repairing any damage to a Common Element caused by building or maintaining the improvement or modification, unless the damage could reasonably be expected in the normal course of building or maintaining the improvement or modification. The improvement or modification may be made notwithstanding prohibitions and restrictions elsewhere in these Condominium documents, but shall comply with all applicable state and local building code requirements and health and safety laws and ordinances and shall be made as closely as reasonably possible in conformity with the intent of applicable prohibitions and restrictions regarding safety and aesthetics of the proposed modification.

An improvement or modification allowed by this section that affects the exterior of the Condominium Unit shall not unreasonably prevent passage by other residents of the Condominium Project. A Co-owner who has made exterior improvements or modifications allowed by this section shall notify the Association of Co-owners in writing of the Co-owner's

intention to convey or lease his or her Unit to another at least 30 days before the conveyance or lease. Not more than 30 days after receiving a notice from a Co-owner under this section, the Association may require the Co-owner to remove the improvement or modification at the Co-owner's expense. However, the Association may not remove or require the removal of an improvement or modification if a Co-owner intends to resume residing in the Unit within 12 months or a Co-owner conveys or leases his Unit to a person with disabilities who needs the same type of improvement or modification or who has a person residing with him who requires the same type of improvement or modification.

If a Co-owner makes an exterior improvement or modification allowed under this section, the Co-owner shall maintain liability insurance, underwritten by an insurer authorized to do business in this state and naming the Association as an additional insured, in an amount adequate to compensate for personal injuries caused by the exterior improvement or modification. The Co-owner is not liable for acts or omissions of the Association with respect to the exterior improvement or modification and is not required to maintain liability insurance with respect to any Common Element. The Association is responsible for maintenance, repair, and replacement of the improvement or modification only to the extent of the cost currently incurred by the Association of Co-owners for maintenance, replacement, and repair of the Common Elements covered or replaced by the improvement or modification. All costs of maintenance, repair, and replacement of the improvement or modification exceeding that currently incurred by the Association for maintenance, repair, and replacement of the Common Elements covered or replaced by the improvement or modification shall be assessed to and paid by the Co-owner or the Unit serviced by the improvement or modification.

Before an improvement or modification allowed by this section is made, the Co-owner shall submit plans and specifications for the improvements or modifications to the Association for review and approval. The Association shall determine whether the proposed improvement or modification substantially conforms to the requirements of this section and shall not deny a proposed improvement or modification without good cause. If the Association denies a proposed improvement or modification, the Association shall list, in writing, the changes needed to make the proposed improvement or modification conform to the requirements of this section and shall deliver that list to the Co-owner. The Association shall approve or deny the proposed improvement or modification not later than 60 days after the plans and specifications are submitted by the Co-owner proposing the improvement or modification to the Association. If the Association does not approve or deny submitted plans and specifications within the 60-day period, the Co-owner may make the proposed improvement or modification without the approval of the Association. A Co-owner may bring an action against the Association and the officers and directors to compel those persons to comply with this section if the Co-owner disagrees with a denial by the Association of Co-owners of the Co-owner's proposed improvement or modification.

As used in this section "person with disabilities" means that term as defined in section 2 of the state construction code act of 1972, 1972 PA 230, MCL 125.1502.

**Section 4. 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 or a nuisance 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 that cannot be amicably resolved, shall be arbitrated by the Co-owners. 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. No business activity shall be conducted on the Condominium Premises unless allowed by governmental regulations, rules, ordinances, or statute. No maintenance or repair of any vehicle, motorcycle, snowmobile, jet ski, boat, trailer, etc. is permitted anywhere in the Condominium except within the private garage attached to a Unit. The Common Elements shall be used only for passive recreation and for no other purpose. Golfing, basketball, baseball, soccer, and all other active sports are prohibited. No play structures or tents shall be allowed on any Common Element.

**Section 5. Pets.** No animal, including household pets, shall be maintained by any Co-owner unless specifically approved in writing by the Association, except that a Co-owner may maintain two (2) domesticated pets in his Condominium Unit. No animal may be kept or bred for any commercial purpose. Any animal 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 in person by a responsible person while on the Common Elements, Limited or General. The Board of Directors may, in its discretion, designate certain portions of the General Common Elements of the Project wherein such animals may be walked and/or exercised and the Board of Directors may, in its discretion, designate certain portions of the General Common Elements of the Condominium wherein dog runs may be constructed. Nothing herein contained shall be construed to require the Board of Directors to so designate a portion of the General Common Elements for the walking and/or exercising of animals and/or for the construction of dog runs. 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 (including costs and actual attorney fees) which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor, and the Association may assess and collect from the responsible Co-owner such losses and/or damages in the manner provided in Article II hereof. 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 that barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. 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 of the Association of accommodating animals within the Condominium. 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. The Association may, after notice and hearing, 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 or by any applicable rules and regulations of the Association, although such hearing shall not be a condition precedent to the institution of legal proceedings to remove said animal. The Association may also assess fines for such violation of the restrictions imposed by this Section or by any applicable rules and regulations of the Association. The term "animal" or "pet" as used in this Section 5 shall not include small-domesticated animals that are constantly caged, such as small birds or fish.

**Section 6. Aesthetics.** The Common Elements shall not be used for storage of supplies, materials, personal property, trash, or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage. No unsightly condition shall be maintained on any patio, porch, or deck and only 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. Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying or airing of clothing or other fabrics. Vehicles may only be washed in area approved by the Board of Directors. No solar panel, solar collector, or similar device shall be placed, constructed, altered, or maintained on any Common Element. No Co-owner shall leave personal property of any description (including by way of example and not limitation bicycles, chairs, and benches) unattended on or about the General Common Elements. 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. Use of all Common Elements may be limited to such times and in such manner as the Board of Directors shall determine by duly adopted regulations.

**Section 7. Antennas, Cable Television Dish.** No radio, television or other communication antennas or satellite dish of any type shall be installed on any part of the General Common Elements. Co-owners may install any antenna designed to receive direct broadcast satellite service, including direct-to-home satellite services, that is one meter or less in diameter; or, an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or an antenna that is designed to receive television broadcast signals that is one meter or less in diameter or diagonal measurement, within a Unit or upon Limited Common Elements appurtenant to their Unit.

**Section 8. Vehicles.** No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, jet skis, all terrain vehicles, RV's, junk cars, motor homes, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored upon the premises of the Condominium, unless parked in the garage with the garage door closed or unless parked in an area specifically designated therefor by the Association. 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 vehicles in the garage space(s) provided and shall park any additional vehicles, including guests vehicles in the Limited Common Element space assigned to the Co-owner immediately adjoining Unit's garage space. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. Overnight parking on any street in the Condominium is prohibited except as the Association may make reasonable exceptions thereto from time to time. A Co-owner may not have more than one guest car parked overnight on the Common Elements unless approved in writing in advance by the Association. If the Association deems it necessary to alleviate any parking shortage arising from maintenance of more than 2 cars by a number of Co-owners, the Association may temporarily or permanently prohibit the maintenance of more than 2 cars by all Co-owners or may construct additional parking facilities and assess those Co-owners maintaining more than 2 cars for the expense of such construction and use. Guest parking may be regulated by reasonable rules adopted by the Association. No inoperable vehicles of any type may be brought, stored, or parked upon the Condominium Premises either temporarily or permanently. The Association may issue a written notice describing the "abandoned or inoperable vehicle" and requesting its removal by Unit Co-owners. If such vehicle has not been removed within thirty-six (36) hours after such notice or other reasonable notice has been given, the Association shall have the right to remove the vehicle without liability, and the expense of removal, including towing, storage, and scrapping charges, shall be charged against the owner of the vehicle or the Co-owner of the Unit on which the vehicle was located.

For purposes of this Section, commercial vehicles shall include vehicles or trucks with a curb weight of more than 10,000 pounds, overall length in excess of 19 feet, or with more than two axles, vehicles with commercial license plates, vehicles with any commercial markings or advertising appearing on the exterior body surfaces, vehicles not intended for personal transportation, or any vehicle either modified or equipped with attachments, equipment or implements of a commercial trade, including, but not limited to, storage racks, ladder or material racks, snow blades, tanks, spreaders, storage bins or containers, vises, commercial towing equipment or similar items. For purposes of this Section, passenger vans, SUVs and pick-up trucks, used for primary transportation, and no commercial purpose whatsoever, shall not be considered commercial vehicles provided they do not meet the definition of a commercial vehicle contained herein. The Association shall not be responsible for any damages, costs, or other liability arising from any failure to approve the parking of such vehicles or to designate an area thereof

**Section 9. Driveways and Common Elements.** Each driveway leading to a Unit garage may only be used by the Co-owner entitled to use the garage.

**Section 10. Basements.** Units with basements that meet current building code guidelines for ingress and egress may use the basement as living space. Unit basements that do not meet the building code guidelines shall not be used as living space.

**Section 11. Signs and Advertising.** No signs or other advertising devices or lawn signs of any kind shall be displayed which are visible from the exterior of a Unit or on the Common Elements, except for (2) "For Sale" signs placed only in the window of a Unit, during the Construction and Sales Period, and, subsequent thereto, only with prior written permission from the Association.

**Section 13. Decks and Patios.** Each Unit Co-owner may install a deck or patio at the rear of the Unit within the Limited Common Element Privacy area of a size, material, and color approved by the Developer. All decks and patios shall be Limited Common Elements of the Condominium and shall be maintained, repaired, and replaced by the Co-owner of the Unit to which the deck or patio is appurtenant. Decks and patios shall be tastefully maintained. From the first day of November, to the last day of March (or such other period as determined by the Board of Directors) all deck and/or patio furniture shall be stored indoors if possible. If such furniture remains outdoors during the Winter months it should be secured against movement to prevent damage to the Common Elements and it must not exceed the height of the railing. If the furniture is covered it must be with a neutral colored material. Gas grills may be kept on the rear deck or patio during the Winter months. Nothing may be stored beneath decks at any time. Any damage caused by items left on decks or patios will be the responsibility of the respective Co-owner. No hot tub, spa, chimney, fireplace, or fire pit shall be placed on any Common Element including decks or patios.

**Section 14. Barbecues.** Charcoal grills or other open flame cooking devices, including those using LP gas containers, may be used only in conformity with the requirements of the applicable City Ordinances.

**Section 15. Landscaping.** No Co-owner shall perform any landscaping, plant any trees, shrubs, or flowers, or place any ornamental materials upon the Common Elements without the prior written approval of the Association. No fence, hedge, or wall shall be constructed by any Co-owner upon the Common Elements of the Project.

**Section 16. Window Treatments.** The portion of window treatments visible from the exterior of a Unit must be white or off-white unless otherwise approved by the Association.

**Section 17. Mailboxes.** Uniform mailboxes shall be installed for each Unit in the Project, in accordance with the approved mailbox plan from the post office serving the Municipality. The Association is responsible for initially installing the mailbox and for the maintenance of the mailboxes in a relatively new condition in the Associations discretion. The Association shall collect from each initial purchaser of a Unit a charge of \$150 at closing for the cost of mailbox installation.

**Section 18. Rules and Regulations.** It is intended that 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 operation of the Condominium and Association may be made and amended from time to time by the Association. Copies of all such rules, regulations, and amendments thereto shall be furnished to all Co-owners.

**Section 19. 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 for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to his Unit and any Limited Common Elements appurtenant thereto during all periods of absence, and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

**Section 20. Common Element Maintenance.** Sidewalks, yards, landscaped areas, driveways, roads, 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.

**Section 21. 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 including, but not limited to, the telephone, 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 damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, or by casualties and occurrences, whether or not resulting from Co-owner negligence, involving items or common elements which are the responsibility of the Co-owner to maintain, repair and replace, 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 22. 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.

## 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 limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

**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. 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.

**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, mailing address, e-mail address (if any), and fax number (if any) of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name, address, e-mail address (if any), and fax number (if any) 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 Co-owner may change the individual representative designated at any time by filing a new notice in the manner herein provided.

**Section 4. Quorum.** The presence in person or by proxy of 35% 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 in person, in writing duly signed by the designated voting representative, or by any other means allowed by the voting procedures adopted by the Association for a given vote, provided the same are not in violation of the provisions of these Bylaws. Any proxies, written votes or other votes cast by means allowed hereunder must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association or voting deadline if no meeting is held. Votes may be cast by mail, fax, delivery, e-mail or any other method approved by the Association in advance of the vote. 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 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 Association. Meetings of the Association shall be guided by Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order, or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

**Section 2. Annual Meetings.** Annual meetings of members of the Association shall be held during the month of May each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Association. At such meetings there shall be elected by ballot of the Co-owners a board of directors in accordance with the requirements of Article X 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 3. 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 and must be sent with 14 days of the calling for a special meeting. No business shall be transacted at a special meeting except as stated in the notice. Any special meeting shall be held within 30 days following issuance of the notice.

**Section 4. 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, or the electronic transmission 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. Whenever a notice is required or permitted by these Bylaws to be given in writing, electronic transmission shall be deemed a written notice.

**Section 5. 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 6. 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 vote of the members. Written votes shall be solicited in the same manner as provided in Section 4 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 votes must be received in order to be counted. The form of written vote 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 vote shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of votes 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 written votes cast.

**Section 7. Remote Communication Attendance; Remote Communication Meetings.** A member may participate in a meeting of the members by a conference telephone or by other means of remote communication through which all persons participating in the meeting may hear each other, if the Board determines to permit such participation and (a) the means of remote communication permitted are included in the notice of the meeting or (b) if notice is waived or not required. All participants shall be advised of the means of remote communication in use and the names of the participants in the meeting are divulged to all participants. Members participating in a meeting by means of remote communication are considered present in person and may vote at such meeting if all of the following are met: (a) the Association implements reasonable measures to verify that each person considered present and permitted to vote at the meeting by means of remote communication is a member or proxy holder; (b) the Association implements reasonable measures to provide each member and proxy holder a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings; and (c) if any member or proxy holder votes or takes other action at the meeting by means of remote communication, a record of the vote or other action is maintained by the Association. A member may be present and vote at an adjourned meeting of the members by a means of remote communication if they were permitted to be present and vote by that means of remote communication in the original meeting notice given. The Board may hold a meeting of the members conducted solely by means of remote communication.

**Section 8. Consent of Absentees.** The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

**Section 9. 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 BOARD OF DIRECTORS

**Section 1. Number and Qualification of Directors.** The board of directors shall be comprised of three members, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association. Directors shall serve without compensation.

**Section 2. Election of Directors.** The respective terms of office for the Directors have been staggered based on election procedures utilized in the past. At each annual meeting hereafter one director shall be elected for a three year term, in addition to the election of directors to fill the remaining terms of directors who have been removed or resigned before their terms have been expired. All directors shall hold office until their successors have been elected and hold their first meeting.

**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. Any action required by the Condominium Documents to be done by the Association shall be performed by action of the board of directors unless specifically required to be done by, or with the approval of, 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 shall be responsible specifically for 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.

(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 2/3 of all of the members of the Association, except in the case of financing or re-financing of a Unit acquired through foreclosure of the statutory lien for unpaid assessments, which shall require no such approval.

(h) To make rules and regulations in accordance with Article VI, Section 18 of these Bylaws.

(i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the 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.

(k) To collect from each Co-owner the annual assessment levied against him by the Association and to pay over all such assessments to said Community Association.

**Section 5. Management Agent.** The Association 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. In no event shall the board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three years, which is not terminable by the Association upon 60-day written notice thereof to the other party, or which provides for a termination fee and no such contract shall violate the provisions of Section 55 of the Act.

**Section 6. Vacancies.** Vacancies in the board of directors caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association to serve the remainder of the original director's term.

**Section 7. Removal.** At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Co-owners and a successor may then and there be elected to fill any vacancy thus created for the remainder of the removed director's term. The quorum requirement for the purpose of filling such vacancy shall be the normal 35% requirement set forth in Article VIII, Section 4. Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting.

**Section 8. First Meeting.** The first meeting of a newly elected board of directors shall be held within ten days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole board shall be present.

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

**Section 10. Special Meetings.** Special meetings of the board of directors may be called by the president on three-day notice to each director given personally, by mail, telephone or electronically, which notice shall state the time, place and purpose of the meeting. The president or secretary shall call



special meetings of the board of directors in like manner and on like notice on the written request of two directors.

**Section 11. Waiver of Notice.** Before or at any meeting of the board of directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting 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, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon 24-hour 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. Voting.** Members of the Board of Directors may participate in any meeting by means of conference telephone or other means of remote communication through which all persons participating in the meeting can communicate with the other participants. Participation in a meeting by such means constitutes presence in person at the meeting. Any action required or permitted to be taken pursuant to authorization of the board may be taken without a meeting if, before or after the action, a majority of all directors consent to the action in writing. Said consents made be transmitted to the secretary by electronic mail or facsimile. Written consents shall be filed with the minutes of the Board's proceeding.

**Section 14. First Board of Directors.** The actions of the first board of directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the board of directors as provided in the Condominium Documents.

**Section 15. Fidelity Bonds.** The Association shall require that all office employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

## ARTICLE XI 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 XII 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 Association 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 XIII INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement, incurred by or imposed upon him in connection with any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he may be a party or in which he may become involved by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except for willful and wanton misconduct and for gross negligence, or as otherwise prohibited by law; 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 Association (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten days prior to payment of any indemnification that it has approved, the Association shall notify all Co-owners thereof. Further, the Association 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 XIV AMENDMENTS**

These Bylaws may be amended as provided in the Master Deed.

### **ARTICLE XV COMPLIANCE**

The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the Project in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium 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 XVI 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 XVII 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.** Failure of a Co-owner and/or non-Co-owner resident or guest to comply with the Condominium Documents shall entitle the Association to recover from such Co-owner or non-Co-owner resident or guest the pre-litigation costs and actual reasonable attorneys' fees incurred in obtaining their compliance with the Condominium Documents. In addition, in any proceeding arising because of an alleged default by any Co-owner, or in cases where the Association must defend an action brought by any co-owner(s), the Association, if successful, shall be entitled to recover the costs of the proceeding and actual attorney's fees (not limited to statutory fees), incurred in obtaining compliance or relief, but in no event shall any Co-owner be entitled to recover such attorney's fees or costs against the Association. The Association, if successful, shall also be entitled to recoup the costs and attorneys' fees incurred in defending any claim, counterclaim or other matter from the Co-owner asserting the claim, counterclaim or other matter.

**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 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 of monetary fines for such violations in accordance with Article XVIII of these Bylaws.

**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. In any proceeding brought by a Co-owner against the Association, or its officers and directors under this section the Association, or its officers and directors, 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.

## ARTICLE XVIII ASSESSMENT OF FINES

**Section 1. General.** The violation by any Co-owner, occupant, or guest of any of the provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association 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 Association, 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 these Bylaws.

(b) **Hearing.** The offending Co-owner shall be scheduled for a hearing before the Board of Directors, at which time the Co-owner shall have an opportunity to offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting or the Board's earliest convenience, but in no event shall the Co-owner be required to appear less than 10 days from the date of the notice.

(c) **Default.** Failure to appear at the hearing or 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 Association 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 Association as recited above, the following fines shall be levied:

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

(b) **Second Violation.** Fifty Dollar (\$50.00) fine.

(c) **Third Violation.** One Hundred Dollar (\$100.00) fine.

**(d) Fourth Violation and Subsequent Violations.** Two Hundred Dollar (\$200.00) fine.

**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 Document including, without limitations, those described in Article II and Article XVII of the Bylaws. For purposes of this Section, the number of the violation (ie. first, second etc.) is determined with respect to the number of times that a Co-owner violates the same provision of the Condominium Documents, as long as that Co-owner may be an owner of a Unit or occupant of the Project, and is not based upon time or violations of entirely different provisions. In the case of continuing violations, a new violation will be deemed to occur each successive seven day period into which a violation continues.

## **ARTICLE XIX 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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- **Arbor Cove Rules and Regulations**

Your board of Directors has provide the enclosed Rules and Regulations as a summary of your Association Restrictions and guidelines that are outlined in more detail in Article VI of Arbor Cove By-Laws.

- **Your Insurance Carrier for Insurance on the Common Elements**

The Association's insurance for the Common Elements is handled through the **Piper McCredie Insurance Agency. Tom Dawson is the agent, and his phone number is 1-800-333-0983.** You would contact his office if your mortgage company requests an updated Certificate of Insurance, as they do on a periodic basis.

Should a problem arise and you feel that a claim should be filed through the Association's insurance, please contact the management company in writing. The Insurance agent is not permitted to take a claim request directly from a homeowner.

- **Your Personal Insurance Requirements**

You must get an HO6 policy to cover your personal property and furnishings, along with any betterments and improvements made to your unit. You may wish to consult the Association's insurance agent if you have specific questions on what your individual property insurance is required to cover.

- **The Master Deed and By-Laws**

This legal document is very important. If you sell your home it must be turned over to the new owner at the time of closing, along with the keys to your home. This legal document gives detailed, specific information regarding your Association, and is the guideline used by the Board of Directors to manage the affairs at Arbor Cove Homeowners Association.



Arbor Cove  
Condominium Association

**Rules & Regulations**

The Rules & Regulations listed herein are a supplement to the Condominium By-Laws and related documents of Arbor Cove Condominium Association. We hope you will recognize the following Rules & Regulations as additional tools to keep Arbor Cove Condominium Association beautiful, and make the community a pleasant living environment for all its residents.

These Rules & Regulations have been promulgated and approved by the Board of Directors for Arbor Cove Condominium Association in accordance with the By-Laws.

**Insurance Coverage**

Adopted – Effective Immediately

Each Co-Owner is obligated and responsible for obtaining insurance coverage for personal property located within a Unit or elsewhere in the Condominium and for personal liability for occurrences within a Unit or upon Limited common Elements appurtenant to a Unit and also for alternative living expense in event of fire, and the Association shall have absolutely no responsibility for obtaining such coverages. Any claims arising within or upon a condominium unit must be submitted to the insurance company of the individual homeowner prior to submission to the Association. Coverage to the Association's insurance policy shall only apply subsequent to any coverage offered by the existing homeowner's policy. Any coverage provided to a homeowner by the Association's insurance policy shall only be those amounts in excess of the Association's deductible. In the event that repair costs are paid by the Association and the insurance proceeds do not satisfy the amount due for repairs, the Association shall post any shortage, including the applicable deductible, to the corresponding homeowner's Association account for immediate reimbursement to the Association.

**Animals or Pets**

Adopted – Effective Immediately

No more than **two domesticated pets** may be maintained in a Unit. All pets must be registered with the Association. All pets must be cared for and restrained so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions, and are not permitted to run loose at any time but must be **restrained** on a leash and must be attended by a responsible person while on the Common elements. No pets may be tied out on the Common Elements. No animals may be kept or bred for commercial purposes. Each Co-Owner is responsible for collection and disposition of all fecal matter deposited by any animal maintained by such Co-Owner.

**Weapons**

Adopted – Effective Immediately

No Co-Owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots or other similar weapons, projectiles or devise anywhere on or about the Condominium.

**Collection Policy**

Adopted – Effective Immediately

The payment of annual assessments are payable in twelve 12 equal monthly installments. The payment of an assessment will be deemed in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date. Each installment in default for ten (10) or more days will be charged a late fee on a monthly basis until all fees, including late charges, are paid in full. Any Association account that becomes delinquent in an amount equal to or greater than three (3) months Association fees shall be subject to a lien, and all applicable legal fees for the placement of a lien and the subsequent collection of the delinquency will be assessed to the corresponding homeowner account. Any account that remains delinquent and exceeds an amount equal to or greater than six months Association fees shall be subject to foreclosure action, and all applicable fees shall be charged to the homeowner account as defined in the Association Documents. The Association may also discontinue the furnishing of any utilities or other services upon seven (7) days written notice. A Co-Owner while in default of payment will not be entitled to vote at any meeting of the Association.

**Rule Enforcement and Violation**

Adopted – Effective Immediately

Article XVIII, Sections 1-4 of the Association's By-Laws provide for monetary fines when there is a violation of By-Laws, the Master Deed, and the Michigan Condominium Act, and existing Rules and Regulations of the Association. The process for notification of violations and the fining of these violations is as follows:

1. **NOTICE** – Notice of the violation must be delivered personally to the Co-Owners or mailed via First Class Mail. The notice shall contain the provision violated, together with a factual description of the alleged offense.
2. **OPPORTUNITY TO DEFEND** – The offending Co-Owner shall be scheduled for a hearing before the Board or submit a written response to the Notice of Violation and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, or at the Board's earliest convenience, but in no event shall the Co-Owner be required to appear less than ten (10) days from the date of the notice.
3. **DEFAULT** – Failure to appear or respond to the Notice of Violation shall constitute a default.

4. **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 by majority vote of a quorum of the board, decide whether a violation has occurred. The Board’s decision is final.
  
5. **AMOUNTS** – After default of the Co-Owner, or upon “4” above, the following fines shall be levied:
  - FIRST VIOLATION** – No fine shall be levied.
  
  - SECOND VIOLATION** – Fifty dollar (\$50.00) Fine.
  
  - THIRD VIOLATION** – One Hundred Dollar (\$100.00) Fine.
  
  - FOURTH VIOLATION AND SUBSEQUENT VIOLATIONS** – Two Hundred Dollar (\$200.00) Fine.
  
6. **COLLECTION** – The fines levied shall be assessed against the Co-Owner and shall be due and payable together with the regular Condominium assessment next falling due. Failure to pay the fine will subject the Co-Owner to all liabilities set forth in the condominium Documents.

## Arbor Cove Condominium Association Responsibility Grid

**A=Association Responsibility, C=Co-Owner Responsibility**

	DECORATE	MAINTAIN	REPAIR	REPLACE	DESCRIPTION
<b>GROUNDS</b>					
Curbs	N/A	A	A	A	
Landscaping	N/A	A	A	A	
Lawn	N/A	A	A	A	
Lights/Bulbs	N/A	A	A	A	
Mailbox/lock	N/A	A	A	A	
Mailbox number/name	N/A	A	A	A	
Roads	N/A	A	A	A	
Rubbish Removal	N/A	A	A	A	
Shrubs	N/A	A	A	A	
Sprinkler System	N/A	A	A	A	
Storm Sewer	N/A	A	A	A	
Trees	N/A	A	A	A	
<b>BUILDING EXTERIOR</b>					
Air Conditioners	N/A	C	C	C	
Condensation Lines	N/A	C	C	C	
Compressor	N/A	C	C	C	
Caulking	N/A	A	A	A	
Chimney	N/A	A	A	A	*Fireplace & related components are Co-Owner responsibility
Door - Main Unit	C	C	C	C	
Door Hardware	C	C	C	C	
Door Trim	C	C	C	C	
Door Painting	A	A	A	A	
Doorbell	C	C	C	C	
Drain Tile-Perimeter	N/A	A	A	A	
Driveway	N/A	C	C	C	
Egress Walls/Pit/Drain	C	A	A	A	
Exterior Electrical Socket Covers	N/A	C	C	C	
Flashing	N/A	A	A	A	
Garage Door/Opener	C	C	C	C	
Garage Door Painting	A	A	A	A	
Garage Light Fixtures/Bulbs	A	A	A	A	
Gutter & Downspout	N/A	A	A	A	
House Number	N/A	A	A	A	
Patio/Balcony/Deck	C	C	C	C	
Photocell	N/A	A	A	A	
Porch & Steps	N/A	C	C	C	

**Arbor Cove Condominium Association**  
**Responsibility Grid**  
**A=Association Responsibility, C=Co-Owner Responsibility**

	<b>DECORATE</b>	<b>MAINTAIN</b>	<b>REPAIR</b>	<b>REPLACE</b>	<b>DESCRIPTION</b>
Porch/Deck Lights/Bulbs	C	C	C	C	
Roof	N/A	A	A	A	
Shutters & Trim	N/A	A	A	A	
Side Walk					
Perimeter	N/A	A	A	A	
From Driveway to Porch	N/A	C	C	C	
Siding	N/A	A	A	A	
Sky Lights	C	C	C	C	
Snow Removal	N/A	A	A	A	
Structural Alteration	N/A	A	A	A	
Trim	N/A	A	A	A	
Units Electrical Panel	C	C	C	C	
Vents (Roof & Wall)	N/A	A	A	A	
Water Spigots	N/A	A	A	A	
<b>UNIT INTERIOR</b>					
Air Cleaner	C	C	C	C	
Appliances	C	C	C	C	
Basement					
Cracks/Leaks in Wall	C	A	A	A	
Cracks/Leaks in Floor	C	C	C	C	
Improvements	C	C	C	C	
Bathtub	C	C	C	C	
Cabinets/Shelves	C	C	C	C	
Carpet/Rugs	C	C	C	C	
Circuit Breakers/Fuses	C	C	C	C	
Closet Doors	C	C	C	C	
Commode	C	C	C	C	
Shutoff Valve	C	C	C	C	
Wax Ring	C	C	C	C	
Countertops	C	C	C	C	
Curtain Rods	C	C	C	C	
Dishwasher	C	C	C	C	
Dishwasher Plumbing	C	C	C	C	
Doors	C	C	C	C	
Doorwall	C	C	C	C	
Drain Lines/Tile	C	C	C	C	
Drywall	C	C	C	C	

## Arbor Cove Condominium Association Responsibility Grid

**A=Association Responsibility, C=Co-Owner Responsibility**

	DECORATE	MAINTAIN	REPAIR	REPLACE	DESCRIPTION
Electrical	C	C	C	C	
Outlets	C	C	C	C	
Switches/Switch Plates	C	C	C	C	
Wiring Inside of Walls	N/A	C	C	C	
Entrance Doors	C	C	C	C	Except Association will paint.
Faucets	C	C	C	C	
Fireplace	C	C	C	C	Fireplace maintenance requires prior approval.
Combustion Chamber	C	C	C	C	
Flue	C	C	C	C	
Floor construction	N/A	A	A	A	
Floor Covering	C	C	C	C	
Furnace	C	C	C	C	
Filter	C	C	C	C	
Pilot Lighting	C	C	C	C	
Furnishings	C	C	C	C	
Garbage Disposal	C	C	C	C	
Gas Lines	N/A	C	C	C	
Before Main Shutoff	N/A	A	A	A	
After Main shutoff	N/A	C	C	C	
To Furnace	C	C	C	C	
To All Other Appliances	C	C	C	C	
Grout/Caulk	C	C	C	C	
Humidifier	C	C	C	C	
Improvements	C	C	C	C	
Interior Doors	C	C	C	C	
Light Fixtures	C	C	C	C	
Microwave	C	C	C	C	
Oven & Range	C	C	C	C	
Paint	C	C	C	C	
Plumbing Fixtures	C	C	C	C	
Plumbing Lines	N/A	C	C	C	
Screens	C	C	C	C	

**Arbor Cove Condominium Association  
Responsibility Grid**

**A=Association Responsibility, C=Co-Owner Responsibility**

	DECORATE	MAINTAIN	REPAIR	REPLACE	DESCRIPTION
Sewer Lines: Inside Unit	N/A	C	C	C	
Sewer Lines: Outside	N/A	A	A	A	
Sewer Line Underground	N/A	A	A	A	
Showers & Tubs	C	C	C	C	
Shower Head	C	C	C	C	
Shutoff Valves	C	C	C	C	
Sinks	C	C	C	C	
Traps	C	C	C	C	
Washers	C	C	C	C	
Storm Windows	C	C	C	C	
Sump System	C	C	C	C	
Thermostat	C	C	C	C	
Tile	C	C	C	C	
Trim	C	C	C	C	
TV/Cable TV	C	C	C	C	
Wall Connectors	C	C	C	C	
Utility Meters	C	C	C	C	Except Water Meter
Vent Covers	C	C	C	C	
Vent Fans	C	C	C	C	
Vent Filers	C	C	C	C	
Wall Supports					
Interior	C	C	C	C	
Perimeter	N/A	A	A	A	
Wallpaper	C	C	C	C	
Walls					
Interior	C	C	C	C	
Perimeter	N/A	A	A	A	
Washers	C	C	C	C	
Water Heater	C	C	C	C	
Water Lines					
Before Main Shutoff	N/A	A	A	A	
After Main Shutoff	N/A	C	C	C	After the point the system branches off to service an individual unit.
Main Water Shutoff	N/A	A	A	A	
Water Meter	N/A	A	A	A	
Windows	C	C	C	C	

**For further explanation of the items listed herein, please refer to Article IV of the Master Deed. Association responsibility does not apply in cases of Co-Owner fault or negligence or as a result of an Alteration/Modification.**

**ARBOR COVE CONDOMINIUM ASSOCIATION**

**ARCHITECTURAL/AESTHETIC CONTROL POLICIES AND PROCEDURES**

**POLICIES**

To promote the aesthetic harmony and continuing attractiveness of Arbor Cove Condominium Association and to facilitate the beneficial operations of the residential areas thereof, the Arbor Cove Condominium Association Board has adopted the following Architectural Control Policies and Procedures. These policies provide the community appearance standards and coordinated administration of those items related to community appearance throughout the community.

The Board of Directors and/or the Architectural Committee is responsible for the approval of alterations and modifications to the exterior of Units and all Common Elements. The Condominium By-Laws, in Article VI, Section 3, contain the general requirements. They are:

Section 3. **Alterations and Modifications.**

(a) **Prohibited Alterations.** No Co-Owner shall make alterations in exterior appearance or make structural modifications to his Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements without the express written approval of the Association, including, without limitation exterior painting or the erection of lights, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards or other exterior attachments or modifications. The erection of antennas, DBS reception devices, and other technologies regulated by the Federal Communications Commission, not to exceed one meter in diameter may be placed within a Unit or on the Limited Common Elements appurtenant to the Unit without approval of the Association. All other installations and installations upon or attaching to or penetrating General Common Elements must be approved in advance in writing by the Association in accordance with duly promulgated rules and regulations of the Association, which shall at all times be construed so as not to violate FCC regulations applicable thereto. No Co-Owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

(b) **Alterations for "persons with disabilities."** A Co-Owner may make improvements or modifications to the Co-Owner's Unit, including improvements or modifications to Common Elements and to the route from the public way to the door of the Co-Owner's Unit, at his or her expense, if the purpose of the improvement or modification is to facilitate access to or movement within the Unit for persons with disabilities who reside in or regularly visit the Unit, or to alleviate conditions that could be hazardous to persons with disabilities who reside in or



regularly visit the Unit. The improvement or modification shall not impair the structural integrity of the structure or otherwise lessen the support of a portion of the Condominium Project. The Co-owner is liable for the cost of repairing any damage to a Common Element caused by building or maintaining the improvements or modification, unless the damage could reasonably be expected in the normal course of building or maintaining the improvement or modification. The improvement or modification may be made notwithstanding prohibitions and restrictions elsewhere in these Condominium documents, but shall comply with all applicable state and local building code requirements and health and safety laws and ordinances and shall be made as closely as reasonably possible in conformity with the intent of applicable prohibitions and restrictions regarding safety and aesthetics of the proposed modification.

#### General

1. The Board may appoint representatives to an Architectural Committee to enforce these policies and review applications for alterations and modifications.
2. Alteration and modification requests will be considered only if submitted in accordance with procedures established by Arbor Cove Condominium Association.
3. These requests shall be acted on in writing, usually within thirty (30) days of receipt.
4. The initial approval granted by the Board or Architectural Committee shall constitute only as authority to construct. Any construction so approved shall be in accordance with the approved request, the municipality building code and shall be subject to their permits and final inspections.
5. The Board reserves the right to use any authorities granted to it under the Master Deed and Condominium By-Laws as well as any other rights available to enforce these policies and related procedures.
6. Once approved, alterations/modifications made by a Co-Owner and/or contractor shall be done without expense or liability to the Association. Co-Owners shall be responsible for the following, but not limited to:
  - 6.1 Damage to sod, landscaping, final building grades, fences, irrigation system, and utilities during construction;
  - 6.2 Damage to neighboring units, both interior and exterior during construction;
  - 6.3 Injury to themselves, members of the public and workmen;
  - 6.4 Damage to their unit or neighboring units caused during or after construction as a result of improper construction or a change in drainage;
  - 6.5 Removal and/or relocation of any existing structures, landscaping, etc., in connection with said installation;

- 6.6 Removal of construction debris/trash shall be within two (2) days of alterations/modification completion.
7. Alterations/modifications, once started, shall be completed in a timely manner, without delay.
8. The Association Board or its designated architectural committee or a property management company shall act as receiving agent for all alteration and modification problems, concerns, applications and correspondence.
9. The Association reserves the right to periodically inspect alterations/modifications for adequate maintenance and if in the Association's opinion adequate maintenance has not been performed, request the same of Co-Owner. Should Co-Owner fail to comply, the Association reserves the right to arrange for needed maintenance and charge Co-Owner for same plus a 10% service charge for arrangements made.
10. Each Unit has a Privacy Area which is a ten (10) or fifteen (15) foot space that extends immediately behind the Unit and is within the side lines of the Unit and which is considered a Limited Common Element. The Privacy Area may be modified or altered by the Co-Owner based on approval of submitted drawings.

#### Specifics

1. Approved alterations shall not impair the view, privacy and/or enjoyment of neighboring Units.
2. The installation of approved alterations shall not prevent the Association from performing normal maintenance and repair work.
3. Approved alterations shall be in conformance with the architectural standards of the Association.
4. The portion of window treatments visible from the exterior of any Unit shall be white or off-white in color.
5. Window and door screens shall be the same color as originally installed on the Units.
6. The Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind.
7. All rubbish, trash, garbage and other waste shall be regularly removed from each Unit and shall not be allowed to accumulate therein.

8. Trash receptacles shall not be permitted on the Common Elements except for such short periods of time as may be necessary to permit periodic collection of trash. Specifically, trash shall not be moved to the curb earlier than 6:00 pm the day before the scheduled collection day.
9. The Common elements and the porches, balconies, and any decks appurtenant to any Unit shall not be used in any way for the drying, or airing of clothing or other fabrics.
10. Any unlicensed or non-operative vehicle parked on or within the premises for more than thirty-six (36) hours after written notice has been made will be deemed abandoned and subject to removal at the expense of the owner.
11. Washing or polishing of vehicles is not allowed on the Common Elements and may only be undertaken in the garage or the driveway appurtenant to the Co-Owner's Unit. Repair or non-emergency maintenance or similar repairs of vehicles is not allowed on the Common Elements, except within the garage appurtenant to the Co-Owner's Unit.
12. No house trailers, commercial vehicles (as defined in the Bylaws), boat trailers, boats, camping vehicles, camping trailers, motorcycles, jet skis, all-terrain vehicles, RV's, junk cars, motor homes, snowmobiles, snowmobile trailers or vehicles other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored on the Condominium premises except in the garage appurtenant to a Co-Owner's Unit, without prior approval of the Association. Vehicles parked outside of garages shall not be covered by a tarp, car cover or any other material. If prior approval has been obtained, any of the above vehicles listed may only be parked for a period not to exceed seventy-two (72) consecutive hours not more than once per month.
13. 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 without written permission from the Association.
14. No unsightly condition shall be maintained on any patio, porch, balcony or deck, and only 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.
15. No play structures or tents shall be allowed on any common element.
16. Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage.
17. No solar panel, solar collector or similar device shall be placed, constructed, altered or maintained on any Common Elements.

18. Decks and patios are allowed and shall be tastefully maintained. The deck or patio must be located immediately at the rear of the Unit, remain within the side lines of the Unit and not extended further than the ten (10) or fifteen (15) foot privacy area. Allowed materials include treated/simulated wood, brick pavers, concrete, stamped concrete. Color of deck/patio material must blend with Unit color. A concrete or paver extension off a deck is allowed if the extension remains within the ten (10) or fifteen (15) foot privacy area. From November 1 to March 31 all deck and/or patio furniture shall be stored indoors. If it remains outdoors during the Winter months it should be secured against movement to prevent damage to the Common Elements and it must not exceed the height of the railing. If the furniture is covered it must be in a neutral, black or gray colored material. Gas grills may be kept on the rear deck or patio during the Winter months. Nothing may be stored beneath decks at any time. Any damage caused by items contained on a deck or patio will be the responsibility of the respective Co-Owner.
19. No hot tub, spa, chimney, fireplace or fire pit shall be placed on any Common Element, including decks or patios.
20. Boundary fences are not allowed. Small garden fencing, hedging or garden walls may be allowed. You must submit detailed drawings, including fence style and height, hedge material and proposed height and/or wall material and height. Any fence, hedge or wall must be maintained by the Co-Owner of the Unit.
21. Limited landscaping is allowed within the ten (10) or fifteen (15) foot privacy area this includes decorative plantings which will not exceed the boundaries of the privacy area. Vegetable plants and vegetable gardens are not allowed anywhere. Drawings of landscape alterations must include plant variety, common name, location and number of plants.
22. Attached sun rooms and screened porches are allowed within the ten (10) or fifteen (15) foot privacy area subject to local government codes and approvals. These must be constructed of same or similar materials as the unit and the color must blend with the unit. An alteration/modification form must be approved in advance before construction can begin.
23. Front Area Planting is allowed in the front porch cove area only. This area is from the front den brick back towards your front porch and from the garage brick back towards your front porch. Nothing can be planted in the Common Elements, which is in front of the front den brick and in front of the garage and not along the sidewalk. The plants may be of your own choosing. You may also put potted plants and place hooks with hanging plants in the front porch cove area only.
24. Satellite Dish Policy – See Exhibit #1 at the end of this document.
25. Knox Box Policy – See Exhibit #2 at the end of this document.

26. Standard size "For Sale" signs are permitted without Association approval. The sign is to be located in the front den window, a maximum of two (2) signs per unit, but no more than one (1) sign per window area.
27. A Community-wide garage sale will be permitted no more than once a year. No individual garage sales are allowed. Duration of garage sale is for no more than two days only. The date will be determined by the Association Board. A Garage Sale Committee will be in charge of the Rules & Regulations and taking care of the Garage Sale, including obtaining any necessary permits.
28. Flag poles and American flags are allowed to be displayed consistent with the government policy for displaying the flag. Alternatively, school flags and sports flags can be displayed on the day of the event only. Only one (1) flag may be displayed at one (1) time. Flag pole bracket is to be mounted on the brick on the side of the garage opposite the sidewalk to the unit and nine (9) inches below and in line with the garage light fixture. The top edge of the bracket should be at the same height as the top edge of the address block.
29. Front porch and front porch cove area is permitted to have two (2) potted plants of your choosing, and outdoor furniture may be placed on the porch. This furniture shall be well maintained and stored in the winter. Collapsible style furniture shall be stored inside when not in use. Nothing is permitted to be fixed to the unit itself anywhere, such as, but not limited to the brick, mortar between the brick, wood trim, etc.
30. The following are not permitted anywhere, such as, but not limited to, wind chimes, wind socks, small flags, banners, or any other decorative items (except for a front door wreath) shall not be hung outside the home. Exception – A wreath may be hung on or near the front door, provided it is not attached to the siding, wood trim, brick, mortar between the brick or nailed or screwed into the door (use proper door hanging brackets).
31. Rear deck awnings are permitted and must be retractable. Color must match or blend with unit color. An Alteration/Modification must be approved before installation begins.
32. Exterior speakers are not permitted.
33. Alarm system signs and decals are not permitted.
34. Window reflective film treatment shall be allowed on the inside of the windows and door walls. The film shall have no more than 30% reflectance and three tints are allowed: 50% NI (light), 35% NI (medium), and 25% NI (dark). Please note: applications applied directly to glass typically voids any manufacturer's glass warranties. In addition, when replacing the glass on windows, Co-Owner may elect to use factory reflective treated glass in the same tints and colors approved for the film above.

35. Pots and hanging plants on decks and patios cannot be mounted to, such as, but not limited to, wood trim, siding, brick, or mortar between the brick, etc. Hanging plants may be on a free-standing posts within privacy area. You may have hanging plants over deck railing for the style meant to hang over railing only.
36. Bird feeders shall not be allowed anywhere. Feeding animals is prohibited, such as, but not limited to, salt blocks (salt licks), trough style feeders, etc.
37. Storm doors must be full-light without ornamentation. Brass or gold color kick plates are allowed. Frame color must match building trim or door color. An Alteration/Modification must be approved before installation begins.
38. Outdoor thermometers shall be allowed if mounted in a manner that is as inconspicuous as possible. It cannot be mounted to, such as, but not limited to, wood trim, siding, brick, or mortar between the brick, etc. Thermometers must not be more than twelve (12) inches long or eight (8) inches in diameter, and should be neutral in color with no advertising or decoration.
39. Garden hoses and reels must be stored out of sight and coiled to the degree possible when not being used.
40. Statues (statuary) and lawn ornaments or ornamentation are not allowed anywhere.
41. Holiday decorations for Easter, Halloween, and Thanksgiving may be displayed one week prior to each holiday and must be removed within one week following each of the holidays.
42. DECEMBER HOLIDAY DECORATIONS:
  - 42.1 One wreath or decoration is permitted on or near the front door. Please do not nail or screw into the door. The wreath may not be fastened to the trim or the siding. Non-blinking clear, white, multi-colored or colored lights on wreaths are permitted.
  - 42.2 One green wreath or red bow is allowed on each garage light. Nothing can block or cover up address plate;
  - 42.3 Non-blinking lights are allowed on front and rear trees and shrubs. All lights can be clear, white, multi-colored or colored;
  - 42.4 Non-blinking clear, white, multi-colored or colored lights and/or rope garland are permitted on deck rails. Non-blinking clear, white, multi-colored or colored lights

and/or garland around the front entrance doorway are permitted as long as they are not nailed or screwed into siding, wood trim, brick, mortar between brick.

Please use appropriate hanging clips to frame of storm door;

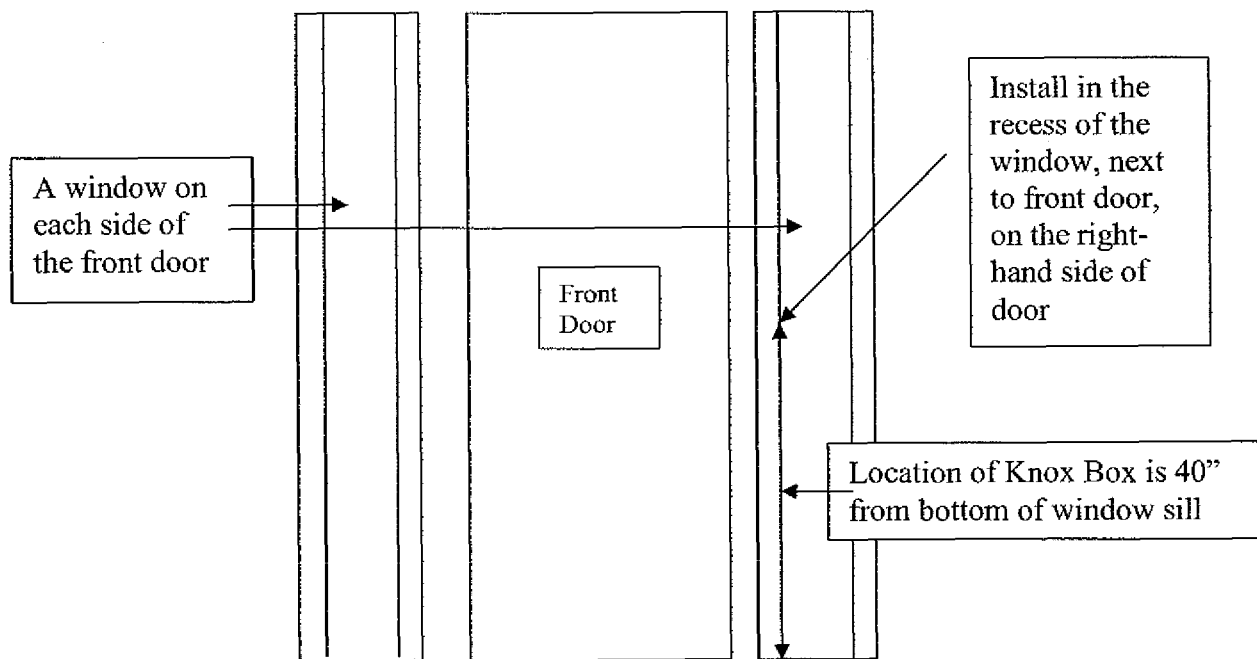
- 42.5 Lights around the exterior of the windows are not permitted. Non-blinking clear, white, multi-colored or colored lights are allowed around the interior of the windows;
  - 42.6 Exterior lighted or unlighted figures, etc. are not allowed;
  - 42.7 Interior lighted figures or statuary prominently visible to the exterior are not permitted, except for non-blinking electric candles with clear, white, multi-colored or colored lights that may be displayed in the windows. Flickering candle bulbs are permitted, just not blinking;
  - 42.8 Exterior lights attached to the roof, siding, or roof facing boards are not permitted;
  - 42.9 White or clear spot lights on front porch cove area are allowed. Colored spot lights of any color are not allowed;
  - 42.10 Please do not nail or screw into any part of the siding or trim. All December holiday decorations should not be installed or operated prior to Thanksgiving and must be removed no later than January 15<sup>th</sup>.
43. Parking on the streets is permitted, but no overnight parking is allowed in the streets. Also, when having multiple guests refrain from parking on both sides of the street so as not to restrict access to emergency vehicles or delivery vehicles.

## EXHIBIT #2

January 1, 2009

### INFORMATION ON KNOX BOX PROGRAM FOR RESIDENTS OF ARBOR COVE REGARDING OPERATION AND INSTALLATION

- The Knox Box is the property of Auburn Hills even though bought and paid for by the resident.
- In the event the unit is sold or leased the Co-Owner must call the Auburn Hills Fire Department to remove the box and restore the unit to the original condition at no cost to the Association.
- The Co-Owner agrees to hold the Association harmless from any liability attributed to misuse or unable to gain access.
- The Co-Owner must call the Auburn Hills Fire Department to install the box.
- The installation is to be on the inside of the recessed window on the right-hand side of the front door, at approximately the same height as the door knob, approximately forty (40) inches high, measured from the bottom of the window sill. See sketch below:



- If you change your locks you must notify the Auburn Hills Fire Department immediately so the key can be changed in the Knox Box.



## **Satellite Dish Standard**

### **Arbor Cove Condominium Association**

Whereas, the Board of Directors for Arbor Cove Condominium Association has agreed to not restrict a Co-Owner's right to access a satellite signal or unduly increase the costs of access to a satellite signal for television reception, it is hereby declared that:

- 1) Any satellite dish located at Arbor Cove shall not exceed one (1) meter in diameter.
- 2) Location of the satellite dish shall be at the discretion of the Board of Directors and may not be installed without the express written consent of the Board of Directors in the form of an approved application for installation.
- 3) The satellite dish must be reasonably concealed from the sight-line of street traffic throughout Arbor Cove Condominiums.
- 4) The approved location for a satellite dish by the Board of Directors shall be awarded on a case by case basis by the Board of Directors. Upon receipt of an approved application for installation of a private satellite dish on the Limited Common Elements of Arbor Cove, the owner of the satellite dish shall agree to the following:
  - a) To indemnify and hold the Association harmless for any damage caused to the Common Elements of the Association and/or any liability arising from the location and installation of the satellite dish.
  - b) To maintain the satellite dish and any related hardware in a manner that causes the equipment to remain reasonably attractive and in sound structural condition.
  - c) To restore any damage to the Common Elements as a result of installing, maintaining, removal or replacement of the satellite dish.
  - d) To hold the Association and its vendors harmless for any damage caused to the satellite dish or related equipment in the course of providing maintenance services to the Association, such as lawn maintenance, snow removal, etc.
- 5) The location, use and entitlement to these devices, and these rules governing the same, shall be subject to change as future regulations are promulgated by the Federal Communications Commission. There shall be no vested rights created by any approval; all approvals being simply a license granted on a temporary, conditional basis.

In accordance with the terms listed herein, the Board of Directors does hereby grant the Co-Owner \_\_\_\_\_ whose condominium unit is located at \_\_\_\_\_ permission to install a private satellite dish in the following Manner:

Personal satellite dishes for private home use must be constructed in accordance with, and be approved by, the local building department and governmental authorities pertaining to satellite dishes. Satellite dishes should not exceed one (1) meter in diameter. The color of the satellite dish should closely resemble the portion of the building structure that it is attached to, so as to avoid drawing undue attention to the device.

**EXHIBIT #1 January 1, 2009**

Subject to agreement to and compliance with the Satellite Dish Standard for Arbor Cove Condominium Association, which is incorporated herein by reference, and is an integral part of this approval.

Approval:

\_\_\_\_\_  
Member, Board of Directors

\_\_\_\_\_  
Witness

The undersigned Co-Owner hereby agrees to all of the terms and conditions stated in the Satellite dish Standard for the Arbor Cove Condominium Association, and as listed herein, and accepts full responsibility for the costs of decoration, maintenance, repair, and removal or replacement of the satellite dish and related equipment upon the Limited Common elements of Arbor Cove Condominium Association.

Furthermore, the undersigned agrees to indemnify and hold the Association harmless for any acts, losses, or liability associated with the satellite dish upon the Limited Common Elements of Arbor Cove Condominium Association.

\_\_\_\_\_  
Co-Owner  
Arbor Cove Condominium Association

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip

Please return this Form with the \$15.00 Permit Fee to:

Kramer-Triad  
320 East Big Beaver, Suite 190  
Troy, MI 48083  
Fax: 248-879-5507

The \$15.00 Permit Fee can be paid with a check payable to Kramer-Triad. Processing will begin with receipt of check.

## ARBOR COVE CONDOMINIUM ASSOCIATION ARCHITECTURAL CONTROL GUIDELINES MATRIX

The following matrix displays several types of architectural control modification or alteration requests that may come to the Association from time to time by homeowners or their representatives. The Matrix may be used as a general guideline for future requests subject to appeal to the Board of Directors. **ALL "YES" ITEMS MUST STILL BE REQUESTED IN WRITING WITH ALL APPROPRIATE REQUIRED DRAWINGS AND EXHIBITS.** All approvals must be in compliance with the Restrictions and Architectural Control Policies and Procedures. The Co-Owner is responsible for maintaining an approved Alteration/Modification and for any future damage to either Limited or General Common Elements.

ITEM	YES	NO	COMMENTS
Advertising or Signs of any Nature	X		Requires written approval.
Air Conditioners - Portable		X	
Antennae	X		Satellite dishes allowed. See Satellite Standard for approved locations.
Awning over Deck	X		Color must match or blend with unit color. Awning must be retractable.
Basketball Backboard		X	
Attached to Home or Garage		X	
Attached to Driveway		X	
Portable or Removable		X	
Birdbath	X		Within 10 or 15 foot privacy area.*
Back Yard	X		Within 10 or 15 foot privacy area.*
Front Yard		X	
Brick Paver Extensions	X		Deck/patio only. Must remain within 10 or 15 foot privacy area.*
Deck Extensions	X		Must remain within 10 or 15 foot privacy area.*
Driveway Extension		X	
Sidewalk Extension		X	
Buildings for Storage		X	
Attached to Home or Garage		X	
Detached from Home or Garage		X	
Concrete Extensions	X		Deck/patio only. Must remain within 10 or 15 foot privacy area.*
Deck Extensions	X		Must remain within 10 or 15 foot privacy area.*
Driveway Extensions		X	
Sidewalk Extensions		X	
Decks	X		Must remain within the side lines of the unit and not extend beyond the 10 or 15 foot privacy area.* Must be constructed of cedar and/or treated or simulated wood with a natural stain finish or allowed to weather. Painting is not allowed. Submit drawings for approval.
Attached to Home	X		
Detached from Home		X	
Side Nook Areas		X	
Staining or Painting	X		Natural stain finish or allowed to weather. Painting is not allowed. Colored stain to match unit color is permissible.
Dog Kennels of any kind		X	
Driveways - Circular		X	
Easement Plantings		X	
Electronic/Invisible Fences		X	
Fences		X	

## ARBOR COVE CONDOMINIUM ASSOCIATION ARCHITECTURAL CONTROL GUIDELINES MATRIX

ITEM	YES	NO	COMMENTS
Flagpole	X		Attached to unit structure within limited common elements. Co-Owner must repair any damage due to mounting. See approved location.
Flowers	X		
Container Planting	X		Front porch and/or rear deck or patio.
Hanging Baskets		X	
In Ground	X		Allowed in privacy area in rear of unit.*
For Sale Signs	X		Two (2) standard signs permitted. Not more than one per window. Prior approval not required.
Fountain	X		As part of landscaping within privacy area.*
Gazebo		X	
Attached to Deck		X	
Detached from Deck		X	
Generators	X		Must remain within 10 or 15 foot privacy area in rear of unit.*
Grills	X		May be used only in conformity with the requirements of the city ordinance.
Gutter Coils	X		Any damage now or in the future is Co-Owner responsibility.
Holiday Decorations	X		Co-Owner is responsible for repairing any damage caused by decorations. See Holiday Policy.
Hot Tubs		X	
House Painting		X	
Jungle Gym		X	
Metal		X	
Wood		X	
Landscape Plan Alterations	X		May be allowed in privacy area.* Submit drawings for approval.
Patios	X		Must remain within the side lines of the unit and not extend beyond the 10 or 15 foot privacy area.* Must be constructed of concrete, stamped concrete or brick pavers. Submit drawings for approval.
Retaining Wall		X	
Right-Of-Way Plantings		X	
Satellite Dish	X		See Satellite Dish Standard.
Sheds		X	
Solar Lights	X		Must remain within the front walk privacy area only and must use white lights only.
Statues/Lawn Ornaments		X	
Back Yard		X	
Front Yard		X	
Storm Doors	X		Full-lite without ornamentation. Frame color must match building trim or door color.

**ARBOR COVE CONDOMINIUM ASSOCIATION  
ARCHITECTURAL CONTROL GUIDELINES MATRIX**

<b>ITEM</b>	<b>YES</b>	<b>NO</b>	<b>COMMENTS</b>
<b>Sun Room/Screened Porch</b>	<b>X</b>		<b>Must remain within 10 or 15 foot privacy area * and be constructed of materials and colors which match unit. Submit drawings for approval.</b>
<b>Attached</b>	<b>X</b>		
<b>Detached</b>		<b>X</b>	
<b>Swimming Pools</b>		<b>X</b>	
<b>Above Ground</b>		<b>X</b>	
<b>In Ground</b>		<b>X</b>	
<b>Swing Set Installation</b>		<b>X</b>	
<b>Trim Painting</b>		<b>X</b>	

**\*The following Units have a 10' Privacy Area: 1-6, 15-18, 27, 28 63-66, 71-74, 81, 82 and 91-94. All remaining Units have a 15' Privacy Area.**

# DISCLOSURE STATEMENT

## ARBOR COVE CONDOMINIUM

**Arbor Cove Condominium is a ninety-four  
Unit duplex residential condominium  
located in the City of Auburn Hills,  
Oakland County, Michigan**

**The Developer of Arbor Cove Condominium is:**

### **Glen Arbors LLC**

30100 Telegraph Road, Suite 366  
Bingham Farms, Michigan 48025  
(248) 647-8811

**THIS DISCLOSURE STATEMENT IS NOT A SUBSTITUTE FOR THE  
MASTER DEED, THE CONDOMINIUM BUYERS HANDBOOK OR  
OTHER APPLICABLE LEGAL DOCUMENTS AND BUYERS SHOULD  
READ ALL SUCH DOCUMENTS TO FULLY ACQUAINT  
THEMSELVES WITH THE PROJECT AND THEIR RIGHTS AND  
RESPONSIBILITIES RELATING THERETO.**

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# ARBOR COVE CONDOMINIUM

## DISCLOSURE STATEMENT

### **I. Introduction.**

Condominium development in Michigan is governed largely by Act 59 of the Michigan Public Acts of 1978, as amended (the Condominium Act). Under the Condominium Act, the developer of a condominium project must disclose to purchasers of units in the condominium project certain characteristics of the condominium project.

This Disclosure Statement, together with copies of the legal documents required for the creation and operation of the Project, are furnished each purchaser pursuant to the requirement of Michigan law that the Developer of a condominium project disclose to prospective purchasers the characteristics of the condominium units that are offered for sale.

This Disclosure Statement is not a substitute for a thorough review of the Master Deed of Arbor Cove Condominium and all of the other documents pertaining to the creation and operation of Arbor Cove Condominium. Any purchaser having any questions regarding this Disclosure Statement or any of the Arbor Cove Condominium documents referenced concerning this Condominium Project should consult a lawyer.

### **II. The Condominium Concept.**

Condominium is a method of subdividing, describing, and owning real property. A condominium unit has the same legal attributes as any other form of real property under Michigan law and may be sold, mortgaged, or leased, subject only to such restrictions as are contained in the condominium documents and as otherwise may be applicable to the property.

Each owner receives a deed to his individual condominium unit. Each owner owns, in addition to his unit, an undivided interest in the other components of the condominium known as "common elements." Title to the common elements is included as part of, and is inseparable from, title to the individual condominium units. Each owner's proportionate share of the common elements is determined by the percentage of value assigned to his unit as described in Article V of the Master Deed and as set forth in Section VI of this Disclosure Statement.

All portions of the condominium not included within the units constitute the common elements. "Limited common elements" are those common elements that are set aside for use by less than all unit owners. "General common elements" are all common elements other than limited common elements.

The Project is administered and managed by a non-profit corporation of which all owners are members (the "association"). The nature and duties of the association are described more fully in Section VI of this Disclosure Statement.

Except for the year in which the condominium is established, or, in the case of units added to a condominium project by subsequent amendment to the Master Deed, the year in which such amendment is recorded, real property taxes and assessments are levied individually against each unit in the project. The separate taxes and assessments cover the unit and its proportionate share of the common elements. No taxes or assessments are levied independently against the common elements. In the year in which the condominium is established or in which an amendment adding units is recorded, the taxes and assessments for the units covered by the Master Deed or amendment usually are billed to the association and are paid by the owners of such units in proportion to the percentages of value assigned to the units owned by them.

Although the foregoing is generally accurate as applied to most condominium developments, the details of each development may vary substantially. Accordingly, each purchaser is urged to review carefully all of the documents contained in the Arbor Cove Condominium Purchaser Information Booklet as well as any other documents that the Developer has delivered to the purchaser in connection with this development. Any purchaser having questions pertaining to the legal aspects of the Arbor Cove Condominium is advised to consult his own lawyer or other professional advisor.

### **III. Description of the Condominium Project.**

#### **A. Size, Scope and Physical Characteristics of the Project.**

Arbor Cove Condominium consists of ninety-four Condominium Units in forty-seven duplex buildings. Each Unit has its own entrance from and exit to public property or to a Common Element of the Project. Pursuant to the Condominium Act, Units 61, 62, and 87 through 94, together with the roads and utility improvements serving the Units, have been identified as "must be built." All other Units and improvements in the Condominium "need not be built."

Each Condominium Unit consists of the air space that is enclosed within the interior finished unpainted walls and ceilings and the finished subfloor, all as shown on the floor plans and section drawings in the Condominium Subdivision Plan attached as Exhibit "B" of the Master Deed. The exterior structural components (exclusive of the interior air space) of the condominium building consist of General Common Elements. The Condominium Association maintains the General Common Elements unless otherwise provided by the Condominium Documents. No residential Units may be used for other than residential purposes.

The drives, roads, and boulevards of the Condominium are privately owned as General Common Elements and will not be maintained by the Oakland County road commission or any other governmental body.

#### **B. Utilities.**

Arbor Cove Condominium is served by public water and sanitary sewer systems. Natural gas service is furnished by Consumers Energy and is individually

metered to each unit for payment by the Co-owner. Electricity is furnished by DTE Energy and is individually metered to each unit for individual service for payment by the Co-owner. Telephone service is provided by Ameritech. Cable television service is provided by Comcast. Internet access and other telecommunication services are provided by others and arranged by individual Co-owners.

**C. Rights of Developer.**

**1. Consolidation.**

The Developer has reserved the right to consolidate contiguous Units and to relocate the boundaries between adjoining Units owned by the Developer or upon Developer's consent, at the request of the Co-owners who own such Units.

**2. Convertible Areas.**

The Common Element areas around each building have been designated as convertible areas to allow the Developer the flexibility to modify Units and Common Elements within the six (6) year period following the recording of the Master Deed.

**3. Conduct of Commercial Activities.**

The Developer has reserved the right, until all of the Units in the Project have been sold, to maintain on the Condominium Premises a sales office, a business office, model units, storage areas, and such access to, from and over the Condominium Premises as may be reasonable to enable development and sale of the entire Project. The Developer is obligated to restore the areas so utilized to habitable status upon termination of use.

**4. Right to Amend.**

The Developer has reserved the right to amend the Master Deed without approval from Co-owners and mortgagees for the purpose of correcting errors and for any other purpose. Any such amendment that would materially alter the rights of an Co-owner or mortgagee may be made only with the approval of 66-2/3% of the owners and first mortgagees. Further, certain provisions of the Master Deed cannot be amended without the Developer's approval.

**5. Easements.**

(a) Easement for Maintenance, Repair and Replacement. The Developer has reserved such easements over the Condominium Project (including all units and Common Elements) as may be required to perform any of the Developer's maintenance, repair, decoration or replacement obligations.

(b) Easement for Use of Utilities. The Developer has reserved the right to grant easements for utilities to appropriate governmental agencies and public utilities.

## **6. General.**

In the Condominium Documents and in the Condominium Act, certain rights and powers are granted or reserved to the Developer to facilitate the development and sale of the Project as a Condominium, including the power to approve or disapprove a variety of proposed acts and uses and the power to secure representation on the Board of Directors of the Association.

## **IV. Legal Documentation.**

### **A. General.**

Arbor Cove Condominium was established as a Condominium Project pursuant to the Master Deed recorded in the Oakland County Records. A copy of the Master Deed and its exhibits are contained in the Arbor Cove Condominium Purchaser Information Booklet. The Master Deed includes the Bylaws as Exhibit "A", and the Condominium Subdivision Plan as Exhibit "B".

### **B. Master Deed.**

"Master Deed" means the Master Deed that was recorded with the Oakland County Register of Deeds to establish the Arbor Cove Condominium as a Condominium Project. The Master Deed contains the definitions of certain terms used in the Condominium Documents, the percentage of value assigned to each Unit in the Condominium Project, a general description of the Units and Common Elements included in the Project, and a statement regarding the relative responsibilities for maintaining the Common Elements. Article VIII of the Master Deed contains provisions relating to easements. Article IX provides for amendment of the Master Deed. Article VI of the Master Deed contains provisions for the subdivision, consolidation, and other modifications of Units.

### **C. Bylaws.**

"Bylaws" means the Bylaws of the of Arbor Cove Condominium (which are also the Bylaws of the Arbor Cove Condominium Association of Co-owners), that are attached to the Master Deed as Exhibit "A". The Bylaws contain provisions relating to the operation, management, and fiscal affairs of the condominium and, in particular, set forth the provisions relating to assessments of Association members for the costs of operating the Condominium Project. Article VI contains certain restrictions upon the ownership, occupancy, and use of the Condominium Project. Article VI also contains provisions permitting the adoption of rules and regulations governing the Common Elements. At the present time no rules and regulations have been adopted by the Board of Directors of the Association other than the restrictions provided in the Master Deed and Bylaws.

**D. Condominium Subdivision Plan.**

"Condominium Subdivision Plan" means the Condominium Subdivision Plan of the Arbor Cove Condominium Project, prepared by Giffels-Webster Engineers, Inc., 2871 Bond Street, Rochester Hills, MI 48309, that is attached to the Master Deed as Exhibit "B". The Condominium Subdivision Plan is a three dimensional survey depicting the physical location and boundaries of each of the Units and all of the Common Elements in the Project. The structures and improvements labeled "must be built," must be built by the Developer. Structures and improvements labeled "need not be built," are not required to be built by the Developer.

**E. Purchase Agreement.**

The "Purchase Agreement" means the Arbor Cove Condominium Purchase Agreement. The Purchase Agreement contains specific conditions governing the purchase and sale of Units in the Arbor Cove Condominium Project, including specific conditions under which the Purchase Agreement may be terminated. Pursuant to the Michigan Condominium Act, a purchaser is provided the right to withdraw from the purchase of a condominium within 9 days, with or without cause and without penalty, following the making of the Purchase Agreement and receipt of the Condominium Documents (MCL 559.184). In addition, the Purchase Agreement includes specific conditions under which the Purchase Agreement may be terminated by the Developer. Accordingly, each purchaser is urged to review carefully the Purchase Agreement as well as any other documents that the Developer has delivered to the purchaser in connection with this Condominium Project. Any purchaser having questions pertaining to the Purchase Agreement or any legal aspects of the Project is advised to consult his or her own lawyer or other professional advisor.

**V. The Developer and Other Service Organizations.**

**A. Developer's Background and Experience.**

The Developer, Glen Arbors LLC, was formed for the purpose of developing Arbor Cove Condominium, and therefore, it has no prior condominium development experience. The Developer intends to hire Westminster Abbey Homes, LLC, which has common ownership with B/K/G Investors, L. L. C., one of the members of Glen Arbors LLC, to supervise the construction of the Condominium Units. The Developer intends to hire a management company to manage the Condominium.

**B. Builder.**

Westminster Abbey Homes LLC, which has common ownership with one of the members of the Developer, is a licensed residential builder and will supervise the construction of the Condominium Units.

**C. Sales Affiliate.**

Westminster Abbey Realty, LLC, which also has common ownership with one

of the members of the Developer, will be responsible for the sales of units in the Project.

**D. Legal Proceedings Involving the Condominium Project or the Developer.**

The Developer is not aware of any pending judicial or administrative proceedings involving the Condominium Project or the Developer.

**VI. Operation and Management of the Condominium Project.**

**A. The Condominium Association.**

The responsibility for management and maintenance of the Project is vested in the Arbor Cove Condominium Association, which has been incorporated as a non-profit corporation under Michigan law. As each purchaser acquires title to a Condominium Unit, the purchaser becomes a member of the condominium association.

The Arbor Cove Condominium Association Articles of Incorporation of the Association are contained in the Purchaser Information Booklet. The Bylaws include provisions that govern the procedural operations of the Association. The Association is governed by its Board of Directors, the initial members of which are designees of the Developer.

The Board of Directors will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by the Condominium Documents, the Board of Directors may do all such acts and things that are not specifically required to be done by the Members (Co-owners) and may otherwise act in all instances on behalf of the Association. The specific powers and duties of the Board of Directors are set out in the Arbor Cove Condominium Bylaws.

Within 120 days after closing the sales of 1/3 of the Units or one year from the date of the first conveyance, whichever first occurs, the Developer must establish an advisory committee to serve as liaison between the non-developer owners and the Developer.

Within 120 days after closing the sales of 25% of the Units, one of the three (3) directors will be selected by the non-developer Co-owner; within 120 days after closing the sales of 50% of the Units, not less than 33 1/3 percent of the directors will be selected by the non-developer Co-owners; and within 120 days after closing the sales of 75% of the Units, the non-developer Co-owners will elect all of the directors, except that the Developer will have the right to designate a least one director as long as it owns at least 10% of the Units in the Project. Regardless of the number of Units conveyed, 54 months after the first conveyance, non-developer Co-owners may elect directors in proportion to the number of Units that they own.

The first annual meeting may be held any time after 50% of the Units that

may be created have been sold and must be held on or before the expiration of 120 days after 75% of the Units that may be created have been sold or within 54 months after conveyance of the first Unit, whichever first occurs. At the first annual meeting, the members of the Association will elect directors, and the directors in turn will elect officers for the Association. The Developer may retain a seat on the board so long as it owns 10% of the Units to be created in the Project.

The Developer's voting rights are set forth in Article VIII, Section 2 of the Bylaws.

## **B. Percentages of Value.**

The Developer has assigned percentages of value for Units in Arbor Cove Condominium based on several factors, including, market value, and the use and location of Common Elements and services. The percentage of value assigned to each Unit determines each owner's share of the Common Elements, the value of votes at meetings of the Association, and the owners proportionate share of regular and special Association assessments and of the proceeds of administration of the Project. Based on a review of the factors, the Developer has assigned an equal percentage of value to each Unit in the Project.

## **C. Project Finances.**

### **1. Budget.**

Article II of the Bylaws requires the Board of Directors to adopt an annual budget for the operation of the Condominium. The initial budget of the Condominium is intended to provide for the normal and reasonably predictable expenses of administration of the Project, and includes a reserve for major repairs to and replacement of Common Elements. Inasmuch as the budget must necessarily be prepared in advance, it reflects estimates of expenses made by the Developer. To the extent that estimates prove inaccurate during actual operation and to the extent that the goods and services necessary to service the Condominium Project change in cost in the future, the budget and the expenses of the Association also will require revision. The current budget of the Association has been included as Appendix I to this Disclosure Statement.

### **2. Assessments.**

The Association's only source of revenue to fund the Condominium Budget is through the assessment of its members. The annual assessment must be paid to the association by each Co-owner in equal monthly payments. Each owner of a Unit, including the Developer, must contribute to the Association to defray expenses of administration; while the Developer is obligated to contribute to the Association for such purpose, its contributions are determined differently than the other Co-owners' contributions are determined. See Article II, Section 3 of the Bylaws. Assessments are based

upon the percentages of value assigned to the Units and so will be equal among the Units. The Board of Directors may also levy special assessments in accordance with the provisions of Article II, Section 2 of the Bylaws.

It is also possible the Co-owner may become obligated to pay a percentage share of assessment delinquencies incurred by other Co-owners. This may occur if a Co-owner defaults on a first mortgage and the mortgage is foreclosed. In such case, the delinquent assessment becomes a common expense as provided in section 58 of the Michigan Condominium Act.

### **3. Foreclosure of Lien.**

The Association has a lien on each Unit to secure payment of Association assessments. The Bylaws provide that the Association may foreclose its lien in the same fashion that mortgages may be foreclosed by action or by advertisement under Michigan law. By closing on the purchase of a Unit, each purchaser will be deemed to have waived notice of any proceedings brought by the Association to foreclose its lien by advertisement and notice of a hearing prior to the sale of his Unit.

### **4. Other Possible Liabilities.**

Each purchaser is advised of the possible liability of each Co-owner under Section 58 of the Condominium Act:

**If the mortgagee of the first mortgage of record or other purchaser of a condominium unit obtains title to the condominium unit as a result of foreclosure of the first mortgage, such person, its successors and assigns, are not liable for the assessments by the administering body chargeable to the unit that became due prior to the acquisition of title to the unit by such person except for assessments that have priority over the first mortgage under section 108.**

### **D. Condominium Association Management Contract.**

The Condominium may employ a professional management agent or agents to perform such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association. Presently, the Developer intends to enter into a separate contract for the professional management of the condominium with LandArc Management Group, LLC whose address is 3355 Bald Mountain Road, Suite 55, Auburn Hills, Michigan 48326 (Telephone (248) 377-9933, Toll Free (888) 646-9888 or on the Internet at [www.LandArc.com](http://www.LandArc.com)). LandArc has extensive condominium management experience and manages numerous condominium projects throughout the Detroit metropolitan



area. The budget for the Project is attached as Appendix 1 to this Disclosure Statement and was developed by LandArc to reflect the costs of management for the Project during the next fiscal year. LandArc is not affiliated with the Developer.

The Developer may be lending funds to the Association if additional funds are necessary for the management fee and certain fixed expenses such as, by way of example, liability insurance, snow removal, etc., in its sole discretion, until the Association is adequately funded or until turnover of control of the Association from the Developer to the Co-owners, whichever occurs first. In such case, said funds shall be repaid to the Developer.

## **E. Insurance.**

### **1. Title Insurance.**

The Purchase Agreement provides that the Developer shall furnish each purchaser a commitment for an owner's title insurance policy issued by Metropolitan Title Company at or prior to closing, and that the policy itself shall be provided within a reasonable time after closing. The cost of the commitment and policy is to be borne by the Developer. Each purchaser should review the title insurance commitment with a qualified advisor of his or her choice prior to closing to make certain that it conforms to the requirements of the Purchase Agreement.

### **2. Other Insurance.**

The condominium documents require that the Association carry fire and extended coverage for vandalism and malicious mischief and liability insurance and workers' compensation insurance, if applicable, with respect to all of the Common Elements of the Project. The Association is responsible for losses to the extent that the insurance policies have deductible clauses or for amounts not otherwise covered by insurance. The Board of Directors is responsible for obtaining insurance coverage for the Association. Each Co-owner's pro rata share of the annual Association insurance premiums is included in the monthly assessment. The Association insurance policies are available for inspection during normal working hours. A copy of the certificate of insurance with respect to the Condominium Project will be furnished to each Co-owner upon request.

Each Co-owner is responsible for obtaining personal property, liability and other individual insurance coverage with respect to his Unit to the extent indicated in Article IV of the Bylaws. The Association should periodically review all insurance coverage to be assured of its continued adequacy and owners should each do the same with respect to their personal insurance.

## **F. Restrictions on Ownership, Occupancy and Use.**

Owners of Condominium Units are bound by various restrictions applying to

the use of Units and Common Elements. Article VI of the Bylaws sets forth restrictions on the ownership, occupancy and use of individual Units and Common Elements in the Condominium Project. It is impossible to paraphrase these restrictions without risking the omission of some provision that may be of significance to a purchaser. Consequently, each purchaser should examine the restrictions with care to be sure that they do not infringe upon an important intended use. The following is a list of certain of the more significant restrictions:

**1. Single-Family.**

Residential Units are to be used only for single-family residential purposes.

**2. Lease.**

Co-owners may lease their Unit at any time for any term of occupancy not less than one year provided that, notwithstanding such one year minimum, as provided under the Bylaws. The Developer shall have the right to rent any Unit or Units for any duration it desires.

**3. Animals or Pets.**

No animals (except household pets) shall be kept or maintained on any Unit as provided in the Bylaws. The Board of Directors may, from time to time, adopt a limit on the number of household pets that may be kept within any Unit. Any pets kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions.

**4. Architectural Control.**

There are substantial limitations upon physical changes that may be made to the Common Elements and to the Units in the condominium, and upon the uses to which the Common Elements and Units may be put. Certain changes and modifications are prohibited while others may be subject to the review and approval of the Developer and or the Association or an architectural control committee. In some instances, changes and modifications may require the approval of the City of Auburn Hills or the State of Michigan. These limitations are further defined in the Arbor Cove Condominium Bylaws.

**5. Restrictions.**

Reasonable regulations may be adopted by the Board of Directors of the Association concerning the use of Common Elements, without a vote of the Co-owners. None of the restrictions apply to the commercial activities or signs of the Developer. The Bylaws contain specific restrictions applicable to Arbor Cove Condominium.

## **6. Conservation Easement.**

The Condominium is subject to a conservation easement granted to the Michigan Department of Environmental Quality on behalf of the public in order to ensure preservation and maintenance of wetlands, natural features, resources, and open space, and to mitigate the impact of development and use of the Condominium. Among other things, the conservation easement prohibits the construction of structures, or placing any material in the areas of the Condominium identified on the Condominium Subdivision Plan

## **7. Miscellaneous Other Restrictions.**

Purchaser's should be aware of the inclusion of restrictions contained in the Bylaws including but not limited to the presence of advertising signs, Common Element maintenance, the presence and storage of certain motor vehicles, trailers, boats, recreational and commercial vehicles, and Co-owner's obligations to maintain individual Units. Specific details pertaining to use and occupancy restrictions and enforcement can be found in Article VI of the Arbor Cove Condominium Bylaws.

## **8. Assent of Co-owners**

All present or future Co-owners, their families, present or future tenants, and their guests and invitees, and any other person using the facilities of the Condominium Project in any manner are subject to the Condominium Documents, including the Bylaws and any rules adopted by the Association.

# **VII. Rights and Obligations as Between Developer and Owners.**

## **A. Before Closing.**

The respective obligations of the Developer and the purchaser of a Unit in the Project prior to closing are set forth in the Purchase Agreement and accompanying Escrow Agreement. Those documents should be closely examined by all purchasers in order to ascertain the disposition at closing of earnest money deposits advanced by the purchaser, anticipated closing adjustments, and other important matters. The Escrow Agreement provides, pursuant to Section 103b of the Condominium Act, that the escrow agent shall maintain sufficient funds or other security to complete those improvements shown as "must be built" on the Condominium Subdivision Plan until such improvements are substantially complete. Funds retained in escrow are not to be released to the Developer until issuance of a certificate of occupancy, if applicable, conveyance to a purchaser of title to a Unit and confirmation by the escrow agent that all improvements labeled "must be built" are substantially complete, unless the Developer has provided to the Escrow Agent adequate security. Furthermore, funds held in Escrow may be released to the Developer on the event of purchasers default.

**B. At Closing.**

Each purchaser will receive by warranty deed fee simple title to his Unit subject to no liens or encumbrances other than the condominium documents and those other easements and restrictions that are specifically set forth in the condominium documents and title insurance commitment.

**C. After Closing.**

**1. General.**

Subsequent to the purchase of the Unit, relations between the Developer and the owner are governed by the Master Deed and the Condominium Act, except to the extent that any contractual provisions of the Purchase Agreement are intended to survive the closing.

**2. Condominium Project Warranties.**

Express warranties are not provided unless specifically stated in the purchase agreement.

LIMITED ONE (1) YEAR WARRANTY. The Developer is warranting each of the Units against defects in workmanship and materials for a period of one year from the date of closing the sale of the pertinent Unit, as is more particularly set forth in and limited by the Developer's Limited Warranty that accompanies the Purchase Agreement and is delivered to the Purchaser at closing. Further the Developer is warranting the Common Elements, Limited and General, for a period of one year from the date the specific Common Element was built, placed in service, or the date of the closing of the first Unit sold in the Condominium. DEVELOPER'S OBLIGATIONS UNDER THE DEVELOPER'S LIMITED WARRANTY ARE LIMITED TO REPAIR OR REPLACEMENT AS DETERMINED IN THE SOLE DISCRETION OF THE DEVELOPER.

Except for emergencies or, in other extraordinary circumstances, all warranty claims must be submitted in writing to the Developer, at its address appearing on the cover sheet of this Disclosure Statement within the applicable one-year warranty period. In the case of emergencies or in other extraordinary circumstances where written communications would be inappropriate, purchasers should contact the Developer by telephone at the number shown on the cover of this Disclosure Statement. The warranties are extended only to the first purchaser of each Unit and are not transferable. The warranties do not cover consequential or incidental damages. Further, any implied warranty is limited to the one-year period applicable to the Developer's express warranty. It is recommended that you examine the Limited Warranty of the Developer and review it with advisors of your choice prior to the execution of the Purchase Agreement and the closing on the purchase of your Unit.

THE DEVELOPER'S LIMITED WARRANTY PLAN IS THE ONLY WARRANTY APPLICABLE TO EACH PURCHASE. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING UNDER STATE LAW OR THE MAGNUSON-MOSS WARRANTY ACT, INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, HABITABILITY, AND CONFORMANCE WITH PLANS AND SPECIFICATIONS ARE DISCLAIMED AND EXCLUDED REGARDLESS OF WHETHER THE DEVELOPER DISCHARGES ANY OR ALL OF ITS RESPONSIBILITIES TO YOU UNDER THE LIMITED WARRANTY.

LIMITATION OF LIABILITY. THE DEVELOPER'S LIABILITY, WHETHER IN CONTRACT, IN TORT, OR UNDER WARRANTY, IN NEGLIGENCE OR OTHERWISE, IS LIMITED TO THE COST TO REPAIR OR REPLACE THE DEFECTIVE ITEM OR THE DECREASE IN MARKET VALUE OF THE ITEM AFFECTED AS A RESULT OF THE DEFECT. THE DEVELOPER SHALL NOT BE LIABLE OR RESPONSIBLE TO COMPENSATE OR INDEMNIFY PURCHASER FOR ANY DAMAGES, CLAIM, DEMAND, LOSS, COST, OR EXPENSE RESULTING FROM AN ALLEGED CLAIM OF BREACH OF WARRANTY, WHETHER RELATING TO INJURY TO PERSONS, PROPERTY, OR OTHERWISE, OR RELATING TO THE PRESENCE OF ANY TOXIC OR HAZARDOUS WASTE, SUBSTANCE, OR CONTAMINANT IN, ON, OR UNDER THE PROPERTY, THE CONDOMINIUM OF WHICH THE PROPERTY IS A PART, OR THE REAL ESTATE ADJACENT TO OR IN CLOSE PROXIMITY WITH SUCH DEVELOPMENT. THIS WARRANTY ALSO EXCLUDES ANY CONDITION WHICH MAY BE DEEMED A VIOLATION OF ENVIRONMENTAL LAWS, RULES, POLICIES, OR REGULATIONS, AND ANY CONDITION RESULTING IN INHABITABILITY OR HEALTH RISK DUE TO RADON, FORMALDEHYDE, MOLD, CARCINOGENIC MATERIAL, ELECTROMAGNETIC FIELDS, POLLUTION, AND ANY OTHER SOLID, LIQUID OR GASEOUS CONTAMINANT OR TOXIN. UNDER NO CIRCUMSTANCES SHALL THE DEVELOPER BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION ANY DAMAGES BASED ON CLAIMED DIMINUTION OF THE VALUE OF THE UNIT AND/OR ANY STRUCTURE OR DWELLING THEREON, OR LOSS OF USE, EVEN IF DEVELOPER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EACH PURCHASER AGREES THAT ALL OF PURCHASER'S RIGHTS RELATING TO THE PURCHASE AGREEMENT AND THE PURCHASER'S UNIT MAY BE ASSERTED ONLY BY THE PURCHASER AND NOT BY ANY ASSOCIATION OR ANY CLASS REPRESENTATIVE; AND EACH PURCHASER ACKNOWLEDGES THAT DEVELOPER WOULD NOT AGREE TO SELL THE UNIT TO THE PURCHASER WITHOUT SUCH AGREEMENT BY THE PURCHASER. YOU MAY BE REQUIRED TO PAY SUBSTANTIAL SUMS FOR THE REPAIR OF DEFECTS WHICH MAY OCCUR AND WHICH ARE NOT COVERED BY THIS LIMITED WARRANTY.

### **3. Radon Gas.**

Radon is a naturally-occurring, colorless and odorless radioactive gas

formed by the breakdown of uranium and radium deposits in the soil. Radon can escape from the soil and enter buildings. Preliminary studies by the United States Environmental Protection Agency (EPA) suggest that prolonged exposure to radon may result in adverse health consequences.

The extent to which an area or Unit may be exposed to radon depends upon a number of factors, including natural geologic conditions, prior land use, groundwater, construction materials and techniques, ventilation and air-conditioning systems, and homeowner maintenance. Because of the multitude of factors involved, it is difficult to predict whether a specific residence may be subject to high radon levels unless specific tests are conducted by experts in the area.

Developer neither has nor claims any expertise in radon, and it does not provide advice to homeowners about the acceptable levels or possible health hazards of radon. It is possible that tests or studies might disclose information which a purchaser might consider significant in deciding whether to purchase a Unit in Arbor Cove Condominium. Glen Arbors LLC assumes no responsibility to make any tests or studies.

The EPA, as well as state and local regulatory authorities, are best equipped to render advice regarding the risks which may exist in a particular area, the risks associated with radon exposure, the methods available to detect and measure radon levels, and whether remedial measures may be advisable in particular circumstances to reduce the risk of radon exposure. The EPA has published two guides which are available to interested persons: "A Citizen's Guide to Radon: What It Is and What To Do About It" and "Radon Reduction Methods: A Homeowner's Guide."

### **3. Mold.**

Residential home construction is not, and cannot be, designed to exclude mold spores. The presence of mold spores in the air and on building materials is beyond the control of the Developer.

Mold is a type of fungus. It occurs naturally in the environment, and it is necessary for the natural decomposition of plant and other organic material. It spreads by means of microscopic spores borne on the wind, and is found everywhere life can be supported.

If the growing conditions are right, mold can grow in your home. Most homeowners are familiar with mold growth in the form of bread mold, and mold that may grow on bathroom tile. In order for mold to grow, mold requires a food source. This might be supplied by items found in the home, such as fabric, carpet or even wallpaper, or by building materials, such as drywall, wood and insulation, to name a few. Also, mold growth requires a temperate climate. The best growth occurs at temperatures between 40° F

and 100° F. Finally, mold growth requires moisture. Moisture is the only mold growth factor that can be controlled in a residential setting. By minimizing moisture, a homeowner can reduce or eliminate mold growth.

Moisture in the home can have many causes. Spills, leaks, overflows, condensation, and high humidity are common sources of home moisture. Good housekeeping and home maintenance practices are essential in the effort to prevent or eliminate mold growth. If moisture is allowed to remain on the growth medium, mold can develop within 24 to 48 hours.

Not all types of mold are necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. The most common effects are allergic reactions, including skin irritation, watery eyes, runny nose, coughing, sneezing, congestion, sore throat, and headache. Individuals with suppressed immune systems may risk infections. Some experts contend that mold causes serious symptoms and diseases which may even be life threatening. However, experts disagree about the level of mold exposure that may cause health problems, and about the exact nature and extent of the health problems that may be caused by mold. The Center for Disease Control states that a causal link between the presence of toxic mold and serious health conditions has not been proven.

As a homeowners you can take certain positive steps to reduce or eliminate the occurrence of mold growth in the home, and thereby minimize any possible adverse effects that may be caused by mold. These steps include the following:

- a. Before bringing items into the home, check for signs of mold. Potted plants (roots and soil), furnishings, or stored clothing and bedding material, as well as many other household goods, could already contain mold growth.
- b. Regular vacuuming and cleaning will help reduce mold levels. Mild bleach solutions and most tile cleaners are effective in eliminating or preventing mold growth.
- c. Keep the humidity in the home low. Vent clothes dryers to the outdoors. Ventilate kitchens and bathrooms by opening the windows, by using exhaust fans, by running the air conditioning, or by running a dehumidifier to remove excess moisture in the air, and to facilitate evaporation of water from wet surfaces.
- d. Promptly clean up spills, condensation, and other sources of moisture. Thoroughly dry any wet surfaces or material. Do not let water pool or stand in your home. Promptly replace any materials that cannot be thoroughly dried, such as drywall or insulation.

e. Inspect for leaks on a regular basis. Look for discolorations or wet spots. Repair any leaks promptly. Inspect condensation pans (refrigerators and air conditioners) for mold growth. Take notice of musty odors, and any visible signs of mold.

f. Should mold develop, thoroughly clean the affected area with a mild solution of bleach. First, test to see if the affected material or surface is color safe. Porous materials, such as fabric, upholstery, or carpet should be discarded. Should the mold growth be severe, call on the services of a qualified professional cleaner.

### **3. Mold Disclaimer**

Whether or not your home experiences mold growth depends largely on how you manage and maintain your home. Our responsibility as a homebuilder must be limited to things that we can control. As explained in our written Limited Warranty, provided by separate instrument, we will repair or replace defects in our construction (defects defined as a failure to comply with reasonable standards of residential construction) for a period of one (1) year from the date of closing. THE DEVELOPER IS NOT RESPONSIBLE FOR ANY DAMAGES CAUSED BY MOLD, OR ANY OTHER AGENT, THAT MAY BE ASSOCIATED WITH CONSTRUCTION, INCLUDING BUT NOT LIMITED TO PROPERTY DAMAGE, PERSONAL INJURY, LOSS OF INCOME, EMOTIONAL DISTRESS, DEATH, LOSS OF USE, LOSS OF VALUE, ALTERNATE LIVING EXPENSES, ADVERSE HEALTH EFFECTS, OR ANY OTHER EFFECT CAUSED BY MOLD OR ANY OTHER AGENT. ANY IMPLIED WARRANTIES, INCLUDING AN IMPLIED WARRANTY OF WORKMANLIKE CONSTRUCTION, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, ARE WAIVED AND DISCLAIMED.

This notice, disclosure, and disclaimer agreement is hereby appended to and made a part of the Purchase Agreement. The consideration for this agreement shall be the same consideration as stated in the contract of sale. Should a court of competent jurisdiction rule any term or provision of this agreement invalid or unenforceable, the remainder of this agreement shall nonetheless stand in full force and effect.

## **IX. Purpose of Disclosure Statement.**

The Developer has prepared this Disclosure Statement in good faith, in reliance upon sources of information believed to be accurate and in an effort to disclose material facts about the Project. Each purchaser is urged to engage a competent lawyer or other advisor in connection with deciding whether to purchase a Unit. In accepting title to a Unit, each purchaser shall be deemed to have waived any claim or right arising out of or relating to any immaterial defect, omission or misstatement in this disclosure Statement. The terms used herein are defined in the Condominium Act.



The Michigan Department of Commerce publishes the Condominium Buyers Handbook that the Developer has delivered to you. The Developer assumes no obligation, liability, or responsibility as to the statements contained therein or omitted from The Condominium Buyers Handbook.

The descriptions of the Master Deed and other instruments contained herein are summary only and may or may not completely and adequately express the content of the various condominium documents. Each purchaser is referred to the original Master Deed and other original instruments as contained in the Purchaser Information Booklet. In accordance with the rules of the Michigan Department of Commerce, legal phraseology, technical terms and terms of art have been minimized and brevity has been the objective to the extent consistent with the purposes of the Disclosure Statement and rules of the Michigan Department of Commerce.

## **APPENDIX 1**

### **Proposed Budget**

Arbor Cove  
Approved Budget

**Total Projected Units** 94

**Receipts**

Monthly Fees \$ 147,148.00  
**GRAND TOTAL** \$ 147,148.00

**Expense**

**Admin.**

Postage/Supplies \$ 2,500.00  
Audit/Accounting \$ 1,800.00  
Legal \$ 1,250.00  
Management \$ 15,792.00  
**Sub-Total** \$ 21,342.00

**Operations**

Electricity \$ 1,800.00  
Water & Sewer \$ 22,560.00  
Rubbish Removal \$ 7,896.00  
Extermination \$ 1,200.00  
**Sub-Total** \$ 33,456.00

**Maintenance**

Building Maintenance \$ 2,500.00  
Fertilizing \$ 2,400.00  
Lawn Maintenance \$ 23,400.00  
Landscaping Maintenance \$ 7,500.00  
Irrigation Maintenance \$ 2,000.00  
Snow Removal / Salt & CC \$ 23,000.00  
**Sub-Total** \$ 60,800.00

**Fees & Insur.**

Tax & Permits \$ 100.00  
Insurance \$ 16,450.00  
**Sub-Total** \$ 16,550.00

**Reserve**

Annual Contribution \$ 15,000.00  
**Sub-Total** \$ 15,000.00

**TOTAL** \$ 147,148.00

<b>Monthly Fee</b>	\$ 130
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