

**PURCHASER
INFORMATION
BOOKLET
FOR
THE PONDS**

PURCHASER INFORMATION BOOKLET

FOR

THE PONDS

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OAKLAND COUNTY TREASURERS CERTIFICATE
I HEREBY CERTIFY that there are NO TAX LIENS or TITLES
held by the state or any individual against the within description,
and all TAXES on same are paid for five years previous to the
date of this instrument, as appears by the records in the office
except as stated.

C. HUGH DOHANY

Amen/MDeed

4/15/97 C. HUGH DOHANY, County Treasurer
Sec. 135, Act 208, 1893 as amended

009904

Liber 17166 pg 502

AP 29 01092228

FIRST AMENDMENT TO MASTER DEED \$ 19.00 MISCELLANEOUS RECORDING
OF THE PONDS \$ 19.00 MISCELLANEOUS RECORDING

\$ 2.00 RENOMENATION
29 APR 97 9:23 A.M. RECEIPT# 4
PAID RECORDED - OAKLAND COU

4/15/97 Ponds Development, Inc., a Michigan corporation, of 1500 POND DRIVE
Hudson, Michigan 48165, being the successor Developer of The Ponds, a site
condominium project established in pursuance of the provisions of the
Michigan Condominium Act, as amended (being Act 59 of the Public Acts of
1978, as amended), and of the Master Deed thereof, as recorded on June 19,
1996, in Liber 16366, Pages 405 through 462, inclusive, Oakland County
Records, and known as Oakland County Condominium Subdivision Plan No. 984,
hereby amends said Master Deed pursuant to the authority reserved in
Article XII for the purpose of correcting survey errors made with regard to
the location of Pond Drive. Said Master Deed is amended in the following
manner:

1. The legal description appearing on Page 1 of said Master Deed
shall, upon recordation in the Office of the Oakland County Register of
Deeds of this First Amendment to Master Deed, be replaced and superseded by
the following legal description of real property located in the Township of
Lyon, County of Oakland, Michigan, to be established as The Ponds:

Beginning at the North 1/4 corner of Section 16, T1N, R7E, Lyon
Township, Oakland County, Michigan; thence N88°51'45"E 947.96 feet
along the North line of said Section; thence S44°04'25"E 412.47 feet;
thence S00°17'25"W 941.01 feet; thence S88°43'25"W 271.24 feet; thence
Northwesterly 23.56 feet along the arc of a 15.00 foot radius circular
curve to the right, through a central angle of 90°00'00", having a
chord that bears N46°16'35"W 21.21 feet; thence N01°16'35"W 242.01
feet; thence Northwesterly 306.06 feet along the arc of a 383.69 foot
radius circular curve to the left, through a central angle of
45°42'10", having a chord that bears N24°07'40"W 298.01 feet; thence
N46°58'45"W 312.64 feet; thence Northwesterly 81.16 feet along the arc
of a 430.00 foot radius circular curve to the left, through a central
angle of 10°48'50", having a chord that bears N52°23'10"W 81.04 feet;
thence N57°47'35"W 325.74 feet; thence Northwesterly 33.06 feet along
the arc of a 42.00 foot radius circular curve to the right, through a
central angle of 45°05'55", having a chord that bears N35°14'40"W
32.21 feet; thence Southwesterly 282.95 feet along the arc of a 60.00
foot radius circular curve to the left, through a central angle of
270°11'55", having a chord that bears S32°12'25"W 84.71 feet thence
Easterly 33.06 feet along the arc of a 42.00 foot radius circular
curve to the right, through a central angle of 45°05'55", having a
chord that bears S80°20'35"E 32.21 feet; thence S57°47'35"E 325.74
feet; thence Southeasterly 69.83 feet along the arc of a 370.00 foot
radius circular curve to the right, through a central angle of

OK - G.K.

Part of
K-21-16-201 (610) 000 End

OK - T. SMITH

10°48'50", having a chord that bears S52°23'10"E 69.73 feet; thence S46°58'45"E 217.72 feet; thence Southeasterly 332.08 feet along the arc of a 416.31 foot radius circular curve to the right, through a central angle of 45°42'10", having a chord that bears S24°07'40"E 323.34 feet; thence S01°16'35"E 242.01 feet; thence Southwesterly 23.56 feet along the arc of a 15.00 foot radius circular curve to the right, through a central angle of 90°00'00", having a chord that bears S43°43'25"W 21.21 feet; thence S88°43'25"W 235.78 feet; thence N11°25'00"W 316.34 feet; thence S88°43'25"W 530.00 feet to a point on the North and South 1/4 line of said Section; thence along said 1/4 line N00°02'05"W 934.42 feet to the Point of Beginning. Being a part of the Northeast 1/4 of Section 16, T1N, R7E, Lyon Township, Oakland County, Michigan and containing 27.78 acres of land, more or less. Being subject to easements and restrictions of record, if any.

Together with an access easement for ingress and egress over the following described real property:

Commencing at the North 1/4 corner of Section 16, T1N, R7E, Lyon Township, Oakland County, Michigan; thence S00°02'05"E 934.42 feet along the North and South 1/4 line of said Section; thence N88°43'25"E 530.00 feet; thence S11°25'00"E 316.34 feet to the Point of Beginning; thence N88°43'25"E 235.78 feet; thence Northeasterly 23.56 feet along the arc of a 15.00 foot radius circular curve to the left, through a central angle of 90°00'00", having a chord that bears N43°43'25"E 21.21 feet; thence N01°16'35"W 242.01 feet; thence Northwesterly 332.08 feet along the arc of a 416.31 foot radius circular curve to the left, through a central angle of 45°42'10", having a chord that bears N24°07'40"W 323.34 feet; thence N46°58'45"W 217.72 feet; thence Northwesterly 69.83 feet along the arc of a 370.00 foot radius circular curve to the left, through a central angle of 10°48'50", having a chord that bears N52°23'10"W 69.73 feet; thence N57°47'35"W 325.74 feet; thence Westerly 33.06 feet along the arc of a 42.00 foot radius circular curve to the left, through a central angle of 45°05'55", having a chord that bears N80°20'35"W 32.21 feet; thence Northeasterly 282.95 feet along the arc of a 60.00 foot radius circular curve to the right, through a central angle of 270°11'55", having a chord that bears N32°12'25"E 84.71 feet; thence Southeasterly 33.06 feet along the arc of a 42.00 foot radius circular curve to the left, through a central angle of 45°05'55", having a chord that bears S35°14'40"E 32.21 feet; thence S57°47'35"E 325.74 feet; thence Southeasterly 81.16 feet along the arc of a 430.00 foot radius circular curve to the right, through a central angle of 10°48'50", having a chord that bears S52°23'10"E 81.04 feet; thence S46°58'45"E 312.64 feet; thence Southeasterly 306.00 feet along the arc of a 383.69 foot radius circular curve to the right, through a central angle of 45°42'10", having a chord that bears S24°07'40"E 298.01 feet; thence S01°16'35"E 242.01 feet; thence Southeasterly 23.56 feet along the arc of a 15.00 foot radius circular curve to the left, through a central angle of 90°00'00", having a chord that bears S46°16'35"E 21.21 feet; thence N88°43'25"E 271.24 feet; thence S00°17'25"W 60.02 feet to a point on the centerline of Twelve Mile Road; thence along said centerline S88°43'25"W 624.65 feet; thence N11°25'00"W 60.95 feet to the Point of Beginning. Being a part of the Northeast 1/4 of

Section 16, T1N, R7E, Lyon Township, Oakland County, Michigan and containing 3.29 acres of land, more or less. Being subject to easements and restrictions of record, if any.

2. Sheets 1 through 4, inclusive, of Replat No. 1 of Oakland County Condominium Subdivision Plan No. 984, marked Exhibit B to the First Amendment to the Master Deed of The Ponds, a site condominium, attached hereto, shall, upon recordation in the Office of the Oakland County Register of Deeds of this First Amendment to Master Deed, replace, supersede and supplement Sheets 1 through 4, inclusive, of the Condominium Subdivision Plan of The Ponds, as previously recorded in Liber 16366, Pages 459 through 462, inclusive, Oakland County Records, and said previously recorded Sheets 1 through 4, inclusive, shall be of no further force or effect.

In all other respects, other than as hereinbefore indicated, the original Master Deed of The Ponds, a site condominium, as amended, including all Exhibits attached thereto, as amended, recorded as aforesaid, is hereby ratified, confirmed and redeclared.

Dated: April 25, 1997.

WITNESSES:

Karl Frankena
Karl R. Frankena
Nancy A. Pear
Nancy A. Pear

PONDS DEVELOPMENT, INC., Developer

By: Victor W. Szalma
Victor W. Szalma, President

STATE OF MICHIGAN, COUNTY OF WASHTENAW

The foregoing document was acknowledged before me this 25th day of April, 1997, by Victor W. Szalma, President of Ponds Development, Inc., a Michigan corporation, on behalf of the corporation.

Karl Frankena
Karl R. Frankena, Notary Public
Washtenaw County, Michigan
My commission expires: 6/9/99

This document was prepared by
and when recorded return to:
Karl R. Frankena
Conlin, McKenney & Philbrick, P.C.
350 S. Main Street, Suite 400
Ann Arbor, Michigan 48104-2131

REPLAT No. 1 OF

**OAKLAND COUNTY CONDOMINIUM
SUBDIVISION PLAN No. 948**

EXHIBIT B TO THE 18T AMENDMENT TO THE MASTER DEED OF

THE PONDS

LYON TOWNSHIP, OAKLAND COUNTY, MICHIGAN

DESCRIPTIONS

EMBRACING AT THE NORTH 1/6 CORNER OF SECTION 16, T18, R18, LYON TOWNSHIP, OAKLAND COUNTY, MICHIGAN; THENCE NNE 53° 45' E 947.96 FEET ALONG THE NORTH LINE OF HABE SECTION; THENCE 544° 04' 25" E 23.56 FEET; THENCE 580° 17' 25" S 241.01 FEET; THENCE 588° 43' 25" W 271.24 FEET; THENCE NORTHEASTERLY 23.56 FEET ALONG THE ARC OF A 15.06 FOOT RADIUS CIRCULAR CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 39° 00' 00"; HAVING A CHORD THAT BEARS N46° 16' 35" W 21.21 FEET; THENCE N01° 18' 35" W 243.01 FEET; THENCE NORTHEASTERLY 304.50 FEET ALONG THE ARC OF A 183.61 FEET RADIUS CIRCULAR CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 45° 42' 10"; HAVING A CHORD THAT BEARS N14° 07' 40" E 279.01 FEET; THENCE 544° 04' 25" W 23.56 FEET ALONG THE ARC OF A 15.06 FOOT RADIUS CIRCULAR CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 18° 46' 50"; HAVING A CHORD THAT BEARS N32° 23' 10" W 225.74 FEET; THENCE NORTHEASTERLY 13.36 FEET ALONG THE ARC OF A 42.00 FEET RADIUS CIRCULAR CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 45° 05' 55"; HAVING A CHORD THAT BEARS N35° 14' 40" W 12.31 FEET; THENCE SOUTHEASTERLY 282.55 FEET ALONG THE ARC OF A 60.00 FOOT RADIUS CIRCULAR CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 270° 11' 55"; HAVING A CHORD THAT BEARS S32° 12' 15" W 61.41 FEET; THENCE EASTERLY 33.06 FEET ALONG THE ARC OF A 12.00 FEET RADIUS CIRCULAR CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 45° 05' 55", HAVING A CHORD THAT BEARS S32° 23' 10" W 61.41 FEET; THENCE 544° 04' 25" E 23.56 FEET ALONG THE ARC OF A 15.06 FOOT RADIUS CIRCULAR CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 18° 46' 50"; HAVING A CHORD THAT BEARS S52° 23' 10" E 65.71 FEET; THENCE 544° 04' 25" E 23.72 FEET; THENCE SOUTHEASTERLY 332.06 FEET ALONG THE ARC OF A 416.31 FOOT RADIUS CIRCULAR CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 45° 42' 10"; HAVING A CHORD THAT BEARS S24° 07' 40" E 133.34 FEET; THENCE S01° 18' 35" E 242.01 FEET; THENCE SOUTHEASTERLY 21.36 FEET ALONG THE ARC OF A 15.06 FOOT RADIUS CIRCULAR CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 39° 00' 00"; HAVING A CHORD THAT BEARS S43° 15' 25" E 211.01 FEET; THENCE 588° 43' 25" W 275.36 FEET; THENCE N11° 35' 00" W 316.34 FEET; THENCE 588° 43' 25" W 275.36 FEET TO THE POINT OF BEGINNING; BEING A POINT NORTHEASTERLY 1/6 OF SECTION 16, T18, R18, LYON TOWNSHIP, OAKLAND COUNTY, MICHIGAN AND CONTAINING 17.75 ACRES OF LAND, MORE OR LESS. BEING SUBJECT TO EASEMENTS AND RESTRICTIONS ON RECORD. IF ANY.

DEVELOPER

PONDS DEVELOPMENT, INC.
P.O. BOX 33
NEW HUDDSON, MICHIGAN 49165

SURVEYOR

WASHTENAW ENGINEERING COMPANY
3250 W. LIBERTY ROAD, P.O. BOX 1204
ANN ARBOR, MICHIGAN 48106

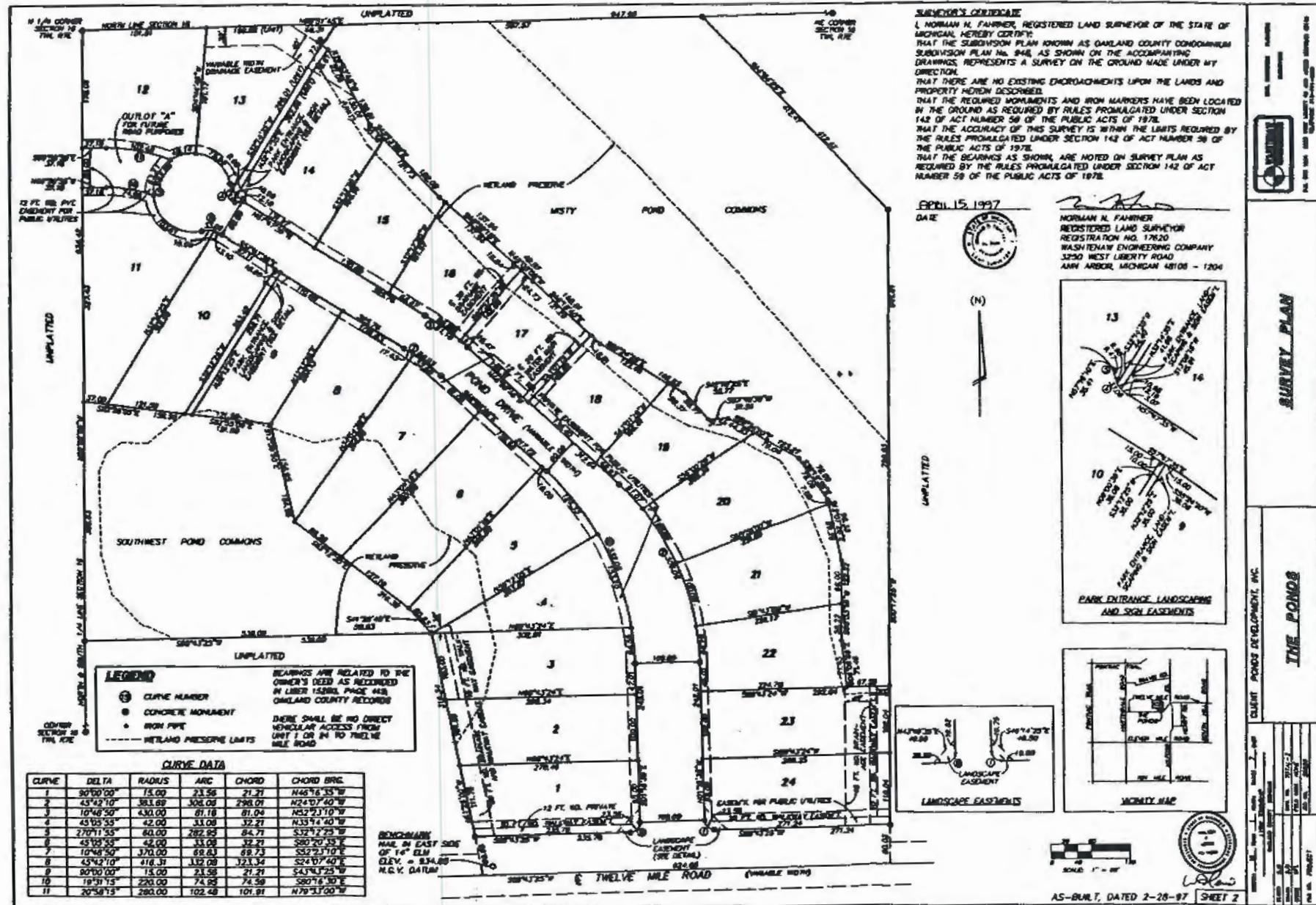
SHEET INDEX

- 1. COVER SHEET
 - 2. SURVEY PLAN
 - 3. SITE PLAN
 - 4. UTILITY PLAN

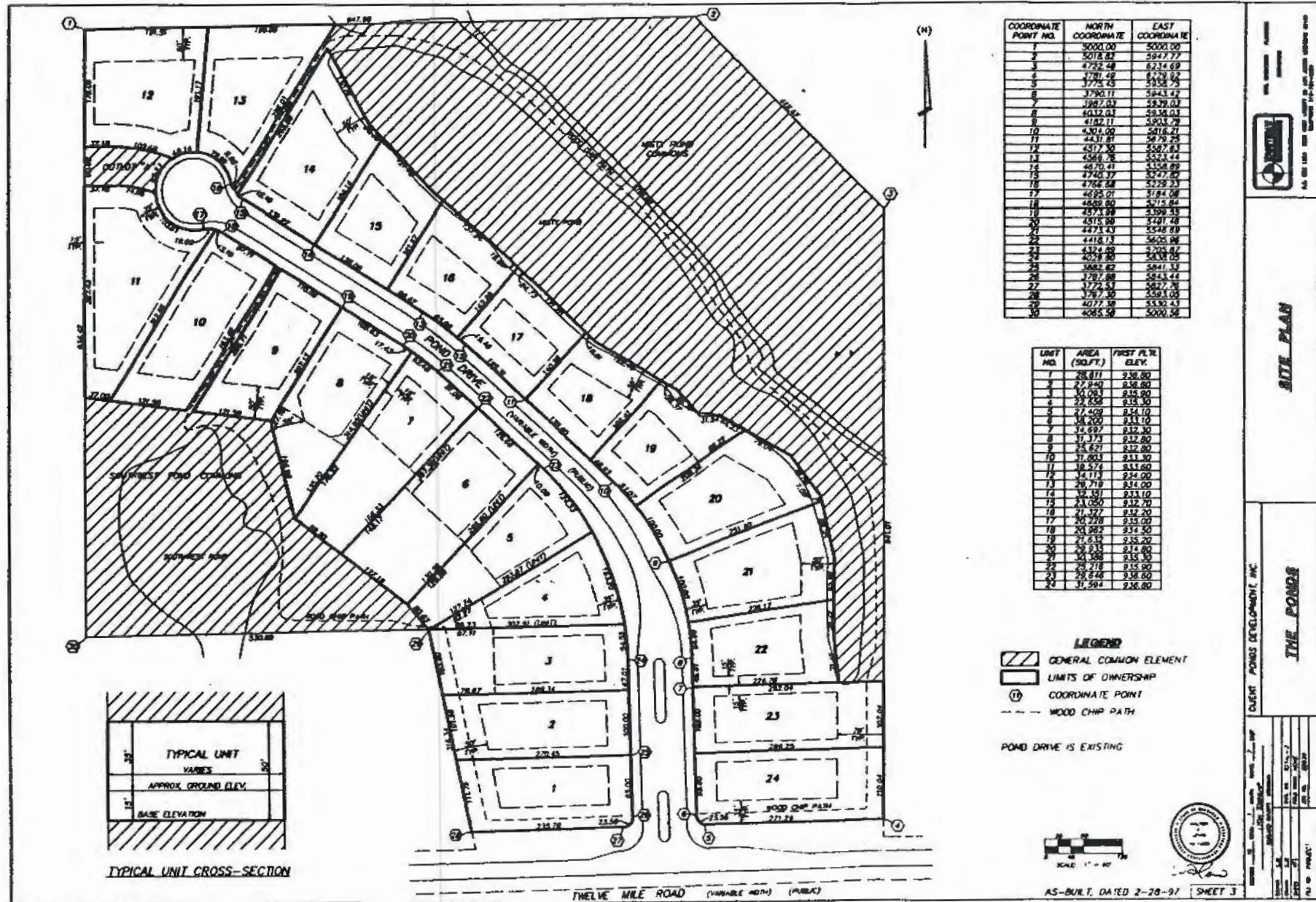
THE ASTERISK (*) INDICATES AN AMENDED SHEET WHICH IS REVISED, DATED 2-28-97. THE SHEETS WITH THIS AMENDMENT ARE TO REPLACE THOSE SHEETS PREVIOUSLY RECORDED.



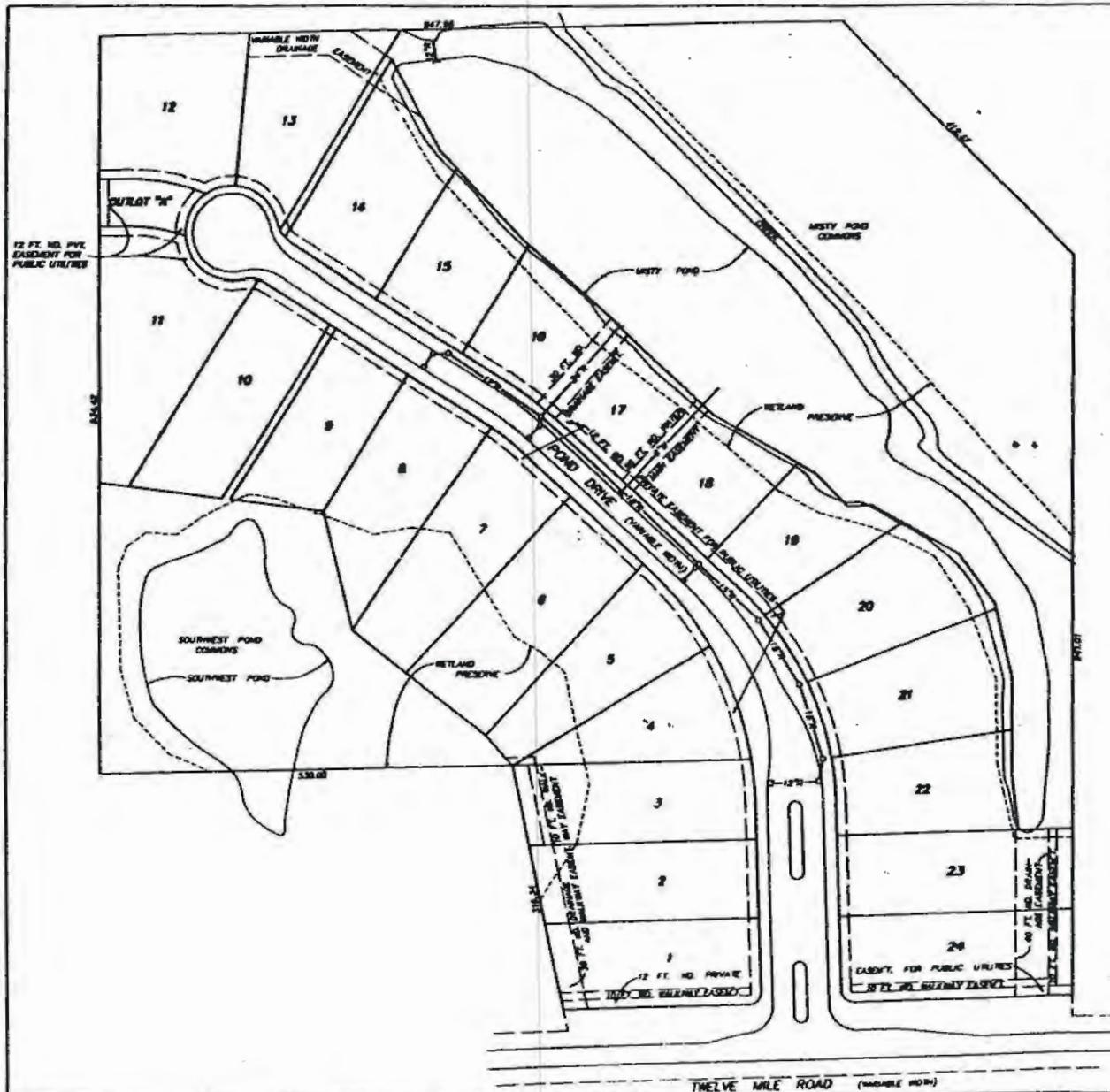
1769pp506



LIC# 17166507



171661508



MRIP

ALL UTILITIES ARE EXISTING
EACH UNIT IS SERVED WITH INDIVIDUAL SEPTIC SYSTEM
AND WILL BE MAINTAINED BY THE CO. OWNER.

EACH UNIT IS FURNISHED WITH GAS BY MICHIGAN

EACH UNIT IS SERVED WITH ELECTRIC BY DETROIT EDISON CO.

UTILITY LOCATIONS SHOWN ARE FROM FIELD OBSERVATION AND FROM ENGINEERING PLANS BY WASHINGTON ENGINEERING CO.

ELECTRIC, TELEPHONE AND GAS LINES ARE LOCATED WITHIN THE 12 FT. NO. PRIVATE EASEMENT FOR PUBLIC UTILITIES

NO GUARANTEE IS MADE AS TO COMPLETENESS OR
ACCURACY OF THE UTILITY INFORMATION SHOWN

(N)

LEGEND

- R STORM SEWER
 — W WATER
 — G GAS
 — E ELECTRIC
 — T TELEPHONE
 — H HYDRANT
 — M MANHOLE
 — C CATCH BASIN
 ----- METAL LIMITS



45-8941-PAINTER 2-25-87 SHEET 1

On the 1st of January, 1850, the following rates of compensation were established by the State of Texas, for the services of the State Engineers and Surveyors, and for the services of the State Geologist, and Geographical Description, and for PAYMENTS on accounts are paid in proportion to the rates of time so furnished, as affected by the services in the State except as otherwise.

LIBER 16366 v. 405

Jun 1996 146635

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5-2-00 DEMONSTRATION

RECEIPT# 355A
19 JUN 1996 3:57 P.M. RECEIPT# 355A
PAID RECORDED - OAKLAND COUNTY
LYNN D. ALLEN, CLERK/REGISTER OF DEEDS

(Act 59, Public Acts of 1978, As Amended)

THIS MASTER DEED is made and executed on this 22nd day of May, 1996, by Victor W. Szalma and Helen Szalma, his wife, hereinafter referred to as the "Developer", whose office is situated at 58085 Travis Road, New Hudson, Michigan 48165, in pursuance of the provisions of the Michigan Condominium Act as amended (being Act 59 of the Public Acts of 1978, as amended), hereinafter referred to as the "Act".

WITNESSETH:

WHEREAS, the Developer is the owner of certain real property located in the Township of Lyon, County of Oakland, Michigan, and more particularly described as follows:

Beginning at the North 1/4 corner of Section 16, T1N, R7E, Lyon Township, Oakland County, Michigan; thence N88°51'45"E 947.96 feet along the North line of said Section; thence S44°04'25"E 412.47 feet; thence S00°17'25"W 941.01 feet; thence S88°43'25"W 286.27 feet; thence Northwesterly 23.56 feet along the arc of a 15.00 foot radius circular curve to the right, through a central angle of 90°00'00", having a chord that bears N46°16'35"W 21.21 feet; thence N01°16'35"W 242.01 feet; thence Northwesterly 306.06 feet along the arc of a 383.69 foot radius circular curve to the left, through a central angle of 45°42'10", having a chord that bears N24°07'40"W 298.01 feet; thence N46°58'45"W 312.64 feet; thence Northwesterly 81.16 feet along the arc of a 430.00 foot radius circular curve to the left, through a central angle of 10°48'50", having a chord that bears N52°23'10"W 81.04 feet; thence N57°47'35"W 325.74 feet; thence Northwesterly 33.06 feet along the arc of a 42.00 foot radius circular curve to the right, through a central angle of 45°05'55", having a chord that bears N35°14'40"W 32.21 feet; thence Southwesterly 282.95 feet along the arc of a 60.00 foot radius circular curve to the left, through a central angle of 270°11'55", having a chord that bears S32°12'25"W 84.71 feet thence Easterly 33.06 feet along the arc of a 42.00 foot radius circular curve to the right, through a central angle of 45°05'55", having a chord that bears S80°20'35"E 32.21 feet; thence S57°47'35"E 325.74 feet; thence Southeasterly 69.83 feet along the arc of a 370.00 foot radius circular curve to the right, through a central angle of 10°48'50", having a chord that bears S52°23'10"E 69.73 feet; thence S46°58'45"E 217.72 feet; thence Southeasterly 332.08 feet along the arc of a 416.31 foot radius circular curve to the right, through a central angle of 45°42'10", having a chord that bears S24°07'40"E 323.34 feet; thence S01°16'35"E 242.01 feet; thence Southwesterly 23.56 feet along the arc of a 15.00 foot radius circular curve to the right, through a central angle of 90°00'00", having a chord that bears

Tax Code #: (21-16201-002) (21-16-201-004-005-006-007-008-009)
21-16-201-010-NE 1/4

12115

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OK - T. SMITH

O.K. - J.S.

S43°43'25"W 21.21 feet; thence S88°43'25"W 220.75 feet; thence N11°25'00"W 316.34 feet; thence S88°43'25"W 530.00 feet to a point on the North and South 1/4 line of said Section; thence along said 1/4 line N00°02'05"W 934.42 feet to the Point of Beginning. Being a part of the Northeast 1/4 of Section 16, T1N, R7E, Lyon Township, Oakland County, Michigan and containing 27.78 acres of land, more or less. Being subject to easements and restrictions of record, if any.

pt 21-16-201-010 - NE 1/4

Together with an access easement for ingress and egress over the following described real property:

Commencing at the North 1/4 corner of Section 16, T1N, R7E, Lyon Township, Oakland County, Michigan; thence S00°02'05"E 934.42 feet along the North and South 1/4 line of said Section; thence N88°43'25"E 530.00 feet; thence S11°25'00"E 316.34 feet to the Point of Beginning; thence N88°43'25"E 220.75 feet; thence Northeasterly 23.56 feet along the arc of a 15.00 foot radius circular curve to the left, through a central angle of 90°00'00", having a chord that bears N43°43'25"E 21.21 feet; thence N01°16'35"W 242.01 feet; thence Northwesterly 332.08 feet along the arc of a 416.31 foot radius circular curve to the left, through a central angle of 45°42'10", having a chord that bears N24°07'40"W 323.34 feet; thence N46°58'45"W 217.72 feet; thence Northwesterly 69.83 feet along the arc of a 370.00 foot radius circular curve to the left, through a central angle of 10°48'50", having a chord that bears N52°23'10"W 69.73 feet; thence N57°47'35"W 325.74 feet; thence Westerly 33.06 feet along the arc of a 42.00 foot radius circular curve to the left, through a central angle of 45°05'55", having a chord that bears N80°20'35"W 32.21 feet; thence Northeasterly 282.95 feet along the arc of a 60.00 foot radius circular curve to the right, through a central angle of 270°11'55", having a chord that bears N32°12'25"E 84.71 feet; thence Southeasterly 33.06 feet along the arc of a 42.00 foot radius circular curve to the left, through a central angle of 45°05'55", having a chord that bears S35°14'40"E 32.21 feet; thence S57°47'35"E 325.74 feet; thence Southeasterly 81.16 feet along the arc of a 430.00 foot radius circular curve to the right, through a central angle of 10°48'50", having a chord that bears S52°23'10"E 81.04 feet; thence S46°58'45"E 312.64 feet; thence Southeasterly 306.00 feet along the arc of a 383.69 foot radius circular curve to the right, through a central angle of 45°42'10", having a chord that bears S24°07'40"E 298.01 feet; thence S01°16'35"E 242.01 feet; thence Southeasterly 23.56 feet along the arc of a 15.00 foot radius circular curve to the left, through a central angle of 90°00'00", having a chord that bears S46°16'35"E 21.21 feet; thence N88°43'25"E 286.27 feet; thence S00°17'25"W 60.02 feet to a point on the centerline of Twelve Mile Road; thence along said centerline S88°43'25"W 624.65 feet; thence N11°25'00"W 60.95 feet to the Point of Beginning. Being a part of the Northeast 1/4 of Section 16, T1N, R7E, Lyon Township, Oakland County, Michigan and containing 3.29 acres of land, more or less. Being subject to easements and restrictions of record, if any.

WHEREAS, the Developer desires, by recording this Master Deed, together with the By-Laws attached hereto as Exhibit "A" and together with the Condominium Subdivision Plan attached hereto as Exhibit "B" (both of which are hereby incorporated by reference and made a part hereof), to establish the real property, together with the improvements located and to be located thereon and the appurtenances thereto, as a building site project under the provisions of the Act;

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

ARTICLE I

DEFINITIONS

Certain terms are utilized not only in this Master Deed and Exhibits "A" and "B" hereto, but are or may be used in various other instruments such as, by way of example and not in limitation, the Articles of Incorporation and Rules and Regulations of The Ponds Homeowners Association, a Michigan non-profit corporation, and deeds, mortgages, liens, land contracts, easements, and other instruments affecting the establishment of or transfer of interests in The Ponds. Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

- (1) The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.
 - (2) "Association" means The Ponds Homeowners Association, the non-profit corporation organized under Michigan law of which all owners shall be members, which corporation shall administer, operate, manage, and maintain the Project. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless specifically reserved to its members by the Project documents or the laws of the State of Michigan.
 - (3) "Building envelope" means the portion of each unit within which the owner thereof may construct improvements such as a residence.

No structures may be built outside of the building envelope within each unit as shown on Exhibit "B" attached hereto without the advance written approval of the Association and the Township of Lyon, if applicable.

- (4) "By-Laws" means Exhibit "A" hereto, being the By-Laws setting forth the substantive rights and obligations of the owners and required by Section 3(8) of the Act to be recorded as part of the Master Deed. The By-Laws shall also constitute the corporate By-Laws of the Association as provided for under the Michigan Non-Profit Corporation Act.
- (5) "Common elements", where used without modification, shall mean both the general and limited common elements described in Article IV hereof.
- (6) "Condominium Subdivision Plan" means Exhibit "B" hereto.
- (7) "Construction and sales period" means, for the purposes of the Project documents and the rights reserved to the Developer thereunder, the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any unit which it offers for sale.
- (8) "Developer" means Victor W. Szalma and Helen Szalma, his wife, who have made and executed this Master Deed, and their successors and assigns.
- (9) "Drainage easement" means that portion, if any, of an individual unit or the general common elements that is subject to an easement for storm water drainage and detention purposes created by this Master Deed pursuant to engineering requirements established by the Township of Lyon, as shown on Exhibit "B" hereto.
- (10) "First annual meeting" means the initial meeting at which nondeveloper owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting (i) may be held at any time, in the Developer's sole discretion, after fifty percent (50%) of the units which may be created are sold, and (ii) must be held within (a) 54 months from the date of the first unit conveyance, or (b) 120 days after seventy-five percent (75%) of all units which may be created are sold, whichever occurs first.
- (11) "Mortgagee" means the individual, financial institution, corporation, partnership, or other entity holding a first mortgage lien on an individual unit in The Ponds.
- (12) "Owner" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof who or which owns one or more units in the Project, and

shall have the same meaning as "co-owner" as defined in the Act. "Owner" shall also include a land contract vendee.

- (13) "Project" means The Ponds established in conformity with the provisions of the Act and includes the land, all improvements and structures thereon, and all easements, rights and appurtenances belonging to The Ponds as described above.
- (14) "Project documents" wherever used means and includes this Master Deed and Exhibits "A" and "B" hereto, the Articles of Incorporation and the Rules and Regulations, if any, of the Association.
- (15) "Transitional control date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.
- (16) "Unit" means a single condominium building site in The Ponds, as described in Article V hereof and in Exhibit "B" hereto, and shall have the same meaning as "condominium unit" as defined in the Act. No unit shall be divided into more than one building site.
- (17) Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate.

ARTICLE II

TITLE OF PROJECT

The Project shall be known as The Ponds, Oakland County Condominium Subdivision Plan No. 984. The engineering plans for the Project (including architectural plans for all dwellings and other improvements to be constructed therein) were or will be approved by, and are or will be on file with the Lyon Township Building Department. The Project is established in accordance with the Act.

ARTICLE III

NATURE OF PROJECT

The units contained in the Project, including the number, boundaries, dimensions, and area of each unit therein, are set forth completely in the Condominium Subdivision Plan attached as Exhibit "B" hereto. Each unit has been created for residential purposes and each unit is capable of individual utilization on account of having its own access to a public right-of-way. Each owner in the Project shall have an exclusive right to

his unit and shall have undivided and inseparable rights to share with other owners the common elements of the Project as are designated by this Master Deed.

ARTICLE IV

COMMON ELEMENTS

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

(1). The general common elements are:

(a) The land described in page one hereof (other than that portion thereof described in Article V below and in Exhibit "B" hereto as constituting the individual building sites), including common areas, ponds and improvements not located within the boundaries of a unit. Those structures and improvements that now or hereafter are located within the boundaries of a unit shall be owned in their entirety by the owner of the unit in which they are located and shall not, unless otherwise expressly provided in the Project documents, constitute common elements;

(b) The electrical wiring and natural gas networks throughout the Project up to the point of lateral connection for unit service;

(c) The telephone, television and telecommunication wiring networks throughout the Project up to the point of lateral connection for unit service;

(d) The storm water drainage system throughout the Project;

(e) Such other elements of the Project not herein designated as general common elements which are not located within the perimeter of a unit and which are intended for common use or necessary to the existence, upkeep and safety of the Project.

Some or all of the utility lines (including mains and service leads) and equipment described in Article IV, paragraphs (1)(b), (c) and (d) may be owned by the local municipal authority or by the company that is providing the pertinent utility service. Accordingly, such utility lines and equipment shall be general common elements only to the extent of the owners' interest therein, and the Developer makes no warranty whatever with respect to the nature or extent of such interest, if any.

(2). Limited common elements shall be subject to the exclusive use and enjoyment of the owner of the unit or units to which such limited

common elements are appurtenant. The owner of each unit shall have easement rights in the nature of a limited common element for the installation, maintenance and replacement of a well into such areas of the general common elements adjacent to each unit as shall be required by the Oakland County Health Department. All utilities servicing a unit up to the point of lateral connection with a general common element shall be limited common elements. No additional limited common elements have been designated as such in this Master Deed because there are no additional limited common elements in this Project. If any additional limited common elements are included in the Project at any time hereafter, they shall be shown on amendments to the Condominium Subdivision Plan.

(3). The respective responsibilities for the maintenance, repair and replacement of the common elements are as follows:

(a) Association Responsibilities. The costs of maintenance, repair and replacement of all general common elements in the Project shall be borne by the Association, including any common pedestrian walkways (including those located on units, as shown on Exhibit "B" attached hereto) and landscaping installed by the Developer or the Association that may be located within the public right-of-way, such as Pond Drive, and any sign and landscaping installed by the Developer or the Association within the landscape easements located on Units 1, 9, 10, 13, 14, or 24, as shown on Exhibit "B" attached hereto, subject to any provision of the Project documents expressly to the contrary. The cost of maintenance, repair and replacement of the retention basins and storm drainage system (including, without limitation, all lakes, drainage areas, dams) shall be borne by the Association. In the event the Association fails to provide adequate maintenance, repair, or replacement of the storm drainage system, Lyon Township may serve written notice of such failure upon the Association. Such written notice shall contain a demand that the deficiencies be cured within a reasonable time period. If such deficiencies are not cured, the Township may undertake such maintenance, repair or replacement and the costs associated plus a 25% administration fee may be assessed against the owners and collected as a special assessment on the next annual Township of Lyon tax roll.

(b) Owner Responsibilities. The owners individually privately own their respective wells, septic tanks and drain fields and shall be responsible for the maintenance, repair and replacement of their respective wells, septic tanks, drain fields, and for all maintenance, repair or replacement that (i) is expressly assigned to them by any provision of the Project documents, or (ii) is not expressly assigned to the Association by any provision of the Project documents; but none of the owners shall be responsible individually for maintenance, repair or replacement of any general common elements except as specifically provided in Article VI, Section 14 of the By-Laws. In the event an owner fails to maintain, repair or replace any items for which he is responsible, the Association (and/or the Developer during the construction and sales period) shall have the right, but not the obligation, to take whatever action or actions it deems desirable to

so maintain, repair or replace any of such improvements made within a unit, all at the expense of the owner of the unit. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time. All costs incurred by the Association or the Developer in performing any responsibilities under this Article IV which are required, in the first instance to be borne by any owner, shall be assessed against such owner and shall be due and payable with his periodic assessment next falling due; further, the lien for nonpayment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the Project documents and by law for the collection of regular assessments including, without limitation, legal action, foreclosure of the lien securing payment and imposition of fines.

ARTICLE V

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

(1). Each unit of the Project is described in this paragraph with reference to the Condominium Subdivision Plan of The Ponds, as a separate building site as surveyed by Washtenaw Engineering Company, Inc., a Michigan corporation, and attached hereto as Exhibit "B". Each unit shall consist of the space contained within the unit building site boundaries as shown on Exhibit "B" hereto and delineated with heavy outlines, together with all appurtenances thereto.

(2). The percentage value assigned to all units shall be equal. The determination that percentages of value should be equal was made after reviewing the comparative characteristics of each unit in the Project and concluding that there are no material differences among the units insofar as the allocation of percentages of value is concerned. The percentage of value assigned to each unit shall be determinative of each owner's respective share of the common elements of the Project, the proportionate share of each respective owner in the proceeds and the expenses of administration and the value of such owner's vote at meetings of the Association. The total value of the Project is one hundred percent (100%).

(3). Owners of adjacent units may combine them into one unit in accordance with Section 48 of the Act, subject to the approval of the Developer and the Township of Lyon. The Association shall be responsible for the preparation and recording of any necessary amendment to the Master Deed and the owner or owners making any such change shall reimburse the Association for all expenses it incurs.

ARTICLE VI

RIGHTS OF MORTGAGEES

Notwithstanding any other provision in this Master Deed or the By-Laws or any other documents, the following provisions shall apply and may not be

amended or deleted without the prior written consent of the holders of first mortgages on at least two-thirds (2/3) of the units of record:

(1) A first mortgagee, at its request, is entitled to written notification from the Association of any default by the owner of such unit in the performance of such owner's obligations under the Project documents which is not cured within sixty (60) days.

(2) Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure shall be exempt from any "right of first refusal" contained in the Project documents and shall be free to sell or lease such unit without regard to any such provision.

(3) Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure shall not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the mortgagee (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all units, including the mortgaged unit).

(4) Unless at least two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each mortgage owned) and owners (other than the Developer) of the individual units have given their prior written approval, the Association shall not be entitled to:

- (a) by act or omission seek to abandon or terminate the Project;
- (b) change the pro rata interest or obligations of any unit for the purpose of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each unit in the common elements;
- (c) partition or subdivide any unit;
- (d) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the Project shall not be deemed a transfer within the meaning of this clause;
- (e) use hazard insurance proceeds for losses to any Project property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the units and/or common elements of the Project.

(5) Each first mortgagee has the right to examine the books and records of the Association and the Project.

(6) No owner, or any other party, shall have priority over any rights of first mortgagees of units pursuant to their mortgages in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or common elements.

(7) Any agreement for professional management of the Project regime or any other contract providing for services which exists between the Association and the Developer or affiliates of the Developer is voidable by the Board of Directors of the Association on the transitional control date or within ninety (90) days thereafter, and on thirty (30) days' written notice any time thereafter without cause or payment of a termination fee.

ARTICLE VII

DAMAGE TO PROJECT

In the event the Project is partially or totally damaged or destroyed or partially taken by eminent domain, the repair, reconstruction or disposition of the property shall be as provided by the By-Laws attached hereto as Exhibit "A".

ARTICLE VIII

EASEMENTS

In the event any improvements located on one unit, including drain fields and wells, encroach upon a common element, easements shall exist for the maintenance of such encroachment for so long as such encroachment exists and for maintenance, repair and replacement thereof following damage or destruction. The Board of Directors of the Association may grant easements over or through or dedicate any portion of any general common element of the Project for utility, roadway or safety purposes.

ARTICLE IX

FUTURE UTILITY EASEMENTS

The Developer further reserves the right at any time to grant easements for utilities over, under and across the general common elements of the Project to appropriate governmental agencies or public utility companies and to transfer title to utilities to governmental agencies or to utility companies. Any such easement or transfer of title may be made by the Developer without the consent of any owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to Exhibit "B" hereto, recorded in the Oakland County Records. All of the owners and mortgagees of units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of

this Master Deed as may be required to effectuate the foregoing grant of easement or transfer of title.

ARTICLE X

FUTURE EASEMENTS, LICENSES AND RIGHTS-OF-WAY

The Association, acting through its lawfully constituted Board of Directors (including any Board of Directors acting prior to the transitional control date) shall be empowered and obligated to grant such easements, licenses, rights-of-entry, and rights-of-way over, under and across the general common elements of the Project for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Project; subject, however, to the approval of the Developer during the construction and sales period. No easement created under the Project documents may be modified nor may any of the obligations with respect thereto be varied without the consent of each person benefited thereby.

(1) Upon approval by an affirmative vote of not less than 51% of all owners, the Association shall be vested with the power and authority to sign petitions requesting establishment of a special assessment district pursuant to provisions of applicable Michigan statutes for improvement of roads within or adjacent to the Project. In the event that a special assessment road improvement project is established pursuant to applicable Michigan law, the collective costs assessable to the Project as a whole shall be borne equally by all owners.

(2) The Developer intends to, and by recordation of this Master Deed reserves the right and power to, dedicate all the roads in the Project to public use, and all persons acquiring any interest in the Project, including without limitation all owners and mortgagees, shall be deemed irrevocably to have appointed the Developer and its successors as agent and attorney-in-fact to make such dedication and to act in behalf of all owners and their mortgagees in any statutory or special assessment proceedings with respect to the dedicated roads. After certificates of occupancy are issued for residences in all of the units in the Project, the foregoing rights and powers may be exercised by the Association.

ARTICLE XI

EASEMENTS FOR MAINTENANCE, REPAIR OR REPLACEMENT

The Developer, the Association and all public or private utilities shall have such easements over, under, across, and through the Project, including all units and common elements, as may be necessary to fulfill any responsibilities of maintenance, repair or replacement which they or any of them are required or permitted to perform under the Project documents or by law. These easements include, without limitation, the right of the Association to obtain access to the unit during reasonable hours.

ARTICLE XII

AMENDMENT OR TERMINATION

Except as provided in preceding paragraphs as set forth above, the Project shall not be terminated or any of the provisions of this Master Deed or Exhibits attached hereto amended unless done in compliance with the following provisions:

(1) Prior to the expiration of the construction and sales period, the Developer may (without the consent of any owner or any other person) amend this Master Deed and the plans attached as Exhibit "B" in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the By-Laws attached hereto as Exhibit "A" as do not materially affect any rights of any owners in the Project or impair the security of any mortgagee, including, but not limited to, amendments for the purpose of maintaining this Master Deed in compliance with the Act and of facilitating conventional mortgage loan financing for existing or prospective owners and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and/or any other agency of the Federal government or the State of Michigan.

(2) After the expiration of the construction and sales period, the Association may (acting through a majority of its Board of Directors and without the consent of any owner or any other person) amend this Master Deed and the plans attached as Exhibit "B" in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the By-Laws attached hereto as Exhibit "A" as do not materially affect any rights of any owners in the Project or impair the security of any mortgagee, including, but not limited to, amendments for the purpose of maintaining this Master Deed in compliance with the Act and of facilitating conventional mortgage loan financing for existing or prospective owners and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and/or any other agency of the Federal government or the State of Michigan.

(3) If there is no owner other than the Developer, the Developer, with the consent of any interested mortgagee, may unilaterally terminate the Project or amend the Master Deed. A termination or amendment under this section shall become effective upon the recordation thereof if executed by the Developer.

(4) If there is an owner other than the Developer, then the Project shall be terminated only by the agreement of the Developer, eighty percent (80%) of the unaffiliated owners of units to which all

of the votes in the Association appertain and the mortgagees of two-thirds (2/3) of the first mortgages covering the units.

(5) Agreement of the required majority of owners and mortgagees to the termination of the Project shall be evidenced by their execution of the termination agreement or of ratifications thereof, and the termination shall become effective only when the agreement is so evidenced of record.

(6) Upon recordation of an instrument terminating the Project, the property constituting the Project shall be owned by the owners as tenants in common in proportion to their respective undivided interests in the common elements immediately before recordation. As long as the tenancy in common lasts, each owner or the heirs, successors or assigns thereof shall have an exclusive right of occupancy of that portion of the property which formerly constituted the unit.

(7) Upon recordation of an instrument terminating the Project, any rights the owners may have to the assets of the Association shall be in proportion to their respective undivided interests in the common elements immediately before recordation, except that common profits shall be distributed in accordance with the Project documents and the Act.

(8) The Project documents may be amended by the Developer, on behalf of itself, and on behalf of the Association, for a proper purpose without the consent of owners, mortgagees and other interested parties, including changes deemed necessary to comply with the Act and the modification of sizes of unsold units, as long as the amendments do not materially alter or change the rights of the owners, mortgagees or other interested parties.

(9) The Project documents may be amended for a proper purpose, other than as set forth above, even if the amendment will materially alter or change the rights of the owners, mortgagees or other interested parties, with the prior written consent of two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each mortgage owned) and owners (other than the Developer) of the individual units. An owner's unit dimensions or the responsibility for maintenance, repair and replacement thereof may not be modified in any material way without his consent and that of his mortgagee.

(10) The Project documents may not be amended, so as to affect the site plan for the Project approved by Lyon Township, without the advance written approval of the Township.

(11) A person causing or requesting an amendment to the Project documents shall be responsible for costs and expenses of the amendment except for amendments based upon a vote of a prescribed majority of owners or based upon the Advisory Committee's decision, the costs of which are expenses of administration.

(12) A Master Deed amendment dealing with the addition, withdrawal or modification of units or other physical characteristics of the Project shall comply with the standards prescribed in the Act for preparation of an original Condominium Subdivision Plan for the Project.

(13) During the construction and sales period this Master Deed, and all Exhibits attached hereto, shall not be amended without the written consent of the Developer.

ARTICLE XIII

ASSIGNMENT

Any or all of the rights and powers granted or reserved to the Developer in the Project documents or by law, including the power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing duly recorded in the Office of the Oakland County Register of Deeds.

WITNESSES:

Karl Frankena
Karl R. Frankena
Nancy A. Dear
Nancy A. Dear

Victor Szalma
Victor W. Szalma, Developer
Helen Szalma
Helen Szalma, Developer

STATE OF MICHIGAN, COUNTY OF WASHTENAW

On May 22, 1996, Victor W. Szalma and Helen Szalma, his wife, appeared before me and acknowledged this document to be their free act and deed.

Karl Frankena
Karl R. Frankena, Notary Public
Washtenaw County, Michigan
My commission expires: 6/9/99

This document was prepared by
and when recorded return to:
Karl R. Frankena
Conlin, McKenney & Philbrick, P.C.
700 City Center Building
Ann Arbor, Michigan 48104

13:condos:thepond.md4

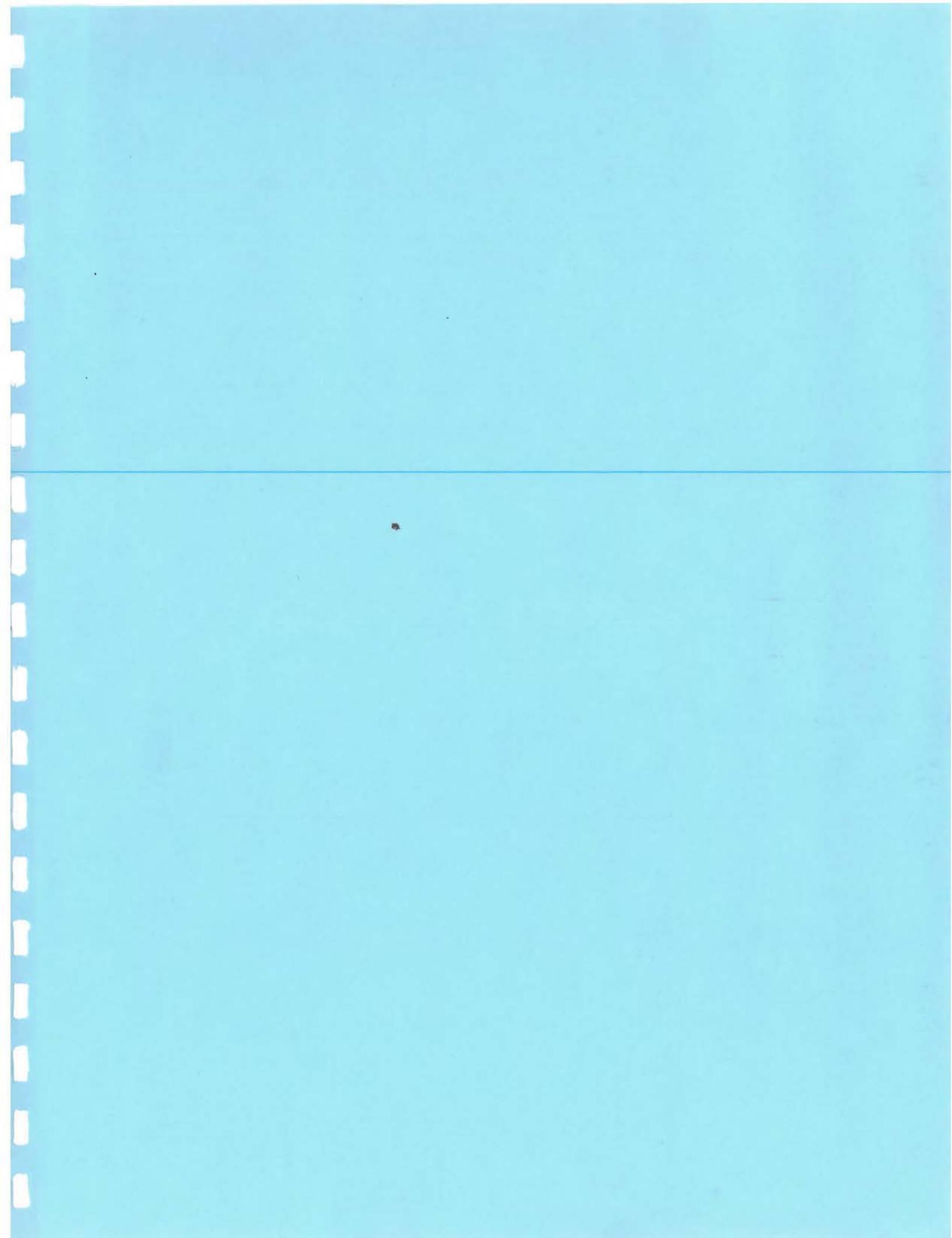


EXHIBIT A

THE PONDS

BY-LAWS

ARTICLE I

ASSOCIATION OF OWNERS

The Ponds, a residential building site condominium located in the Township of Lyon, Oakland County, Michigan, shall be administered by an association of 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 Project in accordance with the Project documents and the laws of the State of Michigan. These By-Laws shall constitute both the By-Laws referred to in the Master Deed and required by Section 3(8) of the Act and the By-Laws provided for under the Michigan Non-Profit Corporation Act. Each owner shall be entitled to membership, and no other person or entity shall be entitled to membership. The share of an 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 Project documents for the Project available at reasonable hours to owners, prospective purchasers and prospective mortgagees of units in the Project. All owners in the 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 Project documents.

OK

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 Project documents and the Act shall be levied by the Association against the units and the 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 Project, including fulfilling drainage responsibilities within individual units, 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 owners against liabilities or losses arising within, caused by, or connected with the common elements or the administration of the Project, shall constitute receipts affecting the administration of the 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. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the 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 periodic payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (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 Board of Directors should carefully analyze the 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 and, in the event of such a determination, the Board of Directors shall be empowered to establish such greater or other reserves without owner approval. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each owner shall not affect or in any way diminish the liability of any owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Project; (2) to provide replacements of existing common elements; (3) to provide additions to the common elements not exceeding \$6,000.00 annually for the entire Project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); or (4) that an emergency exists, then the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the 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 \$6,000.00 per year for the entire Project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); (2) assessments to purchase a unit upon foreclosure of the lien for assessments described in Section 5 hereof; or (3) 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 (a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all 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) At some time subsequent to the initial development, it may become necessary to pave or improve some or all of the roads within or adjacent to the Project. The improvements may be financed, in whole or in part, by the creation of a special assessment district or districts which may include The Ponds. The acceptance of a conveyance or the execution of a land contract by any owner or purchaser, his/her heirs, personal representatives, or assigns, acknowledges that the Board of Directors of the Association shall be vested with full power and authority to obligate all owners to participate in a special assessment district, sign petitions requesting said special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all owners; provided, that prior to signature by the Association on a petition for improvement of such public roads, the desirability of said improvement shall be approved by an affirmative vote of not less than 51% of all owners. No consent of mortgagees shall be required for approval of said public road improvement. All road improvement special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of 1978 PA 59, as amended (MCL 559.231).

Section 3. Apportionment of Assessments and Penalty for Default.

Unless otherwise provided herein or in the Master Deed, all assessments levied against the owners to cover expenses of administration shall be apportioned among and paid by the owners in accordance with the percentage of value allocated to each unit in Article V of the Master Deed. Any other unusual common expenses benefiting less than all of the units, or any expenses incurred as a result of the conduct of less than all those entitled to occupy the Project, or their tenants or invitees, shall be specifically assessed against the unit or units involved, in accordance with such reasonable rules and regulations as shall be adopted by the Board of Directors of the Association. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by owners in one (1) annual or two (2) equal bi-annual 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. The payment of an assessment shall be in default if such assessment, or any

part thereof, is not paid to the Association in full on or before the due date for such payment.

Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) per annum, plus such additional interest rate surcharge as the Board of Directors shall approve, until each installment is paid in full. Provided, however, that the interest rate and interest rate surcharge combined applying to delinquent amounts shall not exceed the limit set by usury laws in the State of Michigan. The Association may, pursuant to Article XIX, Section 4 hereof, levy fines for late payment of assessments in addition to such interest. Each owner (whether one (1) or more persons) shall be, and remain, personally liable for the payment of all assessments pertinent to his unit which may be levied while such owner is the owner thereof. Payments on account of installments of assessments in default shall be applied as follows: First, to cost of collection and enforcement of payment, including actual attorney's fees (not limited to statutory fees); second, to any interest charges and fines for late payment on such installments; third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Unit. No 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 5. 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 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 Association paid services to an owner in default upon seven (7) days' written notice to such owner of its intention to do so. An owner in default shall not be entitled to utilize any of the general common elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any 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 owner thereof or any persons claiming under him and, if the unit is not occupied, to lease the unit and collect and apply the rental therefrom to any delinquency owed to the Association. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

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

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent owner(s) at his or their last known address, of a written notice that one or more installments of the annual assessment levied against the pertinent unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the statutory and other authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney's fees, and future assessments); (4) the legal description of the subject unit(s); and (5) the name(s) of the owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the Project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent 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 owner in default and shall be secured by the lien on his unit.

Section 6. Liability of Mortgagee. Notwithstanding any other provision of the Project documents, the holder of any first mortgage covering any unit in the Project which acquires title to the unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder acquires title to the unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all units, including the mortgaged unit).

Section 7. Developer's Responsibility for Assessments. The Developer of the Project, although a member of the Association, shall not be responsible at any time for payment of the monthly Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the units that it owns, including the dwellings and other improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time except expenses related to maintenance and use of the units in the Project and of the dwellings and other improvements constructed within or appurtenant to the units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all units owned by the Developer at the time the expense is incurred to the total number of units then in the Project. In no event shall Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements, or other special assessments, except with respect to units owned by it on which a completed residential dwelling is located. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any unit from the Developer or to finance any litigation or other claim against the Developer, any cost of investigating and preparing such litigation or claim, or similar related costs. A "completed residential dwelling" shall mean a dwelling with respect to which a certificate of occupancy has been issued by the Township of Lyon.

Section 8. 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 9. 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 Project owned or possessed in common by the owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 10. Mechanic's Lien. A mechanic's lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. Statement as to Unpaid Assessments. The purchaser of any unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association, accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the unit itself to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the unit and the proceeds of the sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 12. Lawsuit Defense Expenses. Any owner bringing an unsuccessful lawsuit against the Association and/or its Board of Directors for the administration of the affairs of the Association, found to be consistent with the provisions contained in the Project documents, shall be chargeable for all expenses incurred by the Association. Such expenses may be collected by the Association in the same manner as an assessment.

ARTICLE III

ARBITRATION

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

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

Section 3. Election of Remedies. Such election and written consent by owners or the Association to submit any such dispute, claim or grievance

to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate given the nature of the general common elements of the Project, carry property coverage for all risks of direct physical loss and liability insurance, fidelity coverage, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the general common elements of the Project, and such insurance shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association and the 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 owners.

(b) Insurance of Common Elements. All general common elements of the Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

(c) Premium Expenses. All premiums for insurance purchased by the Association pursuant to these By-Laws 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 owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Project shall be required as provided in Article V of these By-Laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless two-thirds (2/3) of all of the institutional holders of first mortgages on units in the Project have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each owner, by ownership of a unit in the 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 "all risk" property coverage, vandalism and malicious mischief, liability insurance, fidelity coverage and workmen's compensation insurance, if applicable,

pertinent to the Project and the common elements appurtenant thereto, and such insurer as may, from time to time, provide such insurance to the 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 owners and their respective mortgagees, as their interests may appear (subject always to the Project documents), to execute releases of liability, and to execute all documents and to do all things on behalf of such owner and the Project as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibility of Owners. Each owner shall be obligated and responsible for obtaining "all risk" property coverage and vandalism and malicious mischief insurance with respect to his residential dwelling and all other improvements constructed or to be constructed within the perimeter of his unit, and for his personal property located therein or thereon or elsewhere on the Project. All such insurance shall be carried by each owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each owner also shall be obligated to obtain insurance coverage for his personal liability for his undivided interest as a tenant in common with all other owners in the common elements, for occurrences within the perimeter of his unit or the improvements located thereon, and also for alternative living expenses in the event of fire. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

Section 4. Waiver of Right of Subrogation. The Association and all owners shall use their best efforts to cause all property and liability insurance carried by the Association or any owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any owner or the Association.

ARTICLE V

RECONSTRUCTION OR REPAIR

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

(a) General Common Elements. If the damaged property is a general common element, the damaged property shall be rebuilt or repaired by the Association unless two-thirds (2/3) of the owners and two-thirds (2/3) of the institutional holders of mortgages on any unit in the Project agree to the contrary, and the Township of Lyon consents to such action.

(b) Unit or Improvements Thereon. If the damaged property is a unit or any improvements thereon, the owner of such unit alone shall

determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such owner shall be responsible for any reconstruction or repair that he elects to make. The owner shall in any event remove all debris and restore his unit and the improvements thereon to a clean and sightly condition satisfactory to the Association as soon as reasonably possible following the occurrence of the damage.

Section 2. Repair in Accordance with Master Deed. Any such reconstruction or repair shall be substantially in accordance with the Master Deed unless the owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repair. 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 costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 4. Timely Reconstruction and Repair. If damage to the general common elements adversely affects the appearance of the project, the Association shall proceed with replacement of the damaged property without delay.

Section 5. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

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

(b) Taking of General Common Elements. If there is any taking of any portion of the general common elements, the condemnation proceeds relative to such taking shall be paid to the owners and their mortgagees in proportion to their respective interest in the common elements, and the affirmative vote of at least two-thirds (2/3) of the owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) Continuation of Project After Taking. In the event the Project continues after taking by eminent domain, then the remaining portion of the Project shall be re-surveyed 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 units based upon the continuing value of the Project of one hundred percent (100%). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution of specific approval thereof by any owner.

(d) Notification of Mortgagees. In the event any unit in the Project, 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 shall so notify each institutional holder of a first mortgage lien on any units in the Project, provided that the name and address of each has been provided to the Association.

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

Section 6. Notification of FHLBC. In the event any mortgage in the Project is held by the Federal Home Loan Mortgage Corporation ("FHLBC"), then, upon request therefor by FHLBC, 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 Project if the loss or taking exceeds \$10,000 in amount or damage to a unit covered by a mortgage purchased in whole or in part by FHLBC if such damage exceeds \$1,000.

Section 7. Priority of Mortgagee Interests. Nothing contained in the Project documents shall be construed to give an owner or any other party priority over any rights of first mortgagees of units pursuant to their mortgages in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or common elements.

ARTICLE VI

RESTRICTIONS

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

Section 1. Residential Use. No unit in the Project shall be used for other than single-family residential purposes as defined by the Township of Lyon Zoning Ordinance, and the common elements shall be used only for purposes consistent with single-family residential use.

Use of units shall also be restricted in the following manner:

(a) Building Size and Height: No building or structure shall exceed two stories above grade or thirty-five (35) feet in height and all buildings or structures shall be constructed within the perimeter of a unit. All buildings and structures shall be in conformity with the following minimum size standards as to living area above ground level measured by the external walls:

- (1) One Story/Ranch: 1,600 square feet.
- (2) Multi-Story: 1,800 square feet.

The Developer reserves the right, within its sole discretion, to lower the required minimum square footage for specific residences. Garages, porches and breezeways shall not be included in computing minimum size requirements. All buildings shall be constructed by a licensed contractor and completed within one (1) year from the date of issuance of a building permit by the Lyon Township Building Department. All unused building materials and temporary construction shall be removed from the premises within thirty (30) days after substantial completion of the structure. The portion of the surface of the earth which is disturbed by excavation and other construction work shall be finish graded and seeded or covered with other landscaping as soon as the construction work and weather permit. No burial of construction debris will be permitted. All soil to be removed from any of the units either in grading or excavating will, at the option of the Developer, become the property of the Developer and when removed will be placed by the owner of the unit in such place or places within the Project as the Developer will designate at the owner's expense. Owners may not interrupt the surface flow of storm water across their units.

(b) Garages: Each single family dwelling shall have two or three car attached side entry garages. Carports and detached garages shall not be erected, placed or permitted to remain on any unit. For security and aesthetic reasons, garage doors will be kept closed at all times except as may be reasonably necessary to gain access to and from any garage. All driveways shall be surfaced with asphalt, concrete or paving bricks at the time of construction of the dwelling served thereby, weather permitting.

(c) Temporary Structures: No old or used structure, of any kind, shall be placed upon any unit. No temporary structure of any character such as a tent, camper, mobile home, trailer, shack, barn, and/or other out-building of any design whatsoever shall be erected or placed upon any unit prior to construction of the main residence, nor shall any such structure be occupied as living quarters at any time. This provision shall not prevent the use of temporary structures incidental to and during construction of the main residence provided that such temporary structures shall be removed from the premises immediately upon completion of the main residence.

(d) Accessory Buildings: No accessory building or other out-building shall be permitted on any unit unless it is approved by the Developer, or the Association, as hereinafter provided in Section 3. The Developer, or the Association, in the exercise of its discretion, may permit the erection of structures such as swimming pool accessory buildings, greenhouses or lawn/garden storage sheds. Notwithstanding the Developer's, or the Association's approval, such structures, except swimming pools, shall be architecturally compatible with the main residence, be constructed of similar materials on a concrete slab with a rat wall, and shall not exceed 200 square feet in size.

(e) Swimming Pools: All swimming pools shall be below ground, except children's play pools, hot tubs and jacuzzi tubs, although above ground pools may be installed with the prior written consent from the Board of Directors and subject to such restrictions as it may place upon their use and location.

(f) Fences: No owner shall construct, or cause to be constructed, any fence of any nature upon his unit or the common elements without the prior written approval of the Association. Perimeter fences along the exterior lines of the Project shall be permitted, however, perimeter fences along the exterior lines between units shall not be permitted. Perimeter fences around swimming pools shall be required to be constructed in accordance with all applicable building codes. Fences shall not be located within the front set-back of the structure to be located on each unit and shall not exceed four feet in height. Fences erected to screen patios, enclose child play areas and fenced dog runs shall be permitted with advance written approval of the Association as to size, location and fencing materials. No dog run may be constructed in front of the rear line of the dwelling constructed within a unit or within the side yard set back line, and any such dog run must be attached to the rear of the dwelling to allow direct access from the house, deck or patio. Fences shall be used primarily for limited enclosure purposes. Privacy fences are restricted to rear yards, and if located in the front or side yards, they must not exceed three feet in height as ornamental fences. All fencing and/or screening shall be made of materials which are architecturally compatible with the main residence, specifically excluding cyclone fencing, snow fencing and plywood, but including split rail construction, which may have a green wire liner on the inner side of the fence. Notwithstanding the standards in this subparagraph (f), all fences shall comply with the current Lyon Township building and zoning requirements. It shall be the owner's responsibility to obtain all required Township permits and/or approvals prior to construction of any fence.

(g) Exterior Lighting: No owner shall install exterior lighting that causes excessive illumination so as to constitute a nuisance to other owners. Prohibited lighting shall include, but not be limited to, mercury vapor and halogen lighting. All exterior lighting shall be mounted on the sides of dwellings, except for low wattage lighting adjacent to driveways, decks, patios, walkways, and swimming pools.

(h) Mailboxes. The size, color, style, location and other attributes of the mailbox clusters, containing mailboxes for each residence, shall be as specified by the Developer, in order to insure consistency and uniformity within the Project.

(i) Antenna: No radio, television or other antenna or aerial shall be permitted on any unit other than the type commonly used for domestic residential purposes. Any antenna or aerial shall be installed on the main residence and not on a separate pole or tower. Dish-type antennae in excess of two (2) feet in diameter shall not be permitted nor shall any antenna or aerial exceeding six (6) feet in height above the roof ridge line on any dwelling.

(j) Well Water Quality: Notification is hereby given to all subsequent owners of units that the iron level and hardness level of well water below The Ponds may be above that which is considered satisfactory from nuisance factor consideration. Chemical analysis of water from a test well in the Project found an iron concentration of 4.5 mg/l. The maximum recommended secondary standard is 0.3 mg/l. The observed iron level is not above that level which is considered a public health hazard. Fixture discoloration and taste could possibly be observed, and special internal filtration may be desired by individual owners. Iron may stain laundered goods, impart a bitter or astringent taste to the water, and adversely affect the taste of other beverages and foods made from the water. Prospective owners are advised that it may be necessary to install iron removal equipment to reduce the iron concentration to an acceptable level. Chemical analysis of water from a test well found a total hardness concentration of 450 mg/l. The maximum recommended secondary standard is 300 mg/l. The observed hardness level is not above that level which is considered a public health hazard. Hardness may cause scaling, plumbing problems and increased usage of soaps and detergents. Softening of the water may result in high sodium concentrations, a condition which should be considered by persons on a sodium restricted diet. Hard water may also discolor house siding when lawns are watered.

(k) Wells: All wells are to be privately owned and maintained and must be located within the unit. Where applicable, a permit for the installation or repair of an on-site well water system shall be obtained from the Oakland County Health Department prior to any construction. Dwellings in The Ponds shall be served by potable water supply systems. All wells on individual units shall be drilled by a well driller, registered by the State of Michigan, to depths which penetrate a protective clay overburden. In the absence of an adequate aquiclude, the minimum well depth shall be at least ninety-six (96) feet. All wells shall be grouted completely to depths of ninety-six (96) feet or through the final protective clay layer. A completed well report for each water well shall be submitted to the Oakland County Health Department within sixty (60) days following completion of each well. The Ponds Homeowners Association shall have the authority to rule for the entire project as it relates to participation in a municipal water system.

(l) Drain Fields: All drain fields are to be privately owned and maintained and must be located within the unit. Where applicable, a permit for the installation or repair of an on-site sewage disposal system shall be obtained from the Oakland County Health Department prior to any construction. The Ponds Homeowners Association shall have the authority to rule for the entire project as it relates to participation in a municipal sewage disposal system.

(m) Oakland County Health Division of the Department of Institutional and Human Services: Subparagraphs (j), (k) and (l) hereinabove may not be amended without the advance written approval of the Oakland County Division of the Department of Institutional and Human Services.

(n) Septic Tanks: All septic tanks serving units in the Project shall be pumped out at least once every three (3) years by the respective owners.

(o) Water Conservation Efforts: Michigan law requires that all dwellings constructed within units in the Project use water saving plumbing fixtures so as to conserve consumption of water and minimize problems involved with waste disposal. It is also recommended that all laundry washing machines used in said dwellings contain lint filters to prevent undue accumulation of solid materials in septic tanks and drain fields.

(p) Maintenance of Unimproved Units: Units which have not been improved shall remain in their natural state, but shall be maintained in a presentable condition by the owner. Grassy areas shall be mowed a minimum of twice each summer to control weeds. No dumping shall be allowed on unimproved units.

(q) Refuse and Garbage: Each owner shall promptly dispose of all refuse and garbage so that it will not be objectionable or visible to adjacent owners. No outside storage of refuse or garbage or outside incinerator shall be permitted. Each residence shall be equipped with an interior garbage disposal. No disposal of garbage, rubbish, leaves or debris shall be allowed on vacant units. Owners shall arrange for weekly pick-up of garbage by only one private garbage contractor. The Association may elect to take over selection of a garbage contractor and may assess each unit for an equitable share of the cost of garbage collection. Garden composting shall be allowed provided that it shall not result in a violation of any other restriction in these By-Laws.

(r) Access to Units 1 and 24: Vehicular access for Units 1 and 24 shall be restricted to Pond Drive.

(s) Sign/Landscape Easements on Units 1, 9, 10, 13, 14, and 24: Units 1, 9, 10, 13, 14, and 24 are subject to sign/landscape easements in the locations shown on the Condominium Subdivision Plan which is attached to the Master Deed as Exhibit "B." Either the Developer or

the Association may locate a sign and/or landscaping within said easements, subject to any permit requirements of the Township of Lyon. Any sign and landscaping that is installed shall be maintained by the Association. Any landscaping installed within said easements shall also conform to the unobstructed sight distance requirements of the Lyon Township Zoning Ordinance.

(t) Trees: The Developer shall provide a minimum of two (2) trees (minimum 2 1/2 inch caliper) in the street margin adjacent to each unit within twelve (12) months after construction of a residence on each unit. Said trees shall be placed at fifty (50) foot intervals. Only large deciduous trees may be installed in street margins and several acceptable examples are oak, hard maple, green ash, hackberry, linden or sycamore. Subject to the exceptions listed in the Lyon Township Tree Protection Ordinance, no owner shall remove, cause to be removed, transplant or destroy, on any land in the Project, any protected tree without first obtaining a Tree Preservation Permit.

(u) Drainage Easement: Some units are subject to storm water drainage easements created by this Master Deed, as shown on Exhibit "B" hereto. Notwithstanding anything else contained in the condominium documents to the contrary, each unit owner shall maintain the surface area of such easements within his unit, shall keep the grass cut to a reasonable height, shall keep the area free of trash and debris and shall take such action as may be necessary to eliminate surface erosion. The unit owner shall not contour the land or install any structure or landscaping within said easements that would interfere with the flow of storm water through them.

Section 2. Leasing and Rental.

(a) Right to Lease. An owner may lease his unit and the improvements thereon for single family residential purposes as defined by the Township of Lyon. No owner shall lease less than an entire unit and the improvements thereon. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Project documents. The Developer may lease any number of units and the improvements thereon in its discretion.

(b) Leasing Procedures. The leasing of units and improvements thereon shall conform to the following provisions:

- (1) Tenants and non-owner occupants shall comply with all of the conditions of the Project documents, and all leases and rental agreements shall so state.
- (2) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Project documents, the Association shall take the following action:

- i. The Association shall notify the owner by certified mail advising of the alleged violation by the tenant.
 - ii. The owner shall have fifteen (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 fifteen (15) days, the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the 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 owner and tenant or non-owner occupant for breach of the conditions of the Project documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the owner liable for any damages to the common elements caused by the owner or tenant in connection with the unit or the Project.
- (3) When an owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying an owner's unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the 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.

Section 3. Architectural Control. No dwelling, structure or other improvement shall be constructed within a unit or elsewhere within the Project, nor shall any exterior modification be made to any existing dwelling, structure or improvement, unless plans and specifications therefor containing such detail as the Developer may reasonably request have first been approved by the Developer. Construction of any dwelling or other improvements must also receive any necessary approvals from the local public authority. The Developer shall have the right to refuse to approve any such plans or specifications or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, proposed exterior materials (which may include textured vinyl, wood (with limited amounts of textured plywood siding such as T-111), brick, and stone, but no brick laminate) and exterior colors which shall blend in with existing residences and the natural surroundings,

the site upon which it is proposed to be constructed, the location of the dwelling within each unit, and the degree of harmony thereof with the Project as a whole. No log, modular, manufactured or any other type of residential housing constructed off-site will be permitted. All dwellings must be constructed on-site. No flat roofs will be permitted and a minimum roof pitch will be required. The purpose of this Section is to assure the continued maintenance of the Project as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all owners. The Developer's rights under this Article VI, Section 3 may, in the Developer's discretion, be assigned to the Association or other successor to the Developer. Said rights shall automatically be assigned to the Association at the end of the construction and sales period. The Developer may construct any improvements upon the Project that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Project documents.

Section 4. Changes in Common Elements. Except as provided in Article VI, Section 3 above with respect to the Developer, no owner shall make changes in any of the common elements without the express written approval of the Board of Directors of the Association, and the Township of Lyon, if applicable.

Section 5. Activities. No noxious, 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 owners of the Project. No garage sales shall be permitted on any unit in the Project, except when done in conjunction with the sale of the residence and then such sale shall be limited to two (2) days in duration. No unreasonably noisy activity shall occur in or on the common elements or in any unit at any time, and disputes among owners arising as a result of this provision which cannot be amicably resolved shall be arbitrated by the Association. No 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 Project without the written approval of the Association, and each owner shall pay to the Association the increased 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, sling shots, or other similar dangerous weapons, projectiles or devices.

Section 6. Pets. Subject to the provisions of this Section 6, owners shall be entitled to keep pets of a domestic nature that will reside within the residence constructed within their units. No pet or animal may be kept or bred for any commercial purpose. Pets shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any unit or on the common elements. In the event an owner's pet causes unnecessary and unreasonable disturbance or annoyance to other owners, one or more, and such owner files

a written complaint with the Association specifying the cause of such disturbance or annoyance, the Board of Directors, after notice and opportunity for hearing before the Board to the owner keeping the pet, may, if it determines that such pet is in fact causing unnecessary and unreasonable disturbance or annoyance, require the owner to remove the pet from his unit and the Project or impose such other restrictions on the keeping of such pet as are reasonable. No pet or animal may be permitted to run loose at any time upon other units or the common elements, and any animal shall at all times be leashed and attended by some responsible person while on the common elements. No unattended tethering of dogs shall be allowed on any unit in the Project. No savage or dangerous animal shall be kept, and any owner who causes any animal to be brought or kept upon the Project shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each owner shall be responsible for collection and disposition of all fecal matter deposited within the Project by any pet maintained by such owner. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Project which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be licensed with Oakland County and registered with the Association and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these By-Laws and in accordance with duly adopted rules and regulations of the Association.

Section 7. Aesthetics. Neither the common elements nor the unit outside of the dwelling and garage constructed thereon shall be used for storage of supplies, materials, personal property, or trash or refuse of any kinds, except as provided in duly adopted rules and regulations of the Association. Trash receptacles shall be maintained in garages and shall not be permitted to remain elsewhere on the unit or common elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. In general, no activity shall be carried on nor condition maintained by an owner, either in his unit or upon the common elements, which is detrimental to the appearance of the Project.

Section 8. Vehicles. No travel trailers, motor homes, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all-terrain vehicles, snowmobiles, snowmobile trailers, or vehicles other than automobiles or vehicles used primarily for general personal transportation purposes may be parked or stored upon the Project, unless parked in the garage with the door closed. Travel trailers, motor homes, camping vehicles, and camping trailers may be temporarily parked upon the unit for a period of no more than twenty-four (24) consecutive hours for loading and unloading purposes. No inoperable vehicles of any type may be brought or stored upon the Project either temporarily or permanently, unless parked in the garage with the doors closed. Commercial vehicles and trucks shall not be parked in or about the Project (except as above provided) except while making deliveries or pick ups in the normal

course of business. Owners shall, if the Association shall require, register with the Association all cars maintained on the Project. Use of motorized vehicles anywhere on the Project, other than passenger cars, authorized maintenance vehicles and commercial vehicles as provided in this Section 8, is absolutely prohibited. Overnight parking on any private road in the Project is prohibited except as the Association may make reasonable exceptions thereto from time to time.

Section 9. Advertising. Except for identification signs on the landscaping easements on Units 1, 9, 10, 13, 14, or 24, 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, excluding "For Sale" signs which shall not exceed three (3) square feet per side, without written permission from the Association and, during the construction and sales period, from the Developer, and a sign permit issued by Lyon Township.

Section 10. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the owners in the Project. Reasonable rules and regulations consistent with the Act, the Master Deed and these By-Laws concerning the use of units and the common elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the transitional control date. Copies of all such rules and regulations and amendments thereto shall be furnished to all owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each owner. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all owners in number and in value. Such rules may not be applied to limit the Developer's construction, sales or rental activities.

Section 11. Right of Access of Association. The Association or its duly authorized agents shall have access to the portion of each unit not occupied by the dwelling from time to time, during reasonable working hours, upon notice to the 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 at all times without notice as may be necessary to make emergency repairs to prevent damage to the common elements or to another unit, and shall not be liable to such owner for any necessary damage to his unit caused thereby.

Section 12. Landscaping. No owner shall perform any landscaping or remove, trim or plant any trees, shrubs or flowers or place any ornamental materials on the general common elements without the prior written approval of the Developer, or the Association, if applicable. Basic landscaping, including finish grading, seeding or sodding, must be completed within six (6) months after date of occupancy. The owner of each unit shall develop a landscape treatment which will tend to enhance, complement and harmonize with adjacent property. This will best be accomplished by saving as much mature tree growth as possible, and the clearing of selected areas of

underbrush and less desirable tree growth in order to open special views and to reduce competition with the mature or specimen vegetation. No surface soil shall be dug or removed from any unit for purposes other than building and landscaping of the unit, without the prior written approval of the Developer, or the Association, if applicable. All debris shall be promptly removed. New planting shall complement and enhance the character of the existing vegetation, topography and structures. Each owner shall have the responsibility to maintain the grounds of his unit, together with that portion of the public road right-of-way in front thereof between the unit and the traveled portion of the road right-of-way, including the mowing of grass to a height of six inches (6") or less, removal of weeds, and proper trimming of bushes and trees. No pesticides, herbicides or commercial fertilizers shall be used on any unit. However, natural organic fertilizer such as leaves, leaf humus, green manure, etc., may be used. If the Association shall receive complaints from other owners regarding lack of maintenance of the grounds of a unit, then, and in that event, it shall have the right and duty to have such maintenance of the grounds of the unit performed as the Board of Directors shall determine as being reasonable, and the charges therefor shall become a lien upon the unit and collected in the fashion as set forth in Article II of these By-Laws.

Section 13. Common Element Maintenance. Yards, landscaped areas, and driveways 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, or they may be removed and disposed of at the discretion of the Association.

Section 14. Owner Maintenance. Each owner shall maintain his unit, together with that portion of the general common elements in front thereof between the unit and the traveled portion of the road right-of-way, and the improvements on the unit in a safe, aesthetically pleasing, clean, and sanitary condition. Each owner shall also use due care to avoid damaging any of the common elements, including, but not limited to, the telephone, electrical, natural gas, drainage courses or other utility conduits and systems and any other common elements within any unit which are appurtenant to or which may affect any other unit. Each owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by him or his family, guests, agents, or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible 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 owner in the manner provided in Article II hereof.

Section 15. Road, Road Shoulder, Road Side Ditches, and Drainage Ways. During construction periods any damage to the road, road shoulder, road side ditches, and drainage ways shall be repaired at the sole cost and expense of the owner of the unit for whom construction is being performed. Such damage, shall be defined by the Developer or the Association, if

applicable, and shall include, but is not limited to, broken pavement, squashed culverts, ruts in drainage ways, erosion sediment from unit, and regrading. If damage occurs, the Developer or the Association, shall give written notice to the owner of the unit as to the extent of such damage. The owner shall repair said damage within thirty (30) days after receiving said notice. Time extensions may be granted due to adverse weather conditions. After thirty (30) days, plus any adverse weather extensions, the Developer or the Association may repair such damage and bill the owner of the unit. If said costs are not paid within thirty (30) days, the Developer or the Association may place a lien upon the subject unit for such charges plus all actual reasonable legal expenses, or take any other actions which may be permitted by law.

Section 16. Use of Common Elements and Water Privileges. All owners may use the general common element land and water during daylight hours so as not to be a disturbance to other owners. Care and consideration must be taken when using these areas. No animal hunting or discharge of a firearm is allowed. No natural wildlife or wetlands shall be disturbed. Geese and ducks do live in and around the water as well as other types of wildlife. These are present for owner enjoyment and their quality of life and rights of procreation should be strictly respected. Fishing may only take place on the ponds when in the possession of a fishing license and in compliance with the fishing regulations of the State of Michigan. Only non-motorized floating and boating equipment may be used on the ponds for owner enjoyment. Motors are strictly prohibited on the ponds. After use, all non-motorized equipment must be stored on individual units on the uplands off of the shore at the end of each day so as not to clutter the banks and beach areas. Pond side unit owners may install seasonal docks that extend up to six (6) feet in length over the water. Docks may not exceed four (4) feet in width and must be removed at the time of the first frost and stored in garages or in such outside locations on individual units as shall be approved in advance by the Association. The Association shall approve a limited number of docks on the ponds to provide access to non-pond side unit owners. Floating and boating equipment may not be left unattended on the ponds or general common element land areas. Non-pond side unit owners shall store their floating and boating equipment on their individual units. Respect for the rights of other owners must also be given when using the ponds, pedestrian trails and other general common elements. General common elements, including the ponds, are private for use only by the owners and their guests.

Section 17. Wetland Preserves. Two private wetland preserves are located in the Project as is shown on the Condominium Subdivision Plan attached to the Master Deed as Exhibit B. The wetland preserves shall serve as permanent natural open space areas and the natural topography and vegetation shall remain undisturbed. The existing topography, vegetation, wildlife habitat, and ecological character and nature of the wetland preserves, having been deemed assets worthy of preservation, shall remain intact and undisturbed to the extent possible. Cutting or clearing of vegetation, other than dead or diseased trees, is prohibited. No pesticides, herbicides or commercial fertilizers shall be used in the wetland preserves. Storage or dumping of any items or materials, including

To the extent possible

but not limited to vehicles, structures, building materials, trash, or refuse, is prohibited on the wetland preserves. Construction of buildings, roads, or other such structures, other than nature trails for pedestrian access on the wetland preserves is prohibited. The Ponds Homeowners Association shall be responsible for maintaining the wetland preserves in a proper manner as may be required to maintain access to the site through nature trails and to preserve existing topography, vegetation, wildlife habitat, and the ecological character and nature of the areas.

Section 18. Reserved Rights of Developer.

(a) Prior Approval by Developer. During the construction and sales period, no hedges, trees or substantial plantings or landscaping shall be installed, removed or trimmed until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by the Developer, and a copy of said plans and specifications, as finally approved, lodged permanently with the Developer.

(b) Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs, if any, of the Developer during the construction and sales period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, the Developer shall have the right throughout the entire construction and sales period to maintain, or to authorize others to maintain, a sales office, a construction office, model homes, storage areas, and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer, subject to the approval of Lyon Township. The Developer shall restore the areas so utilized to habitable status upon termination of use.

(c) Enforcement of By-Laws. The 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 owners and all persons interested in the Project. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace, and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any common elements and/or to do any landscaping required by these By-Laws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these By-Laws throughout the construction and sales period notwithstanding that it may no longer own a unit in the Project, which right of enforcement shall include (without limitation) an action to restrain the Association or any owner from any activity prohibited by these By-Laws.

(d) Variances. The Developer reserves the right, within its sole discretion, to grant variances from the restrictions in Article VI on a case by case basis for specific residences, provided that such variances are consistent with the approved site plan and applicable Lyon Township ordinances.

(e) Mineral Rights. The Developer reserves all subsurface mineral rights in The Ponds for themselves, their successors and assigns.

(f) Public Road. The Developer reserves the right, within its sole discretion, to dedicate the right of way for Pond Drive, as shown as Exhibit "B", to the Oakland County Road Commission, as a public right-of-way.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any 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, which shall provide its name and address, and the unit number or address of the unit on which it has a mortgage, report any unpaid assessments due from the owner of such unit. The Association shall give to the holder of any first mortgage covering any unit in the Project, which shall have provided the information required, written notification of any default in the performance of the obligations of the owner of such unit that is not cured within sixty (60) days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the general common elements against fire, perils covered by extended coverage, and against vandalism and malicious mischief, public liability, and fidelity coverage, and the amount of such coverage to the extent that the Association is obligated by the terms of these By-Laws to obtain such insurance coverage, as well as of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any unit in the Project 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.

Section 4. Notice. Whenever a notice requirement appears in these By-Laws for the benefit of a mortgagee which requires a response in support of or against a proposal submitted by the Association, the mortgagee shall respond within thirty (30) days of receipt of said notice or the lack of

response thereto shall be deemed as approval of the proposal, provided the notice was delivered by certified mail, with a return receipt requested.

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these By-Laws, each owner shall be entitled to one vote for each unit owned.

Section 2. Eligibility to Vote. No 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 Project to the Association, such as a copy of a recorded deed, signed land contract or title insurance policy. A land contract vendee shall be considered the owner for voting purposes. Except as provided in Article XI, Section 2 of these By-Laws, no owner, other than the Developer, shall be entitled to vote prior to the date of the first annual meeting of members held in accordance with Section 2 of Article IX. The vote of each owner may be cast only by the individual representative designated by such owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the first annual meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no units at some time or from time to time during such period. At and after the first annual meeting, the Developer shall be entitled to one vote for each unit which it owns.

Section 3. Designation of Voting Representative. Each 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 owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the unit or units owned by the owner, and the name and address of each person, firm, corporation, partnership, association, trust, or other entity who is the owner. Such notice shall be signed and dated by the owner. The individual representative designated may be changed by the owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 40% of the 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 Project documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50% of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth 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 owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure when not otherwise in conflict with the Project documents or the laws of the State of Michigan.

Section 2. First Annual Meeting. The first annual meeting of members of the Association may be convened only by the Developer and may be called at any time after more than fifty percent (50%) of the units in The Ponds (determined with reference to the recorded Consolidating Master Deed) have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper owners of seventy-five percent (75%) in number of all units that may be created or fifty-four (54) months after the first conveyance of legal or equitable title to a nondeveloper owner of a unit in the Project, whichever first occurs. The Developer may call meetings of members for informative or other appropriate purposes prior to the first annual meeting of members, and no such meeting shall be construed as the first annual meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each owner. The phrase "units that may be created" as used in this paragraph and elsewhere in the Project documents refers to the maximum number of units which the Developer is permitted under the Project documents to include in the Project.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held in the month of November of each succeeding year after the year in which the first annual meeting is held, on such date and at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than eight months after the date of the first annual meeting. At such meetings there shall be elected by ballot of the owners a Board of

Directors in accordance with the requirements of Article XI of these By-Laws. The owners may also transact at annual meetings such other business of the Association as may properly come before them.

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

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

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

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

Section 8. Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which the ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the

member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

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

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

ARTICLE X

ADVISORY COMMITTEE

Within one (1) year after conveyance of legal or equitable title to the first unit in the Project to a purchaser or within one hundred twenty (120) days after conveyance to purchasers of one-third (1/3) of the total number of units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) nondeveloper owners. The Advisory Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if more than fifty percent (50%) of the nondeveloper owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the nondeveloper owners and to aid in the transition of control of the Association from the Developer to the other owners. The Advisory Committee shall cease to exist automatically when the nondeveloper owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace, at its discretion and at any time, any member of the Advisory Committee who has not been elected thereto by the owners.

ARTICLE XI
BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The first Board of Directors designated by the Developer shall be composed of three (3) persons, and such first Board of Directors shall manage the affairs of the Association until a successor Board of Directors is elected at the first annual meeting of members of the Association convened at the time required by Article IX, Section 2 of these By-Laws. At such first annual meeting of members of the Association, the Board of Directors shall be increased in size from three (3) persons to five (5) persons. The members of the Board of Directors 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.

(a) First Board of Directors. The first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first nondeveloper owner to the Board. Elections for nondeveloper owner Directors shall be held as provided in subsections (b) and (c) below.

(b) Appointment of Nondeveloper Owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to nondeveloper owners of twenty-five percent (25%) in number of the units that may be created, one (1) out of the three (3) Directors shall be selected by nondeveloper owners. When the required percentage of conveyances has been reached, the Developer shall notify the nondeveloper owners and request that they hold a meeting and elect the required Director. Upon certification to the Developer by the owners of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the first annual meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

(c) Election of Directors At and After First Annual Meeting.

(1) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to nondeveloper owners of seventy-five percent (75%) in number of the units that may be created, the nondeveloper owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one Director as long as the units that remain to be created and sold equal at least ten percent (10%) of all units that may be created in the Project. When the seventy-five percent (75%) conveyance level is achieved, a meeting of owners shall be promptly convened to effectuate this provision, even if the first annual meeting has already occurred.

- (2) Regardless of the percentage of units which have been conveyed, upon the expiration of fifty-four (54) months after the first conveyance of legal or equitable title to a nondeveloper owner of a unit in the Project, the nondeveloper owners have the right to elect a number of members of the Board of Directors equal to the percentage of units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.
- (3) If the calculation of the percentage of members of the Board of Directors that the nondeveloper owners have the right to elect under subsection (2) or if the product of the number of members of the Board of Directors multiplied by the percentage of units held by the nondeveloper owners under subsection (b) results in a right of nondeveloper owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the nondeveloper owners have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (1).
- (4) At the first annual meeting of members, three Directors shall be elected for a term of two years and two Directors shall be elected for a term of one year. At such meeting, all nominees shall stand for election as one slate, and the three persons receiving the highest number of votes shall be elected for a term of two years and the two persons receiving the next highest number of votes shall be elected for a term of one year. At each annual meeting held thereafter, either three or two Directors shall be elected, depending upon the number of Directors whose terms expire. After the first annual meeting, the term of office (except for the two Directors elected for one year at the first annual meeting) of each Director shall be two years. The Directors shall hold office until their successors have been elected and hold their first meeting.
- (5) Once the owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of owners to elect Directors and conduct other business shall

be held in accordance with the provisions of Article IX, Section 3 hereof.

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 Project documents or required thereby to be exercised and done by the owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these By-Laws 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 Project and the common elements thereof.

(b) To levy, collect and disburse assessments against and from the members of the Association and to use the proceeds thereof for the purposes of the Association, and to impose late charges for nonpayment of said assessments.

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

(d) To rebuild improvements to the common elements after casualty, subject to all of the other applicable provisions of the Project documents.

(e) To contract for and employ persons, firms, corporations, or other agents to assist in the management, operation, maintenance, and administration of the Project, including fulfilling drainage responsibilities within individual units.

(f) To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, dedicate, mortgage, or lease any real or personal property (including any unit in the Project and easements, private and public rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes or obligations 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 sixty percent (60%) of all of the members of the Association.

(h) To make rules and regulations in accordance with Article VI, Section 10 of these By-Laws.

(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 Project, and to delegate to such committees any functions or responsibilities which are not by law or the Project documents required to be performed by the Board.

(j) To make rules and regulations and/or to enter into agreements with institutional lenders the purposes of which are to enable owners to obtain mortgage loans which are acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and/or any other agency of the Federal Government or the State of Michigan.

(k) To levy, collect and disburse fines against and from the members of the Association after notice and hearing thereon and to use the proceeds thereof for the purposes of the Association.

(l) To assert, defend or settle claims on behalf of all owners in connection with the common elements of the Project. The Board shall provide at least a ten (10) day written notice to all owners on actions proposed by the Board with regard thereto.

(m) To enforce the provisions of the Project documents.

Section 5. Management Agent. The Board of Directors may employ a professional management agent for the Association (which may be 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 Project 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 one (1) year or which is not terminable by the Association upon thirty (30) days' written notice thereof to the other party, and no such contract shall violate the provisions of Section 55 of the Act.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the transitional control date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among nondeveloper owner elected Directors which occur prior to the transitional control date may be filled

only through election by nondeveloper owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called 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 fifty percent (50%) in number and in value of all of the owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal thirty percent (30%) requirement set forth in Article VIII, Section 4. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the nondeveloper owners to serve before the first annual meeting may be removed before the first annual meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors 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 (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

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

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

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a

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

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the 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 Project documents.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for the funds of the Association furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE XII

OFFICERS

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

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

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

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

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

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

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

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

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration and which shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association and the owners. Such accounts and all other Association records shall be open for inspection by the owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each 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 that such audit be a certified audit. Any institutional holder of a first mortgage lien on any unit in the Project shall be entitled to receive a copy of such annual audited financial statement within ninety (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. If an audited statement is not available, any holder of a first mortgage on a unit in the Project shall be allowed to have an audited statement prepared at its own expense.

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

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

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceedings to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all owners thereof. Further, the Board of Directors is authorized to carry officers'

and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

ARTICLE XVI

AMENDMENTS

Section 1. Proposal. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by one-third (1/3) or more of the owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these By-Laws.

Section 3. Voting by Board of Directors. These By-Laws may be amended by an affirmative vote of a majority of the Board of Directors, provided that such amendments do not materially alter or change the rights of owners, mortgagees or other interested parties, or amend Article VI without the prior written approval of the Developer (if the Developer continues to own at least one unit in the Project), and to keep these By-Laws in compliance with the Act.

Section 4. Voting by Owners. These By-Laws may be amended by the owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than two-thirds (2/3) of all owners. No consent of mortgagees shall be required to amend these By-Laws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of two-thirds (2/3) of the mortgagees shall be required, with each mortgagee to have one vote for each mortgage held. Consent from the Developer shall be obtained if any amendment of Article VI is proposed and the Developer continues to own at least one unit in the Project. Consent from the Township of Lyon shall be obtained if any public interest is affected. A person causing or requesting an amendment to the Project documents shall be responsible for costs and expenses of the amendment except for amendments based upon a vote of a prescribed majority of owners or based upon the Advisory Committee's decision, the costs of which are expenses of administration.

Section 5. By Developer. Prior to the first annual meeting of members, these By-Laws must be recorded in the Office of the Oakland County Register of Deeds, and they may be amended prior to that meeting by the first Board of Directors upon proposal of amendments by the Developer, without approval from any person, to keep these By-Laws in compliance with the Act and to make such other amendments to these By-Laws as shall not increase or decrease the benefits or obligations or materially affect the rights of any member of the Association.

Section 6. When Effective. Any amendment to these By-Laws shall become effective upon the recording of such amendment in the Office of the Oakland County Register of Deeds.

Section 7. Binding. A copy of each amendment to the By-Laws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these By-Laws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

Section 8. Notice. Eligible mortgage holders, those holders of a first mortgage on a unit who have requested the Association to notify them on any proposed action that requires the consent of a specified percentage of eligible mortgage holders, also shall have the right to join in the decision making about certain amendments to the Project documents.

ARTICLE XVII

COMPLIANCE

The Association and all present or future owners, 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 Project shall signify that the Project documents are accepted and ratified. In the event the Project documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XVIII

DEFINITIONS

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

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by an owner shall entitle the Association or another owner or owners to the following relief:

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Project 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 owner or owners.

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by an owner, the Association, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees (not limited to statutory fees) as may be determined by the

court, but in no event shall any owner be entitled to recover such attorney's fees.

Section 3. Removal and Abatement. The violation of any of the provisions of the Project 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 when reasonably necessary and summarily remove and abate, at the expense of the owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Project documents. The Association shall have no liability to any 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 Project documents by any owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless rules and regulations establishing such fine have first been duly adopted by the Board of Directors of the Association and notice thereof given to all owners in the same manner as prescribed in Article IX, Section 5 of these By-Laws. Thereafter, fines may be assessed only upon notice to the offending owners as prescribed in said Article IX, Section 5, and after an opportunity for such owner to appear before the Board no less than seven (7) days from the date of the notice and offer evidence in defense of the alleged violation. All fines duly assessed may be collected in the same manner as provided in Article II of these By-Laws. No fine shall be levied for the first violation. No fine shall exceed Twenty-Five Dollars (\$25.00) for the second violation, Fifty Dollars (\$50.00) for the third violation, or One Hundred Dollars (\$100.00) for any subsequent violation.

Section 5. Non-Waiver of Right. The failure of the Association or of any owner to enforce any right, provision, covenant, or condition which may be granted by the Project documents shall not constitute a waiver of the right of the Association or of any such 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 owner or owners pursuant to any terms, provisions, covenants, or conditions of the aforesaid Project 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 additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 7. Enforcement of Provisions of Project Documents. An 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 Project documents. An owner may maintain an action against any other owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Project documents or the Act.

ARTICLE XX

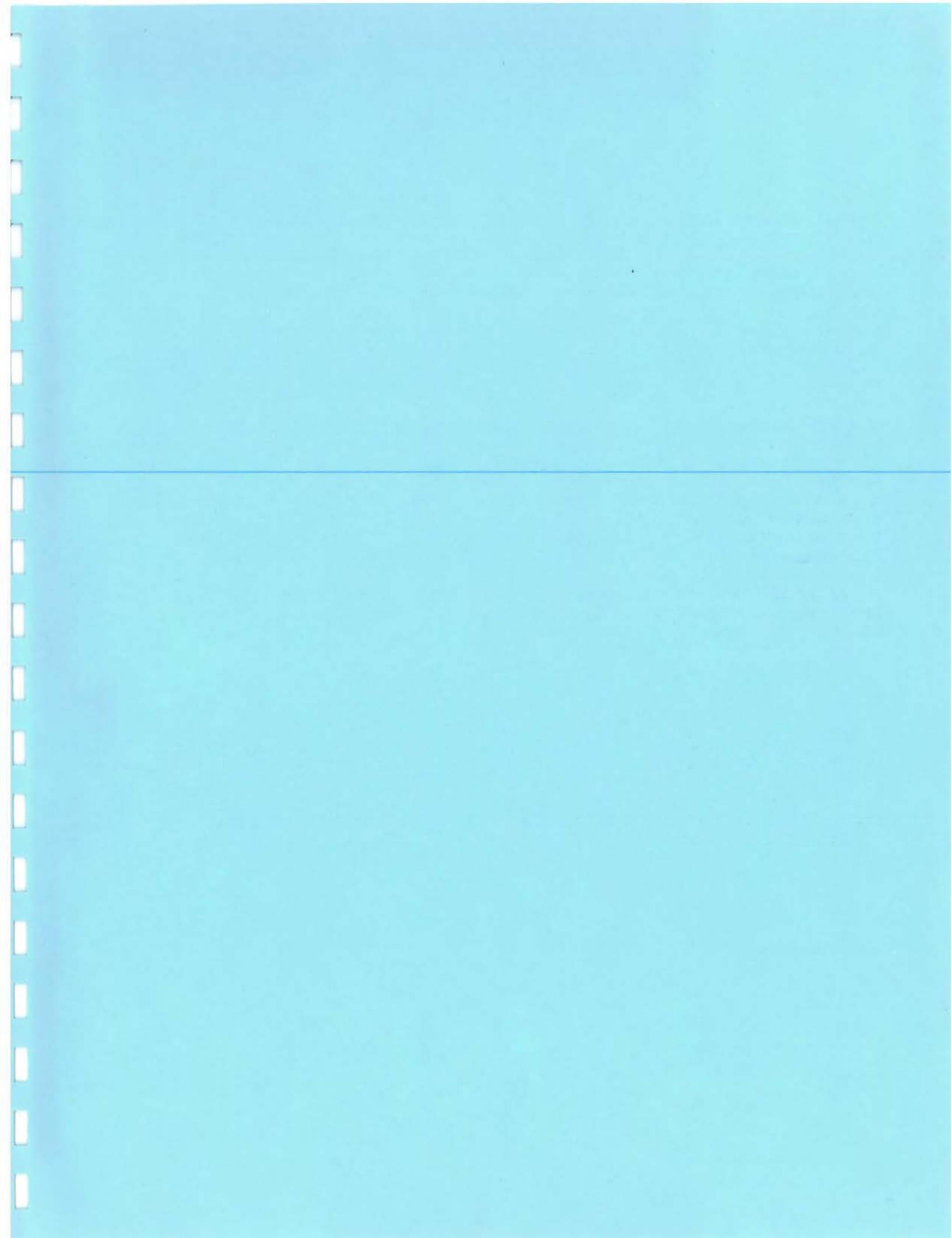
RIGHTS RESERVED TO DEVELOPER

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

ARTICLE XXI

SEVERABILITY

In the event that any of the terms, provisions or covenants of these By-Laws or the Project 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 Project documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.



**OAKLAND COUNTY CONDOMINIUM
SUBDIVISION PLAN No.**

ATTENTION: COUNTY REGISTER OF DEEDS
THE CONDOMINIUM SUBDIVISION PLAN NUMBER
MUST BE ASSIGNED IN CONSECUTIVE SEQUENCE.
WHEN A NUMBER HAS BEEN ASSIGNED TO THIS
PROJECT, IT MUST BE PROPERLY SHOWN IN THE
TITLE ON THIS SHEET AND IN THE SURVEYOR'S
CERTIFICATE ON SHEET 2.

EXHIBIT B TO THE MASTER DEED OF

THE PONDS

LYON TOWNSHIP, OAKLAND COUNTY, MICHIGAN

DESCRIPTIONS

DEVELOPER

MICHAEL W. SZALMA & HELEN SZALMA
58085 TRAVIS ROAD
NEW HUDDON, MICHIGAN 48165

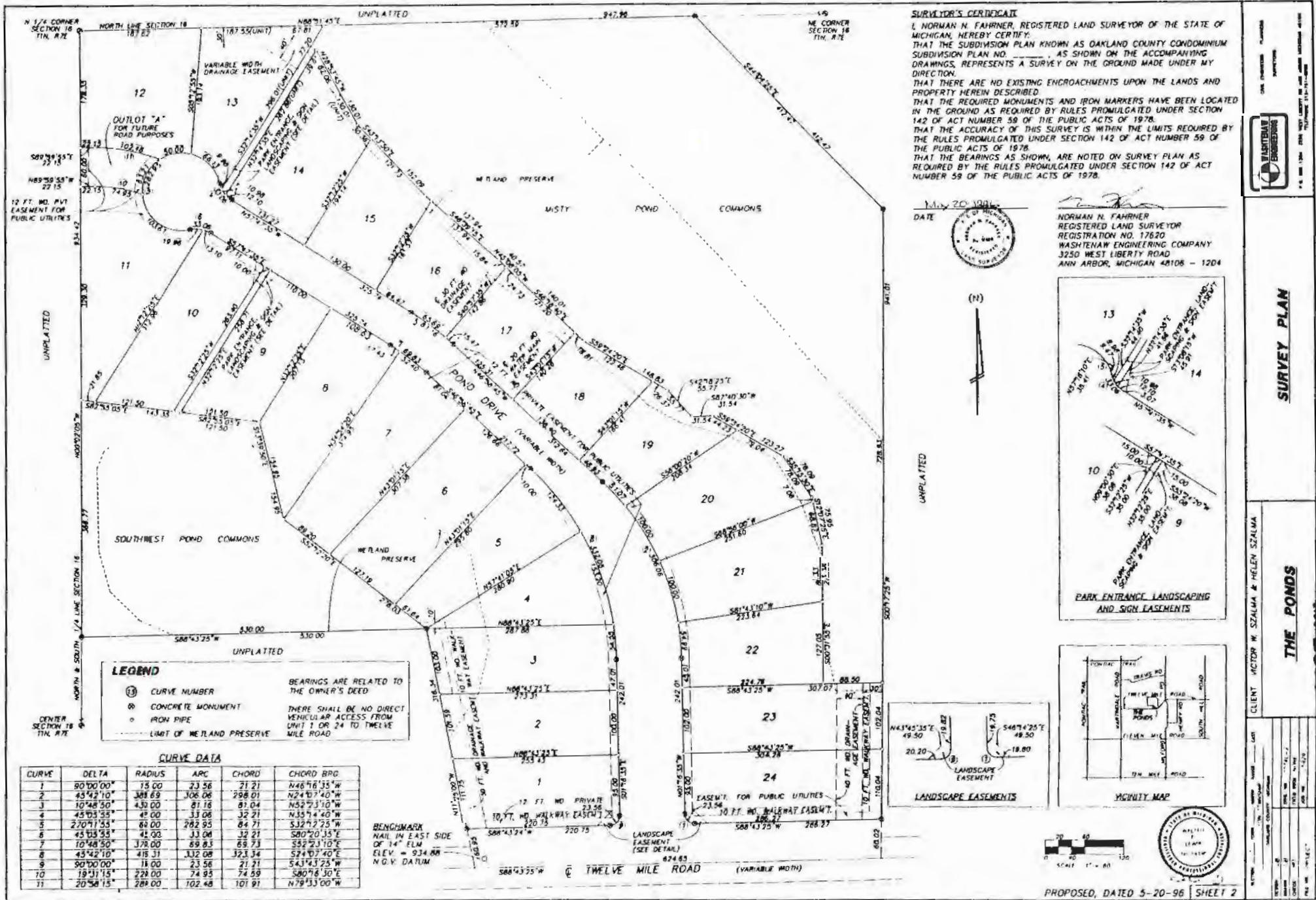
SURVEYOR

WASENEN ENGINEERING COMPANY
3250 W. LIBERTY ROAD, P.O. BOX 1204
ANN ARBOR, MICHIGAN 48106

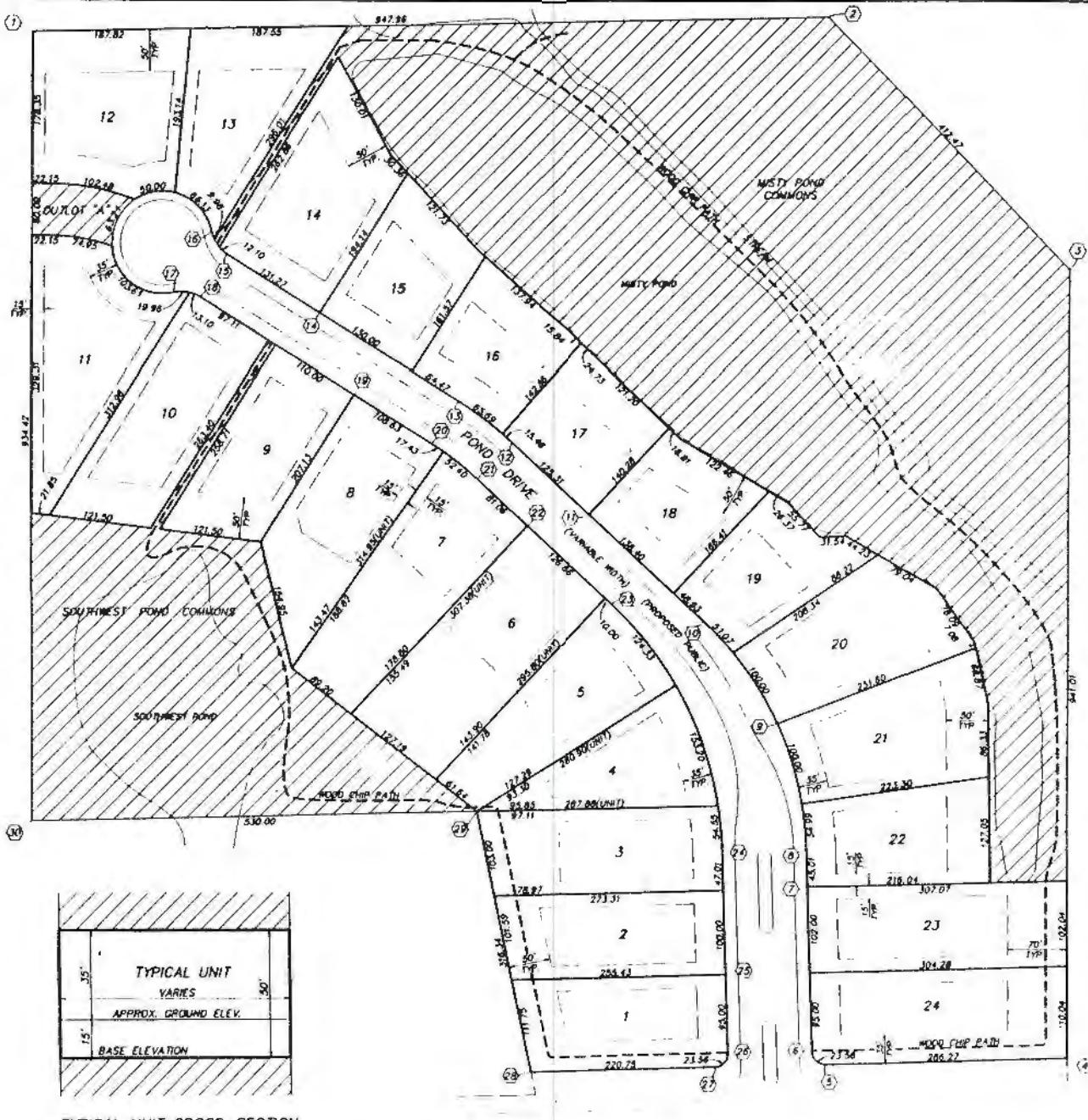
SHEET INDEX

1. COVER SHEET
 2. SURVEY PLAN
 3. SITE PLAN
 4. UTILITY PLAN

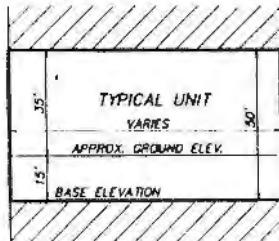




LIBRARY 16366 461



TYPICAL UNIT CROSS-SECTION



TWELVE MILE ROAD (VARVABLE WIDTH) (PUBLIC)

COORDINATE POINT NO.	NORTH COORDINATE	EAST COORDINATE
1	5000 00	5000 00
2	5018 82	5043 77
3	4722 48	6234 68
4	3781 49	6229 92
5	3725 11	5943 72
6	3789 76	5924 39
7	3986 73	5924 00
8	4031 73	5923 00
9	4181 81	5848 76
10	4303 70	5801 18
11	4431 51	5664 22
12	4517 00	5572 60
13	4566 46	5506 41
14	4670 11	5533 67
15	4740 07	5232 79
16	4766 38	5214 20
17	4694 71	5169 06
18	4689 30	5200 81
19	4573 59	5384 52
20	4315 89	5478 43
21	4473 14	5537 67
22	4417 83	5380 93
23	4324 59	5689 63
24	4029 50	5233 02
25	3862 52	5826 40
26	3787 65	5829 43
27	3772 22	5101 73
28	3767 30	5593 03
29	4077 36	5530 43
30	4065 56	5000 56

UNIT NO.	AREA (SO.FT.)	FIRST FLOOR ELEV.
1	26,967	936 80
2	26,432	936 80
3	26,569	935 90
4	21,563	935 30
5	28,211	934 10
6	36,200	933 10
7	34,693	932 90
8	34,776	932 80
9	25,821	932 80
10	36,803	932 10
11	34,519	933 00
12	33,460	934 00
13	27,894	934 00
14	37,151	933 10
15	23,050	932 70
16	21,327	932 20
17	20,235	935 00
18	20,962	934 50
19	21,632	935 00
20	29,935	934 40
21	30,115	935 30
22	24,713	935 90
23	31,776	936 30
24	33,257	936 80

SITE PLAN

THE SONS

LEGEND

■ LIMITS OF OWNERSHIP

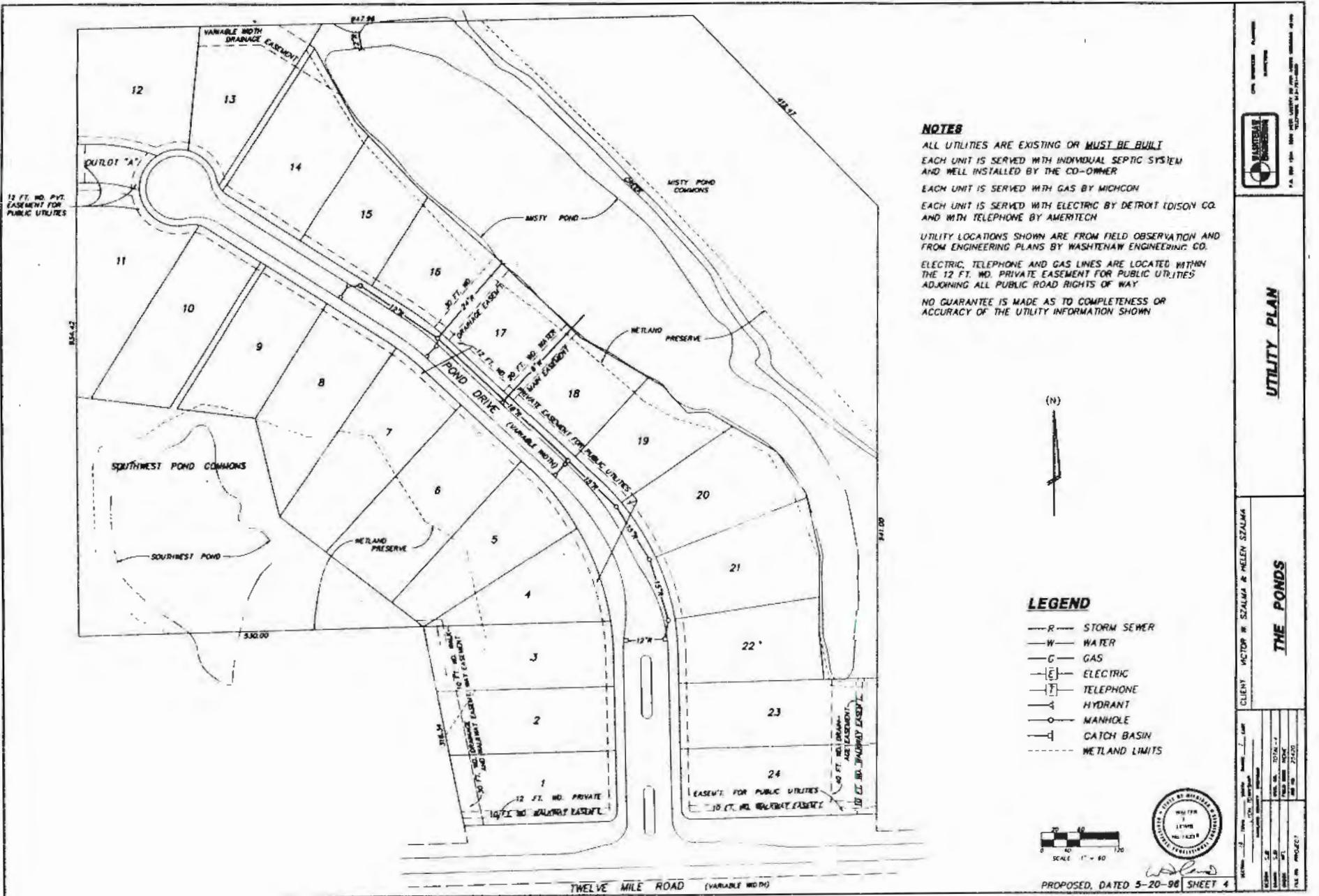
LEADS & DIRECTIVE

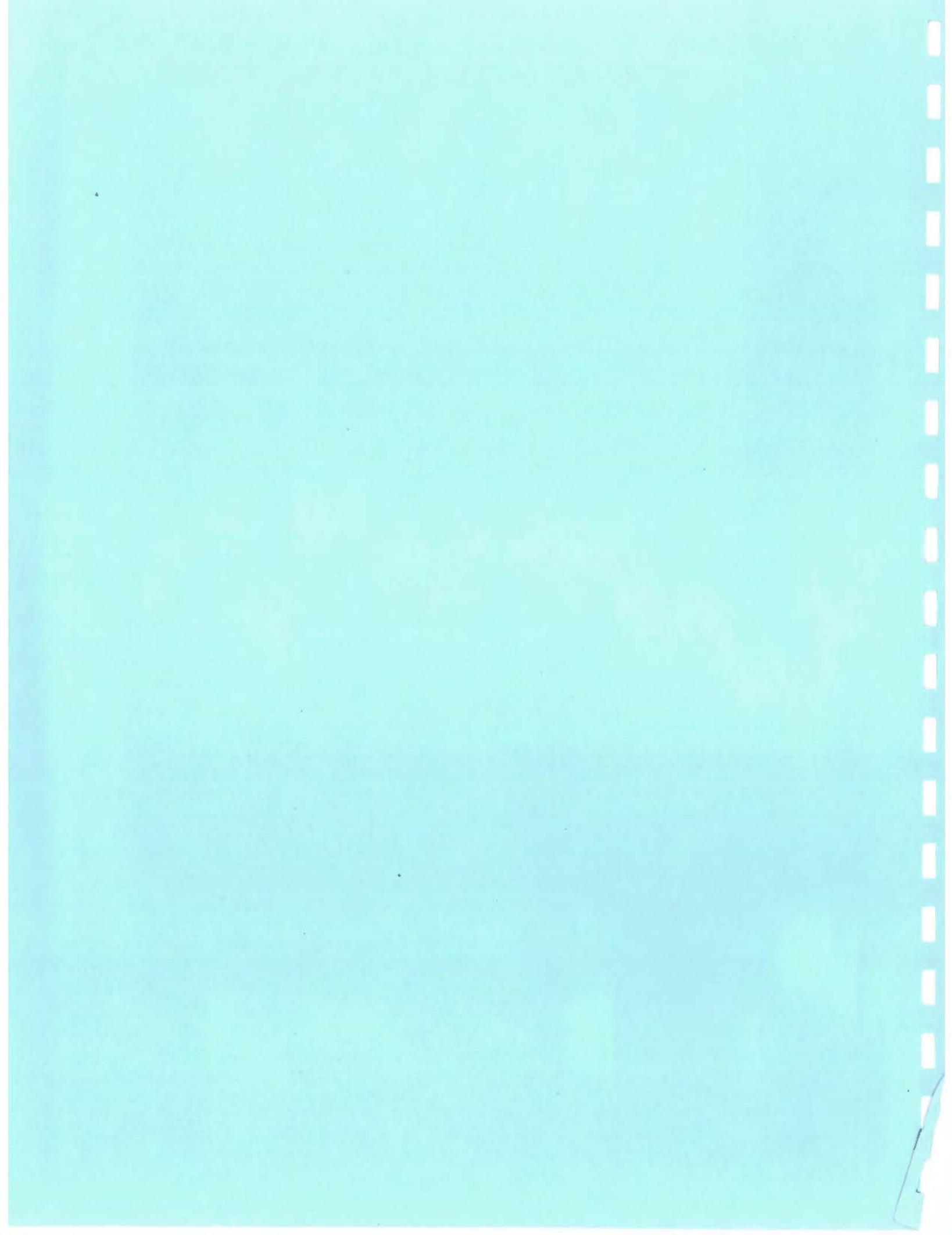
COORDINATE FUNK.

POND DRIVE MUST BE BUILT



PROPOSED DATED 5-20-96 [SHEET 1]





FILED

NON-PROFIT

OCT 16 1995

ARTICLES OF INCORPORATION

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

CID #: 737 - 820**RECEIVED**

OCT 12 1995

MICHIGAN DEPT. OF COMMERCE
CORPORATION & SECURITIES BUREAU

These Articles of Incorporation are signed by the incorporator for the purpose of forming a non-profit corporation, hereinafter referred to as Association, under the provisions of Act No. 162 of the Public Acts of 1982, as amended, as follows:

ARTICLE I.

The name of the corporation is The Ponds Homeowners Association.

ARTICLE II.

The purpose or purposes for which the Association is formed are as follows:

- (a) To manage and administer the affairs of and to maintain The Ponds, a residential building site condominium (hereinafter called the "Project");
- (b) To levy and collect assessments against and from the members of the Association and to use the proceeds thereof for the purposes of the Association, to enforce assessments through liens and foreclosure proceedings when appropriate, and to impose late charges for nonpayment of assessments;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To rebuild improvements to the common elements after casualty;
- (e) To contract for and employ persons, firms or corporations to assist in the management, operation, maintenance, and administration of said Project;
- (f) To make reasonable rules and regulations governing the use and enjoyment of the Project by members and their tenants, guests, employees, invitees, families and pets and to enforce such rules and regulations by all legal methods, including, without limitation, imposing fines and late payment charges, or instituting eviction or legal proceedings;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and personal property, or any interest therein, including, but not limited to, any unit in the Project, any easements or licenses or any other

- real property, whether or not contiguous to the Project, for the purpose of providing benefit to the members of the Association and in furtherance of any of the purposes of the Association;
- (h) To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien;
 - (i) To enforce the provisions of the Master Deed and By-Laws of the Project and of these Articles of Incorporation and such By-Laws and Rules and Regulations of the Association as may hereafter be adopted;
 - (j) To do anything required of or permitted to it as Administrator of said Project by the Master Deed or By-Laws or by Act No. 59 of Public Acts of 1978, as from time to time amended;
 - (k) To make and perform any contract necessary, incidental or convenient to the administration, management, maintenance, repair, replacement, and operation of said Project and to the accomplishment of any of the purposes thereof.

ARTICLE III.

Said Association is organized upon a non-stock membership basis.

The amount of assets which said Association possesses is:

Real Property	None
Personal Property	None

Said Association is to be financed under the following general plan:

Assessment of Members

ARTICLE IV.

Location of the first registered office is: 58085 Travis Road, New Hudson, Michigan 48165.

Post office address of the first registered office is: P. O. Box 33, New Hudson, Michigan 48165.

The name of the first resident agent is: Victor Szalma.

ARTICLE V.

The name and place of business of the incorporator are as follows:

Karl R. Frankena
700 City Center Building
Ann Arbor, Michigan 48104

ARTICLE VI.

Any action required or permitted to be taken at an annual or special meeting of members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all members entitled to vote therein were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to members who have not consented in writing.

ARTICLE VII.

The qualifications of members, the manner of their admission to the Association, the termination of membership, and voting by such members shall be as follows:

- (a) Each owner (including the Developer) of a unit in the Project shall be a member of the Association, and no other person or entity shall be entitled to membership.
- (b) Membership in the Association shall be established by acquisition of fee simple title to a unit in the Project, or purchase of a unit on a land contract, and by recording with the Register of Deeds of Oakland County, Michigan, a deed or other instrument establishing a change of record title to such unit and the furnishing of evidence of same satisfactory to the Association (except that the Developer of the Project shall become a member immediately upon establishment of the Project), the new owner thereby becoming a member of the Association, and the membership of the prior owner thereby being terminated.
- (c) The share of a member in the funds and assets of the Association cannot be assigned, pledged, encumbered, or transferred in any manner except as an appurtenance to his unit in the Project.
- (d) Voting by members shall be in accordance with the provisions of the By-Laws of the Association.

ARTICLE VIII.

A volunteer director shall not be personally liable to the Association or its members for monetary damages for breach of the director's fiduciary duty, except where there is:

- (a) A breach of the director's duty of loyalty to the Association or its members;
- (b) Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (c) A violation of Michigan Statutes Annotated Section 21.200(551);

- (d) A transaction from which the director derived an improper personal benefit; or
- (e) An act or omission that is grossly negligent.

If the Michigan Nonprofit Corporation Act is subsequently amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the Michigan Nonprofit Corporation Act, as so amended.

Any repeal or modification of the foregoing provisions of this Article by the members of the Association shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

ARTICLE IX.

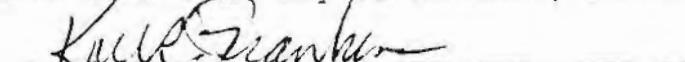
The Association assumes the liability for all acts and omissions of a nondirector volunteer if all of the following are met:

- (a) The nondirector volunteer was acting or reasonably believed that he or she was acting within the scope of his or her authority;
- (b) The nondirector volunteer was acting in good faith;
- (c) The nondirector volunteer's conduct did not amount to gross negligence or willful and wanton misconduct;
- (d) The nondirector volunteer's conduct was not an intentional tort; and
- (e) The nondirector volunteer's conduct was not a tort arising out of the ownership, maintenance or use of a motor vehicle for which tort liability may be imposed as provided in section 3135 of the Insurance Code of 1956, Act No. 218 of the Public Acts of 1956, being section 500.3135 of the Michigan Compiled Laws.

ARTICLE X.

These Articles of Incorporation may be amended, altered, changed, or repealed only by the affirmative vote of not less than two-thirds (2/3) of the entire membership of the Association; provided, that in no event shall any amendment make changes in the qualification for membership or the voting rights of members without the unanimous consent of the membership.

I, the incorporator, sign my name this 10th day of October, 1995.



Karl R. Frankena

