

g. *The Dock.* The cost of annual installation and removal of the Dock and for the maintenance, repair, and replacement of the Dock shall be the responsibility of the Association, except to the extent of repair or replacement due to the act or neglect of a Co-owner or the Co-owner's agent, invitee, family member, or pet. Provided, however, that the Dock Co-owners owning a majority of the length of the Dock shall have the right to direct the Association concerning all aspects of the installation and removal of the Dock and the maintenance, repair and replacement of the Dock.

h. *Other Common Elements.* The cost of cleaning, decoration, maintenance, repair, and replacement of all Common Elements other than as described above (including the mowing of all lawn areas and the snow plowing of all drives and parking areas) shall be the responsibility of the Association, except to the extent of repair or replacement due to the act or neglect of a Co-owner or the Co-owner's agent, invitee, family member, or pet. The Association will engage the services of a maintenance person to perform routine maintenance and repairs which are the responsibility of the Association. The maintenance person shall be the contact person for Whitney Township officials and the Association shall inform Whitney Township of the maintenance person's contact information.

i. *Misc.* Any repairs and reconstruction shall be conducted only in accordance with then applicable federal, state and local, including the Township of Whitney, laws and ordinances and only after obtaining required site plan approval and building permits. No temporary or permanent improvements shall be constructed within any Common Element by any Co-owner and no temporary or permanent improvement other than those reflected on the Condominium Drawings shall be constructed within any Common Element by the Association without compliance with the applicable site plan approval requirements and other applicable ordinances of Whitney Township.

4.4 Assignment of Limited Common Elements. In the event that no specific assignment of one or more of the Limited Common Elements described in this section has been made in this Master Deed or in the Subdivision Plan, the Developer (during the Development and Sales Period) and the Association (after the Development and Sales Period has expired) reserve the right to designate each such space or improvement as a limited common element appurtenant to a particular Unit by subsequent amendment or amendments to this Master Deed. In addition, a Limited Common Element may be assigned or re-assigned, upon notice to any affected mortgagee, by written application to the board of directors of the Association by all Co-owners whose interest will be affected by the assignment. Provided, however, that the first assignment after construction of an extension to the Dock shall not require notice to the Dock Co-owner's mortgagee. Upon receipt of such an application, the board shall promptly prepare and execute an amendment to this Master Deed

assigning or reassigning all rights and obligations with respect to the Limited Common Elements involved, and shall deliver the amendment to the Co-owners of the Units affected upon payment by them of all reasonable costs for the preparation and recording of the amendment.

4.5 Power of Attorney. By acceptance of a deed, mortgage, land contract, or other instrument of conveyance or encumbrance all Co-owners, mortgagees, and other interested parties are deemed to have appointed the Developer (during the Development and Sales Period) and/or the Association (after the Development and Sales Period has expired), as their agent and attorney to act in connection with all matters concerning the Common Elements and their respective interests in the Common Elements. Without limiting the generality of this appointment, the Developer (or Association) will have full power and authority to grant easements over, to sever or lease mineral interests and/or to convey title to the land or improvements constituting the General Common Elements or any part of them, to dedicate as public streets any parts of the General Common Elements, to amend the Condominium Documents for the purpose of assigning or reassigning the Limited Common Elements, and in general to execute all documents and to do all things necessary or convenient to the exercise of such powers.

4.6 Separability. Except as provided in this Master Deed, Condominium Units shall not be separable from their appurtenant Common Elements, and neither shall be used in any manner inconsistent with the purposes of the Project, or in any other way that might interfere with or impair the rights of other Co-owners in the use and enjoyment of their Units or their appurtenant Common Elements.

Section 5

DESCRIPTION, VALUE, AND MODIFICATION OF UNITS

5.1 Description of Units. A complete description of each Condominium Unit in the Project, with elevations referenced to an official benchmark of the United States Geological Survey sufficient to accurately relocate the space enclosed by the description without reference to any structure, is contained in the Subdivision Plan as surveyed by the Project's consulting engineers and surveyors. Each such Unit shall include all the space contained within certain horizontal planes and vertical planes designated by a heavy outline on the interior finished surface of the walls, floors, and ceilings as depicted in the Subdivision Plan and as delineated by detailed dimensional descriptions contained by the outline, less any Common Elements located within the description. In determining dimensions, each Condominium Unit will be measured from the interior finished unpainted surfaces of the walls and ceilings and from the interior surfaces of the finished subfloor.

5.2 Percentage of Value. The total Percentage of Value of the Project is 100, and the Percentage of Value assigned to each of the Condominium Units in the Project shall be equal to each other Unit. The determination that percentages of value for all such Units

should be equal was made after reviewing the comparative characteristics of each Unit that would affect maintenance costs and value, and concluding that there are no material differences among them insofar as the allocation of Percentages of Value is concerned. The Percentage of Value assigned to each Unit shall be changed only in the manner permitted by Section 10.2, expressed in an amendment to this Master Deed and recorded in the public records of the county in which the Project is located.

5.3 Unit Modification. The number, size, style, and/or location of Units or of any Limited Common Element appurtenant to a Unit may be modified from time to time by the Developer or its successors without the consent of any Co-owner, mortgagee, or other interested person, so long as such modifications do not unreasonably impair or diminish the appearance of the Project or the view, privacy, or other significant attribute of any Unit that adjoins or is proximate to the modified Unit or Limited Common Element; provided, that no Unit that has been sold or that is subject to a binding purchase agreement shall be modified without the consent of the Co-owner or purchaser and the mortgagee of such Unit. The Developer may also, in connection with any such modification, readjust Percentages of Value for all Units in a manner that gives reasonable recognition to such changes based upon the method of original determination of Percentages of Value for the Project. All Co-owners, mortgagees of Units, and other persons interested or to become interested in the Project from time to time shall be deemed to have granted a power of attorney to the Developer and its successors for such purpose that is similar in nature and effect to that described in Section 4.5 of this Master Deed.

Section 6 NONEXPANDABILITY OF CONDOMINIUM

The Condominium is not an expandable project under the Act.

Section 7 NONCONTRACTABILITY OF CONDOMINIUM

The Condominium is not a contractible project under the Act.

Section 8 DOCK AND WATERCRAFT PROVISIONS

8.1 Dock. Subject to the applicable terms of the Condominium Bylaws, each Co-Owner shall have the right to install at the Co-Owner's expense an extension to the Dock and to install at the Co-Owner's expense a water craft hoist adjacent to the Dock extension installed by the Co-Owner. Two Co-Owners may act together in installing an extension and agree between themselves which side of the Dock extension they each shall be entitled to use. In addition, any Dock Co-Owner may (i) transfer by sale or otherwise, or lease or license, the Co-owner's dockage rights to another Co-owner or (ii) transfer by sale or otherwise, or lease or license, to another Co-Owner the right in common with the Dock Co-Owner to use the portion of the Dock which is a Limited Common Element to the Dock Co-Owner's Unit and they shall designate between themselves which

side of the Dock they each shall be entitled to use. All Dock extensions shall be a Limited Common Element to the Unit owned by the Co-Owner who has an interest in the extension and shall be reflected by an assignment and an amendment to the Master Deed in the manner described in Section 4.4. All Dock extensions shall be subject to all applicable federal and State of Michigan laws, regulations, and permit requirements and shall be burdened with an easement for ingress and egress in favor of all Dock Co-Owners and their families, invitees and guests.

8.2 Watercraft. Without the consent of Whitney Township, no more than thirty-two (32) water craft shall be present on the Property, including the water craft hoists adjacent to the Dock at any given time. Each Unit has the right to one (1) water craft as an appurtenant Limited Common Element (the "Water Craft Right"). Any Co-owner may lease or license the Co-owner's Water Craft Right to any other Co-owner for a term not exceeding one year and otherwise on such terms and conditions as they shall mutually agree.

Section 9 EASEMENTS

9.1 Easements. The easements shown on the Subdivision Plan shall benefit and burden the Units and Common Elements as shown on Exhibit "B" attached hereto and incorporated herein by this reference, and shall be maintained by the Association unless otherwise provided in the Condominium Documents.

9.2 Easements for Support, Maintenance, and Repair. Every portion of a Condominium Unit that contributes to the structural support of a building not entirely within the Unit shall be burdened with an easement of structural support for the benefit of the Common Elements within the building. In the event that any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to the shifting, settling, or moving of a building, or due to survey errors or construction deviations, reciprocal easements shall exist for the maintenance of the encroachment for so long as the encroachment exists, and for the maintenance of the encroachment after rebuilding in the event of destruction. There shall also be permanent easements in favor of the Association (and/or the Developer during the Development and Sales Period) for the maintenance and repair of Common Elements for which the Association (or Developer) may from time to time be responsible or for which it is permitted to and elects to assume responsibility, and there shall be easements to, through, and over those portions of the land, structures, building, improvements, and walls (including interior Unit walls) as may be reasonable for the installation, maintenance, and repair of all utility services furnished to the Project. Public utilities shall have access to the Common Elements and to the Units at such times as may be reasonable for the installation, repair, or maintenance of such services, and any costs incurred in the opening or repairing of any building, wall, or other improvement to install, repair, or maintain utility services shall be an expense of administration assessed against all

Co-owners in accordance with the Condominium Bylaws.

9.3 Easements Reserved by Developer. Until the initial sale of all Units has been completed, the Developer reserves nonexclusive easements that may be used at any time or times for the benefit of itself, its successors, and assigns:

a. to use, improve, and/or extend all roadways, drives, and walkways in the Condominium for the purpose of ingress and egress to and from any Unit or real property owned by it; and

b. to use, tap, tie into, extend, and/or enlarge all utility lines and mains, public and private, located on the land described in Section 2.

9.4 Additional Easement Reserved By Developer. Developer reserves for itself and its successors and assigns, and grants to the owner of the Adjacent Property, for the benefit of the property described in Exhibit "E" attached hereto and incorporated herein by this reference (the "Adjacent Property") an ingress and egress easement to and from the Adjacent Property in, upon and over the driveways and exterior parking areas depicted on the Condominium Subdivision Plan. This easement shall run with the land, burden the Units and the Common Elements and be maintained by the Association.

Section 10 AMENDMENT AND TERMINATION

10.1 Pre-Conveyance Amendments. If there is no Co-owner other than the Developer, the Developer may unilaterally amend the Condominium Documents or, with the consent of any interested mortgagee, unilaterally terminate the Project. All documents reflecting such amendment or termination shall be recorded in the register of deeds office in the county in which the Project is located. Any amendment which modifies the Condominium Subdivision Plan shall be subject to applicable Whitney Township site plan approval and applicable Whitney Township ordinances.

10.2 Post-Conveyance Amendments. If there is a Co-owner other than the Developer, the recordable Condominium Documents may be amended for a proper purpose as follows:

a. *Nonmaterial changes.* The amendment may be made without the consent of any Co-owner or mortgagee if the amendment does not materially alter or change the rights of any Co-owner or mortgagee of a Unit in the Project, including, but not limited to: (i) amendments to modify the types and sizes of unsold condominium Units and their appurtenant Limited Common Elements; (ii) amendments correcting survey or other errors in the Condominium Documents; (iii) amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective Co-owners, and enabling the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association

Co-owners in accordance with the Condominium Bylaws.

9.3 Easements Reserved by Developer. Until the initial sale of all Units has been completed, the Developer reserves nonexclusive easements that may be used at any time or times for the benefit of itself, its successors, and assigns:

a. to use, improve, and/or extend all roadways, drives, and walkways in the Condominium for the purpose of ingress and egress to and from any Unit or real property owned by it; and

b. to use, tap, tie into, extend, and/or enlarge all utility lines and mains, public and private, located on the land described in Section 2.

9.4 Additional Easement Reserved By Developer. Developer reserves for itself and its successors and assigns for the benefit of Developer's property described in Exhibit "E" attached hereto and incorporated herein by this reference ("Developer's Property") an ingress and egress easement to and from the Developer's Property in, upon and over the driveways and exterior parking areas depicted on the Condominium Subdivision Plan. This easement shall run with the land, burden the Units and the Common Elements and be maintained by the Association.

Section 10 AMENDMENT AND TERMINATION

10.1 Pre-Conveyance Amendments. If there is no Co-owner other than the Developer, the Developer may unilaterally amend the Condominium Documents or, with the consent of any interested mortgagee, unilaterally terminate the Project. All documents reflecting such amendment or termination shall be recorded in the register of deeds office in the county in which the Project is located. Any amendment which modifies the Condominium Subdivision Plan shall be subject to applicable Whitney Township site plan approval and applicable Whitney Township ordinances.

10.2 Post-Conveyance Amendments. If there is a Co-owner other than the Developer, the recordable Condominium Documents may be amended for a proper purpose as follows:

a. *Nonmaterial changes.* The amendment may be made without the consent of any Co-owner or mortgagee if the amendment does not materially alter or change the rights of any Co-owner or mortgagee of a Unit in the Project, including, but not limited to: (i) amendments to modify the types and sizes of unsold condominium Units and their appurtenant Limited Common Elements; (ii) amendments correcting survey or other errors in the Condominium Documents; (iii) amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective Co-owners, and enabling 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; or (iv) amendments pursuant to Section 4.4. A mortgagee's rights are not materially altered or changed by any amendment as to which the Developer or Association has obtained a written opinion of a licensed real estate appraiser that such amendment does not detrimentally change the value of any Unit affected by the change.

b. *Material Changes.* An amendment may be made, even if it will materially alter or change the rights of the Co-owners or mortgagees, with the consent of not less than two-thirds of the Co-owners or mortgagees; provided, that a Co-owner's Unit dimensions or Limited Common Elements may not be modified without that Co-owner's consent, nor may the formula used to determine Percentages of Value for the Project or provisions relating to the ability or terms under which a Unit may be rented be modified without the consent of the Developer and each affected Co-owner. Rights reserved by the Developer, including without limitation rights to amend for purposes of modification of Units, shall not be amended without the written consent of the Developer so long as the Developer or its successors continue to own and to offer for sale any Unit in the Project.

c. *Notification.* Co-owners of record shall be notified in writing at their addresses reflected in the Association records of proposed amendments not less than ten (10) days before the amendment is recorded. A copy of any recorded amendment shall be delivered to each Co-owner at their addresses as provided in the Association records.

d. *Mortgagee Voting Procedure.* To the extent the Act or Condominium Documents require a vote of Mortgagees of Units on an amendment of the Condominium Documents, the following procedures shall apply:

(1) Only those Mortgagees holding a duly recorded mortgage or a duly recorded assignment of a mortgage against one (1) or more Units in the Condominium Project on the date the proposed amendment is approved by the requisite majority of the Co-owners are entitled to vote. Each Mortgagee entitled to vote shall have one (1) vote for each Unit in the Project that is subject to its mortgage or mortgages, without regard to how many mortgages the Mortgagee may hold on a particular Unit.

(2) The Association shall give a notice to each Mortgagee entitled to vote containing all of the following:

(a) A copy of the amendment or amendments as passed by the Co-owners.

(b) A statement of the date that the amendment was approved by the requisite majority of Co-owners.

(c) An envelope addressed to the entity authorized by the Board of Directors for tabulating Mortgagee votes.

(d) A statement containing language in substantially the form described in subsection (3).

(e) A ballot providing spaces for approving or rejecting the amendment and a space for the signature of the Mortgagee or an officer of the Mortgagee.

(f) A statement of the number of Units subject to the mortgage or mortgages of the Mortgagee.

(g) The date by which the Mortgagee must return its ballot.

(3) The notice provided by subsection (2) shall contain a statement in substantially the following form:

"A review of the Association records reveals that you are the holder of 1 or more mortgages recorded against title to one (1) or more Units in Whitestone Bay Condominium. The Co-owners of the condominium adopted the attached amendment to the Condominium Documents on [the Control Date]. Pursuant to the terms of the Condominium Documents and/or the Michigan Condominium Act, you are entitled to vote on the amendment. You have one (1) vote for each Unit that is subject to your mortgage or mortgages.

The amendment will be considered approved by mortgagees if it is approved by 66-2/3% of the mortgagees. In order to vote, you must indicate your approval or rejection on the enclosed ballot, sign it, and return it not later than ninety (90) days from [the Control Date]. Failure to timely return a ballot will constitute a vote for approval. If you oppose the amendment, you must vote against it".

(4) The Association shall mail the required notice to the Mortgagee at the address provided in the mortgage or assignment for notices by certified mail, return receipt requested, postmarked within thirty (30) days after the Control Date.

(5) The amendment is considered to be approved by the Mortgagees if it is approved by 66-2/3% of the Mortgagees whose ballots are received, or are considered to be received, in accordance with the Act and provisions of this Article, by the entity authorized by the Board of Directors to tabulate Mortgagee votes not later than one hundred (100) days after the Control Date. In determining the one hundred (100) days, the Control Date itself shall not be counted but the one-hundredth (100) day shall be included unless such day is a Saturday, Sunday, legal holiday, or holiday on which the United States Postal Service does not regularly deliver mail, in which case the last day of the one hundred (100) days shall

be the next day that is not a Saturday, Sunday, legal holiday, or holiday on which the United States Postal Service does not regularly deliver mail.

(6) The Association shall maintain a copy of the notice, proofs of mailing of the notice, and the ballots returned by Mortgagees for a period of two (2) years after the Control Date.

e. *Compliance with Law.* Amendments may be made by the Developer without the consent of Co-owners and mortgagees, even if the amendment will materially alter or change the rights of Co-owners and mortgagees, to achieve compliance with the Act or rules, interpretations, or orders adopted by the Administrator or by the courts pursuant to the Act or with other federal, state, including the requirements of the Michigan Department of Environmental Quality in order to obtain the necessary permit for the Sewerage System, or local laws, ordinances, or regulations affecting the Project.

f. *Reserved Developer Rights.* A material amendment may also be made unilaterally by the Developer without the consent of any Co-owner or mortgagee for the specific purpose(s) reserved by the Developer in this Master Deed. During the Development and Sales Period, this Master Deed and Exhibits "A" and "B" shall not be amended nor shall provisions be modified in any way without the written consent of the Developer, its successors, or assigns.

g. *As-built Plans.* A consolidating Master Deed or amendment to the Master Deed with as-built plans attached shall be prepared and recorded by the Developer within one year after construction of the Project has been completed.

h. *Costs of Amendments.* A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of the Co-owners, the costs of which are expenses of administration. The Co-owners shall be notified of proposed amendments under this section not less than 10 days before the amendment is recorded.

10.3 General Provisions Regarding Amendments. Notwithstanding any other provisions of this Master Deed, no provision of this Master Deed which requires compliance with the ordinances of Whitney Township, which requires the consent of Whitney Township, or which is otherwise for the benefit of Whitney Township may be amended in any manner without the written consent of Whitney Township. In addition, any amendment which modifies the Condominium Subdivision Plan shall be subject to applicable Whitney Township site plan approval and applicable Whitney Township ordinances. Further, no amendment shall be made which reduces the size of the Condominium Property to less than 2.4 acres without the written consent of Whitney Township.

10.4 Project Termination. If there is a Co-owner other than the Developer, the Project may be terminated only with consent of the Developer, so long as the Developer or its successors continue to own and to offer for sale any Unit in the Project, and not less than 80 percent of the Co-owners and mortgagees, in the following manner:

a. *Termination Agreement.* Agreement of the required number of Co-owners and mortgagees to termination of the Project shall be evidenced by their execution of a termination agreement, and the termination shall become effective only when the agreement has been recorded in the register of deeds office in the county in which the Project is located.

b. *Real Property Ownership.* Upon recordation of a document terminating the Project, the property constituting the condominium shall be owned by the Co-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 Co-owner, their heirs, successors, or assigns shall have an exclusive right of occupancy of that portion of the property that formerly constituted their Condominium Unit.

c. *Association Assets.* Upon recordation of a document terminating the Project, any rights the Co-owners may have to the net assets of the Association shall be in proportion to their respective undivided interests in the Common Elements immediately before recordation, except that Common Proceeds shall be distributed to such Co-owners in proportion to their respective undivided interest in the Common Elements immediately before recordation and after payment of all Expenses of Administration.

d. *Notice to Interested Parties.* Notification of termination by first-class mail shall be made to all parties interested in the Project, including escrow agents, land contract vendors, creditors, lien holders, and prospective purchasers who deposited funds. Proof of dissolution must also be submitted to the Administrator.

Section 11 ASSIGNMENT OF DEVELOPER RIGHTS

Any or all of the rights and powers granted to or reserved by the Developer in the Condominium Documents or by law, including without limitation the power to approve or to disapprove any act, use, or proposed action, may be assigned by the Developer to any other entity or person, including the Association. Any such assignment or transfer shall be made by appropriate instrument in writing, and shall be duly recorded in the register of deeds office in the county in which the Project is located.

Section 12
CONSENT TO ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT

12.1 Permit. The Sewerage System will be established, constructed, owned, operated and maintained pursuant to, and subject to the provisions of, Part 41 of the Michigan Natural Resources and Environmental Protection Act, MCLA 324.4101 et seq ("Act 451"), as amended. Section 4105 of Act 451 requires that a permit be applied for by the Developer and issued by the Michigan Department of Environmental Quality prior to commencement of construction of the Sewerage System.

12.2 Municipality Requirements. The Township of Whitney may be required to undertake the operation and maintenance of the Sewerage System at some time in the future if it enters into an agreement with the Developer or the Association to do so (the "Agreement"). Since as of the date of this Master Deed the Township of Whitney has declined to take on this responsibility, there is no Agreement in effect at the date of this Master Deed. The Township of Whitney shall, in the event that the Agreement is entered into, undertake the operation and maintenance of the Sewerage System in the event the Developer becomes insolvent or dissolves and is no longer able to operate the Sewerage System and/or the Association fails or refuses to undertake or complete any necessary repairs or maintenance. In consideration of, and as an inducement to, the Township of Whitney entering into the Agreement the Association acknowledges that it will be required to indemnify the Township of Whitney for funds required to be expended by the Township of Whitney with respect to the maintenance and operation of the Sewerage System in the future and to consent to the establishment of a special assessment district to recover such expenditures.

12.3 Consent to Establishment of Sewer Assessment District. In the event that the Agreement is entered into with the Township of Whitney, the Association, and each of the Co-owners, on behalf of themselves and their respective heirs, devisees, personal representatives, successors and assignees, and with the express intent to bind, and run with, their respective Units and the Condominium Property in perpetuity, hereby irrevocably authorize the Developer and/or the Association, and their respective officers, directors, and members to enter into, and execute, any and all documentation from time to time determined by the Township of Whitney and its attorneys to be necessary for the establishment of a sewer assessment district.

12.4 Indemnification; Assignment of Lien Rights. In the event that the Agreement is entered into with the Township of Whitney, the Co-Owners also authorize and empower the Developer and/or the Association, and their respective officers, directors and members to enter into and execute such indemnification agreement or agreements as may be required by the Township of Whitney to evidence the indemnity undertaking of the Association hereunder. Further, the Association shall be deemed to have collaterally assigned to the Township of Whitney the Association's lien rights under the Condominium Documents for the purpose of funding the expenses, if

any, incurred by the Township of Whitney in carrying out any future undertaking with respect to the operation and maintenance of the Sewerage System, if for any reason the contemplated special assessment district is not established, or if established, is determined to be invalid.

Section 13 CONTROLLING LAW

The provisions of the Act, and of the other Laws of the State of Michigan and of the United States, shall be applicable to and govern this Master Deed and all activities related hereto. This Master Deed has been signed by the Developer as of the day and year that appear on page one.

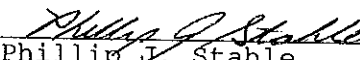
Whitestone Bay Development,
L.L.C.

By: 

Lynn R. Wolgast, Manager

STATE OF MICHIGAN)
COUNTY OF SAGINAW)

Acknowledged before me in Saginaw County, Michigan, on the ~~14th~~ day of July, 2005 by Lynn R. Wolgast, the Manager of Whitestone Bay Development, L.L.C., a Michigan limited liability company, on behalf of the company.


Phillip J. Stahle
Notary Public,
Saginaw County, Michigan
Acting in Saginaw County, MI
My commission expires: 1-29-2007

Drafted by and when recorded return to:
PHILLIP J. STAHLE, ESQ.
BRAUN KENDRICK FINKBEINER, P.L.C.
4301 Fashion Square Blvd.
Saginaw, Michigan 48603
(989) 498-2100

EXHIBIT "A"
WHITESTONE BAY CONDOMINIUM
CONDOMINIUM BYLAWS

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**CONDOMINIUM BYLAWS
WHITESTONE BAY CONDOMINIUM**

**SECTION 1
ASSOCIATION OF CO-OWNERS**

1.1 Organization. Whitestone Bay Condominium, is a residential condominium project located in Whitney Township, Arenac County, Michigan being developed in a single phase so as to comprise a total of thirty two (32) units. Upon the recording of the Master Deed, the management, maintenance, operation, and administration of the Project shall be vested in an association of co-owners organized as a nonprofit corporation under the laws of the State of Michigan. The Association will keep current copies of the Master Deed, all amendments to the Master Deed, and the other Condominium Documents for the Project available at reasonable hours for inspection by Co-owners, prospective purchasers, mortgagees, and prospective mortgagees of Units in the Project.

1.2 Compliance. All present and future Co-owners, mortgagees, lessees, or other persons who may use the facilities of the Condominium in any manner shall be subject to and comply with the provisions of Act No. 59, P.A. 1978, as amended, the Master Deed and any amendments, the Condominium Bylaws, and the Articles of Incorporation, Association Bylaws, and other Condominium Documents that pertain to the use and operation of the Project. The acceptance of a deed of conveyance, the entering into of a lease, or the act of occupying a Unit in the Project shall constitute an acceptance of the terms of the Condominium Documents and an agreement to comply with their provisions.

**SECTION 2
MEMBERSHIP AND VOTING**

2.1 Membership. Each Co-owner of a Unit in the Project, during the period of ownership, shall be a member of the Association, and no other person or entity will be entitled to membership. The share of a member in the funds and assets of the Association may be assigned, pledged, or transferred only as an appurtenance to a Unit.

2.2 Voting Rights. Each Co-owner will be entitled to one vote for each Unit owned when voting by number, and one vote, the value of which shall equal the total of the percentages assigned to the Unit or Units owned, when voting by value. Voting shall be by number, except in those instances where voting is specifically required in the Master Deed or Bylaws to be by number and value, and no cumulation of votes shall be permitted.

2.3 Eligibility to Vote. No Co-owner, other than the Developer, will be entitled to vote at any meeting of the Association until the Co-owner has presented written evidence of ownership of a Unit in the Project, nor shall the Co-owner be entitled to vote (except for elections pursuant to Section 3.4) prior to the initial meeting of members. The Developer shall be entitled to vote only those Units to which the Developer still holds title and for which the Developer is paying the current assessment then in effect at the date on which the vote is cast.

2.4 Designation of Voting Representative. The person entitled to cast the vote for each Unit and to receive all notices and other communications from the Association shall be designated by a certificate signed by all the record owners of a Unit and filed with the secretary of the association. The certificate shall state the name and address of the individual representative designated, the number of the Unit owned, and the name and address of the person or persons, firm, corporation, partnership, association, trust, or other legal entity who is the Unit owner. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until a change has occurred in the ownership of the Unit.

2.5 Proxies. Votes may be cast in person or by proxy. Proxies may be made by any designated voting representative who is unable to attend the meeting in person. Proxies will be valid only for the particular meeting designated and any adjournment, and must be filed with the Association before the appointed time of the meeting.

2.6 Majority. At any meeting of members at which a quorum is present, fifty-one percent (51%) of the Co-owners entitled to vote and present in person or by proxy (or written vote, if applicable), shall constitute a majority for the approval of the matters presented to the meeting, except in those instances in which a majority exceeding a simple majority is required by these Bylaws, the Master Deed, or by law.

SECTION 3 MEETINGS AND QUORUM

3.1 Initial Meetings of Members. The initial meeting of the members of the Association may be convened only by the Developer and may be called at any time after two or more of the Units in the Project have been sold and the purchasers qualified as members of the Association. In no event, however, shall the initial meeting be called later than: (i) 120 days after the conveyance of legal or equitable title to nondeveloper Co-owners of 75 percent of the total number of Units that may be created; or (ii) 54 months after the first conveyance of legal or equitable title to a nondeveloper Co-owner of a Unit, whichever first occurs, at which meeting the eligible Co-owners may vote for the election of directors of the Association. The Developer may call meetings of members of the Association for informational or other appropriate purposes prior to the initial meeting, but no such informational meeting shall be construed as the initial meeting of members.

3.2 Annual Meeting of Members. After the initial meeting has occurred, annual meetings of the members shall be held in each year on a date and at a time and place selected by the board of directors. At least 20 days prior to the date of an annual meeting, written notice of the date, time, place, and purpose of such meeting shall be mailed or delivered to each member entitled to vote at the meeting; provided, that not less than 30 days' written notice shall be provided to each member of any proposed amendment to these Bylaws or to other recorded Condominium Documents.

3.3 Advisory Committee. Within one year after the initial conveyance by the Developer of legal or equitable title to a Co-owner of a Unit in the Project, or within 120 days after conveyance of one-third of the total number of Units that may be created, whichever first occurs, two or more persons shall be selected by the Developer from among the nondeveloper Co-owners to serve as an advisory committee to the board of directors. The purpose of the advisory committee is to facilitate communication between the Developer-appointed board of directors and the nondeveloper Co-owners and to aid in the ultimate transition of control to the owners. The members of the advisory committee shall serve for one year or until their successors are selected, and the committee shall automatically cease to exist at the Transitional Control Date. The board of directors and the advisory committee shall meet with each other upon the request of the advisory committee; provided, however, that there shall be not more than two such meetings each year unless both parties agree.

3.4 Board Composition. Not later than 120 days after conveyance of legal or equitable title to nondeveloper Co-owners of 25 percent of the Units that may be created in the Project, at least one director and not less than one-fourth of the board of directors of the Association shall be elected by nondeveloper Co-owners. Not later than 120 days after conveyance of legal or equitable title to nondeveloper Co-owners of 50 percent of the Units that may be created in the Project, not less than one-third of the board of directors shall be elected by nondeveloper Co-owners. Not later than 120 days after conveyance of legal or equitable title to nondeveloper Co-owners of 75 percent of the Units that may be created in the Project, and before conveyance of 90 percent of such Units, the nondeveloper Co-owners shall elect all directors on the board except that the Developer shall have the right to designate at least one director as long as the Developer owns and offers for sale at least 10 percent of the Units in the Project or as long as 10 percent of the Units remain that may be created.

3.5 Owner Control. If 75 percent of the Units that may be created in the Project have not been conveyed within 54 months after the first conveyance of legal or equitable title to a nondeveloper Co-owner, the nondeveloper Co-owners shall have the right to elect the percentage of members of the board of directors of the Association equal to the percentage of Units they hold, and the Developer will have the right to elect the percentage of members of the board equal to the percentage of Units that are owned by the Developer and for which assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights of directors otherwise established in Section 3.4. Application of this provision does

not require a change in the size of the board as designated in the Association Bylaws.

3.6 Mathematical Calculations. If the calculation of the percentage of members of the board that the nondeveloper Co-owners have a right to elect, or the product of the number of members of the board multiplied by the percentage of Units held by the nondeveloper Co-owners results in a right of nondeveloper Co-owners to elect a fractional number of members of the board, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number. After application of this formula, the Developer shall have the right to elect the remaining members of the board. Application of this provision shall not eliminate the right of the Developer to designate at least one member as provided in Section 3.4.

3.7 Quorum of Members. The presence in person or by proxy of 35 percent of the Co-owners entitled to vote shall constitute a quorum of members. The written vote of any Co-owner furnished at or prior to a meeting, at which meeting such Co-owner 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 4 ADMINISTRATION

4.1 Board of Directors. The business, property, and affairs of the Association shall be managed by a board of directors (the "board") to be elected in the manner described in the Association Bylaws; provided, that the directors designated in the Articles of Incorporation shall serve until such time as their successors have been duly elected and qualified at the initial meeting of members. All actions of the first board designated in the Articles of Incorporation or any successors to such directors selected by the Developer before the initial meeting of members shall be binding upon the Association in the same manner as though such actions had been authorized by a board of directors elected by the members of the Association, so long as such actions are within the scope of the powers and duties that may be exercised by a board as provided in the Condominium Documents. A service contract or management agreement entered into between the Association and the Developer or affiliates of the Developer shall be voidable without cause by the board on the Transitional Control Date or within 90 days after the initial meeting has been held, and on 30 days' notice at any time thereafter for cause.

4.2 Powers and Duties. The board shall have all powers and duties necessary for the administration of the affairs of the Association, and may take all actions in support of the administration as are not prohibited by the Condominium Documents or specifically reserved to the members, including by way of example, the following:

- a. care, upkeep, and maintenance of the Common Elements;
- b. development of an annual budget and the determination, levy, and collection of assessments required for the operation and affairs of the Condominium;
- c. employment and dismissal of contractors and personnel as necessary

for the efficient management and operation of the Condominium Property;

- d. adoption and amendment of rules and regulations, consistent with these Bylaws, governing the use of the Condominium Property;
- e. opening bank accounts, borrowing money, and issuing evidences of indebtedness in furtherance of the purposes of the Association, and designating signatories required for such purpose;
- f. obtaining insurance for the Common Elements, the premiums of which shall be an Expense of Administration;
- g. granting licenses for the use of the Common Elements for purposes not inconsistent with the provisions of the Act or of the Condominium Documents;
- h. authorizing the execution of contracts, deeds of conveyance, easements, and rights-of-way affecting any real or personal property of the Condominium on behalf of the Co-owners;
- i. making repairs, additions, and improvements to, or alterations of, the Common Elements, and repairs to and restoration of the Common Elements after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- j. asserting, defending, or settling claims on behalf of all Co-owners in connection with the Common Elements of the Project and, upon written notice to all Co-owners, instituting actions on behalf of and against the Co-owners in the name of the Association; and
- k. such further duties as may be imposed by resolution of the members of the Association or that may be required by the Condominium Documents or the Act.

4.3 Books of Account. The Association shall keep books and records containing a detailed account of the expenditures and receipts of administration, which will specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and its members. Such accounts shall be open for inspection by the Co-owners and their Mortgagees during reasonable hours. The Association shall also prepare and distribute a financial statement to each Co-owner at least once a year, the contents of which will be defined by the Association. The books and records shall be reviewed annually and audited at such times as required by the board of directors by qualified independent accountants (who need not be certified public accountants), and the cost of such review or audit shall be an Expense of Administration.

4.4 Maintenance and Repair. All maintenance and repair of Units and Common Elements shall be conducted in accordance with applicable Whitney Township ordinances. The responsibility for maintenance and repair of Units and Common Elements is as follows:

- a. All maintenance of and repair to a Unit (other than maintenance and repair of General Common Elements located within a Unit) and to a Limited Common Element that is the responsibility of the Co-owner of a Unit as set forth in the Master Deed, shall be made by the Co-owner of the Unit. Any Co-owner who desires to make structural

modifications to a Unit or Limited Common Element must first obtain the written consent of the Association and shall be responsible for all damages to the common elements resulting from such modifications.

- b. All maintenance of, repair to, and replacement for the General Common Elements, whether located inside or outside the Units, and to Limited Common Elements to the extent required by the Master Deed, shall be made by the Association and shall be charged to all the Co-owners as a common expense except (i) unless necessitated by the negligence, misuse, or neglect of a particular Co-owner, in which case the expense shall be charged to the Co-owner individually and (ii) all expenses for the annual installation and removal of the Dock and for the maintenance of, repair to, and replacement of the Dock shall be charged equally to the Dock Co-Owners. The Association will engage the services of a maintenance person to perform routine maintenance and repairs to the General Common Elements. The maintenance person shall be the contact person for Whitney Township officials and the Association shall inform Whitney Township of the maintenance person's contact information. The Association or its agent shall have access to each Unit from time to time during reasonable hours, upon notice to the occupant, for the purpose of maintenance, repair, or replacement of any of the Common Elements that are the responsibility of the Association located within or accessible only from a Unit. The Association or its agents shall also have access to each Unit at all times without notice for making emergency repairs necessary to prevent damage to other Units and/or to the Common Elements. The Association or its agent shall have access to the Dock from time to time during reasonable hours for the purpose of annual installation and removal of the Dock and for the maintenance, repair, or replacement of the Dock.

4.5 Reserve Fund. In addition to maintaining the Bond or Escrow Deposit as required by Section 4.3 of the Master Deed, the Association shall maintain a reserve fund to be used for major repairs and replacement of the Common Elements as provided by section 105 of the Act. The fund shall be established in the minimum amount required on or before the Transitional Control Date, and shall, to the extent possible, be maintained at a level that is equal to or greater than 10 percent of the then-current annual budget of the Association on a noncumulative basis. The minimum reserve standard required by this section may prove to be inadequate, and the board should carefully analyze the Project from time to time in order to determine if a greater amount should be set aside or if additional reserve funds shall be established for other purposes.

4.6 Construction Liens. A construction lien arising as a result of work performed on a Unit or on an appurtenant Limited Common Element shall attach only to the Unit upon which the work was performed, and a lien for work authorized by the Developer shall attach only to Condominium Units owned by the Developer at the time of recording the statement of account and lien. A construction lien for work authorized by the Association shall attach to each Unit only to the proportionate extent that the Co-owner of such Unit is required to contribute to the Expenses of Administration. No construction lien shall arise or attach to a Condominium Unit for work performed on the General Common Elements

not contracted for by the Association or the Developer.

4.7 Managing Agent. The Association may employ a management company or managing agent at a compensation established by the board to perform such duties and services as the board shall authorize, including, but not limited to, the powers and duties described in section 4.2. The Developer or any person or entity related to the Developer may serve as managing agent if so appointed; provided, however, that any compensation so paid to the Developer shall be at competitive rates.

4.8 Officers. The Association Bylaws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal, and replacement of officers of the Association and may contain any other provisions pertinent to officers of the Association not inconsistent with these Bylaws. Officers may be compensated, but only upon the affirmative vote of 60 percent or more of all Co-owners.

4.9 Indemnification. All directors and officers of the Association shall be entitled to indemnification against costs and expenses incurred as a result of actions (other than willful or wanton misconduct or gross negligence) taken or not taken on behalf of the Association upon 10 days' notice to all Co-owners, in the manner and to the extent provided by the Association's Articles of Incorporation and Bylaws. In the event that no judicial determination as to indemnification has been made, an opinion of independent counsel as to the propriety of indemnification shall be obtained if a majority of Co-owners vote to procure such an opinion.

SECTION 5 ASSESSMENTS

5.1 Administration Expenses. The Association shall be assessed as the entity in possession of any tangible personal property of the Condominium owned or possessed in common, and personal property taxes levied on such property shall be treated as Expenses of Administration. 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 shall be Expenses of Administration, and all sums received as proceeds of, or pursuant to any policy of insurance covering the interests of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of such Common Elements shall be receipts of administration.

5.2 Determination of Assessments. Assessments will be determined in accordance with the following provisions:

- a. **Initial Budget.** The board of the Association shall establish an initial budget in advance for each fiscal year, which budget will project all expenses for the coming year that may be required for the proper operation, management, and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. The budget shall contain a separate section showing all expenses attributable to the Dock. The annual assessment to be levied against each Unit in the Project shall then be determined on the basis of the budget. Copies of the budget will be delivered to each Co-owner, although the failure to deliver such a copy to each Co-owner will not affect or in any way diminish the liability of a

Co-owner for any existing or future assessment.

- b. *Budget Assessments.* Should the board determine at any time, in its sole discretion, that the initial assessments levied are insufficient: (1) to pay the costs of operation and maintenance of the Common Elements; (2) to provide for the replacement of existing Common Elements; (3) to provide for additions to the Common Elements not exceeding \$5,000 or \$100 per Unit annually, whichever is less; or (4) to respond to an emergency or unforeseen development; the board is authorized to increase the initial assessment or to levy such additional assessments as it deems to be necessary for such purpose(s). The discretionary authority of the board to levy additional assessments will rest solely with the board for the benefit of the Association and its members, and may not be attached by or subject to specific performance by any creditors of the Association.
- c. *Special Assessments.* Special assessments, in excess of those permitted by Subsections (a) and (b), may be made by the board from time to time with the approval of the Co-owners as provided in this Subsection to meet other needs or requirements of the Association, including but not limited to: (1) assessments for additions to the Common Elements costing more than \$5,000 in any year; (2) assessments to purchase a Unit upon foreclosure of the lien described in Section 5.5; or (3) assessments for any other appropriate purpose not specifically described. Special assessments referred to in this Subsection (but not including those assessments referred to in Subsections (a) and (b), which will be levied in the sole discretion of the board) will not be levied without the prior approval of sixty percent (60%) or more of all Co-owners. The authority to levy assessments pursuant to this Subsection is solely for the benefit of the Association and its members and may not be attached by or subject to specific performance by any creditors of the Association.

5.3 Apportionment of Assessments. All assessments levied against the Unit Co-owners to cover Expenses of Administration shall be apportioned among and paid by the Co-owners in proportion to the Percentage of Value assigned to each Unit, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit, except that all assessments attributable to the Dock shall be apportioned among and paid by the Dock Co-owners in proportion that each Dock Co-owner's length of the Dock bears to the total length of the Dock. Unless the board shall elect some other periodic payment schedule, annual assessments will be payable by Co-owners in equal quarterly installments in advance or if paid by direct deposit in 12 equal monthly installments, commencing with the acceptance of a deed to, or a land contract vendee's interest in, a Unit, or with the acquisition of title to a Unit by any other means. The payment of an assessment will be in default if the assessment, or any part, is not received by the Association in full on or before the due date for such payment established by rule or regulation of the Association.

5.4 Expenses of Administration. The Expenses of Administration shall consist, among other things, of such amounts as the board may deem proper for the operation and maintenance of the Condominium Property

under the powers and duties delegated to it and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating reserve, for a reserve for replacement, and for meeting any deficit in the common expense for any prior year; provided, that any reserves established by the board prior to the initial meeting of members shall be subject to approval by such members at the initial meeting. The board shall advise each Co-owner in writing of the amount of common charges payable by the Co-owner and shall furnish copies of each budget containing common charges to all Co-owners.

5.5 Collection of Assessments. Each Co-owner shall be obligated for the payment of all assessments levied upon the Co-owner's Unit during the time that the person is the Co-owner of the Unit, and no Co-owner may become exempt from liability for the Co-owner's contribution toward the Expenses of Administration by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of a Unit.

- a. *Legal Remedies.* In the event of default by any Co-owner in paying the assessed common charges, the board may declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. In addition, the board may impose reasonable fines or charge interest at the legal rate on such assessments from and after the due date. Unpaid assessments, together with interest on the unpaid assessments, collection expenses, and late charges; advances made by the Association for taxes or other liens to protect its lien; attorney fees; and fines in accordance with the Condominium Documents shall constitute a lien on the Unit prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid upon a mortgage of record recorded prior to the recording of any notice of lien by the Association, and the Association may enforce the collection of all sums due by suit at law for a money judgment or by foreclosure of the liens securing payment in the manner provided by section 108 of the Act. In a foreclosure proceeding, whether by advertisement or by judicial action, the Co-owner or anyone claiming under the Co-owner shall be liable for assessments charged against the Unit that become due before the redemption period expires, together with interest, advances made by the Association for taxes or other liens to protect its lien, costs, and reasonable attorney fees incurred in their collection.
- b. *Sale of Unit.* Upon the sale or conveyance of a Unit, all unpaid assessments against the Unit shall be paid out of the sale price by the purchaser in preference over any other assessment or charge except as otherwise provided by the Condominium Documents or by the Act. A purchaser or grantee may request a written statement from the Association as to the amount of unpaid assessments levied against the Unit being sold or conveyed. The purchaser or grantee shall not be liable for, and the Unit sold or conveyed shall not be subject to a lien for any unpaid assessments in excess of, the amount stated in a written response from the Association. Unless the purchaser or grantee requests a written statement from the Association at least five days before sale as provided in the Act, however, the purchaser or grantee shall be liable for any unpaid assessments against the Unit together with interest, late charges, fines, costs, and attorney fees.

- c. *Self-help.* The Association may enter upon the Common Elements, **Limited or General**, to remove and abate any condition constituting a violation of the Condominium Documents, or may discontinue the furnishing of services to a Co-owner in default under any of the provisions of the Condominium Documents, upon seven days' written notice to such Co-owner of the Association's intent to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as the default continues; provided, that this provision shall not operate to deprive any Co-owner of ingress and egress to and from the Co-owner's Unit.
- d. *Application of Payments.* Money received by the Association in payment of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney fees; second, to any interest charges and fines for late payment on such assessments; and third, to installments of assessments in default in order of their due dates.

5.6 Financial Responsibility of the Developer. The Developer of the Condominium, although a member of the Association, will not be responsible for payment of either general or special assessments levied by the Association during the Development and Sales Period.

- a. *Pre-turnover Expenses.* Prior to the initial meeting of Co-owners, it will be the Developer's responsibility to keep the books balanced, and to avoid any continuing deficit in operating expenses. At the time of the initial meeting, the Developer will be liable for the funding of any existing deficit of the Association that was incurred prior to the date of the initial meeting.
- b. *Post-turnover Expenses.* After the initial meeting and for the duration of the Development and Sales Period, the Developer shall not be responsible for the payment of either general or special assessments levied by the Association on Units owned by the Developer that have not been conveyed or leased. To the extent the Developer holds title to Units that were previously conveyed or leased, the Developer shall be responsible for the same maintenance assessment levied against other Units in the Project and for all special assessments levied by the Association.
- c. *Exempted Transactions.* At no time will the Developer be responsible for the payment of any portion of any assessment that is levied for deferred maintenance, reserves for replacement or capital improvements or additions, or to finance litigation or other claims against the Developer, including any cost of investigating and/or preparing such litigation or claim, or any similar related costs.

SECTION 6 TAXES, INSURANCE, AND REPAIR

6.1 Real Property Taxes. Real property taxes and assessments shall be levied against the individual Units and not against the Property of the Project, except for the calendar year in which the Project was established. Taxes and assessments that become a lien against the Property in the year in which the Project was established shall be Expenses of Administration and shall be assessed against the Units located on the land with respect to which the tax or assessment was

levied in proportion to the Percentage of Value assigned to each Unit. Real property taxes and assessments levied in any year in which a vacation of the Project occurs shall be assessed only against the individual Units. For tax and special assessment purposes no Unit shall be combined with any other Unit or Units, and no assessment of any fraction of a Unit or combination of any Unit with other whole or partial Units shall be made, nor shall any division or split of the assessment or taxes of a single Unit be made, whether the Unit is owned by an individual or multiple Co-owners. Taxes for real property improvements made to or within a specific Unit shall be assessed against that Unit only, and each Unit shall be treated as a separate, single parcel of real property for purposes of property taxes and special assessments.

6.2 Insurance Coverage. The Association shall be appointed as attorney-in-fact for each Co-owner to act on insurance matters and shall be required to obtain and maintain, to the extent applicable: casualty insurance with extended coverage, vandalism and malicious mischief endorsements; liability insurance (including director's and officer's liability coverage if deemed advisable); and worker's compensation insurance pertinent to the ownership, use, and maintenance of the Common Elements of the Project. All insurance shall be purchased by the board of directors for the benefit of the Association, the Co-owners, the Mortgagees, and the Developer, as their interests may appear. Such insurance, other than title insurance, shall be carried and administered according to the following provisions:

- a. *Co-owner Responsibilities.* Each Co-owner will be responsible for obtaining casualty insurance coverage at the Co-owner's expense with respect to the residential building and all other improvements constructed or located within the perimeters of the Co-owner's Unit, and for the Limited Common Elements appurtenant to the Co-owner's Unit. It shall also be each Co-owner's responsibility to obtain insurance coverage for the Co-owner's personal property located within the Co-owner's Unit or elsewhere on the Condominium, for personal liability for occurrences within the Co-owner's Unit or on the Limited Common Elements appurtenant to the Co-owner's Unit, and for alternative living expenses in the event of fire or other casualty causing temporary loss of the Co-owner's Unit. All insurance carried by the Association or any Co-owner shall contain provisions waiving the right of subrogation as to any claims against any Co-owner or the Association for insured losses.
- b. *Common Element Insurance.* The General Common Elements of the Project shall be insured by the Association against fire and other perils covered by a standard extended coverage endorsement, to the extent deemed applicable and appropriate, in an amount to be determined annually by the board. The Association shall not be responsible in any way for maintaining insurance with respect to the Limited Common Elements, the Units themselves, or any improvements located within the Units.
- c. *Fidelity Insurance.* The Association may obtain, if desired, fidelity coverage to protect against dishonest acts by its officers, directors, trustees, and employees and all others who are responsible for handling funds of the Association.
- d. *Power of Attorney.* The board is irrevocably appointed as the agent for each Co-owner, each Mortgagee, other named insureds and their

beneficiaries, and any other holder of a lien or other interest in the Condominium or the Condominium Property, to adjust and settle all claims arising under insurance policies purchased by the Board and to execute and deliver releases upon the payment of claims.

- e. *Indemnification.* Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer, and the Association for all damages, costs, and judgments, including reasonable attorney fees, that any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within an individual Co-owner's Unit or appurtenant Limited Common Elements. This provision shall not be construed to give an insurer any subrogation right or other right or claim against an individual Co-owner, the Developer or the Association.
- f. *Premium Expenses.* Except as otherwise provided, all premiums upon insurance purchased by the Association pursuant to these Bylaws shall be Expenses of Administration.

6.3 Reconstruction and Repair. The following provisions will control, if any part of the Condominium Property is damaged or destroyed:

- a. *General Common Elements.* If the damaged property is a General Common Element, the damaged property shall be repaired or rebuilt promptly unless 80 percent or more of the Co-owners and the institutional holders of mortgages on any Unit in the Project agree to the contrary. Provided, that if the affected General Common Element is the sole means of ingress and egress to one or more Units in the Project, it will be repaired or rebuilt unless the 80 percent or more of the Co-owners agreeing not to repair or rebuild includes the Co-owners of all such Units. Any repairs and reconstruction shall be conducted only in accordance with then applicable federal, state and local, including the Township of Whitney, laws and ordinances and only after obtaining required site plan approval and building permits.
- b. *Limited Common Elements and Improvements.* If the damaged property is a Limited Common Element or an improvement located within the boundaries of a Unit, the Co-owner of the applicable Unit or Units alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person having an interest in the property, and the Co-owner shall be responsible for the cost of any reconstruction or repair that the Co-owner elects to make. The Co-owner shall in any event remove all debris and restore the Unit and its improvements to a clean and sightly condition satisfactory to the Association within a reasonable period of time following the occurrence of the damage.
- c. *Reconstruction Standards.* Any reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for the improvements located within the Unit, unless prior written approval for changes is obtained from the Association.
- d. *Procedure and Timing.* Immediately after the occurrence of a casualty causing damage that is to be reconstructed or repaired by the Association, 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 cover the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair the funds for the payment of such costs by the Association are insufficient, assessments shall be levied against all Co-owners in sufficient amounts to provide funds to pay the estimated or actual costs of reconstruction or repair.

- e. *Withdrawal from the Condominium.* If a decision to reconstruct is not made in the manner provided by subparagraphs (a) and (b) of Section 6.3, provision for the withdrawal of the damaged property from the Project under the provisions of the Act may be made by the affirmative vote of not fewer than 80 percent of the Co-owners voting at a meeting called for the specific purpose. The meeting shall be held within 30 days following the final adjustment of insurance claims, if any, or within 90 days after the casualty happens, whichever first occurs. If any Unit or portion of a Unit is withdrawn, the percentage of ownership in the Common Elements appurtenant to the withdrawn property shall be reallocated among the remaining Units not withdrawn on the basis of the relative percentages of ownership in the Common Elements appurtenant to each remaining Unit. If only a portion of a Unit is withdrawn, the percentage of ownership in the Common Elements appurtenant to the Unit shall be reduced accordingly, upon the basis of the diminution in market value of such Unit, as determined by the board.
- f. *Allocation of Proceeds.* In the event of the withdrawal of a Unit, a Common Element or a portion of either, any insurance proceeds received by the Association shall be allocated among the withdrawn Units and/or Common Elements on the basis of the square footage withdrawn or such other equitable basis as the board may determine. As compensation for such withdrawals: (1) any insurance proceeds allocated to withdrawn Units or portions of Units shall be applied in payment to the owners of such Units in proportion to their relative percentages of ownership in the Common Elements appurtenant to such withdrawn Units, or portions of them; (2) any insurance proceeds allocated to withdrawn portions of the Limited Common Elements shall be applied in payment to the Unit Co-owners entitled to their use in proportion to their relative percentages of ownership in the Common Elements appurtenant to the Units served by such Limited Common Elements; and (3) any insurance proceeds allocated to withdrawn portions of the General Common Elements shall be applied in payment to all Unit Co-owners in proportion to their relative percentages of ownership in the Common Elements. Upon the withdrawal of any Unit or portion of a Unit, the Co-owner shall be relieved of further responsibility or liability for the payment of any assessments, if the entire Unit is withdrawn, or for the payment of a portion of such assessments proportional to the diminution in square footage of such Unit, if only a portion of the Unit is withdrawn.

6.4 Eminent Domain. The following provisions will control upon any taking by eminent domain:

- a. *Units.* In the event of the taking of all or any portion of a Unit, the award for such taking shall be paid to the Co-owner of the Unit