

MASTER DEED

OF

WHITESTONE BAY CONDOMINIUM

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

Arenac County Condominium Subdivision Plan No. 187 containing:

1. Master Deed establishing Whitestone Bay Condominium
2. Exhibit A to Master Deed: Condominium Bylaws.
3. Exhibit B to Master Deed: Condominium Subdivision Plan
4. Exhibit C to Master Deed: Legal Description of Project
5. Exhibit D to Master Deed: Whitestone Bay Condominium Sewerage System Escrow Agreement
6. Exhibit E to Master Deed: Legal Description of Adjacent Property

This document is exempt from transfer tax under MCL 207.505(a).

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- Exhibit A** Condominium Bylaws of Whitestone Bay Condominium
- Exhibit B** Condominium Subdivision Plan for Whitestone Bay Condominium
- Exhibit C** Legal Description of Project
- Exhibit D** Whitestone Bay Condominium Sewerage System Escrow Agreement
- Exhibit E** Legal Description of Adjacent Property

MASTER DEED
OF
WHITESTONE BAY CONDOMINIUM

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

This Master Deed is signed and delivered on the ~~14th~~ day of July, 2005 by Whitestone Bay Development, L.L.C., a Michigan limited liability company, of 4835 Towne Centre Road, Suite 203, Saginaw, Michigan 48604 (the "Developer") upon the terms and conditions set forth below.

Section 1
ESTABLISHMENT OF CONDOMINIUM

1.1 Project. Developer is engaged in the development of a project to be known as Whitestone Bay Condominium (the "Project"), in the Township of Whitney, Arenac County, Michigan on a parcel of land as described in Section 2.

1.2 Establishment of Condominium. Developer desires, by recording this Master Deed together with the Condominium Bylaws attached as Exhibit "A" and incorporated herein by this reference and the condominium subdivision plan attached as Exhibit "B" and incorporated herein by this reference to establish the real property described in Section 2 (the "Property"), together with the improvements located and to be located on the Property, as a condominium project (the "Condominium") under the provisions of the Michigan Condominium Act, as amended (the "Act"). The Developer does hereby declare that upon the recording of this Master Deed, the Condominium shall be a Project under the Act and the Project shall be held, conveyed, encumbered, leased, rented, occupied, improved, or in any other manner used, subject to the provisions of the Act, the ordinances of the Township of Whitney, and to the covenants, conditions, restrictions, uses, limitations, and affirmative obligations contained in this Master Deed, all of which shall be deemed to run with the land and to be a burden upon and a benefit to the Condominium Property, the Developer, its successors and assigns, and to any persons who may acquire or own an interest in such real property, their grantees, successors, heirs, personal representatives, administrators, and assigns. All improvements to be constructed on the Property shall be constructed in compliance with all federal, state, and local, including the Township of Whitney, laws and ordinances and shall be commenced only after obtaining all required permits. The building to be constructed on the Project shall be sprinklered in accordance with the requirements of Arenac County and contain an elevator and at least two stairways as depicted on the Subdivision Plan.

1.3 Project Description. The Project is a residential condominium. The condominium units that may be developed in the Project, including the number, boundaries, dimensions, and area of each unit ("Unit"), are shown on the Condominium Subdivision Plan. Each of the Units is capable of individual use by reason of having its own entrance from and exit to a common element of the Project.

1.4 Co-Owner Rights. Each owner of a Unit ("Co-owner") in the Project shall have an exclusive property right to the Co-owner's Unit and to the Limited Common Elements that are appurtenant to the Co-owner's Unit, and shall have an undivided right to share with other Co-owners in the ownership and use of the General Common Elements of the Project as described in this Master Deed.

Section 2 LEGAL DESCRIPTION OF THE PROPERTY

2.1 Condominium Property. The land that is being submitted to condominium ownership in accordance with the provisions of the Act is described in Exhibit "C" attached hereto and incorporated herein by this reference and is subject to any portion deeded, taken, or used for road purposes, all easements, including those in favor of the Township of Whitney for water mains, and all governmental limitations.

2.2 Beneficial Easements. Easements are hereby created and conveyed to and for the benefit of the Project and the Units located in the Project, and the Project and the Units located in the Project are benefitted by the ingress, egress, utility, and other easements described and/or shown on Exhibit "B" attached hereto and incorporated herein by this reference.

Section 3 DEFINITIONS

3.1 Definitions. Certain terms used in this Master Deed are defined terms and have the meaning given them in the text where they are defined, and the same meaning shall be ascribed to the term in various other instruments with regard to the Project such as, by way of example and not of limitation, the articles of incorporation, association bylaws, and rules and regulations of the Whitestone Bay Condominium Association, a Michigan nonprofit corporation, and various deeds, mortgages, land contracts, easements, and other instruments affecting the establishment or transfer of interests in the Project. As used in documents regarding the Project, unless the context otherwise requires:

a. *Act or Condominium Act* means the Michigan Condominium Act, which is Act 59 of the Public Acts of 1978, as amended.

b. *Administrator* means the Michigan Department of Labor and Economic Growth, which is designated to serve as

administrator of the act.

c. *Association or Association of Co-owners* means Whitestone Bay Condominium Association, the Michigan nonprofit corporation of which all Co-owners shall be members, that shall administer, operate, manage, and maintain the Project.

d. *Association Bylaws* means the corporate bylaws of the association organized to manage, maintain, and administer the Project.

e. *Common Elements* means the portions of the Project other than the condominium Units, including all general and limited Common Elements described in Section 4 of this Master Deed.

f. *Condominium Bylaws* means Exhibit "A" to this Master Deed, which are the bylaws that describe the substantive rights and obligations of the Co-owners.

g. *Condominium Documents* means this Master Deed with its exhibits, the articles of incorporation and bylaws of the Association, the rules and regulations adopted by the board of directors of the Association, and any other document that affects the rights and obligations of a Co-owner in the condominium.

h. *Condominium Property* means the land described in Section 2, as the same may be amended, together with all structures, improvements, easements, rights, and appurtenances located on or belonging to such property.

i. *Condominium Subdivision Plan or Subdivision Plan* means Exhibit "B" to this Master Deed, which is the site, survey, floor, and other drawings depicting both existing and proposed structures and improvements to be included in the Project.

j. *Condominium Unit or Unit* means that portion of the Project that is designed and intended for separate ownership and use, as described in this Master Deed.

k. *Control Date* means the date on which a proposed amendment of a Condominium Document is approved by the requisite majority of Co-owners.

l. *Co-owner* means the person, firm, corporation, partnership, association, trust, or other legal entity or any combination of such entities who or which own a Condominium Unit in the Project, including both the vendee(s) and vendor(s) of any land contract of purchase. The term *Owner*, wherever used, is synonymous with the term *Co-owner*.

m. *Corporation Bylaws* means the corporate Bylaws of the Association, as distinguished from the Condominium Bylaws.

n. *Developer* means Whitestone Bay Development, L.L.C., a Michigan limited liability company, which has signed, delivered, and recorded this Master Deed, and the successors and assigns of Developer.

o. *Development and Sales Period*, for purposes of the Condominium Documents and the rights reserved by the Developer and its successors, shall be deemed to continue for as long as the Developer or its successors continue to own and offer for sale any Unit in the Project that has not been previously conveyed or leased.

p. *Dock* means the dock as depicted on the Condominium Subdivision Plan and as it may be extended in accordance with the terms of Article 8 of this Master Deed.

q. *Dock Co-Owner* means a Co-Owner to which a portion of the Dock is a Limited Common Element to the Co-Owner's Unit.

r. *Expense of Administration* means all costs, expenses, liabilities and losses incurred by the Association or arising from or connected with the management, administration and operation of the Condominium Project by the Association in pursuance of its duties, obligations and activities as required or permitted under the Condominium Documents and applicable laws, including, all costs incurred in the satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project.

s. *General Common Elements* means those Common Elements described in Section 4.1 that are for the use and enjoyment of all Co-owners in the Project.

t. *Limited Common Elements* means those Common Elements described in Section 4.2 that are reserved for the exclusive use of the Co-owners of a specified Unit or Units.

u. *Master Deed* means this document, together with the exhibits attached to it and all amendments that may be adopted in the future, by which the Project is being submitted to condominium ownership.

v. *Mortgagee* means the named mortgagee or owner of any mortgage on all or any portion of the Condominium.

x. *Percentage of Value* means the percentage assigned to each Unit by this Master Deed, which is determinative of the value of a Co-owner's vote at meetings of the Association and the proportionate share of each Co-owner in the Common

Elements of the Project.

y. *Person* means an individual, firm, corporation, partnership, limited liability company, association, trust, the state or agency of the state or other legal entity, or any combination thereof.

z. *Project or Condominium* means Whitestone Bay Condominium, a residential condominium development established under the provisions of the Act.

aa. *"Record"* means to record pursuant to the laws of the State of Michigan relating to the recording of deeds.

bb. *"Transitional Control Date"* means the date on which a board of directors for the Association takes office pursuant to an election in which the votes that may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes that may be cast by the Developer.

3.2 Applicability. Whenever any reference is made to one gender, it will be assumed to include any and all genders where such reference is appropriate; similarly, whenever a reference is made to the singular, it will be assumed to include the plural where such reference is appropriate.

Section 4 Common Elements

4.1 General Common Elements. The General Common Elements are:

a. *Real Estate.* The property described in Section 2 of this Master Deed, including easement interests benefitting the Condominium including, but not limited to, easement interests for ingress, egress, and utility installation and other purposes, over, across, and through noncondominium properties but excluding individual Units in the Project and the real estate designated as limited Common Elements;

b. *Exterior Improvements.* The private roadway(s), parking spaces, and the common walkways, lawns, yards, trees, shrubs, and other improvements;

c. *Electrical.* The lighting system and the electrical transmission system throughout the common areas of the Project, including those transmission lines contained within common walls, floors, and ceilings;

d. *Gas.* The natural gas line network and distribution system throughout the common areas of the Project, including those distribution lines contained within common walls, floors, and ceilings;

e. *Heating and Air-conditioning.* The heating and/or air-conditioning conduits and ducts throughout the common areas of

the Project, including those conduits and ducts contained within common walls, floors, and ceilings;

f. *Water*. The underground sprinkling system (if any) for the Common Elements, and the water distribution system throughout the common areas of the Project, including those distribution lines contained within common walls, floors, and ceilings;

g. *Sewerage System*. The sanitary/wastewater sewerage system throughout the common areas of the Project, including the septic field and mains and also those service lines contained within common walls, floors, and ceilings;

h. *Storm Drainage*. The storm drainage and/or water retention system throughout the common areas of the Project;

i. *Telephone*. The telephone wiring system throughout the common areas of the Project, including those transmission lines contained within common walls, floors, and ceilings;

j. *Telecommunications*. The cable television and/or other telecommunications systems installed throughout the common areas of the Project, including those transmission lines contained within common walls, floors, and ceilings;

k. *Building Elements*. The foundations, roofs, perimeter walls, and interior walls as shown on Exhibit "B" (including chimneys), ceilings and floors, and entrances and exits of the Project;

l. *Attic Spaces*. The attic spaces and any other building areas not otherwise designated as a Limited Common Element on Exhibit "B";

m. *Project Entrance Improvements*. Any entry signage and other improvements located at or near the entrance to the Project;

n. *Recreational Facilities*. The swimming pool or other recreational facilities planned for construction on the Property; and

o. *Miscellaneous Common Elements*. All other Common Elements of the Project not designated as Limited Common Elements and not enclosed within the boundaries of a Condominium Unit, that are intended for common use or are necessary to the existence, upkeep, or safety of the Project.

Ownership of Utility and Telecommunications Systems. Some or all of the utility lines, equipment, and systems (including mains and service leads), and the telecommunications systems described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility and/or

telecommunication lines, equipment, and systems shall be General Common Elements only to the extent of the Co-owners' interest in them, and the Developer makes no warranty whatsoever with respect to the nature or extent of such interest. Water service is being provided to the Project in accordance with the applicable Whitney Township ordinance. All water, gas and electric lines are presently installed underground, and are acknowledged to be lawful in their placement with Whitney Township being allowed continued easement rights subsequent to construction of the Project, and will be allowed to maintain, construct and/or improve the water lines in the future. During the design and construction phases of the Project, Saginaw/Midland Water will be consulted so as to ensure that no problems will arise with respect to the water transmission lines as they are presently situated within its easement.

4.2 Limited Common Elements. The Limited Common Elements are:

a. *Utility Service Lines.* The pipes, ducts, wiring, and conduits supplying service for electricity, gas, water, sewage, telephone, television, and/or other utility or telecommunication services located within a Condominium Unit and supplying service to that Unit alone;

b. *Balconies and Porches.* The balcony and/or porch attached to each Unit in the Project and the exterior hardware of each Unit;

c. *Delivery Boxes.* The mail and/or newspaper box located on a Unit or permitted by the Association on the General Common Elements to serve the Unit;

d. *Heating and Cooling Appliances.* The fireplace combustion chamber and flue, and the separate furnace, water heater, air conditioner, and/or compressor located within or adjacent to a Unit and serving that Unit exclusively;

e. *Windows, sliders, doors, and screens.* The windows, sliders, doors, and/or screens located within or adjacent to any Unit perimeter wall;

f. *Parking Spaces.* The interior parking spaces are Limited Common Elements appurtenant to the Units as follows:

Parking Spaces Nos. 2 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 1;

Parking Spaces Nos. 1 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 2;

Parking Spaces Nos. 3 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 3;

Parking Spaces Nos. 28 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to

Unit 4;

Parking Spaces Nos. 8 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 5;

Parking Spaces Nos. 7 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 6;

Parking Spaces Nos. 6 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 7;

Parking Spaces Nos. 5 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 8;

Parking Spaces Nos. 10 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 9;

Parking Spaces Nos. 9 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 10;

Parking Spaces Nos. 13 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 11;

Parking Spaces Nos. 14 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 12;

Parking Spaces Nos. 12 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 13;

Parking Spaces Nos. 11 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 14;

Parking Spaces Nos. 15 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 15;

Parking Spaces Nos. 16 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 16;

Parking Spaces Nos. 19 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 17;

Parking Spaces Nos. 17 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 18;

Parking Spaces Nos. 27 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 19;

Parking Spaces Nos. 20 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 20;

Parking Spaces Nos. 24 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 21;

Parking Spaces Nos. 22 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 22;

Parking Spaces Nos. 25 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 23;

Parking Spaces Nos. 26 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 24;

Parking Spaces Nos. 18 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 25;

Parking Spaces Nos. 23 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 26;

Parking Spaces Nos. 32 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 27;

Parking Spaces Nos. 31 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 28;

Parking Spaces Nos. 21 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 29;

Parking Spaces Nos. 20 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 30;

Parking Spaces Nos. 30 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 31;

Parking Spaces Nos. 29 as depicted on the Condominium Subdivision Plan are Limited Common Elements appurtenant to Unit 32;

g. *Interior Unit Surfaces.* The interior surfaces of perimeter walls, doors, ceilings, and floors located within a condominium Unit;

h. *Dock.* The dock as depicted on the Condominium Subdivision Plan and as it may be extended in accordance with the terms of Article 8 of this Master Deed; and

i. *Miscellaneous.* Any other improvement designated as a limited common element appurtenant to a particular Unit or Units in the Condominium Subdivision Plan or in any future amendment to the Master Deed made by the Developer or the Association.

4.3 Maintenance Responsibilities. Responsibility for the cleaning, decoration, maintenance, repair, and replacement of the Common Elements will be as follows:

a. *Limited Common Elements.* Excepting only the Interior Parking Spaces and the Dock, each Co-owner shall be individually responsible for the routine cleaning, maintenance, repair, and replacement of all Limited Common Elements appurtenant to the Co-owner's Unit.

b. *Unit Improvements and other Co-owner Responsibilities.* If any Co-owner shall elect to construct or install any improvements to the interior of a Unit or, with the prior written consent of the Association, to the Unit exterior or the Common Elements appurtenant to the Unit that increase the costs of maintenance, repair, or replacement for which the Association is responsible, such increased costs or expenses may, at the option of the Association, be specially assessed against that Unit or Units.

c. *Association Oversight.* The appearance of the balconies and porches shall at all times be subject to the approval of the Association. In the event that the cleaning and decoration of such Common Elements by the responsible Co-owner does not conform to reasonable aesthetic and maintenance standards established by the Association, the Association will have the right to take such action as may be necessary to bring such Common Elements up to required standards and to charge all costs incurred to the owner responsible for cleaning, repair, and maintenance.

d. *Sewerage System.* The Developer will be responsible for the initial construction and installation of the Sewerage System, including without limitation mains and the septic field, and shall be constructed in accordance with all applicable state, county and local public health and other statutes, regulations, rules and ordinances. Except as otherwise expressly provided, the responsibility for, and the

costs of maintenance, repair and replacement of the Sewerage System will be jointly and severally borne by the Co-owners whose Units are served thereby. Prior to commencement of initial construction and installation of the Sewerage System, Developer shall either (i) post a bond (the "Bond") in the amount of \$15,884.00 issued by a Treasury rated bonding company in order to secure performance of the operation, maintenance, and/or replacement of the Sewerage System for a period of two years after the commencement of operation of the Sewerage System and otherwise containing such terms and conditions as are acceptable to the Michigan Department of Environmental Quality (the "MDEQ") or (ii) execute and deliver to Bay County Abstract, Inc. the Whitestone Bay Condominium Sewerage System Escrow Agreement in the form attached to this Master Deed as Exhibit "D" and incorporated herein by this reference and deposit the amount of \$15,884.00 with Bay County Abstract, Inc. to be administered in accordance with its terms (the "Escrow Deposit"). The Association shall thereafter be responsible for the maintenance, repair and ultimate replacement of the Sewerage System, all of which shall be performed in strict conformance with all applicable statutes, ordinances, rules and regulations of the State of Michigan, Arenac County, and other governmental units and agencies thereof having jurisdiction. All costs of such maintenance, repair and/or replacement and the costs associated with creating and maintaining the Bond or Escrow Deposit, shall be an Expense of Administration, and shall be assessed to the Co-Owners like all other Expenses of Administration in accordance with and as provided in the Condominium Bylaws. In addition, within two (2) years after the commencement of operation of the Sewerage System, the Association shall either (i) post a bond (also a "Bond") in the amount of \$47,652.00 issued by a Treasury rated bonding company in order to secure performance of the operation, maintenance, and/or replacement of the Sewerage System for a period of five years and otherwise containing such terms and conditions as are acceptable to the MDEQ or (ii) execute and deliver to Bay County Abstract, Inc. the Whitestone Bay Condominium Sewerage System Escrow Agreement in the form attached to this Master Deed as Exhibit "D" and deposit the amount of \$47,652.00 with Bay County Abstract, Inc. to be administered in accordance with its terms (also an "Escrow Deposit").

e. *Bond and Escrow Deposit.* The Association shall perpetually either maintain the Bond or the Escrow Deposit and shall completely replace amounts up to the total amount certified which are drawn on the Bond or withdrawn from the Escrow Deposit within five (5) years of the draw or withdrawal. When the Association initially provides the Bond or the Escrow Deposit, the Bond or Escrow Deposit provided by Developer shall be cancelled or refunded, as the case may be. The cost of the Bond and the amount of the Escrow Deposit shall both be an Expense of Administration; and shall be assessed to the Co-Owners like all other Expenses of Administration in accordance with and as provided in the Condominium Bylaws. The Bond or Escrow Deposit shall be

established and maintained solely for the use of operation, maintenance and possible replacement of the Sewerage System. The Bond or Escrow Deposit is established solely for the use by the Developer or Association in the event that the Developer or Association is otherwise unable to sufficiently operate and maintain the Sewerage System. The Escrow Deposit shall be held separate from any other fund established and held for Developer or Association by Bay County Abstract, Inc. The Bond or Escrow Deposit shall be initially established for a two year amount of operation, maintenance and possible replacement of the Sewerage System as was certified by a Michigan licensed engineer and reviewed by the MDEQ for administrative completeness in the permit application process for a sewerage system construction permit under the authority of Part 41 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. Additionally, not later than two years after the first day of operation of the Sewerage System, the Bond or Escrow Deposit shall be increased to the amount as was certified by the Michigan licensed engineer and reviewed for administrative completeness by the MDEQ for the 5 year amount of operation, maintenance and possible replacement of the Sewerage System. This amount may be increased in the future as determined to be necessary by a Michigan licensed engineer; but shall never be decreased. If the Bond or Escrow Deposit is accessed for the sole purpose of operating, maintaining or completing necessary replacements of the Sewerage System, notice shall be sent to the Co-owners and the MDEQ within 10 days of the initial withdrawal. The notice to the Co-owners shall include a description of the additional prorated fee for reimbursement of the Bond or the Escrow Deposit. Each Co-owner consents and agrees to pay a prorated amount of money into the Bond or the Escrow Deposit as is necessary to fully replenish it to the required amount as identified herein, in the event the Bond or the Escrow Deposit or portion thereof is utilized for the operation, maintenance, repair, replacement or for other sewage treatment purposes of the entire Sewerage System. The certified 5 year amount shall be achieved not later than five years from the date of the initial use or withdrawal.

f. *Use of Sewerage System.* The Sewerage System shall be used for residential purposes only. The placement of waste other than residential waste into the Sewerage System is prohibited. Any costs incurred by the Association to pay for remediation due to the placement of harmful substances into the Sewerage System shall be fully reimbursed to the Association by the Co-owner of the Unit from which such placement originated.

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

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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.

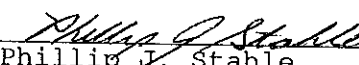
Whitestone Bay Development,
L.L.C.

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

and any Mortgagee of the Unit, as their interests may appear. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and any Mortgagee shall, after acceptance of the condemnation award, be divested of all interest in the Project.

- b. *Common Elements.* In the event of the taking of all or any portion of the General Common Elements, the condemnation proceeds relative to the taking shall be paid to the Association for use and/or distribution to its members. The affirmative vote of eighty percent (80%) or more of the Co-owners in number and in value shall determine whether to rebuild, repair, or replace the portion so taken or to take such other action as the Co-owners deem appropriate.
- c. *Amendment to Master Deed.* In the event the Project continues after the taking by eminent domain, the remaining portion of the Project shall be resurveyed and the Master Deed amended accordingly. If any Unit shall have been taken, Section 5 of the Master Deed shall also be amended to reflect the taking and to proportionately readjust the Percentages of Value of the remaining Co-owners based upon the continuing total value of the Condominium of one hundred percent (100%). The amendment may be completed by an officer of the Association duly authorized by the board without the necessity of execution or specific approval by any Co-owner.
- d. *Notice to Mortgagees.* In the event any Unit in the Condominium, the Common Elements, or any portion of them is made the subject matter of an eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall promptly notify each holder of a publicly recorded mortgage lien on any of the Units in the Condominium.
- e. *Inconsistent Provisions.* To the extent not inconsistent with the provisions of this Section, section 133 of the Act ("contractable projects") shall control upon any taking by eminent domain.

SECTION 7

USE AND OCCUPANCY RESTRICTIONS

7.1 Residential Use. Condominium Units shall be used exclusively for residential occupancy, and no Unit or appurtenant Common Element shall be used for any purpose other than that of a single family residence or purposes incidental to residential use.

7.2 Common Areas. 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. The Common Elements shall be used only by the Co-owners of Units in the Condominium and by their agents, tenants, family members, invitees, and licensees for access, ingress to, and egress from the respective Units, and for other purposes incidental to use of the Units; provided, that any parking areas, storage facilities, pool, or other Common Elements designed for a specific purpose shall be used only for those purposes or other uses approved by the board. No temporary or permanent structures shall be constructed within the Common Areas except as now depicted on

the Plan. The dog run shall be cleaned regularly as necessary. The use, maintenance, and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Co-owner, and shall be subject to any lease or easement presently in existence or entered into by the board at some future date that affects all or any part of the Common Elements. Notwithstanding the foregoing, only Dock Co-owners shall have the right to use the Dock.

7.3 Use and Occupancy Restrictions. In addition to the general requirements of Sections 7.1 and 7.2, the use of the Project and its Common Elements by any Co-owner shall be subject to the following specific restrictions:

- a. *Exterior Changes.* No Co-owner shall make any additions, alterations, or modifications to any of the Common Elements, nor make any changes to the exterior appearance or structural elements of the Unit without the prior written approval of the Association. The Association shall not approve any alterations or structural modifications that would jeopardize or impair the soundness, safety, or appearance of the Project. Any Co-owner may make alterations, additions, or improvements within the Co-owner's Unit without the prior approval of the board, but the Co-owner shall be responsible for any damage to other Units, the Common Elements, or the Property resulting from such alterations, additions, or improvements.
- b. *Unit Rental.* No portion of a Unit may be rented, and no transient tenants may be accommodated in any Unit; provided, that this restriction shall not prevent the rental or sublease of an entire Unit together with its appurtenant Limited Common Elements for residential purposes in the manner permitted by these Bylaws.
- c. *Nuisances.* No nuisances shall be permitted on the Property nor shall any use or practice be permitted that is a source of annoyance to, or that interferes with the peaceful possession or proper use of the Project by the Co-owners. No Unit or its appurtenant Limited Common Elements shall be used in whole or in part for the storage of rubbish or trash, nor for the storage of any property or thing that may cause the Unit or its appurtenant Limited Common Elements to appear in an unclean or untidy condition. No substance or material shall be kept on a Unit or its appurtenant Limited Common Elements that will emit foul or obnoxious odors, or that will cause excessive noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding Units.
- d. *Prohibited Uses.* No immoral, improper, offensive, or unlawful use shall be conducted on the Property, and nothing shall be done or kept in any Unit or on the Common Elements that will increase the rate of insurance for the Project without the prior written consent of the Association. No Co-owner shall permit anything to be done or kept in the Co-owner's Unit or elsewhere on the Common Elements that will result in the cancellation of insurance on any Unit or any part of the Common Elements, or that will be in violation of any law.
- e. *Signs.* No signs or other advertising devices (other than one professionally made unlit sign, or a sign of substantially the same quality and appearance, not larger than four square feet in size, advertising a Unit for sale) that are visible from the exterior of the Unit or from the Common Elements shall be displayed on any Unit

without written permission from the Association or its managing agent.

- f. *Personal Property.* No Co-owner shall display, hang, or store any clothing, sheets, blankets, laundry, or other articles of personal property outside a Unit. This restriction shall not be construed to prohibit a Co-owner from placing and maintaining outdoor furniture and accoutrements and decorative foliage of a customary nature and appearance on a patio, deck, or balcony appurtenant to a Unit; provided, that (i) no such furniture or other personal property shall be stored during the winter season on any open patio, deck, or balcony that is visible from another Unit or from the Common Elements of the Project, (ii) no barbecue grills shall be used, and (iii) decorative foliage shall be limited to not more than two planters each of which when filled shall not exceed fifty (50) pounds in weight.
- g. *Firearms and Weapons.* No Co-owner shall use, or permit the use by any occupant, agent, tenant, invitee, guest, or member of the Co-owner's family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, illegal fireworks or other dangerous weapons, projectiles, or devices anywhere on or about the Property.
- h. *Pets and Animals.* No animals of any kind may be kept or maintained in any Unit except for one domestic dog, one domestic cat, and/or two caged birds, without the prior written consent of the Association, which consent, if given, may be revoked at any time by the Association. No exotic, savage, or dangerous animal shall be kept on the Property, and no animal may be kept or bred for commercial purposes. Common household pets permitted under the provisions of this subsection shall be kept only in compliance with the rules and regulations promulgated by the board of directors from time to time, and must at all times be kept under care and restraint so as not to be obnoxious on account of noise, odor, or unsanitary conditions. No animal shall be permitted to run loose upon the Common Elements or within any Unit (except the Unit owned by the owner of such animal), and the owner of each pet shall be responsible for cleaning up after it.

The Association may charge a Co-owner maintaining animals a reasonable supplemental assessment if the Association determines that such an assessment is necessary to defray additional maintenance costs to the Association of accommodating animals within the Condominium. The Association may also, without liability to the owner of the pet, remove or cause any animal to be removed from the Condominium that it determines to be in violation of the restrictions imposed by this section. Any person who causes or permits any animal to be brought to or kept on the Condominium Property shall indemnify and hold the Association harmless from any loss, damage, or liability that the Association may sustain as a result of the presence of such animal on the Condominium Property.

- i. *Parking/Recreational Vehicles.* Co-owner and Co-owner family and guest motor vehicles may be parked in the outside parking spaces only when the Co-Owner's Unit's interior appurtenant parking spaces are fully occupied by other motor vehicles. No recreational vehicles, boats, or trailers shall be parked or stored anywhere on the Property, including within a Unit's appurtenant parking spaces. No snowmobile, all-terrain vehicle, or other motorized recreational

vehicle shall be operated on the Property. No maintenance or repair shall be performed on any motor vehicle, boat, trailer or recreational vehicle anywhere on the Property.

- j. *Occupancy Limitations.* No more than six (6) persons shall occupy or reside in any Unit. In the event that a violation of this restriction by a family in occupancy of a Unit results from the birth or adoption of a child, or the marriage or remarriage of a family member, this restriction shall be suspended as to such family for a period of one year to provide such family a reasonable time to cure such violation or otherwise dispose of the Unit.
- k. *Satellite Dishes.* A Co-owner may not install a satellite dish on the Co-owner's Unit.
- l. *Application of Restrictions.* Unless there is an election to arbitrate pursuant to these Bylaws, a dispute or question as to whether a violation of any specific regulation or restriction contained in this Section has occurred shall be submitted to the board, which shall conduct a hearing and render a decision in writing; the decision shall be binding upon all Co-owners and other parties having an interest in the Project.
- m. *Use of Common Elements.* The General Common Elements shall not be used for the storage of supplies or personal property. No Co-owner shall in any way restrict access to any utility line or other area that must be accessible to service the Common Elements or that affects an Association responsibility in any way. In general, no activity shall be carried on nor condition maintained by any Co-owner either in the Co-owner's Unit or upon the Common Elements that despoils the appearance of the Condominium.
- n. *Water Craft Mooring.* Water craft may be moored in Lake Huron only during daylight hours. No water craft shall at any time be stored or otherwise left unattended on the beach on the Lake Huron side of the Project.

7.4 Dock Restrictions. In addition to the requirements of Sections 7.1, 7.2, and 7.3, the use of the Dock by any Dock Co-owner and their agents, tenants, family members, invitees, and licensees shall be subject to the following specific restrictions:

- a. *Changes.* No Dock Co-owner shall make any additions, alterations, or modifications to the Dock, nor make any changes to the structural elements of the Dock, including, without limitation, the erection of lights, storage boxes, dinghy storage racks or devices, swimming ladders or any other attachments or modifications, without the prior written approval of the Association. The Association shall not approve any alterations or structural modifications that would jeopardize or impair the soundness, safety, or appearance of the Dock. The Dock shall at all times be maintained at a height at least thirty-six (36) inches from the water level to the top of the Dock.
- b. *Water Craft.* No water craft not owned by the Dock Co-owner or in excess of twenty (20) feet may use the Dock in any manner. No water craft may be moored to the Dock. Each Dock Co-owner shall have the right to install only one water craft hoist, all water craft shall be stored in a bunk type hoist with a minimum five foot vertical lift capacity and the water craft stored in the hoist may not exceed the weight capacity of the hoist.

- c. *Nuisances.* No nuisances shall be permitted on the Dock nor shall any use or practice be permitted that is a source of annoyance to, or that interferes with the peaceful possession or proper use of the Dock by the Dock Co-owners. No part of the Dock shall be used in whole or in part for the storage of rubbish or trash, nor for the storage of any other property. No substance or material shall be kept on the Dock or a water craft that will emit foul or obnoxious odors, or that will cause excessive noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding portions of the Dock. No open flames shall be permitted on any water craft. All dinghies and other auxiliary water craft shall be affixed to a boat and entirely out of the water.
- d. *Prohibited Uses.* No immoral, improper, offensive, or unlawful use shall be conducted on the Dock or any water craft, and nothing shall be done or kept on the Dock or any water craft that will increase the rate of insurance for the Project without the prior written consent of the Association. No Dock Co-owner shall permit anything to be done or kept on the Dock or in the Dock Co-owner's water craft that will result in the cancellation of insurance on the Dock, or that will be in violation of any law.
- e. *Signs.* No signs or other advertising devices that are visible from the Common Elements shall be displayed on the Dock or any water craft without written permission from the Association or its managing agent.
- f. *Personal Property.* No Co-owner shall display, hang, or store any clothing, sheets, blankets, laundry, or other articles of personal property on the Dock or outside the Dock Co-owner's water craft. This restriction shall not be construed to prohibit a Dock Co-owner from placing and maintaining outdoor furniture and accoutrements and decorative foliage of a customary nature and appearance on the water craft deck.
- g. *Pets and Animals.* No animals of any kind may be kept or maintained on the Dock or in any water craft.
- j. *Occupancy Limitations.* No water craft shall be used for overnight occupancy.
- k. *Installation/Removal of Dock and Water Craft Hoists.* The Association shall determine the date each spring upon which the Dock and all water craft hoists will be installed and the date each fall upon which the Dock and all water craft hoists will be removed. The Association shall give notice to each Dock Co-owner of the date for the removal of the Dock and water craft hoists at least fifteen (15) days in advance. Each Dock Co-owner shall remove his water craft from his water craft hoist prior to the date for the removal of the Dock and the water craft hoists. Upon failure to do so in a timely manner, the Association may do so and the cost of doing so shall be assessed to the defaulting Dock Co-owner. The Association will engage a qualified third party to do the installation and removal. The Dock and the water craft hoists will be stored in the Storage Area as depicted upon the Condominium Subdivision Plan. No water craft or water craft trailers may be stored in the Storage Area.

7.5 Zoning Compliance. In addition to the restrictions contained in this Section, the use of any Unit must satisfy the requirements of the zoning ordinances of the township in which the Project is located in

effect at the time of the contemplated use, unless a variance for such use is obtained from the township.

7.6 Rules of Conduct. Additional rules and regulations consistent with the Act, the Master Deed, and these Bylaws concerning the use of Units and Common Elements may be promulgated and amended by the board. Copies of such rules and regulations must be furnished by the board to each Co-owner at least 10 days prior to their effective date, and may be revoked at any time by the affirmative vote of sixty percent (60%) or more of all Co-owners.

7.7 Enforcement by Developer. The Project shall at all times be maintained in a manner consistent with the highest standards of a private residential community, used and occupied for the benefit of the Co-owners and all other persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligations to maintain, repair, replace, and landscape in a manner consistent with the maintenance of such standards, the Developer, or any person to whom it may assign this right may, at its option, elect to maintain, repair, and/or replace any Common Elements or to do any landscaping required by these Bylaws and to charge the cost to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period, which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any prohibited activity.

7.8 Co-owner Enforcement. An aggrieved Co-owner will also be entitled to compel enforcement of the Condominium Documents by action for injunctive relief and/or damages against the Association, its officers, or another Co-owner in the Project.

7.9 Remedies on Breach. In addition to the remedies granted by these Bylaws for the collection of assessments, the Association shall have the right, in the event of a violation of the restrictions on use and occupancy imposed by this Section, to enter the Unit and to remove or correct the cause of the violation. Such entry will not constitute a trespass, and the Co-owner of the Unit will reimburse the Association for all costs of the removal or correction. Failure to enforce any of the restrictions contained in this Section will not constitute a waiver of the right of the Association to enforce restrictions in the future.

7.10 Reserved Rights of Developer. The restrictions contained in this Section shall not apply to the commercial activities of the Developer during the Development and Sales Period. The Developer shall also have the right to maintain a sales office, advertising display signs, storage areas, and reasonable parking incident to its sales efforts and such access to, from, and over the Property as may be reasonable to enable development and sale of the entire Project.

7.11 Assignment and Succession. Any of the rights granted to or reserved by the Developer in the Condominium Documents or by law may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate document in writing, signed by the Developer and recorded in the public records of the county in which the Project is located. Upon such assignment, the assignee will have the same rights and powers as those granted to or reserved by the Developer in the Condominium Documents.

SECTION 8 MORTGAGES

8.1 Notice to Association. Any Co-owner who mortgages a Unit shall notify the Association of the name and address of the Mortgagee and the Association will maintain such information. The information relating to Mortgagees will be made available to the Developer or its successors as needed for the purpose of obtaining consent from, or giving notice to Mortgagees, concerning actions requiring consent or notice to Mortgagees under the Condominium Documents or the Act.

8.2 Insurance. The Association shall notify each Mortgagee of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief, with the amounts of the coverage.

8.3 Rights of Mortgagees. Except as otherwise required by applicable law or regulation, a Mortgagee has the following rights:

- a. *Inspection and Notice.* Upon written request to the Association, a Mortgagee will be entitled to: (1) inspect the books and records relating to the Project upon reasonable notice; (2) receive a copy of the annual financial statement that is distributed to Co-owners; (3) notice of any default under the Condominium Documents by its mortgagor in the performance of the mortgagor's obligations that is not cured within 30 days; and (4) notice of all meetings of the Association and its right to designate a representative to attend the meetings.
- b. *Past-due Assessments.* A Mortgagee that comes into possession of a Unit pursuant to the remedies provided in the mortgage, or by deed in lieu of foreclosure, shall take the Unit free of any claims for unpaid assessments on charges against the mortgaged Unit that accrue prior to the time the Mortgagee comes into possession, except for assessments having priority as liens against the Unit or claims for a pro rata share of such assessments or charges resulting from a reallocation of such assessments charged to all Units including the mortgaged Unit.

8.4 Additional Notification. When notice is to be given to a Mortgagee, the board shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages of Units in the Condominium if the board has notice of such participation.

SECTION 9 LEASES

9.1 Notice of Lease. A Co-owner, including the Developer, intending to lease a Unit, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to the prospective tenant and, at the same time, shall supply the Association with a copy of the lease form. No Unit shall be leased for a period of less than two (2) weeks. A Co-owner shall pay the Association a registration fee of two hundred dollars (\$200.00) for each lease entered into by the Co-owner.

9.2 Terms of Lease. Non-Co-owner occupants of a Unit shall comply with all the conditions of the Condominium Documents of the Project, and all lease and rental agreements must require such compliance.

9.3 Remedies of Association. If the Association determines that any non-Co-owner occupant has failed to comply with any conditions of the Condominium Documents, the Association may take the following action:

- a. **Notice.** The Association shall notify the Co-owner of the Unit by certified mail advising of the alleged violation by the non-Co-owner occupant.
- b. **Investigation.** The Co-owner will have 15 days after receipt of the notice to investigate and correct the alleged breach by the non-Co-owner occupant or to advise the Association that a violation has not occurred.
- c. **Legal Action.** If, after 15 days, the Association believes that the alleged breach has not been cured or may be repeated, it may institute an action for eviction against the non-Co-owner occupant and a simultaneous action for money damages (in the same or in a separate action) against both the Co-owner and the non-Co-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this section may be by summary proceeding. The Association may hold both the non-Co-owner occupant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner or non-Co-owner occupant in connection with the Unit or the Project.

9.4 Liability for Assessments. If a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a non-Co-owner occupant occupying the Co-owner's Unit under a lease or rental agreement and the non-Co-owner occupant, after receiving such notice, shall deduct from rental payments due the Co-owner the full arrearage, and future assessments as they fall due, and pay them to the Association. Such deductions shall not be a breach of the lease agreement by the non-Co-owner occupant.

SECTION 10 TRANSFER OF UNITS

10.1 Unrestricted Transfers. A Co-owner may, without restriction under these Bylaws, sell, give, devise, or otherwise transfer the Co-owner's Unit, or any interest in the Unit.

10.2 Notice to Association. Whenever a Co-owner shall sell, give, devise, or otherwise transfer the Co-owner's Unit, or any interest in the Unit, the Co-owner shall give written notice to the Association within five days after consummating the transfer. Such notice shall be accompanied by documents evidencing the title or interest transferred.

10.3 Purchase at Judicial Sale. The board shall have the power and authority to bid and purchase, for and on behalf of the Association, any Unit at a sale pursuant to a mortgage foreclosure, a foreclosure of the lien for common expenses under the Act, an order or direction of a court, or at any other involuntary sale, upon the consent or approval of the Co-owners owning not less than sixty percent (60%) in number and in value. The consent shall include a maximum price that the board or its duly authorized agent may bid and pay for the Unit.

10.4 Financing of Purchase. The board shall have authority to make mortgage arrangements and special assessments proportionately among the respective Co-owners, and other such financing arrangements as authorized by the vote of the Co-owners, in order to close and consummate the purchase of a Unit by the Association. No such financing arrangement may be secured by an encumbrance on any interest in the Project other than the Unit to be purchased and the Limited Common Elements appurtenant to the Unit.

10.5 Miscellaneous.

- a. The Association shall hold title to any Unit acquired pursuant to this Section in the name of the Association or a nominee delegated by the board, for the sole benefit of all Co-owners. The board shall have the authority at any time to sell, lease, or sublease the Unit on behalf of the Association upon such terms as the board shall deem desirable, but in no event shall a Unit be sold for less than the amount paid by the Association to purchase the Unit unless Co-owners owning not less than sixty percent (60%) in number and in value first authorize the sale for such lesser amount.
- b. Except as otherwise provided in the Master Deed or in these Bylaws, in the event of any transfer of a Unit or any interest therein, the transferee shall be jointly and severally liable with the transferor for all unpaid assessments of the transferor accrued and payable prior to the date of transfer.

**SECTION 11
ARBITRATION**

11.1 Submission to Arbitration. Any dispute, claim, or grievance arising out of or relating to the interpretation or application of the Master Deed, Bylaws, or other Condominium Documents, and any disputes, claims, or grievances arising among or between Co-owners or between Co-owners and the Association may, upon the election and written consent of the parties to the dispute, claim, or grievance, and written notice to the Association, be submitted to arbitration. The parties shall accept the arbitrator's decision and/or award as final and binding. The commercial arbitration rules of the American Arbitration Association, as amended and in effect from time to time, shall be applicable to all such arbitrations.

11.2 Disputes Involving the Developer. A contract to settle by arbitration may also be executed by the Developer and any claimant with respect to any claim against the Developer that might be the subject of a civil action, provided that:

- a. *Purchaser's Option.* At the exclusive option of a purchaser or Co-owner in the Project, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim involves an amount less than \$2,500 and arises out of or relates to a purchase agreement, Unit, or the Project.
- b. *Association's Option.* At the exclusive option of the Association of Co-owners, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Project, if the amount of the claim is \$10,000 or less.

11.3 Preservation of Rights. Election by any Co-owner or by the Association to submit any dispute, claim, or grievance to arbitration shall preclude that party from litigating the dispute, claim, or grievance in the courts. Except as provided in this Section, however, all interested parties shall be entitled to petition the courts to resolve any dispute, claim, or grievance in the absence of an election to arbitrate.

SECTION 12 OTHER PROVISIONS

12.1 Definitions. All terms used in these Bylaws will have the same meaning assigned by the Master Deed to which the Bylaws are attached, or as defined in the Act.

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

12.3 Notices. Notices provided for in the Act, Master Deed, or Bylaws shall be in writing and shall be addressed to the Association at its registered office in the State of Michigan and to any Co-owner at the address contained in the deed of conveyance, or at such other address as may subsequently be provided. The Association may designate a different address for notices to it by giving written notice of such change of address to all Co-owners. Any Co-owner may designate a different address for notices by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by United States mail with postage prepaid or when delivered in person.

12.4 Amendment. These Bylaws may be amended, altered, changed, added to, or repealed only in the manner prescribed in the Master Deed. Notwithstanding any other provisions of these Condominium Bylaws or the Master Deed, no provision of these Condominium Bylaws 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 consent of Whitney Township.

12.5 Conflicting Provisions. In the event of a conflict between the Act (or other laws of the State of Michigan) and any Condominium Document, the Act (or other laws of the State of Michigan) shall govern. In the event of a conflict between the provisions of any one or more of the Condominium Documents themselves, the following order of priority shall be applied, and the provisions of the document having the highest priority shall govern:

1. the Master Deed, including the Condominium Subdivision Plan (but excluding these Bylaws);
2. these Condominium Bylaws;
3. the Articles of Incorporation of the Association;
4. the Association Bylaws;
5. the rules and regulations of the Association; and
6. the Disclosure Statement.