

I hereby certify that I have searched the records in my office relating to the description of lands in the within instrument and from such records in accordance with the law that there have been fully paid for the three years preceding the date of this instrument.

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ROSE SMITH 58P
ARENAC CO. REG. OF DEEDS
RS Date 02/04/2000 Time 12:58:18
RECORDING FEES: 123.00

Stendish, Mich. 2-4.00
Mary Reid dep Co. Clerk
Except for current taxes due & payable in the Twp. & Cities.

MASTER DEED

THE COVE CONDOMINIUM

This Master Deed is made and executed on this 3rd day of January, 2000, by Henzmetz, L.L.C., a Michigan limited liability company, hereinafter referred to as "Developer," the mailing address of which is Post Office Box 814, Au Gres, Michigan 48703, represented herein by its members, who are fully empowered and qualified to act on behalf of the corporation, in pursuance of the provisions of the Michigan Condominium Act (being Act 59 of the Public Acts of 1978, as amended), hereinafter referred to as the "Act."

WHEREAS, the Developer desires by recording this Master Deed, together with the Bylaws attached hereto as Exhibit A and together with the Condominium Subdivision Plan attached hereto as Exhibit B (both of which are hereby incorporated herein by reference and made a part hereof), to establish the real property described in Article II below, together with the improvements located and to be located thereon, and the appurtenances thereto, as a residential Condominium Project under the provisions of the Act and pursuant to the provisions of the ordinances of the City of Au Gres.

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

ARTICLE I

TITLE AND NATURE

The Condominium Project shall be known as The Cove Condominium, Arenac County Condominium Subdivision Plan No. 108. The Condominium Project is established in accordance with the Act. The Units contained in the Condominium, including the number, boundaries, dimensions and area of each, are set forth completely in the Condominium Subdivision Plan attached

First Amendment L.361 P.333

as Exhibit "B" hereto. Each Unit is capable of individual utilization on account of having its own entrance from and exit to a Common Element of the Condominium Project. Each Owner in the Condominium Project shall have an exclusive right to his Unit and shall have undivided and inseparable rights to share with other Owners the Common Elements of the Condominium Project.

ARTICLE II

LEGAL DESCRIPTION

The land which is submitted to the Condominium Project established by this Master Deed is particularly described as follows:

Situated in the City of AuGres, County of Arenac, State of Michigan, to-wit:

Commencing at the Northwest Corner of Section 19, Town 19 North, Range 7 East, City of AuGres, Arenac County, Michigan; thence S01°54'00"W, along West line of said Section, and centerline of Main Street, 1,320.25 feet; thence S89°30'E, along North boundary of Sleepy Oaks Condominium as recorded in Liber 1 of Condominiums, Pages 1-20, Arenac County Records, 1,321.96 feet to the Point of Beginning; thence continuing S89°30'00"E, along said North boundary, 850.09 feet; thence N53°28'11"E, 1,007.08 feet; thence N51°34'54"W, along the southwesterly right-of-way line and its extension of Michigan Avenue 401.21 feet; thence S66°07'00"W, 1,461.86 feet; thence S01°54'00"W, 249.63 feet to the Point of Beginning. The above described parcel being a part of the Northwest quarter of said Section, and contains 16.57 acres of land, more or less. Also being subject to easements and restrictions of record, if any.

subject to right, title and interest of the State of Michigan in the bed and waters of the Great Lakes including land which was formerly the bed of the Great Lakes and was created by fill or artificial accretion; also subject to rights of the United States, State of Michigan, and the public for commerce, navigation, recreation and fishery in any portion of the land comprising the bed or waters of Saginaw Bay; further subject to the nature, extent or lack of riparian rights or the riparian rights of riparian owners and the public in and to the use of the waters of Saginaw Bay; and also subject any part of the Property taken, used or deeded for roadway purposes; subject also to any and all easements, covenants, conditions and reservations of record.

ARTICLE III
DEFINITIONS

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

Section 1. Act. The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

Section 2. Association. "Association" means The Cove Homeowners Association, which is the non-profit corporation organized under Michigan law of which all Owners shall be members, which corporation shall administer, operate, manage and maintain the Condominium.

Section 3. Bylaws. "Bylaws" means Exhibit "A" hereto, being the Bylaws setting forth the substantive rights and obligations of the Owners and required by Section 3(8) of the Act to be recorded as part of the Master Deed. The Bylaws shall also constitute the corporate bylaws of the Association as provided for under the Michigan Nonprofit Corporation Act.

Section 4. City. "City" means the City of Au Gres, a Michigan municipal corporation.

Section 5. Common Elements. "Common Elements", where used without modification, means both the General and Limited Common Elements referenced in Article IV hereof.

Section 6. Condominium Documents. "Condominium Documents" means and includes this Master Deed and Exhibits "A" and "B" hereto, the Articles of Incorporation, Bylaws and rules and regulations, if any, of the Association, as all of the same may be amended from time to time.

Section 7. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements and structures thereon, and all easements, rights and appurtenances belonging to The Cove Condominium as described in Article II hereof.

Section 8. Condominium Project, Condominium or Project. "Condominium Project," "Condominium" or "Project" means The Cove Condominium, as a Condominium Project established in conformity with the Act.

Section 9. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit "B" hereto.

Section 10. Consolidating Master Deed. "Consolidating Master Deed" means the final amended Master Deed as intended by Developer which shall describe The Cove Condominium as a completed Condominium Project and shall reflect all Units and Common Elements therein as may be reconfigured, and which shall express percentages of value pertinent to each Unit as finally readjusted. Such Consolidating Master Deed, when recorded in the office of the Arenac County Register of Deeds, shall supersede the previously recorded Master Deed for the Condominium and all amendments thereto. In the event the Units and Common Elements in the Condominium are established in substantial conformance with the proposed Condominium Subdivision Plan attached as Exhibit "B" to the Master Deed, the Developer shall be able to satisfy the foregoing obligation by filing a certificate in the office of the Arenac County Register of Deeds confirming that the Units and Common Elements "as built" are in substantial conformity with the proposed Condominium Subdivision Plan and that no Consolidating Master Deed need be recorded.

Section 11. Developer. "Developer" means Henzmetz, L.L.C., a Michigan limited liability company, which has made and executed this Master Deed, and its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, however and wherever such terms are used in the Condominium Documents.

Section 12. Construction and Sales Period. "Construction and Sales Period," for purposes of the Condominium Documents and the rights reserved to Developer thereunder, means the period during which Developer continues to own any Unit in the Project.

Section 13. Dwelling. "Dwelling" means a residence located within a Homesite or Unit as hereinafter defined.

Section 14. First Annual Meeting. "First Annual Meeting" means the initial meeting at which non-developer Owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting is to be held (a) in the Developer's sole discretion after 50% of the Units are sold, or (b) mandatorily within (i) 54 months from the date of the first Unit conveyance, or (ii) 120 days after 75% of the Units are sold, whichever first occurs.

Section 15. Owner. "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Unit(s) in the Condominium Project. The term "Owner," wherever used, shall be synonymous with the term "Co-owner" as defined in the Act.

Section 16. Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Section 17. Unit, Condominium Unit, Homesite. "Unit," "Homesite" or "Condominium Unit" each mean a single residential building site in The Cove Condominium, as described in Article

V, Section 1 hereof and on Exhibit "B" hereto, and shall have the same meaning as the term "Condominium Unit" as defined in the Act. All structures and improvements now or hereafter located within the boundaries of a Unit shall be owned in their entirety by the Owner of the Unit within which they are located and shall not, unless otherwise expressly provided in the Condominium Documents, constitute Common Elements.

Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate and vice versa.

ARTICLE IV

COMMON ELEMENTS

The Common Elements of the Project, and the respective responsibilities for maintenance, decoration, repair or replacement thereof, are as follows:

Section 1. General Common Elements. The General Common Elements are:

(a) **Land.** The land described in Article II hereof including any landscaped common areas and all other open space areas, but excluding the portion of the land described in Article V, Section 1 below and in the Condominium Subdivision Plan as constituting the Condominium Units.

(b) **Common Driveway.** Cove Court, the private internal driveway and its rights of way which serves the Units as designated on the Condominium Subdivision Plan.

(c) **Certain Landscaping Areas.** All landscaping areas lying within the General Common Elements and such portions of the Units as the Developer and the Association may determine to be landscaping areas within the jurisdiction of the Association and also including any landscaping lying between Michigan Avenue and the Condominium.

(d) **Common Signage.** The signage located at the entrance of the Project and all other signage identifying the Project or any aspect thereof that may hereinafter be installed by the Developer or the Association.

(e) **Electrical.** The electrical transmission mains throughout the Project up to the point of entry to each Dwelling within a Unit, together with any common lighting which Developer may elect to install for the Project, and any other commonly metered electrical fixtures.

(f) **Telephone.** The telephone transmission mains throughout the Project up to the point of entry to each Dwelling within a Unit.

(g) **Gas.** The gas distribution mains throughout the Project, up to the point of entry to each Dwelling within a Unit.

(h) **Water.** The water main distribution system throughout the Project, up to the point of entry to each Dwelling within a Unit together with any sprinkling system and its pumps and other appurtenances which may be installed for purposes of irrigating the landscaping areas referenced in Section 1(c) above.

(i) **Telecommunications.** The telecommunications system, if and when installed, up to the point of entry within a Unit.

(j) **Storm Drainage System.** The entire storm water drainage system throughout the Project.

(k) **Sanitary Sewer.** The sanitary sewer system throughout the Project up to the point of entry to each Dwelling within a Unit.

(l) **Beneficial Easements.** All easements now existing or hereafter created which benefit the Condominium as a whole.

(m) **Electric and Water Hookups.** The electric and water hookups installed for purposes of serving the boat slips. Electricity and water consumption from such hookups shall be regulated by the Association.

(n) **Seawall and Walkway.** The seawall and adjoining walkway.

(o) **Wetland Preserved Areas.** The Wetland Preserved Areas designated as such on the Condominium Subdivision Plan, subject to the easements, reservations and restrictions with respect thereto as set forth in Article IX, Section 10 of this Master Deed.

(p) **Other.** Such other elements of the Project not herein designated as Common Elements which are not enclosed within the boundaries of a Unit, and which are intended for common use or are necessary to the existence, upkeep, appearance, utility or safety of the Project.

Section 2. Limited Common Elements. The Limited Common Elements are:

(a) **Unit Driveways.** Driveways which connect the Units to Cove Boulevard shall be limited in use to the Units which they respectively service. None have been shown in the original Condominium Subdivision Plan since their locations have not yet been determined. They will be depicted on "as-built" Plans recorded pursuant to Article VI hereof.

(b) **Boat Slips, Finger Piers, Boat Docks and/or Mooring Posts.** Each Boat Slip shall be appurtenant as a Limited Common Element to the Unit of the same number as

designated on the Condominium Subdivision Plan. Any finger piers, docks and/or mooring posts installed in connection therewith shall be appurtenant to the Boat Slips which they respectively service. No finger piers, boat docks and/or mooring posts have been shown on the Condominium Subdivision Plan since their nature, extent and locations, if any, have not been determined and there is no obligation of the Developer for installation thereof. Any such locations will be determined by the Developer or the Association, as the case may be.

(c) **Mailboxes.** Mailboxes shall be limited in use to the Units to which they are respectively assigned by the Association. None have been shown in the original Condominium Subdivision Plan since their locations have not yet been determined. They will be depicted on "as-built" plans recorded pursuant to Article VI hereof.

(d) **Utility Meters.** All utility meters for gas, electrical and water service which are individually metered to the respective Dwellings.

Section 3. Responsibilities. The respective responsibilities for the maintenance, decoration, repair and replacement of the Units and Common Elements are as follows:

(a) **Certain Association Responsibilities with Respect to Homesites.** The Association shall be responsible in the first instance for performing certain maintenance functions within all Homesites including lawn mowing, landscaping maintenance, painting and staining, roof maintenance, tree maintenance and irrigation and fertilization within the areas determined to be landscaping areas by the Developer and the Association; also, snow plowing and/or snow shoveling as well as maintenance, repair and replacement of garage driveways and Unit walkways. No other maintenance, repair, replacement or decoration responsibilities with respect to Dwellings and their appurtenances located within the Homesites are being initially undertaken by the Association. Nevertheless, in order to provide for flexibility, harmony and reasonable uniformity in administering the Condominium, the Association, acting through its Board of Directors, may undertake such other regularly recurring, reasonably uniform, periodic exterior maintenance functions with respect to Dwellings, appurtenances and improvements constructed or installed within any Homesite boundaries as it may deem appropriate. Correspondingly, it may, by Board action, reduce the level of such services provided by the Association and require that some or all of the same shall be and become the responsibilities of the individual Owners.

Nothing herein contained, however, shall compel the Association to permanently undertake any or all of the foregoing described responsibilities or any other particular responsibilities. Any such responsibilities undertaken by the Association shall be charged to all Owners on a uniform basis and collected in accordance with the assessment procedures established under Article II of the Bylaws. The Developer, in the initial maintenance budget for the Association (and the Association, after the Transitional Control Date), shall be entitled to determine the precise nature and extent of any such services which may be provided by the Association and thereafter may add to, modify or reduce any such services, in its discretion, from time to time. Reasonable rules and regulations may be promulgated in connection therewith from time to time. In the event that a Owner seeks approval from

the Developer or the Association for installation of a structural or landscaping improvement, the care of which will add an abnormal expense to the Association's maintenance budget, the Developer or the Association, as the case may be, shall be entitled to require payment of the abnormal expense by such Owner in addition to such Co-owner's ordinary maintenance assessment as a condition of plan approval.

(b) **Owner Responsibility for Homesites and their Appurtenant Improvements.** It is anticipated that separate residential dwellings will be constructed within the respective Homesites on Exhibit B hereto. Dwellings (except for decks, patios, air conditioner compressors or other appurtenances which may extend into areas respectively adjacent to Homesites as also depicted on Exhibit B) shall not extend beyond the perimeters of Homesites without approval of the Developer. As set forth in the immediately preceding Section 3(a) of this Article IV, the responsibility for and costs of certain Homesite maintenance functions shall be initially borne by the Association as expenses of administration. The responsibility for, and costs of all other maintenance, decoration, repair and replacement of any Homesite and the Dwelling, driveways, walkways and other appurtenances to each Dwelling which are not itemized in Article IV, Section 3(a) and which are not otherwise specifically undertaken by the Association shall be borne by the Owner of the Homesite within which the same are located. The exterior appearance of each Homesite, and its Dwelling, appurtenances, improvements, colors, materials and decorations, to the extent visible from any other Homesite or Common Element in the Project, shall be subject at all times to the jurisdiction and approval of the Association. The costs of installation, maintenance, repair and replacement of any finger piers, boat docks and/or mooring posts shall be borne by the Owners of the Units to which they and their related boat slips are respectively appurtenant.

(c) **General Common Elements.** The cost of maintenance, repair and replacement of all General Common Elements shall be borne by the Association, subject to any provision of the Condominium Documents expressly to the contrary.

Section 4. Utility Systems. Some or all of the utility lines, systems (including mains and service leads) and equipment described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility lines, systems and equipment shall be Common Elements only to the extent of the Owners' interest therein, if any, and Developer makes no warranty whatsoever with respect to the nature or extent of such interest, if any. The extent of the Developer's and Association's responsibility will be to see to it that telephone, electric, water, natural gas, cable television, and sanitary sewer mains and leads are installed to each Dwelling and each Unit Owner will be responsible for paying all metered and measured costs of operation thereof.

Section 5. Use of Units and Common Elements. No Owner shall use his Unit or the Common Elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other Owner in the use and enjoyment of his Unit or the Common Elements.

Section 6. Establishment and Maintenance of Units, Improvements and Common Elements. All Units and Common Elements shall be established and continuously maintained in accordance with the requirements of the City's Zoning Ordinance. Except as hereafter set forth in this Master Deed, each Dwelling shall be constructed within the boundaries of a Unit as depicted on the Condominium Subdivision Plan, all of which Units are co-extensive with the building envelopes as set forth on the final site plan for The Cove Condominium as approved by the City. No material changes in the Common Elements as depicted in the Condominium Subdivision Plan and the approved site plan shall be made without the approval of the City.

ARTICLE V

UNIT DESCRIPTIONS AND PERCENTAGES OF VALUE

Section 1. Description of Units. There are 20 residential building site Units in The Cove Condominium. Each Unit in the Condominium Project is described in this paragraph with reference to the Condominium Subdivision Plan of The Cove Condominium as prepared by Northeast Land Surveys, Inc., as attached hereto as Exhibit "B." Each Unit shall consist of the land located within Unit boundaries as delineated on Exhibit "B" hereto together with all appurtenances thereto.

Section 2. Percentage of Value. The percentage of value assigned to each of the 20 Units is equal. The determination that percentages of value should be equal was made after reviewing the comparative characteristics of each Unit in the Project and concluding that there are not material differences among the Units insofar as the allocation of percentages of value is concerned. The percentage of value assigned to each Unit shall be determinative of each Owner's respective share of the Common Elements of the Condominium Project, the proportionate share of each respective Owner in the proceeds and expenses of administration and the value of such Owner's vote at meetings of the Association of Owners. The total value of the Project is 100%.

ARTICLE VI

CONVERTIBLE AREAS

Section 1. Designation of Convertible Areas. All Units and General and Limited Common Element areas are hereby declared to be Convertible Areas within which the Units and Common Elements may be modified as provided herein.

Section 2. The Developer's Right to Modify Units and Common Elements. The Developer reserves the right in its sole discretion, from time to time, during a period ending six years from the date of recording this Master Deed, to take action as follows within the Convertible Areas provided, however, that no Unit owned by someone other than Developer may be materially modified without such Owner's consent.

(a) **Modify Units and Common Elements.** The Developer reserves the right to modify the size, location, design or elevation of Units and/or Limited and General Common Elements geographically proximate to such Units (including, without limitation, the locations of Unit driveways), and to enlarge, extend, add or reduce the number of Units within any portion or portions of the Convertible Areas. The Developer may utilize this provision to permit the installation of driveways and mailboxes and the extension of decks, patios, courtyards, privacy areas, air conditioner compressors and their pads into the General Common Element areas adjoining each Unit. The precise number, nature, size and location of Unit and/or Limited Common Element additions, enlargements, modifications and extensions or other modifications which may be established shall be determined by Developer in its sole judgment. Any such modification may be assigned by the Developer as a Limited Common Element appurtenant to an individual Unit in future amendments to this Master Deed. In the context of any such modification, the Developer may add or delete any Unit or Common Element so long as the same is approved to any necessary extent by the City and to such extent The Cove Condominium shall be deemed to be an expandable or contractable Condominium Project.

(b) **Construct Additional Amenities.** The Developer may, in its sole discretion, construct various amenities including, but not limited to, pedestrian paths, recreational features, park areas, signage, landscaping features and walls, walks, gazebos or other related amenities (hereinafter called the "Amenities") and hereby reserves the right to do so anywhere within the General Common Element areas described on the Condominium Subdivision Plan. Developer shall pay the costs of such amenities, if constructed, unless otherwise approved by a two-thirds majority of non-developer Owners. Upon inclusion of the same in the Condominium, all Owners and all future Owners in The Cove Condominium shall thereafter contribute to the maintenance, repair and replacement of the Amenities as an expense of administration of the Condominium (and as a cost of construction if approved by a two-thirds majority of non-Developer Owners). Developer has no obligation to construct any particular Amenities or any Amenities whatsoever or include the same in the Condominium except pursuant to its discretionary election to do so. Final determination of the design, layout and location of such Amenities, if and when constructed, will be at the sole discretion of the Developer.

Section 3. Exercise and Assignment by Developer. No person other than the Developer (including the Association and any Owner) shall exercise the rights reserved to Developer in this Article VI unless such rights or some portion thereof have been specifically assigned to such person by Developer in a recordable written instrument. Further, such rights shall not be exercised by Developer or any other person except as may be permitted in accordance with the applicable ordinances of the City of Au Gres and such specific approvals of the City, including issuance of building permits, as may be required by law.

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ARTICLE VII
OPERATIVE PROVISIONS

Any exercise of convertibility rights in the Project pursuant to Article VI above shall be governed by the provisions set forth below.

Section 1. Amendment of Master Deed. Such exercise of convertibility rights of this Condominium Project shall be given effect by appropriate amendments to this Master Deed in the manner provided by law, which amendments shall be prepared by and at the discretion of the Developer. In any such amendment, the percentages of value set forth in Article V hereof shall be readjusted if appropriate in order to preserve a total value of 100% for the entire Project resulting from such amendments to this Master Deed. All readjustments in percentages of value shall be made so as to provide for equal percentages for all Units.

Section 2. Redefinition of Common Elements. Such amendment(s) to the Master Deed shall also contain such further definitions and redefinitions of General or Limited Common Elements as may be necessary to adequately describe, serve and provide access to the areas of the Project being modified by such amendment(s). In connection with any such amendment(s), the Developer shall have the right to change the nature of any Common Element previously included in the Project for any purpose reasonably necessary to achieve the purposes of Article VI.

Section 3. Consolidating Master Deed. A Consolidating Master Deed shall, if necessary, be recorded pursuant to the Act when the Project is finally concluded as determined by the Developer in accordance with Article III, Section 9, hereof in order to incorporate into one set of instruments all successive stages or modifications of development. The Consolidating Master Deed, if and when recorded, shall supersede this previously recorded Master Deed and all amendments hereto.

Section 4. Consent of Interested Persons. All of the Owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be proposed by the Developer to effectuate the purposes of Article VI above. All such interested persons irrevocably appoint the Developer as agent and attorney for the purpose of execution of such amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording the entire Master Deed or the Exhibits hereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits hereto. **Provided, however,** that any change or modification to this Master Deed which results in a change or modification in the size, location or configuration of any of the Units or the Common Elements shall be subject to the prior approval of the City of Au Gres.

ARTICLE VIII**SUBDIVISION, CONSOLIDATION
AND OTHER MODIFICATIONS OF UNITS**

Notwithstanding any other provision of the Master Deed or the Bylaws, Units and adjoining Common Element areas in the Condominium may be subdivided, consolidated, modified and the boundaries relocated, by the Developer in accordance with Sections 48 and 49 of the Act, applicable zoning laws and regulations in effect in the City of Au Gres at the time, and this Article. Such changes in the affected Unit or Units and any adjoining Common Elements shall be promptly reflected in a duly recorded amendment or amendments to this Master Deed.

Section 1. By Developer. Developer reserves the sole right during the Construction and Sales Period and without the consent of any other Owner or any mortgagee of any Unit to take the following action:

(a) **Subdivide or Consolidate Units.** Subdivide, resubdivide or consolidate any Units which it owns together with adjoining Common Element areas and in connection therewith to install utility conduits and connections and any other improvements reasonably necessary to effect such subdivision(s) and/or consolidation(s), any or all of which may be designated and redefined by the Developer as Units and/or General or Limited Common Elements. Any such installations shall not disturb any utility connections serving other Units other than temporarily. Such subdivision or resubdivision of Units and adjoining Common Elements shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the sole discretion of Developer, its successors or assigns.

(b) **Relocate Boundaries.** Relocate any boundaries between adjacent Units and adjacent Common Element areas not necessary for the reasonable use of Units other than those subject to the relocation. The relocation of such boundaries shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the sole discretion of the Developer, its successors or assigns.

(c) **Amend to Effectuate Modifications.** In any amendment or amendments resulting from the exercise of the rights reserved to Developer above, each portion of the Unit or Units resulting from such subdivision or relocation of boundaries shall be separately identified by number. Such amendment or amendments to the Master Deed shall also contain such further definitions of General or Limited Common Elements as may be necessary to adequately describe and serve the Units in the Condominium Project as so modified. All of the Owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing and to any proportionate reallocation of percentages of value of Units which Developer or its successors may determine necessary (while retaining equal percentages for all Units) in conjunction with such amendment or amendments. All such interested persons

irrevocably appoint Developer or its successors as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording an entire Master Deed or the Exhibits hereto.

Section 2. Subdivision by Others Prohibited. No one other than the Developer may subdivide, consolidate or relocate the boundaries of any Unit.

ARTICLE IX

EASEMENTS

Section 1. Easements for Maintenance of Encroachments. In the event of any encroachments due to survey errors, or construction deviations, easements shall exist for the maintenance of such encroachments for so long as such encroachments exist, and for maintenance thereof after rebuilding in the event of any destruction.

Section 2. Easements Retained by Developer.

(a) **Access Easements.** The Developer reserves for the benefit of itself, its successors and assigns, easements for the unrestricted use of all roads, sidewalks and other Common Elements in the Condominium for purposes of ingress and egress to and from all or any portion of the Units and Common Elements of any sort. It is intended hereby to enable the Developer to have all access of any sort that it may need in order to fully develop, construct, market and operate the Condominium and all Units, Common Elements and Dwellings constructed within the Condominium to the fullest extent necessary or desirable throughout the Construction and Sales Period. Further, these easements shall continue for as long after the end of the Construction and Sales Period as may be necessary or desirable to enable the Developer to perform any and all acts of service, maintenance or repair with respect to Units, Common Elements or Dwellings as it may elect to perform.

(b) **Utility Easements.** The Developer also hereby reserves for the benefit of itself, its successors and assigns, perpetual easements to utilize, tap, tie into, extend and enlarge all utility mains located in the Condominium, including, but not limited to, water, electric, gas, cable television, storm and sanitary sewer mains. In the event Developer, its successors or assigns, utilizes, taps, ties into, extends or enlarges any utilities located in the Condominium, it shall be obligated to pay all of the expenses reasonably necessary to restore the Condominium Premises to their state immediately prior to such utilization, tapping, tying-in, extension or enlargement. The Developer also reserves the right to extend, by separate recorded instrument executed in its sole discretion, the foregoing easements to any other lands adjoining the Condominium. To the extent of any such extension, all expenses of maintenance, repair and replacement of any utility mains referred to in this Section shall be shared by this Condominium and any other developed lands to which such utilities may be extended and which are served by such mains. The Owners of this Condominium shall be responsible from time to time for payment of a proportionate share of said expenses

which share shall be determined by multiplying such expenses times a fraction, the numerator of which is the number of Units in this Condominium, and the denominator of which is comprised of the numerator plus all other Units in any other lands which may be serviced by such mains, as so extended.

The Developer reserves the right at any time during the Construction and Sales Period to grant easements for utilities over, under and across the Condominium to appropriate governmental agencies or public utility companies and to transfer title of utilities to governmental agencies or to utility companies. Any such easement or transfer of title may be conveyed by the Developer without the consent of any Owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to Exhibit "B" hereto, recorded in the Arenac County Records. All of the Owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be required to effectuate the foregoing grant of easements or transfers of title.

Section 3. General Easements for Utilities. There shall be easements to, through and over those portions of the land (including all Units) and improvements in the Condominium for the continuing maintenance, repair, replacement, extension and/or enlargement of any General Common Element utilities in the Condominium as depicted on the Condominium Subdivision Plan as the same may be amended from time to time and/or as installed by or at the direction of the Developer.

Section 4. Grant of Easements by Association. The Association, acting through its lawfully constituted Board of Directors (including any Board of Directors acting prior to the Transitional Control Date) shall be empowered and obligated to grant such easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium subject, however, to the approval of the Developer so long as the Construction and Sales Period has not expired.

Section 5. Association, Developer and Utility Easements for Development, Construction, Maintenance, Decoration, Repair and Replacement. The Developer, the Association and all public or private utility companies shall have such easements over, under, across and through the Condominium Premises, including all Units and Common Elements, as may be necessary to exercise any developmental, marketing, construction or operational rights and/or to fulfill any responsibilities of maintenance, repair, decoration, replacement or upkeep which they or any of them are required or permitted to perform under the Condominium Documents or by law or to respond to any emergency or common need of the Condominium. While it is intended that each Owner shall be solely responsible for the performance and costs of all maintenance, repair and replacement of and decoration of the residence and all other appurtenances and improvements constructed or otherwise located within his Unit (except as set forth in Article IV, Section 3(a) hereof), it is nevertheless a matter of concern that an Owner may fail to properly maintain the exterior of his Unit in a proper manner and in accordance with the standards set forth in this Master Deed, the Bylaws and any rules and regulations promulgated by the Association. Therefore, in the event an Owner fails, as required by this Master Deed, the Bylaws or any rules and regulations

promulgated by the Association, to properly and adequately maintain, decorate, repair, replace or otherwise keep his Unit or any improvements or appurtenances located therein, the Association (and/or the Developer during the Construction and Sales Period) shall have the right, and all necessary easements in furtherance thereof, (but not the obligation) to take whatever action or actions it deems desirable to so maintain, decorate, repair or replace the residence located within the Unit, its appurtenances or any of its Limited Common Elements, all at the expense of the Owner of the Unit. Neither the Developer nor the Association shall be liable to the Owner of any Unit or any other person, in trespass or in any other form of action, for the exercise of rights pursuant to the provisions of this Section or any other provision of the Condominium Documents which grant such easements, rights-of-entry or other means of access. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time. All costs incurred by the Association or the Developer in performing any responsibilities which are required, in the first instance, to be borne by any Owner shall be assessed against such Owner and shall be payable and due with his periodic regular assessment next falling due; further, the lien for nonpayment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the Condominium Documents and by law for the collection of regular assessments including, without limitation, legal action, foreclosure of the lien securing payment and imposition of fines.

Section 6. Telecommunications Agreements. The Association, acting through its duly constituted Board of Directors and subject to the Developer's approval during the Construction and Sales Period, shall have the power to grant such easements, licenses and other rights of entry, use and access and to enter into any contract or agreement, including wiring agreements, right-of-way agreements, access agreements and multi-unit agreements and, to the extent allowed by law, contracts for sharing of any installation or periodic subscriber service fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, earth antenna and similar services (collectively "Telecommunications") to the Project or any Unit therein. Notwithstanding the foregoing, in no event shall the Board of Directors enter into any contract or agreement or grant any easement, license or right-of-entry or do any other act or thing which will violate any provision of any federal, state or local law or ordinance. Any and all sums paid by any Telecommunications or other company or entity in connection with such service, including fees, if any, for the privilege of installing same or sharing periodic subscriber service fees, shall be receipts affecting the administration of the Condominium Project within the meaning of the Act and shall be paid over to and shall be the property of the Association.

Section 7. Emergency and Public Service Vehicle Access Easements. There shall exist for the benefit of the City of Au Gres or any emergency or public service agency, an easement over all Common Element roads in the Project for use by the City of Au Gres and/or emergency and public service vehicles. Said easement shall be for purposes of ingress and egress to provide, without limitation, fire and police protection, ambulance and rescue services, school bus and postal service and other lawful governmental or private emergency services or public services to the Condominium Project and Owners thereof. This grant of easement shall in no way be construed as a dedication of any streets, roads or driveways to the public until and unless formal dedication occurs.

Section 8. Right-of-Way Dedication. The Developer reserves the right at any time to dedicate to the public road rights-of-way of such width, up to a maximum of sixty (60) feet, as may be required by the governmental agency having jurisdiction over the roadways in The Cove Condominium, shown as General Common Elements in the Condominium Subdivision Plan. Any such right-of-way dedication may be made by the Developer during the Construction and Sales Period and by the Association thereafter without the consent of any Owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to the Condominium Subdivision Plan hereto, recorded in the Arenac County Records. Such dedication shall be made upon request therefor by the governmental agency having jurisdiction. This Condominium shall be deemed a contractable condominium project under the Act for purposes of enabling withdrawal and dedication of any road rights-of-way pursuant to this Section. All of the Owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing right-of-way dedication.

Section 9. Easements for Certain Utilities. There shall exist easements in favor of the Association, the City and all public and private utility companies over certain portions of the Units for purposes of providing storm and sanitary sewers and other utilities as designated on the Condominium Subdivision Plan. Easements over such Units shall also exist in such reasonable locations as may be necessary in favor of the Association, the City and all public and private companies for purposes of access to sewers and utilities in order to inspect, maintain and repair the same. No Owner shall disturb the grade or otherwise modify the areas within such easements in any way so that the utilities designed for the Condominium Premises shall be unimpaired.

Section 10. Preserved Areas - Easements and Restrictions. Portions of the General Common Elements have been designated on the Condominium Subdivision Plan as "Preserved Areas" which areas shall remain in their natural, undisturbed condition in perpetuity and shall not be subject to any alteration of vegetation, soils or hydrology. The Preserved Areas are more particularly described as follows:

Wetland Preserved Area No. 1:

Commencing at the Northwest corner of Section 19, Town 19 North, Range 7 East, Sims Township, Arenac County, Michigan; thence South 01°54'00" West, along West line of said Section, and Centerline of Main Street, 1320.25 feet; thence South 89°30' East, along North boundary of Sleepy Oaks Condominium, as recorded in Liber 1 of Condominiums, Pages 1-20, Arenac County Records, 1,321.96 feet to the Point of Beginning of the following described parcel of land; thence North 01°54'00" East, 249.63 feet; thence North 66°07'00" East 1461.86 feet; thence South 51°34'54" West, along the Southwesterly right-of-way of Michigan Avenue, 78.10 feet; thence South 38°25'00" West 110.62 feet; thence South 53°08'00" West 35.33 feet; thence South 76°19'00" West 95.53 feet; thence North 70°21'00" West 66.31 feet; thence South 59°48'00" West 29.54 feet; thence South 02°27'00" West 42.49 feet; thence South 18°38'00" West 38.20 feet; thence South 28°06'00" West 98.59 feet thence South 52°49'00" West 77.67 feet; thence South 52°28'00" West 56.03 feet; thence South 39°11'00" West 42.71 feet; thence South 59°52'00" West 43.45 feet; thence South 72°00'00" West 44.18 feet; thence South 53°14'00" West 128.48 feet; thence South

45°00'00" West 58.72 feet; thence South 52°00'00" West 70.15 feet; thence South 73°22'00" West 61.15 feet; thence North 66°38'00" West 28.83 feet; thence North 47°46'00" West 27.17 feet; thence South 72°31'00" West 41.54 feet; thence North 87°55'00" West 60.71 feet; thence South 19°40'00" East 84.65 feet; thence South 53°49'00" East 27.05 feet; thence South 09°30'00" West 29.81 feet; thence South 38°31'00" West 38.48 feet; thence South 55°03'00" West 52.44 feet; thence North 89°30'00" West 434.71 feet back to the Point of Beginning. The above described parcel being a part of the Northwest 1/4, of said Section, and contains 8.94 acres of land, more or less. Also being subject to easements and restrictions of record, if any.

Wetland Preserved Area No. 2:

Commencing at the Northwest corner of Section 19, Town 19 North, Range 7 East, Sims Township, Arenac County, Michigan; thence South 01°54'00" West, along West line of said Section, and centerline of Main Street, 1320.25 feet; thence South 89°30' East, along the North boundary of Sleepy Oaks Condominium, as recorded in Liber 1 of Condominiums, Pages 1-20, Arenac County Records, 1,321.96 feet; thence North 01°54'00" East, 249.63 feet; thence North 66°07'00" East 1461.86 feet; thence South 51°34'54" West, along the southwesterly right-of-way of Michigan Avenue, 164.31 feet to the true point of beginning of the following described parcel of land; thence continuing South 51°34'54" East, 170.44 feet; thence South 52°32'00" West 202.32 feet; thence South 36°18'00" West 78.57 feet; thence South 31°41'00" West 33.50 feet; thence North 49°07'00" West 41.52 feet; thence South 83°38'00" West 53.23 feet; thence North 75°56'00" West 33.83 feet; thence North 22°48'00" West 30.51 feet; thence North 33°02'00" East 79.25 feet; thence North 41°07'00"; East 172.02 feet; thence North 45°31'00" East 66.34 feet; thence North 38°25'00" East 26.41 feet back to the Point of Beginning. The above described parcel being a part of the Northwest 1/4, of said Section, and contains 1.10 acres of land, more or less. Also being subject to easements and restrictions of record, if any.

No amendment of any sort to this Section 10 or to the Preserved Areas as depicted on the Condominium Subdivision Plan shall be effective for any purpose without the written approval of the United States Department of the Army, Corps of Engineers, which has granted the necessary permit for establishment and development of the Condominium and for the benefit of which this easement and restriction has been created.

ARTICLE X

AMENDMENT

This Master Deed and the Condominium Subdivision Plan may be amended with the consent of 66-2/3%, except as hereinafter set forth:

Section 1. Modification of Units or Common Elements. No Unit dimension may be modified in any material way without the consent of the Owner and mortgagee of such Unit and the City of Au Gres nor may the nature or extent of Limited Common Elements or the responsibility for

maintenance, repair or replacement thereof be modified in any material way without the written consent of the Owner and mortgagee of any Unit to which the same are appurtenant, except as otherwise expressly provided above to the contrary.

Section 2. Mortgagee Consent. Whenever a proposed amendment would materially alter or change the rights of mortgagees generally, then such amendments shall require the approval of 66-2/3% of all first mortgagees of record allocating one vote for each mortgage held.

Section 3. By Developer. Prior to two years after expiration of the Construction and Sales Period, the Developer may, without the consent of any Owner or any other person, amend this Master Deed and the Condominium Subdivision Plan attached as Exhibit B in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the Bylaws attached hereto as Exhibit A as do not materially affect any rights of any Owners or mortgagees in the Project.

Section 4. Change in Percentage of Value. The value of the vote of any Owner and the corresponding proportion of common expenses assessed against such Owner shall not be modified without the written consent of such Owner and his mortgagee, nor shall the percentage of value assigned to any Unit be modified without like consent.

Section 5. Termination, Vacation, Revocation or Abandonment. The Condominium Project may not be terminated, vacated, revoked or abandoned without the written consent of the Developer and 100% of non-Developer Owners and their first mortgagees.

Section 6. Developer Approval. During the Construction and Sales Period, this Master Deed and Exhibits "A" and "B" hereto shall not be amended nor shall the provisions thereof be modified in any way without the written consent of the Developer.

Section 7. City Approval. No amendments may be made to the Condominium Documents which would cause or enable the Condominium to be in violation of any ordinances of the City.

Amendments pursuant to this Article shall be effected utilizing the same procedures as applicable in amendments to the Bylaws pursuant to Article XVI thereof.

ARTICLE XI

ASSIGNMENT

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

[Signatures and acknowledgment appear on next page]

IN WITNESS WHEREOF, the foregoing Master Deed was executed on the date first above written.

WITNESSES:

HENZMETZ, L.L.C., a Michigan limited liability company

William T. Myers
William T. Myers

C. Kim Shierk
C. Kim Shierk

By: Joseph J. Henze
Joseph J. Henze, Manager

By: Steven M. Metzler
Steven M. Metzler, Manager

STATE OF MICHIGAN)
) SS.
COUNTY OF Oakland)

On this 3rd day of January, 2000, the foregoing Master Deed was acknowledged before me by Joseph J. Henze and Steven M. Metzler, Managers of Henzmetz, L.L.C., a Michigan limited liability company, on behalf of the corporation.

William T. Myers
William T. Myers
Notary Public, Oakland County, Michigan
My commission expires: August 29, 2000

Master Deed drafted by:

William T. Myers of MYERS NELSON DILLON & SHIERK, PLLC
1701 North Woodward Avenue, Suite 235
Bloomfield Hills, Michigan 48304

When recorded, return to drafter

THE COVE**EXHIBIT A****BYLAWS****ARTICLE I****ASSOCIATION OF OWNERS**

The Cove Condominium, a residential condominium development located in the City of AuGres, Arenac County, Michigan, shall be administered by an Association of Owners named The Cove Homeowners Association which shall be a non-profit corporation, hereinafter called the "Association," organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Condominium Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Association Bylaws referred to in the Master Deed and provided for under the Michigan Nonprofit Corporation Act. Each Owner shall be entitled to membership. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Dwelling. The Association shall keep current copies of the Master Deed, all Amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Owners, prospective purchasers and prospective mortgagees of Dwellings in the Condominium Project. All Owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Dwelling therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II**ASSESSMENTS**

Section 1. Assessments Against Dwellings and Owners. All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Condominium Documents and the Act shall be levied by the Association against the Dwellings and the Owners thereof in accordance with the following provisions.

Section 2. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall

constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 3. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a) **Budget; Regular Assessments.** The Association shall establish an annual budget in advance for each fiscal year and such budget shall project expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. A reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3(c) below. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subsection may prove to be inadequate for this particular project, the Association of Owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Owner and the assessment for said year shall be established based upon said budget, although the failure of delivery of a copy of the budget to each Owner shall not affect or in any way diminish the liability of any Owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient: (a) to pay the costs of operation and management of the Condominium, (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$2,500 annually for the entire Condominium Project, or (2) that an emergency exists, the Association shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Association also shall have the authority, without Owner consent, to levy assessments pursuant to the provisions of Article V, Section I hereof. The discretionary authority of Association to levy assessments pursuant to this subsection shall rest solely with the Association for the benefit of the members thereof, and shall not be enforceable by any creditors of the Association or the members thereof.

(b) **Special Assessments.** Special assessments, in addition to those required in subsection (a) above, may be made by the Board of Directors from time to time and approved by the Owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$2,500 for the entire Condominium Project per year, (2) assessments to purchase a Dwelling upon foreclosure of the lien for assessments described in Section 6 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection (b) (but not including those assessments referred to in subsection 3(a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than 60% of all Owners. The authority to levy assessments pursuant to this subsection is

solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof.

(c) **Apportionment of Assessments.** All assessments levied against the Owners to cover expenses of administration shall be apportioned among and paid monthly in advance by the Owners, in accordance with the percentage of value allocated to each Dwelling in Article V of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Dwelling. Annual assessments as determined in accordance with Article II, Section 3(a) above shall be payable by Owners in such regular periodic installments as shall be determined by the Board of Directors. Assessments shall be due and payable on the first of each month, commencing with acceptance of a deed to or a land contract vendee's interest in a Dwelling, or with the acquisition of fee simple title to a Dwelling by any other means.

(d) **Limitations on Assessments for Litigation.** The Board of Directors shall not have authority under this Article II, Section 3, or any other provision of these Bylaws or the Master Deed, to levy any assessment, or to incur any expense or legal fees the purpose of which is to prepare for or take action which may lead to the commencement of any litigation or arbitration proceeding, without the prior approval, by affirmative vote, of not less than 75% of all Owners. Expenses for investigation or assertion of such claims shall be funded by special assessment rather than by revenues from general operating assessments. This subsection shall not apply to any litigation commenced by the Association to enforce collection of delinquent assessments pursuant to Article II, Section 6 of these Bylaws or other actions to enforce the provisions of the Condominium Documents. In no event shall the Developer be liable for, nor shall any Unit owned by the Developer be subject to any lien for, any assessment levied to fund the cost of asserting any claim against Developer, whether by arbitration, judicial proceeding, or otherwise.

Section 4. Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining Units that it owns, together with a proportionate share of all current expenses of administration relative thereto which are actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all completed Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. The expenses to be shared in the foregoing manner shall include by way of example, costs of snow plowing of the main access drive, entrance area maintenance, lawn care in areas in which there are no Occupied Units, and common utilities such as irrigation water and electricity to operate common site lighting. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to occupied Units owned by it. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to

finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. "Occupied Unit" shall mean a Unit used as a residence. "Completed Unit" shall mean a Unit with respect to which a certificate of occupancy has been issued by the City of AuGres.

Section 5. Penalties for Default. The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. A late charge not to exceed \$25.00 dollars per installment may be assessed automatically by the Association upon each installment in default for 10 or more days until paid in full. An additional late charge may be imposed for each additional month of delinquency. Delinquent assessments shall also bear interest, until paid, at the rate of 7% per annum until paid. The Association may, pursuant to Article XIX, Section 4 and Article XX hereof, levy fines for late payment of assessments in addition to such late charge. Each Owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Owner is the owner thereof, except a land contract purchaser from any Owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 6. Liens for Unpaid Assessments. Sums assessed to the Association which remain unpaid, including but not limited to regular assessments, special assessments, fines and late charges, shall constitute a lien upon the Dwelling or Dwellings in the Project owned by the Owner at the time of the assessment and upon the proceeds of sale thereof. Any such unpaid sum shall constitute a lien against the Dwelling as of the first day of the fiscal year to which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act.

Section 7. Waiver of Use or Abandonment of Dwelling. No Owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Dwelling.

Section 8. Enforcement.

(a) Remedies. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Owner in the payment of any installment of the annual assessment levied against his Dwelling, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of

any utilities or other services to an Owner in default upon 7 days' written notice to such Owner of its intention to do so. An Owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Owner of ingress or egress to and from his Dwelling. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Dwelling from the Owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XIX, Section 4 of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b) **Foreclosure Proceedings.** Each Owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Owner and every other person who from time to time has any interest in the Project, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Dwelling with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law; provided, however, that no foreclosure sale shall be held less than 120 days from the date that the assessment giving rise to the foreclosure fell into default. Each Owner of a Dwelling in the Project, by acquiring title to such Dwelling, acknowledges the binding effect of the provisions of this subsection and that, by virtue of such acquisition and receipt of the Condominium Documents, he voluntarily, intelligently and knowingly waived notice of any proceedings which may be brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Dwelling.

(c) **Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Owner(s) at his or their last known address, of a written notice that one or more installments of the annual assessment levied against the pertinent Dwelling is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Dwelling(s), and (v) the name(s) of the Owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in Arenac County prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of

mailing as aforesaid. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

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

Section 9. Statement as to Unpaid Assessments. The purchaser of any Dwelling may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Dwelling, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Dwelling shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least 5 days prior to the closing of the purchase of such Dwelling shall render any unpaid assessments and the lien securing same fully enforceable against such purchaser and the Dwelling itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Dwelling and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 10. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Dwelling in the Project which comes into possession of the Dwelling pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Dwelling which accrue prior to the time such holder comes into possession of the Dwelling (except for claims for a *pro rata* share of such assessments or charges resulting from a *pro rata* reallocation of such assessments or charges to all Dwellings including the mortgaged Dwelling).

Section 11. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 12. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 13. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

ARTICLE III

ARBITRATION

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

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Owner nor the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. Such election and written consent by Owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. Nature and Extent of Mandatory Coverage by Association. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, carry all risk hazard insurance coverage, public liability insurance, officers' and directors' liability insurance, workmen's compensation insurance, if applicable, and any other insurance the Association may deem desirable or necessary, pertinent to the ownership, use and maintenance of the Common Elements. Such coverages shall be in minimum amounts to be determined by the Developer or the Association in their sole discretion, (but in no event less than \$1,000,000 per occurrence in the case of public liability insurance).

Section 2. Nature and Extent of Permissive Coverage by Association. The Association may elect through its Board of Directors, to undertake the responsibility for obtaining all risk hazard insurance coverage with respect to the dwellings and other structures located within the Homesites as well as public liability insurance for occurrences within the Homesites. The first Board of Directors of the Association has elected to obtain such coverages on behalf of all Owners. The cost of any such insurance obtained on behalf of all Owners shall be included as an expense

item in the Association budget. Each Owner shall be provided a certificate of insurance as soon as it is available from the insurer. Owners may obtain supplementary insurance but in no event shall any such insurance coverage undertaken by an Owner permit an Owner to withhold payment of the share of the Association assessment that relates to the equivalent insurance carried by the Association. The Association also shall not reimburse Owners for the cost of premiums resulting from the early cancellation of an insurance policy. To the extent an Owner does or permits anything to be done or kept on the Owner's Homesite that will increase the rate of insurance, the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition shall be charged to the Owner responsible for such activity or condition. The Board of Directors may elect to discontinue (or after discontinuance, to re-obtain) blanket coverage of all risk hazard insurance and public liability insurance with respect to all individual Homesites on behalf of all Owners. If it does so, however, all Owners shall be notified of the Board's election to discontinue (or after discontinuance, to re-obtain) such insurance at least sixty (60) days prior to the effective date of such action which notification shall include a description of the coverage and the name and address of the insurer. In the event that the Board of Directors duly, upon notice to all Owners, discontinues the Association's all risk hazard insurance and public liability insurance coverages for improvements and occurrences within Homesites, then the Association shall have no obligation to obtain such insurance coverage nor have any liability to any person for failure to do so. In such event, the obligation to obtain such insurance shall pass to each Owner in accordance with the provisions of Section 4 of this Article IV.

Section 3. Miscellaneous Provisions Relative to Insurance Coverage Maintained by Association. All insurance maintained by the Association shall be carried and administered in accordance with the following provisions:

(a) **Insurance Policy Beneficiaries.** All insurance carried by the Association shall be purchased by the Association for the benefit of the Association, the Developer and the Owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners.

(b) **Premium Expenses.** All premiums on basic insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration; provided, however, that any supplementary premium expenses over and above the basic premium for dwelling hazard insurance shall be specially and respectively assessed against the specific Units and Owners whose estimated dwelling replacement costs are responsible for such allocably increased premium expenses.

(c) **Proceeds of Insurance Policies.** Proceeds of all insurance policies relative to the Common Elements or to the administration of the Association generally and which are owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction. Proceeds of any hazard insurance policy owned

by the Association which relate to damage or destruction occurring within a specific Homesite with respect to a Dwelling or related improvements shall be payable only to the Owner of such Homesite and his mortgagee(s), as their respective interests may appear.

(d) **Authority of Association to Settle Insurance Claims.** Each Owner, by ownership of a Homesite in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning hazard insurance, liability insurance and workmen's compensation insurance (if applicable) pertinent to the Common Elements and the general administration of the Association, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing. This provision shall not confer on the Association any authority to settle claims relating only to damage or occurrences confined solely to a Homesite and the Owner thereof (and his mortgagee, if applicable) shall be solely empowered to settle such claims.

Section 4. Responsibilities of Owners with Respect to Insurance. Regardless of any insurance coverage which may or may not be maintained by the Association with respect to individual Homesites, each Owner shall, at all times, be solely responsible for obtaining insurance coverage for the Owner's personal liability for occurrences within the Owner's dwelling and for all of the Owner's personal property located within the Homesite as well as for any other personal insurance coverage that the Owner wishes to carry. In the event that the Board of Directors elects to discontinue blanket coverage by the Association of all risk hazard insurance for dwellings and related improvements and public liability insurance for occurrences within each Homesite, after due notice to all Owners, then obtaining such coverage shall be and become the responsibility of each Owner. Thereafter, each Owner shall be responsible for obtaining all risk hazard insurance coverage with respect to the dwelling and all other improvements owned by such Owner and which are constructed or to be constructed within the perimeter of the Owner's Homesite and for public liability insurance for occurrences within the Homesite. Under such circumstances, there is no further responsibility on the part of the Association to insure any of such improvements or liabilities whatsoever unless the Board of Directors elects to undertake such insurance coverages again and so notifies all Owners. Each Owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Owner hereunder. In the event of the failure of an Owner to obtain such insurance or to provide evidence thereof to the Association, the Association may, but is not required to, obtain such insurance on behalf of such Owner and the premiums therefor shall constitute a lien against the Owner's Homesite which may be collected from the Owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Nothing contained in this Section, however, shall require any Owner to carry hazard insurance or liability insurance with respect to any General Common Elements which are located within any Homesite (including,

without limitation, the sprinkler system pipes, fixtures, connections and controls) which shall remain solely the responsibility of the Association.

Section 5. Waiver of Rights of Subrogation. The Association and all Owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Owner or the Association.

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

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to a General Common Element, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 2. Timely Reconstruction and Repair. If damage to the General Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay.

Section 3. Co-owner's Responsibility. Each Co-owner shall be responsible for all maintenance, repair and replacement required within such Co-owner's Homesite. If damage to the residence or other improvements constructed on Co-owner's Homesite adversely affects the appearance of the Project, Co-owner shall proceed with removal or replacement of the damaged property without delay. This Section shall also be applicable in the event of destruction during the course of construction of improvements on a Homesite. Failure of any Co-owner to promptly and completely fulfill his responsibilities under this Section shall entitle the Association, upon reasonable notice to the Co-owner, to exercise all enforcement rights conferred upon it by the Condominium Documents including, by way of example and not limitation, all access, maintenance,

decoration, repair, replacement and cost assessment rights referred to in Article IX, Section 5 of the Master Deed.

Section 4. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

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

(b) **Taking of General Common Elements.** If there is any taking of any portion of the General Common Elements, the condemnation proceeds relative to such taking shall be paid to the Owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than fifty (50%) percent of the Owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) **Continuation of Condominium After Taking.** In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Homesite shall have been taken, then the percentages of value of the remaining Owners shall be proportionately readjusted based upon the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Owner.

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

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

Section 5. Notification of FHLMC and FNMA. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, upon request therefor by FHLMC, or FNMA, as the case may be, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if

the loss or taking exceeds \$10,000 in amount or damage to a Condominium Homesite covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds \$1,000.

Section 6. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give an Owner or any other party priority over any rights of first mortgagees of Homesites pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Homesites and/or Common Elements.

ARTICLE VI

RESTRICTIONS

Section 1. Residential Use. Use and occupancy of a Dwelling shall be in accordance with the following provisions:

(a) **Single-family Use.** No Dwelling shall be used for other than single-family residence purposes.

(b) **Compliance with Ordinances.** Owners shall, at all times, strictly observe and comply with all Ordinances of the City of Au Gres.

Section 2. Leasing and Rental.

(a) **Right to Lease.** An Owner may lease his Dwelling for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. No rooms in a Dwelling may be rented and no tenant shall be permitted to occupy except under a lease the initial term of which is at least one year unless specifically approved in writing by the Association. The Developer, or the Association to the extent of any Dwellings owned by the Association, may lease any number of Dwellings in the Condominium in their discretion without approval by the Association and may do so for periods of less than one year.

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

(1) An Owner, including the Developer, desiring to rent or lease a Dwelling, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to a potential lessee of the Dwelling and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer desires to rent Dwellings before the Transitional Control Date, it shall notify either the Advisory

Committee or each Owner in writing, provided, however, that this sentence shall not apply in instances in which there is an existing purchase agreement with respect to a Unit and the parties agree to early occupancy prior to closing.

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

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

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

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

(iii) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this Section may be by summary proceeding. The Association may hold both the tenant and the Owner liable for any damages to the Common Elements caused by the Owner or tenant in connection with the Dwelling or Condominium Project and for actual legal fees incurred by the Association in connection with legal proceedings hereunder.

(4) When an Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying an Owner's Dwelling under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Owner the arrearage and future assessment installments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. The form of lease used by any Owner shall explicitly contain the foregoing provisions.

Section 3. Alterations and Modifications. No Owner shall make alterations in exterior appearance or make structural modifications or additions to his Dwelling or dock or other improvements to his Unit or make changes in any of the Common Elements, Limited or General, without written approval from the Developer (and the Association after the end of the Construction and Sales Period) including, without limitation, exterior painting or the erection of decks, porches,

balconies, antennas, lines, cables, wires, aerials, lights, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards or other exterior attachments or modifications; provided, however, that an Owner may, without specific Association approval, install one satellite dish type antenna not to exceed eighteen (18) inches in diameter on the rear wall of his Dwelling only. There shall be no fences or walls installed around Limited Common Element Privacy Areas or any portions thereof. Swimming pools are prohibited. Hot tubs and/or spas within Privacy Areas may be permitted only with the written approval of the Board of Directors. No attachment, appliance or other item may be installed which is designed to kill or repel insects or other animals by light or which emits a humanly audible sound. Any burglar alarm bell must be on a timer so that it will not ring more than 15 minutes after any activation. No Owner shall in any way restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way. It shall be permissible for Owners to cause to be installed television antennas in the attic areas above Dwellings; providing, however, that any damage to the Common Elements or expense to the Association resulting from such installation shall be borne by the Owner performing or authorizing such installation. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

Section 4. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Dwelling or upon the Common Elements, Limited or General, nor shall anything be done which may be or become an annoyance or a nuisance to the Owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Dwelling at any time and disputes among Owners, arising as a result of this provision which cannot be amicably resolved, shall be resolved by the Association. No Owner shall do or permit anything to be done or keep or permit to be kept in his Dwelling or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices. No person may operate a business within a Unit including, without limitation, such activities as tutoring, music lessons or counseling.

Section 5. Pets. No more than one pet of a commonly domesticated nature shall be maintained by any Owner. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements, Limited or General. "Electronic fencing" shall not be permitted. No savage or dangerous animal shall be kept and any Owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such

animal on the premises, whether or not the Association has given its permission therefor. Each Owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Owner. No dog whose barks can be heard on any frequent or continuing basis shall be kept in any Dwelling or on the Common Elements. The Association may charge all Owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof and by any means, remove or cause to be removed and disposed of any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section; provided, however, that any such removal shall occur pursuant to procedures established in duly adopted rules and regulations which contain provisions for reasonable notice to the animal's owner and an opportunity for such owner to be heard prior to such removal and disposition. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations.

Section 6. Aesthetics.

(a) **Storage.** The Common Elements, Limited or General, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except in enclosed garages or as otherwise provided in duly adopted rules and regulations of the Association.

(b) **Window Treatments.** All portions of curtains, drapes or other window coverings visible from the street or another Dwelling shall be made of or lined with a material that is white, off-white or beige in color. In accordance with the version of Webster's New Collegiate Dictionary in print in 1999, "beige" shall be defined to mean "a variable color averaging light grayish yellowish brown" and "off-white" shall be defined to mean "a yellowish or grayish white." No ornamental, stained or leaded glass windows or window coverings shall be permitted without express written approval of the Association.

(c) **Garage Doors.** Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage.

(d) **Unightly Conditions.** No unsightly condition shall be maintained on any porch, deck or dock and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall be maintained in garages at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics.

(e) **General.** In general, no activity shall be carried on nor condition maintained by an Owner, either in his Dwelling or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Section 7. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, personal watercraft, camping vehicles, camping trailers, snowmobiles, snowmobile trailers, motorcycles, all-terrain vehicles, vans, or vehicles other than automobiles may be parked or stored upon the premises of the Condominium, unless stored fully enclosed within a garage, except that motor homes and travel trailers may be maintained ungaraged for occasional periods, not to exceed 24 consecutive hours, for the sole purpose of loading or unloading. Commercial vehicles and trucks shall not be parked on or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. All Owners' automobiles shall be parked overnight in their respective garages except where an Owner maintains three or more cars, in which event any ungaraged cars shall be parked on the Owner's Limited Common Element driveway. No parking signs shall be maintained along one side of the road throughout the Condominium. Any vehicle which is not used on a frequent basis must be stored in the responsible Owner's garage. An Owner may not have more than one guest car parked overnight on General Common Elements unless approved in writing in advance by the Association. Owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. Use of motorized vehicles anywhere on the Condominium Premises, other than passenger cars, authorized maintenance vehicles and commercial vehicles as provided in this Section 7, is absolutely prohibited. The Association may limit or prohibit parking on the Condominium road and may institute whatever enforcement means it deems appropriate including, without limitation, ticketing and/or towing of vehicles in violation, either by public or private agencies.

Section 8. Advertising. No signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a Dwelling or on the Common Elements, including "For Sale" signs, without written permission from the Association and, during the Construction and Sales Period, from the Developer. The attention of all Owners is called to the fact that the Developer is exempt from this sign restriction and all other restrictions contained in Article VI of the Bylaws during the Construction and Sales Period pursuant to the provisions of Section 16(b) hereof. Accordingly, Developer shall have the unilateral right, unqualified in any way by the Condominium Documents, to maintain signs of such size and nature anywhere on the Condominium Premises as it may elect, in its sole discretion.

Section 9. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of such rules, regulations and amendments thereto shall be furnished to all Owners. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than 50% of the Owners, except that the Owners may not revoke any regulation or amendment prior to the First Annual Meeting of the entire Association.

Section 10. Right of Access of Association. The Association or its duly authorized agents shall have access to each Dwelling and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements or for the regulation of meters, timers or other devices related thereto. No Owner shall interfere in any way with the operation of any Common Elements or any easement or apparatus which serves the Condominium or any Unit therein. The Association or its agents shall also have access to each Dwelling and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Dwelling. It shall be the responsibility of each Owner to provide the Association means of access to his Dwelling and any Limited Common Elements appurtenant thereto during all periods of absence, and in the event of the failure of such Owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Owner for any necessary damage to his Dwelling and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

Section 11. Landscaping. No Owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements, including, without limitation, planters or hanging pots, except with the prior written approval of the Association. Likewise, no ornamental statues or external art work shall be permitted without such consent. The Association shall perform all landscaping, install all plantings appurtenant to more than one Dwelling.

Section 12. Use of Common Elements. Sidewalks, the seawall, yards, landscaped areas, driveways, road, parking areas, porches, decks and privacy areas shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements.

Section 13. Owner Maintenance. Each Owner shall maintain his Dwelling, his dock, other appurtenances to his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in or attached to any Dwelling which are appurtenant to or which may affect any other Dwelling or the Common Elements of the Condominium. Each Owner shall be responsible for damages or costs to the Association directly or indirectly resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents, invitees or lessees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Owner in the manner provided in Article II hereof.

Section 14. Non-Disturbance of Wetlands. Certain portions of the land within the Condominium which are designated on the Condominium Subdivision Plan as Wetlands, which are protected by federal and state law. Under the provisions of the Goemaere-Anderson Wetland Protection Act, Public Act No. 203 of 1979, any disturbance of a wetland by depositing material in it, dredging or removing material from it or draining water from the wetland may be done only after a permit has been obtained from the Department of Natural Resources or its administrative successor. The penalties specified in the Goemaere-Anderson Wetland Protection Act are substantial. To avoid any possibility of violation of such laws and to preserve the inherent beauty of the Wetlands for all Owners, neither any Owner nor the Association may disturb in any way (including by pedestrian traffic, chemical sprays or any other intrusion) any Wetlands depicted as such on the Condominium Subdivision Plan. Any buffer vegetation in such areas shall remain natural. No fertilizers, pesticides or herbicides shall be utilized upon the rear areas of such Units under any circumstances.

Section 15. Reserved Rights of Developer.

(a) **Prior Approval by Developer.** No buildings, fences, walls, retaining walls, drives, walks or other structures, attachments or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), except interior alterations which do not affect structural elements of any Dwelling, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure, attachment or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with Developer. Developer shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole and any adjoining properties under development or proposed to be developed by Developer. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Owners.

(b) **Developer's Rights in Furtherance of Construction and Sales.** None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Construction and Sales Period as defined in the Master Deed or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained, Developer and/or its successors and assigns may construct and maintain at any place on the Condominium Premises any one or more of the following: A sales office, a business office, a construction

office, model units, storage garage, storage areas and reasonable parking incident to the same; and may continue to do so during the entire Construction and Sales Period as defined in the Master Deed.

(c) **Enforcement of Bylaws.** The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Owners and all persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Construction and Sales Period which right of enforcement may include (without limitation) an action to restrain the Association or any Owner from any activity prohibited by these Bylaws.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Owner who mortgages his Dwelling shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Dwellings." The Association may, at the written request of a mortgagee of any such Dwelling, report any unpaid assessments due from the Owner of such Dwelling.

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

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

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Owner shall be entitled to one vote for each Dwelling owned.

Section 2. Eligibility to Vote. No Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Dwelling in the Condominium Project to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Owner may be cast only by the individual representative designated by such Owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of Members and shall be entitled to vote during such period. At and after the First Annual Meeting the Developer shall be entitled to vote for each completed Dwelling which it owns.

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

Section 4. Quorum. The presence in person or by proxy of 40% of the Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Voting. Votes may be cast only in person or by proxy as described in the following sentence except that whenever the Condominium Documents specifically require approval by the affirmative vote of more than 50% of all Owners, it shall be permissible to vote by a writing duly signed by the designated voting representative not present at a given meeting in person. Proxy voting shall be permitted but any proxy, to be valid, must be furnished to the chairman or secretary of the meeting prior to the commencement thereof. Any written votes must be filed with the secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

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

ARTICLE IX**MEETINGS**

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

Section 2. First Annual Meeting. The First Annual Meeting of the members of the Association may be convened only by Developer and may be called at any time after more than 50% of the Dwellings which may potentially be constructed in The Cove Condominium have been conveyed and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-Developer Owners of 75% of all Dwellings that may be created or 54 months after the first conveyance of legal or equitable title to a non-Developer Owner of a Dwelling in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors and at least 10 days' written notice thereof shall be given to each Owner. The phrase "Dwellings that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Dwellings which the Developer is permitted under the Condominium Documents to include in the Condominium.

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

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

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Owner of record, at least 10 days but not more than 20 days prior to such meeting. The mailing, postage

prepaid, or the hand delivery to the Owner's mailbox, of a notice to each Owner or to the representative of each Owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association shall be deemed due notice.

Section 6. Adjournment. If any meeting of Owners cannot be held because a quorum is not in attendance, the Owners who are present may adjourn the meeting to a time not less than 96 hours from the time the original meeting was called. Notice of such adjourned date shall be given as required by Section 5 above, except that such notice shall be given at least two days prior to such adjourned meeting. At any such adjourned meeting which has been called for failure of a quorum at the original scheduled meeting, the quorum requirement shall be reduced to 30% of all Owners.

ARTICLE X

ADVISORY COMMITTEE

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

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The affairs of the Association shall be governed by a Board of three Directors all of whom must be members of the Association except for the First Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) **First Board of Directors.** The First Board of Directors shall be composed of three persons and such first Board of Directors or its successors as selected by the Developer shall manage the affairs of the Association until the appointment of the first non-Developer Owners to the Board. Elections for non-Developer Owner Directors shall be held as provided in subsections (b) and (c) below.

(b) **Appointment of Non-Developer Owners to Board Prior to First Annual Meeting.** Not later than 120 days after conveyance of legal or equitable title to non-Developer Owners of 25% of the Dwellings, one of the three Directors shall be selected by non-Developer Owners. When the required percentage level of conveyances has been reached, the Developer shall notify the non-Developer Owners and convene a meeting so that the Owners may elect the required Director. Upon certification by the Owners to the Developer of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of Members unless he is removed pursuant to Section 8 of this Article or he resigns or becomes incapacitated.

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

(i) Not later than 120 days after conveyance of legal or equitable title to non-Developer Owners of 75% of the Dwellings, the non-Developer Owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least one of the three Directors as long as the Dwellings that remain to be conveyed equal at least three Dwellings in the Project. Whenever the 75% conveyance level is achieved, a meeting of Owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(ii) Regardless of the percentage of Dwellings which have been conveyed, upon the elapse of 54 months after the first conveyance of legal or equitable title to a non-Developer Owner of a Dwelling in the Project, the non-Developer Owners have the right to elect a number of members of the Board of Directors equal to the percentage of Dwellings they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Dwellings which are owned by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established

in subsection (i). Application of this subsection does not require a change in the size of the Board of Directors.

(iii) If the calculation of the percentage of members of the Board of Directors that the non-Developer Owners have the right to elect under subparagraph (ii), or if the product of the number of members of the Board of Directors multiplied by the percentage of Dwellings held by the non-Developer Owners under subsection (b) results in a right of non-Developer Owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-Developer Owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one member as provided in subparagraph (i).

(iv) At the First Annual Meeting, two Directors shall be elected for a term of two years and one Director shall be elected for a term of one year. At such meeting all nominees shall stand for election as one slate and the two persons receiving the highest number of votes shall be elected for a term of two years and the one person receiving the next highest number of votes shall be elected for a term of one year. At each annual meeting held thereafter, either one or two Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for one of the Directors elected at the First Annual Meeting) of each Director shall be two years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(v) Once the Owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article IX, Section 3 hereof.

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

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically to do the following:

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

(b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty.
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.
- (f) To establish such committees as it deems necessary, convenient, or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.
- (g) To acquire, maintain and improve; and to buy, sell, convey, assign, mortgage or lease any real or personal property (including, without limitation, easements, rights-of-way and licenses and also including any contiguous or non-contiguous area of land and improvements, if any, for use as a boat storage area) on behalf of the Association in furtherance of any of the purposes of the Association.
- (h) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the business of the Association, and to secure the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association.
- (i) To enforce the provisions of the Condominium Documents.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three years, which is not terminable by the Association upon 90-day written notice thereof to the other party, or which provides for a termination fee and no such contract shall violate the provisions of Section 55 of the Act.

Section 6. Investigation and Assertion of Claims. In order to minimize the possibility of imprudent and/or excessively costly assertion of claims without notice to and decisional participation by Owners, the Board shall establish and follow thorough procedural guidelines for the investigation and assertion of claims on behalf of the Association in order to facilitate compliance with the provisions of Article II, Section 3(d) of these Bylaws. Such guidelines shall be directed to the orderly evaluation of claims in a manner and to a degree that will enable the Board to make an

affirmative recommendation to the Owners regarding such claims. Prior to engagement of attorneys or experts for the evaluation of claims, and the levying of any special assessments therefor, the Board shall conduct its own evaluation and make recommendations to the membership at a special meeting for such purpose at which such proposed undertakings shall be approved by 75% of all Owners prior to implementation by the Board. Modified undertakings involving material cost increases and ultimate commencement of formal proceedings for assertion of claims shall each require that the Board follow the same procedure for obtaining membership approval. At each meeting of the members for approval of investigation and evaluation of claims, commencement of proceedings and levying of assessments in connection therewith, the Board shall furnish a report to the members with notice of the meeting on the determinations, recommendations and findings of the Board together with other pertinent information including, without limitation: (a) the basis for the claims; (b) the professional credentials of attorneys and/or other experts to be engaged; (c) cost projections and proposed fee agreements with respect to the investigation, evaluation and prosecution of the claims; (d) reports as to prior and anticipated actions taken and to be taken and the timing thereof.

Section 7. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association. Vacancies among non-Developer Owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-Developer Owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 8. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 40% requirement set forth in Article VIII, Section 4. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-Developer Owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 9. First Meeting. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but

at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone, telecopy, telegraph or hand-delivered to such Director's Dwelling mailbox, at least ten days prior to the date named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each Director, given personally, by mail, telephone, telecopy, telegraph, or hand-delivered to such Director's Dwelling mailbox, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. Adjournment. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 24 hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

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

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

ARTICLE XII

OFFICERS

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

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

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

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association. No person shall serve more than two successive terms as President.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for overseeing the administration of the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board

of Directors. Specific responsibilities of the Treasurer may be delegated to the management agent of the Association retained by the Board of Directors.

Section 8. Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed records of account pertaining to the administration of the Condominium in accordance with generally accepted accounting principles. Such accounts shall be open for inspection by the Owners during reasonable working hours and shall be audited annually; provided, however, that such audit need not be a certified audit. The costs of such audit and all accounting expenses shall be expenses of administration. The Association shall prepare and distribute to each Owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any accounting expenses shall be expenses of administration.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year but shall be subject to change by the Directors for accounting reasons or other good cause.

Section 3. Bank. Funds of the Association shall be initially deposited from time to time in such bank or financial institution as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors. The funds may be invested from time to time in accounts or deposit certificates of such banks or other government chartered savings associations as are insured by the Federal Deposit Insurance Corporation or its successor or substantially similar entities and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the corporation against all expenses and liabilities, including actual and reasonable counsel fees and reasonable amounts paid in settlement, incurred by or imposed upon him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except as otherwise prohibited by law. Provided, however, that such indemnification rights shall not be available in connection with any occurrence in which the officer or Director has (1) breached his duty of loyalty to the Association, (2) acted or failed to act in bad faith or is guilty of intentional misconduct or knowingly violated the law, (3) derived an improper personal benefit or (4) acted in a grossly negligent manner. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. Further, the Association is authorized to carry officers' and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate and the premiums therefor shall be expenses of administration.

ARTICLE XVI

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by 1/3 or more of the Owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws. The notice of such meeting shall contain a copy of any Bylaw amendment which has been proposed.

Section 3. Voting. These Bylaws may be amended by the Owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 66-2/3% of all Owners. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of 66-2/3% of first mortgagees shall be required with each mortgagee to have one vote for each mortgage held.

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not increase or decrease the benefits or obligations or materially affect the rights of any member of the Association.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Arenac County Register of Deeds.

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVII

COMPLIANCE

The Association of Owners and all present or future Owners, tenants, future tenants, or any other persons acquiring an interest in or using the facilities of the Project in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Dwelling or an interest therein or the utilization of or entry upon the Condominium Premises shall signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XVIII

DEFINITIONS

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

ARTICLE XIX

REMEDIES FOR DEFAULT

Any default by an Owner shall entitle the Association or another Owner or Owners to the following relief:

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

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding

and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Owner be entitled to recover such attorneys' fees.

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

Section 4. Discontinuance or Withholding of Services. The Association may discontinue or withhold utilities or other services to an Owner in default including, without limitation, such utilities and services as the furnishing of electricity and water to the Owner's Boat Slip.

Section 5. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations in accordance with Article XX of these Bylaws.

Section 6. Non-waiver of Right. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

Section 7. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 8. Enforcement of Provisions of Condominium Documents. An Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. An Owner may maintain an action against any other Owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

ARTICLE XX

ASSESSMENT OF FINES

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

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

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

(b) **Opportunity to Defend.** The offending Owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, but in no event shall the Owner be required to appear less than ten days from the date of the notice.

(c) **Default.** Failure to respond to the notice of violation constitutes a default.

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

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

- (a) **First Violation.** No fine shall be levied.
- (b) **Second Violation.** Twenty Five Dollar (\$25) fine.
- (c) **Third Violation.** Fifty Dollar (\$50) fine.
- (d) **Fourth Violation and Subsequent Violations.** One Hundred Dollar (\$100) fine.

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

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

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to the acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or retained by Developer or its successors shall expire and terminate, if not sooner assigned to the Association, at the conclusion of the Construction and Sales Period as defined in Article III, Section 12 of the Master Deed. The immediately preceding sentence dealing with the expiration and termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination and expiration of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby).

ARTICLE XXII

SEVERABILITY

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

THE COVE CONDOMINIUM

A CONDOMINIUM SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF SECTION 19, T19N-R7E
CITY OF AU GRES, ARENAC COUNTY, MICHIGAN

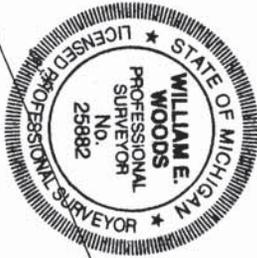
SURVEYOR'S CERTIFICATE

I, WILLIAM E. WOODS, PROFESSIONAL LAND SURVEYOR OF THE STATE OF MICHIGAN, HEREBY CERTIFY THAT THE CONDOMINIUM SUBDIVISION PLAN KNOWN AS "THE COVE CONDOMINIUM", ARENAC COUNTY, AS SHOWN ON THE EXISTING RECORDS OF THE PUBLIC ACTS OF THE STATE OF MICHIGAN, AND THE RECORDS OF THE CITY OF AU GRES, MICHIGAN, HAVE BEEN RECORDED IN THE PUBLIC ACTS OF THE STATE OF MICHIGAN, AND THAT THE RECORDS OF THE CITY OF AU GRES, MICHIGAN, HAVE BEEN RECORDED IN THE PUBLIC ACTS OF THE STATE OF MICHIGAN, AND THAT THE ACCURACY OF THIS SURVEY IS WITHIN THE LIMITS REQUIRED BY THE RULES PROMULGATED UNDER SECTION 142 OF THE PUBLIC ACTS OF 1978, ON THE SUBJECT MATTER AS REQUIRED BY THE RULES PROMULGATED UNDER SECTION 142 OF ACT NO. 99 OF PUBLIC ACTS OF 1978.

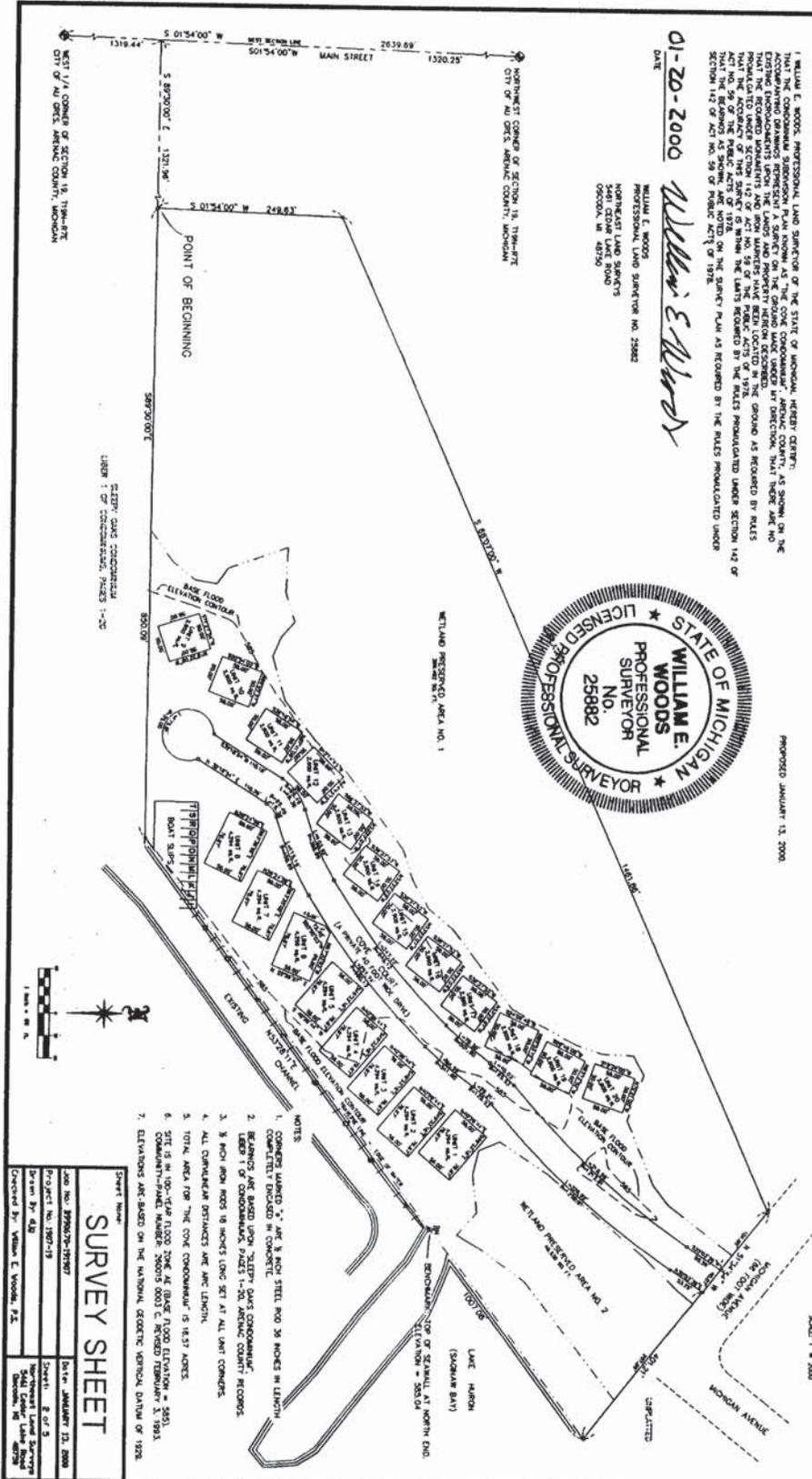
DATE: 01-20-2000

WILLIAM E. WOODS
PROFESSIONAL LAND SURVEYOR NO. 25982
NORTHEAST LAND SURVEYS
5401 CLEAR LAKE ROAD
OSHTON, MI 48750

William E. Woods

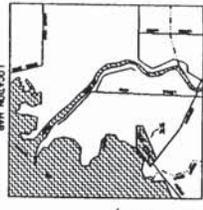


PROPOSED JANUARY 13, 2000



- NOTES:**
1. CONCRETE LAMINATED "V" AND 3" HOUL STEEL ROD 36 INCHES IN LENGTH COMPLETELY ENCASED IN CONCRETE.
 2. BENCHMARKS ARE BASED UPON "SLEEPY GARDEN CONDOMINIUM", DEED # 1 OF CONDOMINIUM, PAGES 1-20, ARENAC COUNTY RECORDS.
 3. 3" HOUL IRON RODS 18 INCHES LONG SET AT ALL UNIT CORNERS.
 4. ALL DIMENSIONAL DISTANCES ARE METERS.
 5. TOTAL AREA FOR THE COVE CONDOMINIUM IS 16.57 ACRES.
 6. SITE IS IN 100' X 150' ZONE AT QUARTER SECTION 19, T19N-R7E, S1/4, ARENAC COUNTY, MICHIGAN.
 7. ELEVATIONS ARE BASED ON THE NATIONAL GEODETIC VERTICAL DATUM OF 1929.

PROJECT NAME:		DATE: JANUARY 13, 2000	
NO. AND NUMBER OF SHEETS:		SHEET: 8 OF 8	
DRAWN BY: A.E.		CHECKED BY: W.E.W.	
PROJECT NO. 1997-15		CONTRACT NO. 4279	
CONTRACTED BY: WILLIAM E. WOODS, P.E.			



ARENAC COUNTY CONDOMINIUM SUBDIVISION PLAN NO. 168
 EXHIBIT B TO THE MASTER DEED OF
THE COVE CONDOMINIUM
 A CONDOMINIUM SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF SECTION 14, TOWNSHIP 19 NORTH, RANGE 7 EAST, CITY OF AU GRES, ARENAC COUNTY, MICHIGAN

PROPERTY DESCRIPTION

COMMENCING AT THE NORTHWEST CORNER OF SECTION 19, TOWN 19 NORTH, RANGE 7 EAST, CITY OF AU GRES, ARENAC COUNTY, MICHIGAN; THENCE SOUTH 01°54'00" WEST, ALONG WEST LINE OF SAID SECTION, AND CENTERLINE OF MAIN STREET, 1320.25 FEET; THENCE SOUTH 89°30' EAST, ALONG NORTH BOUNDARY OF SLEEPY OAKS CONDOMINIUM, AS RECORDED IN LIBER 1 OF CONDOMINIUMS, PAGES 1-20, ARENAC COUNTY RECORDS, 1,321.96 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89°30' EAST, ALONG SAID NORTH BOUNDARY, 850.09 FEET; THENCE NORTH 53°28'11" EAST, 1037.08 FEET; THENCE NORTH 51°34'54" WEST, ALONG THE SOUTHWESTERLY RIGHT-OF-WAY LINE AND ITS EXTENSION OF MICHIGAN AVENUE, 401.21 FEET; THENCE SOUTH 66°07'00" WEST, 1461.86 FEET; THENCE SOUTH 01°54'00" WEST, 249.63 FEET TO THE POINT OF BEGINNING. THE ABOVE DESCRIBED PARCEL BEING A PART OF THE NORTHWEST 1/4, OF SAID SECTION, AND CONTAINS 16.57 ACRES OF LAND, MORE OR LESS. ALSO BEING SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD IF ANY.

WETLAND PRESERVED AREA NO. 1

COMMENCING AT THE NORTHWEST CORNER OF SECTION 19, TOWN 19 NORTH, RANGE 7 EAST, CITY OF AU GRES, ARENAC COUNTY, MICHIGAN; THENCE SOUTH 01°54'00" WEST, ALONG WEST LINE OF SAID SECTION, AND CENTERLINE OF MAIN STREET, 1320.25 FEET; THENCE SOUTH 89°30' EAST, ALONG NORTH BOUNDARY OF SLEEPY OAKS CONDOMINIUM, AS RECORDED IN LIBER 1 OF CONDOMINIUMS, PAGES 1-20, ARENAC COUNTY RECORDS, 1,321.96 FEET TO THE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL OF LAND; THENCE NORTH 01°54'00" EAST, 249.63 FEET; THENCE NORTH 66°07'00" EAST, 1461.86 FEET; THENCE SOUTH 51°34'54" WEST, ALONG THE SOUTHWESTERLY RIGHT-OF-WAY OF MICHIGAN AVENUE, 78.10 FEET; THENCE SOUTH 38°25'00" WEST 110.62 FEET; THENCE SOUTH 53°08'00" WEST 35.33 FEET; THENCE SOUTH 70°19'00" WEST 95.53 FEET; THENCE NORTH 70°21'00" WEST 68.31 FEET; THENCE SOUTH 52°28'00" WEST 56.03 FEET; THENCE SOUTH 02°27'00" WEST 42.49 FEET; THENCE SOUTH 89°38'00" WEST 38.20 FEET; THENCE SOUTH 28°06'00" WEST 98.59 FEET; THENCE SOUTH 52°49'00" WEST 77.67 FEET; THENCE SOUTH 43°00'00" WEST 58.72 FEET; THENCE SOUTH 52°00'00" WEST 70.15 FEET; THENCE SOUTH 69°52'00" WEST 43.45 FEET; THENCE SOUTH 72°00'00" WEST 44.18 FEET; THENCE SOUTH 53°74'00" WEST 128.48 FEET; THENCE SOUTH 73°31'00" WEST 41.54 FEET; THENCE NORTH 87°53'00" WEST 60.71 FEET; THENCE SOUTH 73°22'00" WEST 61.15 FEET; THENCE NORTH 66°58'00" WEST 28.63 FEET; THENCE NORTH 47°48'00" WEST 27.73 FEET; THENCE SOUTH 38°31'00" WEST 38.48 FEET; THENCE SOUTH 53°03'00" WEST 52.44 FEET; THENCE NORTH 89°30'00" WEST 434.71 FEET BACK TO THE POINT OF BEGINNING. THE ABOVE DESCRIBED PARCEL BEING A PART OF THE NORTHWEST 1/4, OF SAID SECTION, AND CONTAINS 8.94 ACRES OF LAND, MORE OR LESS. ALSO BEING SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD IF ANY.

WETLAND PRESERVED AREA NO. 2

COMMENCING AT THE NORTHWEST CORNER OF SECTION 19, TOWN 19 NORTH, RANGE 7 EAST, CITY OF AU GRES, ARENAC COUNTY, MICHIGAN; THENCE SOUTH 01°54'00" WEST, ALONG WEST LINE OF SAID SECTION, AND CENTERLINE OF MAIN STREET, 1320.25 FEET; THENCE SOUTH 89°30' EAST, ALONG NORTH BOUNDARY OF SLEEPY OAKS CONDOMINIUM, AS RECORDED IN LIBER 1 OF CONDOMINIUMS, PAGES 1-20, ARENAC COUNTY RECORDS, 1,321.96 FEET; THENCE NORTH 01°54'00" EAST, 249.63 FEET; THENCE NORTH 66°07'00" EAST, 1461.86 FEET; THENCE SOUTH 51°34'54" WEST, ALONG THE SOUTHWESTERLY RIGHT-OF-WAY OF MICHIGAN AVENUE, 164.31 FEET TO THE TRUE POINT OF 31°41'00" WEST 33.50 FEET; THENCE NORTH 49°07'00" WEST 41.52 FEET; THENCE SOUTH 83°38'00" WEST 53.23 FEET; THENCE NORTH 75°56'00" WEST 33.83 FEET; THENCE NORTH 38°25'00" WEST 28.41 FEET BACK TO THE POINT OF BEGINNING. THE ABOVE DESCRIBED PARCEL BEING A PART OF THE NORTHWEST 1/4, OF SAID SECTION, AND CONTAINS 1.10 ACRES OF LAND, MORE OR LESS. ALSO BEING SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD IF ANY.



DEVELOPER
 HENMETZ, LLC
 P.O. BOX 824
 AU GRES, MI 49810

SURVEYOR
 01-20-2000
 DATE

William E. Woods
 WILLIAM E. WOODS
 PROFESSIONAL LAND SURVEYOR NO. 25882
 1000 N. STATE ST. SUITE 200
 AU GRES, MI 49810

- PROPOSED JANUARY 13, 2000
- INDEX OF DRAWINGS
- 1. COVER SHEET
 - 2. SURVEY SHEET
 - 3. SITE PLAN
 - 4. WETLAND PRESERVED AREA
 - 5. UTILITY PLAN

COVER SHEET	
Job No. 090676-00007	Date: JANUARY 13, 2000
Project No. 1907-08	Sheet: 1 of 8
Drawn BY: AWB	Field Book: 1907-08
Checked By: William E. Woods, P.E.	Official Seal: 25882

THE COVE CONDOMINIUM

A CONDOMINIUM SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF SECTION 19, T19N-R7E
CITY OF AU GRES, ARENAC COUNTY, MICHIGAN



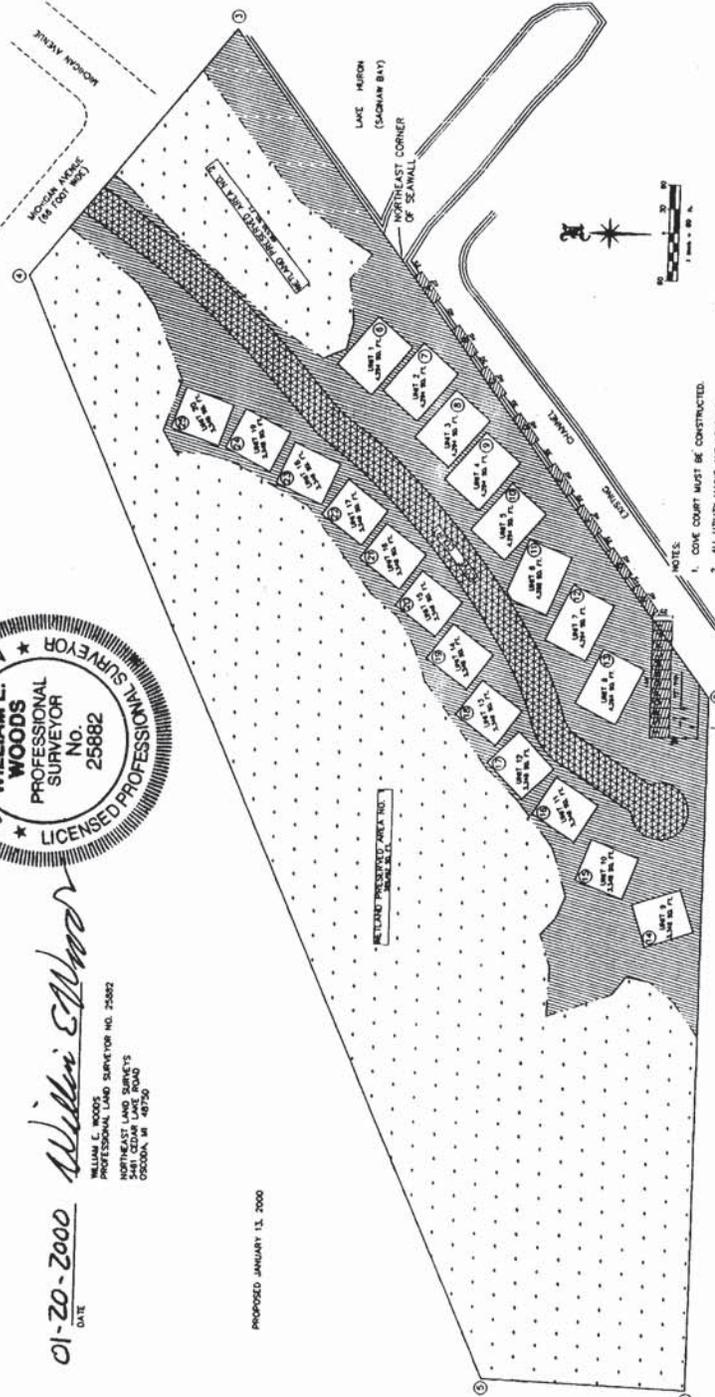
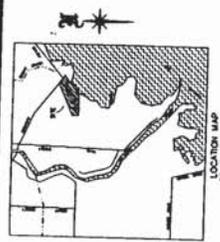
William E. Woods
 WILLIAM E. WOODS
 PROFESSIONAL LAND SURVEYOR NO. 25882
 NORTHEAST LAND SURVEY'S
 1000 W. HAWTHORNE ROAD
 OGDON, MI 48750

01-20-2000
 DATE

PROPOSED JANUARY 13, 2000

COORDINATE TABLE

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- NOTES
1. COVE COURT MUST BE CONSTRUCTED.
 2. ALL UTILITY MARKS AND LEADS TO BE SHOWN ON UNITS 1 THROUGH 20 MUST BE SHOWN.
 3. PROPOSED FIRST FLOOR ELEVATION FOR UNITS 1 THROUGH 8 IS 507.2 FEET. UNITS 9 THROUGH 10 IS 507.2 FEET. UNITS 1 THROUGH 20 IS 503.5 FEET.
 4. NO WALLS SHALL BE BELOW BASE FLOOD ELEVATION OF 503.5 FEET.
 5. ALL BALCONIES SHALL BE FLOODPROOFED UP TO OR ABOVE THE BASE FLOOD ELEVATION.

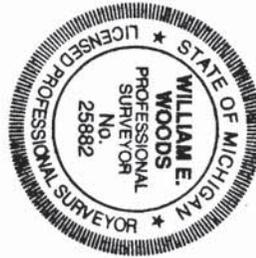
- LEGEND
- OWNED AREA - CONDOMINIUM UNIT
 - UNITED COMMON ELEMENT (BOAT SLIP)
 - GENERAL COMMON ELEMENT
 - GENERAL COMMON ELEMENT (WETLANDS PRESERVED AREA)
 - GENERAL COMMON ELEMENT (COVE COURT)

NOTE: ALL UNITS AND COMMON ELEMENTS SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLES 11 OF THE MASTER DEED.

SITE PLAN

Sheet No: 01-20-2000
 Project No: 1907-19
 Drawn By: EWB
 Checked By: William E. Woods, P.E.
 Date: JANUARY 13, 2000
 Sheet: 3 of 3
 Prepared by: William E. Woods, Professional Land Surveyor, License No. 48750

THE COVE CONDOMINIUM
 A CONDOMINIUM SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF SECTION 19, T19N-R7E
 CITY OF AU GRES, ARENAC COUNTY, MICHIGAN



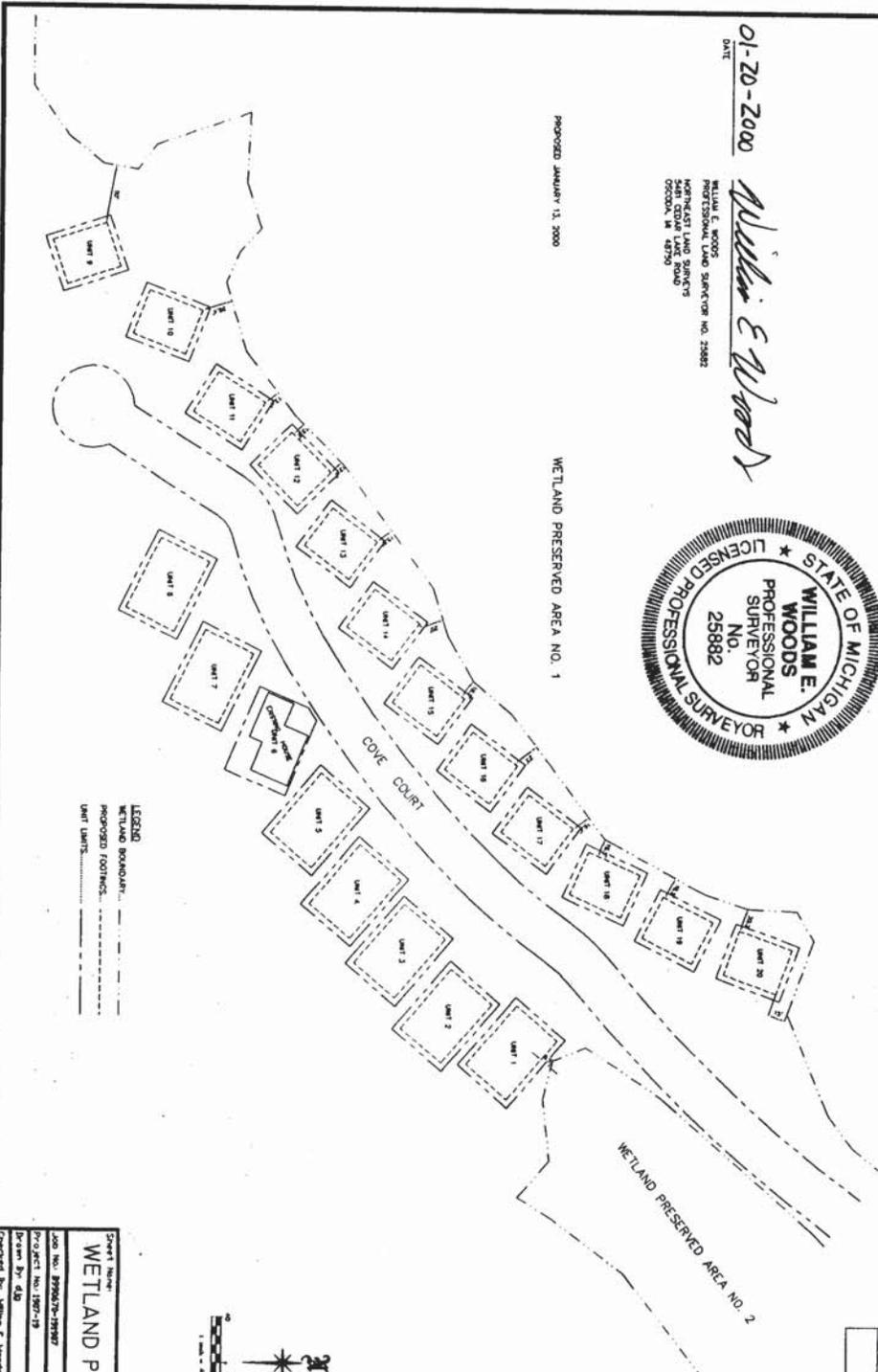
01-20-2000
DATE

William E. Woods

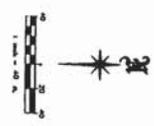
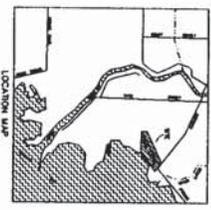
WILLIAM E. WOODS
PROFESSIONAL LAND SURVEYOR NO. 25882
NORTHWEST 1/4 SEC 19
54th COVENANT LANE 2000
OSHTON, MI 48750

PROPOSED JANUARY 13, 2000

WETLAND PRESERVED AREA NO. 1



LEGEND
 WETLAND BOUNDARY.....
 PROPOSED FOOTINGS.....
 UNIT LIMITS.....



WETLAND PRESERVED AREA SHEET NO. 2 PROJECT NO. 1997-19		DATE: JANUARY 13, 2000 DRAWN BY: [Name] CHECKED BY: [Name]
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THE COVE CONDOMINIUM

A CONDOMINIUM SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF SECTION 19, T19N-R7E
CITY OF AU GRES, ARENAC COUNTY, MICHIGAN

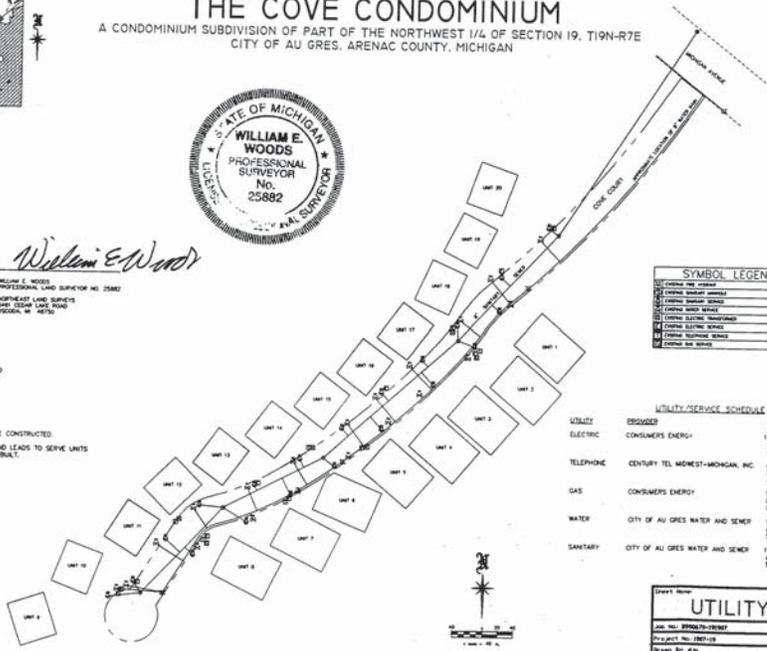


01-20-2000
DATE

William E. Woods
WILLIAM E. WOODS
PROFESSIONAL LAND SURVEYOR NO. 25882
NORTHWEST LAND SERVICES
2001 OSCAR ANDERSON ROAD
OSHTON, MI 48750

PROPOSED JANUARY 13, 2000

- NOTES:
1. COVE COURT MUST BE CONSTRUCTED.
 2. ALL UTILITY MARKS AND LEADS TO SERVE UNITS 1 THROUGH 20 MUST BE BUILT.



SYMBOL LEGEND	
(Symbol)	Electric line service
(Symbol)	Telephone line service
(Symbol)	Gas line service
(Symbol)	Water line service
(Symbol)	Sanitary line service
(Symbol)	Other utility service

UTILITY/SERVICE SCHEDULE		
UTILITY	PROVIDER	CONTACT
ELECTRIC	CONSUMERS ENERGY	1931 E. HURON ROAD EAST TOWN, MI 48730 800-477-5000
TELEPHONE	CENTURY TEL. NETWORK-MICHIGAN, INC.	4320 NORTH HURON ROAD PROCONING, MI 48650 800-521-2877
GAS	CONSUMERS ENERGY	1931 E. HURON ROAD EAST TOWN, MI 48730 800-477-5000
WATER	CITY OF AU GRES WATER AND SEWER	124 WEST HURON AU GRES, MI 48753 517-876-8811
SANITARY	CITY OF AU GRES WATER AND SEWER	124 WEST HURON AU GRES, MI 48753 517-876-8811



PROJECT SHEET	
UTILITY PLAN	
Drawn By: W.E.W.	Date: JANUARY 13, 2000
Checked By: William E. Woods, P.E.	Scale: AS SHOWN
Project No: 01-20-2000	Sheet: 58 of 58
Drawn By: W.E.W.	Project: Northwest Land Services
Checked By: William E. Woods, P.E.	Location: AU GRES, MI