

## **EXHIBIT A TO MASTER DEED**

### **CONDOMINIUM BYLAWS**

#### **ARTICLE I**

#### **ASSOCIATION OF CO-OWNERS**

**Sullivan's Harbor Springs Airpark**, a residential "fly in" site condominium located in Emmet County, Michigan, shall be administered by an Association of Co-owners which shall be a nonprofit corporation, herein referred to as 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 in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(g) of the Act, and the Bylaws provided for under the Michigan Nonprofit Corporation Act.

Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the lands and assets of the Association cannot be assigned, pledged or transferred in any manner, except as an appurtenance to the Co-owner's Unit.

The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium. The Association, all Co-owners in the Condominium and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents. 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 II**

#### **ASSESSMENTS**

The Association's levying of assessments against the Units and collection of such assessments from the Co-owners in order to pay the expenses arising from the management, administration and operation of the Association shall be governed by the following provisions:

Section 1. Taxes Assessed on Personal Property Owned or Possessed in Common. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of the Association.

Section 2. Receipts and Expenditures Affecting Administration. Expenditures affecting

administration of the Condominium shall include all costs incurred in satisfaction of any liability arising within, caused by or connected with the General Common Elements or the administration of the Condominium. Receipts affecting administration of the Condominium shall include all sums received by the Association as proceeds of, or pursuant to, a policy of insurance securing the interests of the Co-owners against liabilities or losses arising within, or caused by or connected, with the Common Elements or the administration of the Condominium.

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

(a) The Annual Budget and Regular Assessments. The Developer shall establish an initial annual budget and, thereafter, the Board of Directors may amend that initial budget, from time to time, in advance for each calendar year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments.

(b) Special Assessments. Special assessments, in addition to the regular assessments in subparagraph (a) above, may be proposed by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other appropriate requirements of the Association. Special assessments referred to in this subparagraph (b) shall be levied only with the prior approval of a simple majority of all Co-owners in number (ie, 6 of 10). The discretionary authority to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

Section 4. Apportionment of Assessments. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of management, administration and operation of the Condominium shall be apportioned among and paid by the Co-owners in accordance with the Percentage of Value assigned to each Unit in Article VI of the Master Deed.

Section 5. Payment of Assessments and Penalty for Default. Regular assessments as determined in accordance with Article II, Section 3(a) above shall be payable by Co-owners in two semi-annual installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of 7% per annum until each installment is paid in full. The Board of Directors may also adopt uniform late charges pursuant to Section 10 of Article VI of these Bylaws. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including interest, late charges and costs of collection and enforcement

of payment) levied against the Unit while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner shall be personally liable and the land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which, if applicable, 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 and other charges for late payment on such installments; and third, to installments in default in order of their due dates. A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve, account or other asset of the Association.

Section 6. Effect of Waiver of Use or Abandonment of Unit. A Co-owner's waiver of the use or enjoyment of any of the Common Elements or abandonment of the Co-owner's Unit shall not exempt the Co-owner from liability for the Co-owner's contribution toward the expenses of administration.

Section 7. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against the Co-owner's Unit or limited common elements (if applicable), 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 may also discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven (7) days' written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to and empowered to take possession of the Unit (if the Unit is not occupied by the Co-owner) and to lease the Unit and collect and apply the rental therefrom. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. **Each Co-owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the statutory lien that secures 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 Co-owner and every other person who, from time to time, has any interest in the Condominium shall be deemed to have authorized and empowered the Association to sell or cause to be sold the Unit with respect to which the assessment(s) is or are delinquent to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by Michigan law. The Association, acting on behalf of all Co-owners, may bid at the foreclosure sale, and acquire, hold, lease, mortgage, or convey the Unit sold.**

(c) Notice of Action. The Association may not commence proceedings to foreclose a lien for unpaid assessments without recording and serving a notice of lien in the following manner:

(i) The notice of lien shall set forth the legal description of the Condominium Unit to which the lien attaches, the name of the Co-owner of record thereof, the amount due the Association as of the date of the notice, exclusive of interest, costs, attorneys fees and future assessments.

(ii) The notice of lien shall be in recordable form, executed by an authorized representative of the Association, and may contain such other information as the Association deems appropriate.

(iii) The notice of lien shall be recorded in the office of the register of deeds in Emmet County and shall be served upon the delinquent Co-owner by first class mail, postage prepaid, addressed to the last known address of the Co-owner at least ten (10) days in advance of the commencement of the foreclosure proceedings.

(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, plus any late charges, shall be chargeable to the Co-owner in default and shall be secured by the lien on the Unit.

Section 8. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, if the mortgagee of a first mortgage of record or other purchaser of a Condominium Unit obtains title to the Condominium Unit as a result of foreclosure of the first mortgage, such person, its successors and assigns, is not liable for the assessments by the Association chargeable to the Unit or limited common elements (if applicable) which became due prior to the acquisition of title to the Unit by such person and the expiration of the period of redemption from such foreclosure. The unpaid assessments covered by this Section 8 shall be deemed to be common expenses collectible from all of the Condominium Unit Co-owners, or from the group of Co-owners who are benefitted by limited common elements.

Section 9. Developer's Responsibility for Assessments. Notwithstanding any other provisions of the Condominium Documents to the contrary, the Developer **shall not pay regular Association assessments** for Units which are owned by the Developer, but shall only reimburse the Association for actual expenses incurred by the Association which are reasonably allocated to such Units or to any limited common elements. 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 against the Developer, any cost of investigating and preparing such litigation or claim, or any similar or related costs.

Section 10. Unpaid Assessments Due on Unit Sale; Statement of Unpaid Assessments. Upon the sale or conveyance of a Condominium Unit, all unpaid assessments against the Condominium Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan or any subdivision thereof for taxes or special tax assessments due and unpaid on the Unit; and (b) payments due under first mortgages having priority thereto. A purchaser of a Condominium Unit is entitled to a written statement from the

Association setting forth the amount of unpaid assessments outstanding against the Unit and the purchaser is not liable for unpaid assessments in excess of the amount set forth in such written statement, nor shall the Unit be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the Association at least five days before the sale, or to pay any unpaid assessments against the Unit at the closing of the Unit purchase if such a statement was requested, shall be liable for any unpaid assessments against the Unit together with interest, costs, and attorneys' fees incurred in connection with the collection thereof.

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. Construction Liens. 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

#### JUDICIAL ACTIONS AND CLAIMS

Actions on behalf of and against the Co-owners shall be brought in the name of the Association. The Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements (including at the Association's election the limited common elements) of the Condominium. The commencement of any such civil action (other than one to enforce or collect delinquent assessments) shall require the approval of a majority in number of the Co-owners (ie, 6 of 10).

### ARTICLE IV

#### INSURANCE

Section 1. Extent of Coverage. The Association shall carry fire and extended coverage vandalism and malicious mischief and liability insurance, and worker's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the General Common Elements, and such other insurance as the Board of Directors deems advisable, and all such insurance shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Co-owners and Association. All such insurance shall be purchased by the Association for the benefit of the Association, and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. Co-owners may obtain additional insurance upon their Units, at their own expense, in addition to the coverage carried by the Association. **It shall be each Co-owner's responsibility to obtain insurance coverage for all improvements located within a Unit (including all structures and improvements, dwelling, and personal property) and for personal liability for occurrences within a Unit or upon Limited Common Elements appurtenant to a Unit.**

**The Association shall have absolutely no liability for obtaining such coverages.**

(b) Amount of Insurance on General Common Elements. All General Common Elements of the Condominium shall be insured against perils covered by a standard extended coverage endorsement, in an amount equal to the appropriate percentage of maximum insurable replacement value, as determined annually by the Board of Directors of the Association.

(c) Premium Expenses. All premiums on insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

(d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance be used for any purpose other than for repair, replacement or reconstruction of the Condominium unless all of the institutional holders of first mortgages on Units in the Condominium have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as the Co-owner's true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium, with such insurer as may, from time to time, be designated to provide such insurance for the Condominium. Without limitation on the generality of the foregoing, the Association as agent shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability, to execute all documents and to do all things on behalf of such Co-owner and the Condominium as shall be necessary or convenient to the foregoing.

**ARTICLE V**

**RECONSTRUCTION OR REPAIR**

Section 1. Reconstruction or Repair Unless Unanimous Vote to the Contrary. If any part of the Condominium shall be partially or completely destroyed, it shall be reconstructed or repaired unless it is determined by a unanimous vote of all Co-owners that the Condominium shall be terminated, and each institutional holder of a first mortgage lien on any Unit in the Condominium has given prior written approval of such termination.

Section 2. Repair in Accordance with Master Deed and Plans and Specification. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the Plans and

specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless the Co-owners shall unanimously decide otherwise.

Section 3. Responsibility for Reconstruction and Repair. If the damage is only to a part of a Unit which is the responsibility of a Co-owner to maintain and repair, it shall be the responsibility of the Co-owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association.

Section 4. Damage to Part of Unit Which a Co-owner Has the Responsibility to Repair. Each Co-owner shall be responsible for the reconstruction and repair of all improvements and structures located in the Co-owner's Unit. In the event damage to any of the foregoing within a Co-owner's Unit or to pipes, wires, conduits, or other Common Elements therein is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5 of this Article. If any other portion of a Unit is covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto, and if there is a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any Unit in the Condominium.

Section 5. Association Responsibility for Reconstruction and Repair. The Association shall be responsible for the reconstruction and repair of the General Common Elements (except as specifically otherwise provided in the Master Deed) and any incidental damage to a Unit caused by such General Common Elements or the reconstruction and repair thereof. Immediately after a casualty causing damage to property for which the Association has the responsibility of repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace 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 costs 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 repayment of the costs thereof are insufficient, assessments 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. Assessments pursuant to this Article V, Section 5 may be made by the Association without a vote of the Co-owners.

Section 6. Timely Reconstruction and Repair. Subject to Section 1 of this Article V, if damage to General Common Elements or a Unit adversely affects the appearance of the Condominium, the Association or Co-owner responsible for the reconstruction and repair thereof shall proceed with replacement of the damaged property without delay.

Section 7. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

- (a) The provisions of Section 133 of the Condominium Act of Michigan shall apply.

(b) In the event the Condominium continues after a taking by eminent domain, the remaining portion of the Condominium shall be re-surveyed and the Master Deed amended accordingly by the Association.

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

Section 8. Notices to Certain Mortgagees. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), or in the event any mortgage is held by or insured by the United States Department of Housing and Urban Development ("HUD"), the Association shall give FHLMC and HUD 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, or any loss to or taking of any Unit, or part thereof, if the loss or taking exceeds \$10,000 in amount.

Section 9. Priority of Mortgagees in Proceeds. Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Condominium Unit owners of insurance proceeds or condemnation awards for losses to or a taking Of Condominium Units and/or Common Elements.

## ARTICLE VI

### RESTRICTIONS

Section 1. Uses Permitted. No Unit shall be used for other than single family residential purposes, and also for storage, operation, and maintenance of a private aircraft in the areas designated therefor. No Co-owner shall carry on any commercial activities anywhere on the premises of the Condominium, except for home occupations permitted by local zoning ordinance. Notwithstanding the foregoing, Developer may conduct any of the activities expressly described in the Master Deed or its exhibits.

#### Section 2. Procedure for Building.

(a) Architectural Control Committee. An Architectural Control Committee (the "Committee") shall exist at all times. The Committee shall be vested with the discretionary authority to approve all building plans for any Unit, subject to the criteria, restrictions, and limitations set forth in Section 3.

(b) The Committee shall consist **solely of the Developer, successors and assigns, or its representative(s)**. No Co-owners shall ever be appointed to the Committee, unless the Developer expressly agrees to delegate his duties hereunder.

(c) Committee members shall not be compensated as such, but may be reimbursed for their

expenses by the Association and not the Developer.

**(d) No building or structure shall be erected, placed or significantly altered on any Unit without first obtaining approval of the Committee. Detailed construction plans and specifications, together with a site plan showing the proposed location of all improvements, shall be submitted to the Committee, which shall review such plans and specifications within fourteen (14) days of receipt. In the event that a submission is deemed defective, the Committee shall notify the Co-owner in writing of such deficiencies.**

(e) In making its review, the Committee shall be limited to the record before it, consisting of the plans and specifications, any written statement of deficiencies, amendments submitted to the Committee, and any public documents. The record shall expressly **exclude** alleged conversations, oral statements, promises, or other verbal acts.

(f) The Committee shall be limited to the following actions: approve, disapprove, approve with conditions, or disapprove due to an inadequate record.

(g) All action taken by the Committee shall be in writing. If the action is an approval or approval with conditions, each member of the Committee shall sign the submitted plans that are part of the record. The Co-owner or representative shall also countersign the submitted plans, which signature shall be conclusive proof and assent to the plans and specifications.

(h) In making any decision hereunder, the Committee shall be vested with the discretion to assure that all requirements of this Article VI shall be complied with.

### Section 3. Building Restrictions.

(a) All improvements located within a Unit shall be of exterior design, materials, workmanship, and quality as to be harmonious with other homes and improvements in the Condominium Project and, in addition, are suitably located with respect to the topography of the Unit and finish grade elevations. Further, all exteriors shall be comprised of natural wood, brick, stone, cement or vinyl siding. The exterior siding may be vertical, horizontal, rough sawn, or such other textures as may be approved in advance by the Committee. All wood exteriors shall be properly stained or painted. The exterior siding may be of such other textures, colors, or materials that may be approved by the Committee in advance (with natural, rustic, earth-tones and flat finishes preferred). No aluminum siding, 4' x 8', or 4' x 9' plywood siding (for example, textured 1 1 1 pattern and reverse board and batten) shall be permitted. Vinyl siding may be allowed provided that Committee approval is received in advance before the siding is installed. Aluminum and vinyl may be used for gutters, downspouts, and soffets. Roofing materials shall be a dark, neutral color (white and red roofs not qualifying as such), unless approved in advance by the Committee.

(b) One story homes shall not be less than 3,000 square feet of enclosed living area, which shall not include decks, porches, or garages. One and one-half story and two story dwellings shall not be less than 3,500 square feet of enclosed living area, which shall not include decks, porches, or garages.

Dwellings shall not exceed 8,000 enclosed living area, which shall not include decks, porches, or garages. **Each Unit must have an attached hangar to the main dwelling which shall be 2,500 square feet minimum(50' x 50') and 4,900 square feet maximum (70' x 70').**

(c) The (required) attached hangar shall be finished on the outside in the same manner and with the same materials as the dwelling, and shall comply with all fire code and building code requirements as to the shared wall with the residence. If permitted by local zoning, the attached hangar may have finished upper levels suitable as living space.

(d) Detached structures are discouraged. The Committee may in its discretion consider requests to construct detached structures.

(e) No mobile home, double wide, or modular home shall be placed, stored, occupied, constructed or installed upon any Unit. This restriction shall apply to so-called "manufactured" homes.

(f) Not more than one (1) single family residence shall be constructed upon any Unit. Guest quarters which are part of an attached hangar (if allowed by local zoning) shall be permitted.

(g) All exterior lighting shall be placed so as to direct light away from other Units.

(h) Cutting of trees on a Unit shall be limited to 1/3 of the trees three inches in diameter or greater at the stump, once every five years. An exception shall be made for initial and subsequent construction as approved by the Committee.

(i) No so-called "pole" building, metal storage sheds, or above-ground pools shall be permitted, except upon approval of the Committee using the following standards.

(j) No fences shall be constructed in common areas. No fences shall be permitted in any Unit except that a 60" high decorative fence may be installed in the rear yards of a Unit, providing that the style and materials thereof are approved in advance by the Architectural Control Committee or the Association.

(k) Kennels not to exceed six feet in height and 120 square feet may be erected at the rear of a dwelling. The style and materials of any kennel must be approved in advance by the Architectural Control Committee or the Association.

(l) No satellite dishes or antennae shall be permitted unless approved by the Architectural Control Committee.

(m) Since each Unit will be serviced with natural gas, no fuel storage tanks shall be permitted.

(n) All utilities lines, conduits and piping shall be installed below ground.

(o) Attached hereto as Exhibit C to the Master Deed are certain further requirements prepared by an architect which shall also apply to each proposed use and construction by Co-owners. In the event of a conflict between Exhibit C and the Bylaws, the latter shall control.

Section 4. Use Restrictions.

(a) No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements. Nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. Nor shall any unreasonably noisy activity be carried on in or on the Common Elements or within any Unit at any time. No Co-owner shall do or permit anything to be done or keep or permit to be kept in the Co-owner's Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved, which increased cost may be assessed to and collected from the Co-owner in the manner provided in Article II hereof. The foregoing shall not apply to the expressly permitted "fly-in" community features of the Condominium, including use, operation, and maintenance of private aircraft, limited to one aircraft at one time per Unit.

(b) **Domestic pets** may be kept. No farm animals of any kind may be kept. Any pets kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No animal may be permitted to run loose upon the General Common Elements, and any animal shall at all times be attended by a responsible person while on the Common Elements. Any person who causes or permits an animal to be brought or kept on the Condominium property shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the property. The Board of Directors may adopt reasonable rules and regulations regarding pets, and shall have the authority to require removal of offensive or dangerous animals from the Condominium. No commercial breeding of domestic pets shall be allowed.

(c) Common Elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in the Master Deed or in duly adopted rules and regulations of the Association. All rubbish, trash, garbage and other waste shall be regularly removed from each Unit and shall not be allowed to accumulate therein. All recycling containers will be kept indoors except during days for scheduled pickup and removal of the contents. Unless special areas are designated by the Association, trash receptacles shall not be permitted on the General Common Elements, except for such short periods of time as may be reasonably necessary for construction. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in a Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium.

(d) The Common Elements shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended. No Co-owner may leave personal property of any description unattended on or about the Common Elements. Use of all General Common Elements may be limited to such times and in such manner as the Board of Directors shall determine by duly adopted regulations.

(e) No abandoned, unlicensed, or junk vehicles of any kind, and no unlicensed house trailers, commercial vehicles, boat trailers, boats, camping vehicles, snowmobiles, snowmobile trailers, recreational vehicles, automobiles, motorcycles or ATVs may be kept outdoors in any Unit or any Common Elements. During the immediate season for which its use is intended, a Co-owner may park one at a time at his/her Unit any of the following: boat with trailer, camper or camping trailer, motorcycle or ATV trailer combination, recreational vehicle or snowmobile trailer combination. One additional automobile will be permitted to be parked outside the garage in a Unit, provided it is legally licensed to the Unit Co-owner or invitee. In all cases involving the preceding items, the "vehicle" must be parked no closer to the front (or street-side) of a Unit than the leading plane (front side) of the garage. All motorcycles, snowmobiles, ATVs, and similar recreational vehicles shall be kept on a trailer or in the garage when not in use. During the off-season, all of the previously listed vehicles (except for the permitted additional automobile) will be removed and stored off of a Unit. At all times, the previously listed vehicles shall be kept in operational and orderly appearance.

(f) No Co-owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots, or other similar weapons, projectiles or devices anywhere on or about the Condominium, except as permitted by State hunting laws.

(g) Motorcycles, ATVs, off-road vehicles, snowmobiles, and other similar powered vehicles are not allowed on any of the Limited or General Common Elements and may not be operated on any Unit in a manner that is loud, offensive, or dangerous to the neighbors.

Section 5. Signs and Advertising. No signs or other advertising devices shall be permitted on the Units or on the Common Elements, other than one sign not greater than four square feet on each building face indicating the Co-owner's name and address. Not more than one "For Sale" sign is permitted per Unit, provided it does not exceed 9 square feet in size. Provided that Developer may place signs in such locations and of such types as it in its sole discretion deems necessary for marketing Units, during such period as Developer owns any Unit. Temporary signs for garage sales shall be permitted.

Section 6. Oil and Gas Development. All oil, gas, and mineral rights have previously been severed from the condominium property, and are reserved.

Section 7. Construction Phase. During the period of construction occurring within a Unit, the following regulations shall be followed:

(a) Garages, basements, and unfinished homes (ie, where no occupancy permit has been issued) shall not be used as living quarters.

(b) Large vehicles, necessary for construction, shall be permitted on a Unit and its appurtenant limited common elements during the construction phase. Otherwise, dump trucks, tractors, commercial trucks, tractors and trailers, flatbed trailers, construction equipment, and other machinery shall not be permitted on any Unit and its appurtenant Common Elements.

(c) All construction must be completed within one year (12 months) from the date that the Committee signs the plans, as set forth in Section 2(g) hereof, unless for good cause shown the Committee extends that period. All construction materials shall be removed and the Unit shall be in a clean and neat condition within 30 days, weather permitting, after the structure is ready for occupancy.

(d) Landscaping shall be completed within 12 months after occupancy. This shall be limited to grass seeding or sodding. It shall not include final walks, planters, ornamental shrubs, trees, or flowers.

(e) Any damage caused to Common Elements during construction by any contractors or subcontractors, shall be promptly repaired at the sole cost and expense of the Co-owner ordering such work.

Section 8. Rules and Regulations. Reasonable regulations consistent with all laws and the Condominium Documents concerning the use of the Common Elements or the rights and responsibilities of the Co-owners and the Association with respect to the Condominium may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors or its successors prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners. Any such regulation or amendment may be revoked at any time by the affirmative vote of 7 out of 10 of the Co-owners.

Section 9. Association's Right of Access. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agent shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. Subject to the foregoing and other provisions in the Master Deed and these Bylaws, each Co-owner shall be entitled to exclusive occupancy and control over the Co-owner's Unit and all Limited Common Elements appurtenant thereto.

Section 10. Co-owner Maintenance. Each Co-owner shall maintain the Unit owned and any Limited Common Elements appurtenant thereto for which the Co-owner has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including but not limited to the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by the Co-owner or the Co-owner's family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association. Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 11. Prohibited Acts.

(a) No change of any kind shall be made by a Co-owner to any Common Element without the express approval of the Board of Directors.

(b) No garbage (for example, but without limitation, paper, wood, tires) shall be burned or buried, nor allowed to accumulate, on any Unit or Common Element. Burn barrels or other similar outdoor incinerators are prohibited.

(c) No Co-owner, invitee, guest, or contractor shall dispose of any chemical, toxic or hazardous substances on the Condominium Project or introduce such materials into any sewage treatment system contrary to local, state or federal law. This restriction includes the use of “de-icing” compounds.

#### Section 12. Reserved Rights of Developer.

(a) Developer’s Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards of the Developer with respect to unsold Units owned by the Developer. Notwithstanding anything to contrary elsewhere herein contained, until all Units in the entire planned Condominium are sold by Developer, Developer shall have the right to maintain storage areas and reasonable parking incident to the foregoing and such access to, from and over the Condominium as may be reasonable to enable development and sale of the entire Condominium by the Developer.

(b) Enforcement of Bylaws. The Condominium shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private residential community for the benefit of the Co-owners and all persons having interests 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 the Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements, and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws so long as Developer owns any Unit which Developer offers for sale, which right of enforcement shall include without limitation an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

Section 13. Leasing and Rental. Co-owners, including Developer, may rent any number of Units at any time for any term of occupancy. Any leasing shall be subject to the following:

(a) Disclosure of Lease Terms to Association. A Co-owner, including the Developer, desiring to rent or lease a Unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for compliance with the Condominium Documents. If Developer desires to rent Units before the Transitional Control Date, it shall notify the Advisory Committee or each Co-owner in writing.

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

(c) Procedures in the Event of Non-Compliance with Condominium Documents. If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

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

(ii) The Co-owner shall have 15 days (or such additional time as may be granted by the Association if the Co-owner is diligently proceeding to cure) after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

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

(d) Notice to Co-owner's Tenant Permitted Where Co-owner in Arrears to the Association for Assessments. When a Co-Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.

Section 14. Amendments. The foregoing restrictions contained in this Article VI may be amended, canceled, or modified at any time by an instrument signed by the then Co-owners of record of a majority of the Units in Sullivan's Harbor Springs Airpark. No such amendment shall become effective until same shall have been recorded with the Register of Deeds for Emmet County.

## **ARTICLE VI-A**

### **SPECIAL RESTRICTIONS FOR THE "FLY IN" FEATURES**

The following special restrictions shall be imposed due to the unique feature of the Condominium as a "fly in" community and the adjacency to the Harbor Springs Airport:

(a) The Developer or the Board of Directors shall be given plenary authority to adopt all regulations

required by the Harbor Springs Airport Authority or the FAA;

(b) A 10-foot clear zone easement fronting along all taxi-way right-of-ways (as shown in the Plans, Exhibit B to the Master Deed) shall be imposed, within which no trees or obstacles over a safe height shall be allowed;

(c) The outside tie down of aircraft shall be permitted for no more than fourteen (14) days in any thirty (30) day period;

(d) Hangar areas may also be used as garages for vehicles and other storage;

(e) No permanent obstructions shall be placed in any taxi-ways; any temporary obstructions shall not remain unattended for more than fifteen minutes; and

(f) No commercial flying school or operation shall be conducted from the Condominium.

#### **ARTICLE VI-B**

#### **CERTAIN PUBLIC POLICY RIGHTS PRESERVED**

Section 1. Flag Rights. In accordance with Section 56a of the Act, all Co-owners shall have the rights to raise and fly the United States flag as reserved by State law.

Section 2. Persons with Disabilities. In accordance with Section 47a of the Act, the right of Co-owners with disabilities to make improvements to reasonably accommodate their disability is preserved within the Condominium, but subject to the limitations set forth in that statutory provision. The Condominium nonetheless retains its character as private property, and this section shall not require construction of barrier-free accesses to any of the common elements or structures therein.

#### **ARTICLE VI-C**

#### **FOSTER AND DAY CARE HOMES**

Section 1. Statement of Policy. The Condominium hereby states that it is its policy to **PROHIBIT ABSOLUTELY** foster care homes of any kind or type, regardless of whether they are licensed by the State of Michigan, which are intended to and serve as homes for minor children under the age of eighteen (18) years of age, for the reason that such homes might tend to diminish the values of the adjacent units due to poor supervision of the wards of such homes. The Condominium hereby states that it is its policy to **PROHIBIT ABSOLUTELY** child day care and adult foster care homes.

Section 2. Violations. Any Co-owner who violates the prohibition contained in Section 1 shall be in violation of these Bylaws. Notwithstanding any expression of “public policy” favoring such prohibited uses, the Condominium declares that such uses shall be a nuisance, shall be counter to the spirit of this private property development, and shall trigger the remedies described in Section 3.

Section 3. Remedies. The remedies in Article XVIII shall apply to this Article VI-C. In addition, the Association, by simple majority vote of the Board of Directors, shall be expressly authorized to levy a special assessment against any unit being used for such prohibited purposes in an amount equal to the daily gross revenues realized by the unit co-owner who is using his/her/its unit in violation of this Article VI-C. This sum shall be deemed to constitute reasonable liquidated damages to the Association and all the other co-owners for loss of enjoyment and diminution in value of the Project caused by such violation(s).

## ARTICLE VI-D

### BUILDING ENVELOPES REQUIRED UNDER ZONING

Each Unit shall be subject to the applicable “building envelopes” required under the Little Traverse Township Ordinance as in effect as of the date of the recording of these Bylaws. Such building envelopes shall be shown in the Condominium Subdivision Plans attached as Exhibit B to the Master Deed. **Each Co-owner takes a Unit subject to the actual record notice of those zoning restrictions regarding front, rear, and sideyard setbacks. No construction of any of the foundations or walls of a single family dwelling or garage may be constructed therein. Moreover, no Co-owners may request a setback variance from the Township and thereby claim a right to build in those setback areas in contravention of these Bylaws.**

## ARTICLE VII

### MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages the Co-owner's Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Condominium written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

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

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

## ARTICLE VIII

## VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote, the value of which shall equal the Percentage of Value percentage allocated to the Units owned by such Co-owner as set forth in the Master Deed. Voting shall be by value unless otherwise expressly required by the Condominium Documents or by law. In the case of any Unit owned jointly by more than one Co-owner, the voting rights appurtenant to that Unit may be exercised jointly as a single vote or may be split if all the joint Co-owners of the Unit so agree in writing.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until the Co-owner has presented evidence of ownership of a Unit in the Condominium to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no Co-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 Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative.

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

Section 4. Annual Meeting. There shall be an annual meeting of the Co-owners commencing with the First Annual Meeting held as provided in Article IX, Section 2 hereof. Other meetings shall be held as provided for in Article IX hereof. Notice of the time, place and subject matter of all meetings shall be given by mailing the same to each individual representative designated by the respective Co-owners.

Section 5. Quorum. The presence in person or by proxy of six in number of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting such 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 6. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 7. Majority. Unless otherwise required by law or by the Condominium Documents, any action which could be authorized at a meeting of the members shall be authorized by an affirmative vote of a simple majority in number of the required quorum (ie, quorum per Section 5 requires 6; majority would be vote by 4). The foregoing statement and any other provision of the Master Deed or these Bylaws requiring the approval of a majority (or other stated percentage) of the members shall be construed to mean, unless otherwise specifically stated, a majority (or other stated percentage) in value of the votes cast by those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the Co-owners duly called and held.

## **ARTICLE IX**

### **MEETINGS**

Section 1. Place of Meeting. Meetings of the Association shall be held at the registered office of the Association or at such other suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened by the Developer. The First Annual Meeting may be called at any time in the Developer's discretion after the first conveyance of legal or equitable title of a Unit in the Condominium to a non-developer Co-owner. As provided in Article XI, Section 2 hereof, the First Annual Meeting shall be held on or before one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of seventy-five (75 %) in number of the Units that may be created in the Condominium or fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Co-owner of a unit in the Condominium, whichever first occurs. The Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-owner.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held at such time and place as shall be determined by the Board of Directors. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by three of the Co-owners presented to the Secretary of the Association, but only after the First Annual Meeting has been held. 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 the time and place where it is to be held, upon each Co-owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required by Article VIII, Section 3 of these Bylaws to be filed with the Association 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 Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than ten (10) days from the time the original meeting was called, and notice of the meeting shall be provided as set forth in Section 5 of this Article IX.

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

Section 8. Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 of this Article IX for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of votes or total percentage of approvals which equals or exceeds the number of votes or percentage of approvals which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. Minutes: Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

## **ARTICLE X**

### **ADVISORY COMMITTEE**

An advisory committee of non-developer Co-owners shall be established either one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of one-third (1/3) of the Units that may be created, or one year after the initial conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Condominium, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the Association of Co-owners. The advisory committee shall cease to exist when a majority of the Board of Directors of the Association is elected by the non-developer Co-owners.

## **ARTICLE XI**

### **BOARD OF DIRECTORS**

Section 1. Number and Qualification of Directors. The Board of Directors shall consist of between 1 and 3 members, all of whom must be members of the Association, except for the first Board of Directors. Directors shall serve without compensation. After the First Annual Meeting, the number of directors may be increased or decreased by action of the Board of Directors, provided that the Board of Directors shall be comprised of at least 2 members.

Section 2. Election of Directors.

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

(b) Appointment of Non-Developer Co-owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of twenty-five (25%) percent of the Units that may be created, at least one director and not less than twenty-five (25%) percent of the Board of Directors shall be elected by non-developer Co-owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of fifty (50%) percent of the Units that may be created, not less than thirty-three and one-third (33 1/3 %) percent of the Board of Directors shall be elected by non-developer Co-owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required director. Upon certification by the Co-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 the director is removed pursuant to Section 7 of this Article XI or the director resigns or becomes incapacitated.

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

(i) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy-five (75%) percent of the Units created, and before conveyance of ninety (90%) percent of such Units the First Annual Meeting shall be called and the non-developer Co-owners shall elect all directors on the Board of Directors, except that the Developer shall have the right to designate at least one director as long as the Developer owns and offers for sale at least ten (10%) percent of the Units in the Condominium or as long as ten (10%) percent of the Units remain that may be created.

(ii) Notwithstanding the formula provided in subsection (i), 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Condominium, if title to at least seventy-five (75 %) percent of the Units that may be created has not been conveyed to non-developer Co-owners, the First Annual Meeting shall be called and the non-developer Co-owners shall have the right to elect as provided in the Condominium Documents, a number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer has the right to elect, as provided in the Condominium Documents, a number of members of the board equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the board as determined in the Condominium Documents.

(iii) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under this Section 2, or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under this Section 2 results in a right of non-developer Co-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 Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (i) of this Section 2(c).

(iv) At the First Annual Meeting one-half ( $\frac{1}{2}$ ) of the directors (rounded up if fractional) shall be elected for a term of two years and the remaining directors shall be elected for a term of one year. At such meeting, all nominees shall stand for election as one slate and the number of persons equal to one-half of the number of directors (rounded up if fractional) who receive the highest number of votes shall be elected for terms of two years and the number of persons equal to the remaining directors to be elected who receive the next highest number of votes shall be elected for terms of one year. After the First Annual Meeting, the term of office (except for directors elected at the First Annual Meeting for one year terms) 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 Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect directors and conduct other business shall be

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

(vi) As used in this section, the term "Units that may be created" means the maximum number of Units which may be included in the Condominium in accordance with any limitation stated in the Master Deed or imposed by law.

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 necessary thereto subject always to the Condominium Documents and applicable laws.

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

(a) To manage and administer the affairs of and to maintain the Condominium and the Common Elements thereof.

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

(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.

(f) To own, maintain, improve, operate and manage, and to buy, sell, convey, assign, mortgage, or lease (as Landlord or Tenant) any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association.

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

(i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

(j) To enforce the provisions of the Condominium Documents.

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, in which the maximum term is greater than 3 years or which is not terminable by the Association upon ninety (90) days' written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any director whom it is permitted in the first instance to designate. Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-developer Co-owner elected directors which occur prior to the Transitional Control Date shall be filled only through election by non-developer Co-owners in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than fifty (50%) percent in number and in value of all of the Co-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 quorum set forth in Article VIII, Section 5. Any director whose removal has been proposed by the Co-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 Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same Manner set forth in this paragraph for removal of directors generally.

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

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director personally, by mail, telephone or telegraph, at least ten (10) days prior to

the date named for such meeting.

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

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

Section 12. Quorum. At all meetings of the Board of Directors, the directors present 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 is less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon twenty-four (24) hours' prior written notice delivered to all directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such director for purposes of determining a quorum.

Section 13. First Board of Directors. All of the actions (including, without limitation, the adoption of these Bylaws and any Rules and Regulations for the Association, and any undertaking or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association named in its Articles of Incorporation or any successors thereto appointed before the First Annual Meeting of Co-owners shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the Co-owners.

Section 14. Fidelity Bonds. The Board of Directors may 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 the President, who shall be a member of the Board of Directors, a Secretary and a Treasurer. The directors may appoint such other officers as in their judgment may be necessary. Any two offices except that of President and Treasurer may be held by one person.

(a) **President.** The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Association and of the Board of Directors. The President 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 in the President's discretion as may be deemed appropriate to assist in the conduct of the affairs of the Association.

(b) **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 and shall have charge of the corporate seal and of such books and papers as the Board of Directors may direct; and shall, in general, perform all duties incident to the office of the Secretary.

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

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

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

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

### **ARTICLE XIII**

#### **SEAL**

The Board of Directors may adopt a seal on behalf of the Association which 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 books of account showing all expenditures

and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. 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 ninety (90) days following the end of the Association's fiscal year upon request therefor.

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

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

## **ARTICLE XV**

### **INDEMNIFICATION OF OFFICERS AND DIRECTORS**

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

## **ARTICLE XVI**

## **AMENDMENTS**

Section 1. Generally. These Bylaws may be amended by the Association or by the Developer in the manner provided in the Master Deed. Any amendment to these Bylaws shall become effective upon recording in the office of the register of deeds in the county in which the Condominium is located. A copy of each amendment to these Bylaws shall be made available to every member of the Association after adoption; provided, however, that any amendment adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium irrespective of whether such persons actually receive a copy of the amendment.

Section 2. Certain Amendments Prohibited by Act or Master Deed. These Bylaws may not be amended in any manner to eliminate or conflict with any mandatory provision of the Act or any applicable law or any provision of the Master Deed, nor may they be amended to materially reduce or eliminate the rights of any Co-owners or first mortgagees without the consent of the Co-owner or mortgagee affected.

Section 3. Limitations on Amendments Where Governmental Approval Required. All governmental limitations as described in Articles VI-A, VI-C and VI-D shall not be amended unless the appropriate governmental agency imposing those limitations assents to the amendment in a written document approved by its governing board or authorized agent.

Section 4. Prohibition on Amendments Affecting Architectural Control Committee. For the period that any Units remain unsold by the Developer or its successors and assigns, no changes to the fixed composition of the Committee as provided in Article VI, Section 2 by the Association or any majority of the Co-owners. This section shall automatically lapse upon a first-time sale and development of all Units comprising the Condominium.

## **ARTICLE XVII**

### **COMPLIANCE**

The Association and all present and future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the Condominium in any manner are subject to and shall comply with the Act, as amended, and the Condominium Documents. The mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium 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**

### **REMEDIES**

Section 1. Default by a Co-owner. Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

(a) Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents or the regulations of the Association shall be grounds for relief, which may include without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessments) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

(b) Recovery of Costs. In any proceeding arising because of an alleged default by any Co-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. In no event shall any Co-owner be entitled to recover such attorneys' fees.

Section 2. No Waiver. The failure of the Association or of any Co-owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-owner to enforce such right, provision, covenant or condition in the future.

Section 3. Cumulative Rights, Remedies and Privileges. All rights, remedies, and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall 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 4. Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and directors to compel such persons to enforce the provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the Condominium Documents or the Act.

Section 5. Disputes Arising with Architectural Control Committee. Any Co-owner who shall be aggrieved by final action of the Committee, shall be required to submit such claim in accordance with the following procedure. For purposes of this Section 5, a neighbor of a Unit where construction is proposed shall **NOT** be deemed an "aggrieved" Co-owner. First, the Co-owner shall be required to submit a completed set of plans and specifications, if the Committee has notified him or her that same is deficient. The failure to so submit a completed set shall absolutely preclude any further review. Second, if a Co-owner is aggrieved by final action disapproving all or part of the plans and specifications, such Co-owner shall be required to appeal the disapproval to a regular or special meeting of the Board of Directors, unless there is complete overlap in the composition of the Board and the Committee. In such an appeal, members of the Committee who are on the Board shall not be entitled to vote. Third, if such Co-owner is unsuccessful with or cannot (due to overlap) appeal to the Board of Directors, he or she shall be required to appeal the Board's action sustaining the Committee to the members of the Association at the next regular or at a special meeting. In such an appeal, the aggrieved Co-owner, and members who serve on either the Committee or the Board shall not be entitled to vote. Fourth, and finally, if such Co-owner is unsuccessful with the appeal to the membership, he or she shall

then but only then be permitted to file suit in Emmet County Circuit Court, which shall be the court of exclusive jurisdiction. In any further appeal to the court, the Association shall be the named defendant. Judicial review shall be on the record under the arbitrary and capricious standard of review. Nothing herein shall preclude the Association from commencing immediate suit to enjoin work done or to be done by or for a Co-owner which violates Article VI hereof, as interpreted by the Committee. The provisions of Section 1(b) of this Article XVIII regarding costs and fees shall apply to any proceeding under this Section 5.

## **ARTICLE XIX**

### **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 Co-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 Co-owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. Such election and written consent by Co-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 XX**

### **SEVERABILITY**

In the event that any of the terms, provisions or covenants of these Bylaws or the Condominium Documents are held by a court of competent jurisdiction 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.

Effective as of the same date as the Master Deed recorded herewith.

Prepared By: Charles R. Meyer, III, P.C. (P 36193); P.O. Box 950; Traverse City, Michigan 49685; (231) 922-0800