

REGENCY HILLS ASSOCIATION

SUMMARY OF PRINCIPAL CHANGES

PROPOSED SECOND AMENDED AND RESTATED CORPORATE BYLAWS OF REGENCY HILLS ASSOCIATION

- A. A variety of recorded/unrecorded legal documents affect the rights and responsibilities of Regency Hills lot owners and the Association. These are currently not summarized in any single document or place. These documents and the manner in which they interact are described in Articles I and III of the proposed Second Amended and Restated Bylaws.
- B. Provisions of the existing Amended Bylaws pertaining to the Developer are removed.
- C. The Annual Meeting, currently required to be held on in February, will in the future be held on any date in the first calendar quarter of each year (i.e., January 1 - March 31) as is selected by the Board of Directors and communicated in a Notice of Meeting to all Regency Hills lot owners.
- D. Currently, the Corporate Bylaws set the Quorum for Meetings of the Association's Members at a majority of all lot owners, which, in Regency Hills, means that more than 150 lot owners must attend any meeting in order that it can qualify as an "official" meeting. Although the Board members would love to see so many neighbors in attendance, we seldom have 50 lot owners in attendance at our meetings. According to our legal counsel, most large organizations, including homeowner associations, require the participation of 15% to 25% of their members in order to have a meeting. Since the voting percentage required to approve any proposal, including any change in the level of assessments, will not change, the Board has proposed that the meeting quorum requirement be reduced to 15%, or about 46 lot owners.
- E. Proposed Article IV is entirely new. The Declarations of Covenants, Conditions and Restrictions for the Regency Hills Subdivisions provide for Association ownership and management of the Commons Areas and Islands, subject to the usage rights of all Regency Hills lot owners, but provide few restrictions, rules or regulations for the manner in which they may be used. The community has had problems with lot owner landscaping and storage within the Common Areas, and the use of small motor vehicles, alcohol and narcotics within the Common Areas, and Board requests that pet owners "clean up" after their animals have too often been ignored. Although the Board of Directors has no desire to police the Common Areas and Islands, the legal tools to do so when necessary should be available. Although legal counsel has advised the Board that it probably has implied authority to promulgate rules and regulations concerning the Commons Areas and Islands (and, in fact, the Board has requested that this authority be confirmed in proposed additional Article VI, Section 14, so that it may address future issues involving the Common Areas and Islands), the Board prefers that the lot owners vote be given the opportunity to vote upon the Common Area and Island regulations it proposes to adopt at this time.
- F. Our legal counsel has recommended that the Second Amended and Restated Bylaws contain the provisions for the election of a staggered-term Board of Directors, in order that the Board may always have the benefit of both continuing and new members, which promotes continuity of action.

**REGENCY HILLS ASSOCIATION
SECOND AMENDED AND RESTATED BYLAWS**

**ARTICLE I
SUBDIVISIONS**

Section 1. Regency Hills Subdivision No. 1. Regency Hills Subdivision No. 1 (herein, "Subdivision No. 1") was established as a residential subdivision located in the Township of Shelby, Macomb County, Michigan when the Declarant caused its plat to be recorded in Liber 82, Pages 35 through 38 inclusive, Macomb County Records.

Each Owner of a Lot in Subdivision No. 1, and all other persons who from time to time use, enter upon or acquire any interest in any Lot in Subdivision No. 1, or in any of the Common Areas, holds title subject to the provisions and terms set forth in the Declaration of Covenants, Conditions and Restrictions of Regency Hills Subdivision No. 1, dated December 16, 1986, and recorded in Liber 04145, Pages 005 through 025, inclusive, Macomb County Records (herein, the "Subdivision No. 1 Declaration").

Section 2. Regency Hills Subdivision No. 2. Regency Hills Subdivision No. 2 (herein, "Subdivision No. 2") was established as a residential subdivision located in the Township of Shelby, Macomb County, Michigan when the Declarant caused its plat to be recorded in Liber 90, Pages 50 through 56, inclusive, Macomb County Records.

Each Owner of a Lot in Subdivision No. 2, and all other persons who from time to time use, enter upon or acquire any interest in any Lot in Subdivision No. 2, or in any of the Common Areas, holds title subject to the provisions and terms set forth in the Declaration of Covenants, Conditions and Restrictions of Regency Hills Subdivision No. 2, dated March 13, 1990, as recorded in Liber 04842, Pages 322 through 343, inclusive, Macomb County Records (herein, the "Subdivision No. 2 Declaration").

Section 3. Regency Hills Subdivision No. 3. Regency Hills Subdivision No. 3 (herein, "Subdivision No. 3") was established as a residential subdivision located in the Township of Shelby, Macomb County, Michigan when the Declarant caused its plat to be recorded in Liber 111, Pages 1 through 7, inclusive, Macomb County Records.

Each Owner of a Lot in Subdivision No. 3, and all other persons who from time to time use, enter upon or acquire any interest in any Lot in Subdivision No. 3, or in any of the Common Areas, holds title subject to the provisions and terms set forth in the Declaration of Covenants, Conditions and Restrictions of Regency Hills Subdivision No. 3, dated July 18, 1995, as recorded in Liber 06719, Pages 396 through 409, inclusive, Macomb County Records (herein, the "Subdivision No. 3 Declaration").

**ARTICLE II
ASSOCIATION OF LOT OWNERS; MEMBERSHIP; PURPOSE**

Section 1. Association of Lot Owners. The Association was established and exists as a nonprofit corporation under the laws of Michigan.

Section 2. Association Purpose and Powers. The Association is responsible and empowered to administer the Subdivisions, promote the recreation, health, safety and welfare of the Owners and Occupants, administer, manage, operate, maintain, repair, improve and insure the Common Areas and Island Areas and administer, manage, maintain, repair and replace the Entrance Easement improvements and off-site Storm Water Retention System components, all in accordance with, and to the extent, if any, limited by the Subdivision Documents and the laws of Michigan. The Declarant has assigned to the Association its subsequent continuing rights and responsibilities as are described in the Assignment, including such as the Declarant reserved for the enforcement of the Declarations.

Section 3. Bylaws. These Bylaws constitute the Association bylaws as are referred to in the Articles of Incorporation and the Act, and also the bylaws that are referred to in the Declaration.

Section 4. Membership and Member's Rights. Each Owner of a Subdivision Lot automatically is a member of the Association, and no other person or entity is entitled to membership. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner, except as an appurtenance to his Lot. An Owner selling a Lot is not entitled to any refund from the Association with respect to any reserve or other asset of the Association.

Section 5. Availability of Subdivision Documents. The Association shall maintain copies of all Subdivision Documents available for inspection and copying at their own expense by the Owners and prospective purchasers and mortgagees during normal business hours on reasonable notice to the Association.

**ARTICLE III
DEFINITIONS**

Section 1. Act. The term "Act", when used herein, means and refers to the Nonprofit Corporation Act, being Act 162 of the Michigan Public Acts of 1982, as amended.

Section 2. Articles of Incorporation. The term "Articles of Incorporation", when used herein, means the Regency Hills Association Second Amended and Restated Articles of Incorporation, as filed with the Michigan Department of Consumer & Industry Services on October 24 2002, as the same from time to time may be amended or amended and restated.

Section 3. Assignment. The term "Assignment", when used herein, means the Assignment of Developer's Rights to the Association

that was made on December 2, 2002, as recorded in Liber 12582, Pages 895 through 898, Macomb County Records.

Section 4. Association. The term "Association", when used herein, means Regency Hills Association, a Michigan nonprofit corporation, Bureau of Commercial Services ID number 751-511.

Section 5. Common Area. The term "Common Area", when used herein in the singular, means each, and when used in the plural means and includes all, land areas so described or designated in any Subdivision's plat or Declaration.

Section 6. Declaration. The term "Declaration", when used herein in the singular means any, and when used in the plural means and includes all, of Declaration No. 1, Declaration No. 2 and Declaration No. 3.

Section 7. Island Area. The term "Island Area", when used herein in the singular means any, and when used in the plural means and includes all, of the landscape islands located within the public right-of-way of any road in the Subdivisions.

Section 8. Storm Water Retention System. The term "Storm Water Retention System", when used herein, means the off-site storm water drainage and retention system, comprised of, *inter alia*, off-site drain pipes and a retention basin, that serves Subdivisions Nos. 2 and 3 only, and is described in that certain Regency Hills Retention Basin Agreement dated October 9, 1989, as recorded in Liber 04742, Pages 349 through 356, inclusive, Macomb County Records.

Section 9. Subdivision Document. The term "Subdivision Document", when used herein in the singular means each, and when used in the plural means and includes all, of the following:

- a. the Association's Articles of Incorporation;
- b. these Bylaws;
- c. the Declarations;
- d. a Conservation Easement made on March 9, 1992, as recorded in Liber 05418, Pages 334 through 339, Macomb County Records;
- e. the Regency Hills Retention Basin Agreement dated October 9, 1989, as recorded in Liber 04742, Pages 349 through 356, inclusive, Macomb County Records, but only as to Subdivision No. 2 and Subdivision No. 3;
- f. the Assignment; and,
- g. rules and regulations, if any, from time to time promulgated by the Board of Directors of the Association, in each case as any Subdivision Document from time to time may be amended and/or restated; provided, in the case of any Subdivision Document which has been recorded in the Macomb County Records, or has been filed with the State of Michigan, no such amendment or restatement shall be in effect or deemed a Subdivision Document within the meaning of this Section unless and until it also has

been recorded or filed, as applicable, and distributed to the Owners.

Section 9. Terms that are Defined only in a Declaration. All capitalized terms not otherwise defined herein have the meaning, if any, assigned by the Declarations.

ARTICLE IV COMMON AREAS AND ISLAND AREAS

Section 1. Aesthetics. The Common Areas and Island Areas shall not be used for the storage of supplies, materials, personal property or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. The Common Areas and Island Areas shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. There shall be no outdoor cooking or barbecues on the Common Areas or Island Areas, except in areas, if any, as may be designated by the Board of Directors. Nothing herein contained shall be construed to require the Board of Directors to so designate an area for outdoor cooking or barbecues. In general, no activity shall be carried on, nor any condition maintained, by any Owner or other person coming upon any of the Common Areas or Island Areas that is detrimental to the appearance of the Common Areas or any Subdivision.

Section 2. Use of Common Areas and Island Areas. The use of the Common Areas and Island Areas may be limited by the Board of Directors to such times and such manner as it determines by duly adopted rules or regulations; provided, that such facilities and amenities only may be used by: (a) resident Owners who are in good standing of their financial obligations to the Association and all other persons who are Occupants residing with them; (b) the tenants, land contract purchasers and other Occupants of Lots in which the Owner(s) do(es) not reside, provided that such non-resident Owner is(are) in good standing of all financial obligations to the Association; and (c) their guests, but only as may be permitted by rules and regulations promulgated by the Association.

Section 3. Maintenance of Common Areas and Island Areas. The Common Areas and Island Areas shall not be obstructed in any way nor used for purposes other than those for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or benches may be left unattended on or about the Common Areas or Island Areas, except as may be provided by duly adopted rules or regulations of the Association.

Section 4. Pets. No reptile or exotic animal shall be brought onto the Common Areas or Island Areas by any Owner, Occupant or guest. No doghouses and no tethering of such animals shall be permitted on the Common Areas or Island Areas. Except as provided in the first sentence of this Section, Owners, occupants and their guests may bring his or her pet onto the Common Areas or Island Areas provided that he or she has complied with all applicable ordinances and/or regulations of the Township of Shelby. Any such animal shall have such care and restraint so as

not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Areas or Island Areas, and while on a Common Area or Island Area any such animal shall at all times be leashed and attended in person by some responsible person. Each Owner or Occupant shall be responsible for the immediate collection and disposition of all fecal matter deposited by any such pet he or she brings onto a Common Area or Island Area. No dog that barks and can be heard on any frequent or continuing basis shall be kept on any Common Area or Island Area. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. Any Co-owner who brings his or her animal upon any of the Common Areas or Island Areas shall indemnify and hold harmless the Association for any loss, damage or liability (including costs and attorney fees) which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor, and the Association may assess and collect from the responsible Co-owner such losses and/or damages in the manner provided in Article III of the Declarations. The Association may also assess fines for violation of the restrictions of this Section or by any applicable Association rules and regulations. The Association may, after notice and hearing, without liability to the Owner, suspend or terminate the Owner's right to bring any animal on any Common Area or Island Area if it determines that the Owner, or his or her Occupant or guest, has repeatedly violated the restrictions imposed by this Section or any applicable rules and regulations of the Association.

Section 5. Motorized Vehicles. Motorized vehicles shall not be driven, parked or stored on the Common Areas without the written permission of the Board of Directors. The non-emergency maintenance or repair of motor vehicles on the Common Areas is not permitted. The Association may cause vehicles driven, parked or stored in violation of this Section or of any applicable rules and regulations of the Association to be removed from the Common Areas and may assess and collect the cost of such removal to and from the Owner of the Lot that is responsible for the presence of the vehicle, in the same manner as is provided in Article III of the Declarations.

Section 6. Landscaping. No Owner shall perform any landscaping, plant any trees, shrubs or flowers or place any ornamental materials upon any Common Area, Entrance Easement or Island Area unless approved by the Association in writing. Any Owner landscaping so approved shall be performed and/or planted, as the case may be, in a manner consistent with the landscaping in other portions of the Subdivision. The Owner shall be responsible for the maintenance of any such approved Owner landscaping. In the event the Owner fails to adequately maintain such landscaping to the satisfaction of the Association, the Association shall have the right to perform such maintenance and assess and collect from the Owner the cost thereof in the manner provided in Article III of the Declarations. The Owner shall also be liable for any damages to the Common Areas,

Entrance Easements and Island Areas arising from the performance of such landscaping or the continued maintenance thereof.

ARTICLE V MEETINGS OF MEMBERS

Section 1. Place of Meeting. Meetings of the Association shall be held at such suitable place convenient to the members as is designated by the Board of Directors. Voting shall be as provided in the Declarations. 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 any of the Declarations or the laws of Michigan.

Section 2. Annual Meetings. The annual meeting of members of the Association shall be held during the first calendar quarter in each year. The Board of Directors shall determine the date, time and place of each annual meeting of the members of the Association. At such meeting, a Board of Directors in accordance with the requirements of Article IV of these Bylaws shall be elected by ballot of the members who are in good standing in the payment of their financial obligations to the Association. The members may also transact at annual meetings such other business of the Association as may properly come before them.

Section 3. Special Meetings. The President shall call a special meeting of the Association upon the resolution of the Board of Directors or upon a petition signed by twenty-five percent (25%) of the members presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. The Secretary (or another Association officer, in the Secretary's absence) shall serve a notice of each annual and/or special meeting, stating the purpose thereof and the time and place where it is to be held, upon each member of the Association, at least thirty (30) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the member at the address shown in the notice required to be filed with the Association pursuant to Section 6 of this Article shall be deemed notice served. In lieu thereof, said notice may also be hand delivered to a member if the member's address is designated as the voting representative's address and/or the member is a resident of the Lot. The electronic transmittal of such notice by facsimile, E-mail or the like may be deemed notice served, in the sole discretion of the Board, so long as written or electronic confirmation of receipt of the notice is returned to and received by the Association from the designated voting representative. Any member may, by waiver of notice signed by such member, waive notice of a meeting and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 5. Quorum. Except as a greater percentage quorum may for any purpose be required by the Act, the quorum required to

hold any meeting of the members shall be fifteen percent (15%) of the Owners who are in good standing of their financial obligations to the Association. These Bylaws shall not be construed to incorporate by reference any greater meeting quorum requirement as may be provided for in any Declaration, as it may from time to time be amended or amended and restated, or in any other Subdivision Document, except insofar as a court of competent jurisdiction may deem any such provision to be binding upon the Association; provided, that in any case the Articles of Incorporation may be amended pursuant to and in accordance with the authority conferred in the final sentence of Section 611(4) of the Michigan Nonprofit Corporation Act, codified as MCL 450.2611(4), or by any successor statute whatsoever.

Section 6. Member in Good Standing; Voting at Meetings of Members; Evidence of Ownership and Designation of Voting Representative. No Owner of a Lot shall have or may exercise any of the rights of a member of the Association until he/she has presented to the Association a deed or such other evidence of the ownership of the Lot that is reasonably satisfactory to the Board of Directors of the Association. Only members of the Association who are members in good standing of their financial obligations to the Association and, if all Owners have been required by the Board of Directors to do so, have complied with the third paragraph of this Section 6, may vote at any meeting of members. A "member in good standing of his financial obligations to the Association" is an Owner who is not then delinquent in the timely payment of any assessment levied by the Association that is due in accordance with Article III of the Declaration, nor any interest, late charge, fine, collection expense or other amount due to the Association.

The vote of each Lot may be cast only by any one (1) Owner of the Lot, or if required by the Board of Directors as provided in the next paragraph of this Section, by the voting representative designated in the written notice required to be filed with the Association, or by a proxy given by such voting representative or Owner, as applicable; provided, that no one (1) person may cast votes pursuant to more than five (5) proxies at any meeting of members.

Upon thirty (30) days' written notice to all members, the Board of Directors may require that the Owner(s) of each Lot file a written notice with the Association designating the individual representative who shall be entitled to vote at meetings of the Association, to sign petitions and to receive all notices and other communications from the Association on behalf of all Owner(s) of that Lot. Such notice shall state the name, address and telephone number of the individual representative designated, the number or numbers of the Lot(s) owned and the name, address and telephone number of each person, firm, corporation, limited liability company, limited liability partnership, partnership, association, trust, or other entity who is the Owner of the Lot(s). Such notice shall be signed and dated by at least one Owner of the Lot(s). The individual representative designated may be changed by the Owner(s) of a Lot at any time by filing a new notice in the manner herein provided, but the designation of a non-Owner as a designated voting representative shall not entitle that non-Owner to

serve as an officer or director of the Association, unless otherwise expressly permitted by these Bylaws.

Section 7. Action Without Meetings. Any action that may be taken at a meeting of the members of the Association (except for the election or removal of directors) may be taken without a meeting, and with or without prior notice, by the written consent of the members in good standing. Written consents may be solicited in the same manner as is provided in Section 4 above for the giving of notice of meetings of members. Such solicitation may specify the percentage of consents necessary to approve the action and the time by which consents must be received to be counted. The form of written consent shall afford an opportunity to consent (in writing) to each matter and shall provide that, where the member specifies his or her consent, the vote shall be cast in accordance with the consent. Approval by written consent shall be constituted by receipt within the time period specified in the solicitation of a number of written consents by members in good standing of their financial obligations to the Association which equals or exceeds the minimum number of votes that would be required for approval if the action were taken at a meeting at which all members entitled to vote were present and voted.

Section 8. Adjournment. If any meeting of members of the Association cannot be held because a quorum is not in attendance, the members in good standing who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 9. Order of Business. The order of business at all meetings of the members shall be: (a) roll call to determine the voting power represented; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspector of elections (at annual meetings or special meetings held for the purpose of election of directors or officers); (g) election of directors (at annual meetings or special meetings held for such a purpose); (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting, the order of seniority of officers for such purpose being the President, Vice President, Secretary and Treasurer.

Section 10. Consent of Absentees. The transactions of any meeting of members, whether annual or special, and however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present in person and by proxy or absentee ballot, and, in addition, if, either before or after the meeting, each member in good standing who is not present in person, by proxy or by absentee ballot signs a written waiver of notice, a consent to the holding of such meeting or an approval of the minutes of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 11. 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 VI BOARD OF DIRECTORS

Section 1. Qualifications of Directors. The affairs of the Association shall be governed by a Board of Directors, all of whom must be members in good standing of the Association or officers, partners, trustees, employees or agents of members in good standing of the Association. Directors shall serve without compensation.

Section 2. Election of Directors. The Board of Directors of the Association shall consist of five (5) persons. The terms of office of the directors have been previously staggered. At each annual meeting of the members of the Association that is held thereafter, either three (3) directors or two (2) directors shall be elected, depending upon the number of directors whose terms expire, each for a two (2) year term of office. The directors shall hold office until their successors have been elected and hold their first meeting.

Section 3. Powers and Duties. The Board of Directors shall have and may exercise all of the powers and duties assigned to the Board in the Declaration. In addition, the Board of Directors shall have and may exercise all of the powers and duties assigned or reserved to the Association generally and not expressly or by necessary implication therein required to be exercised by its members, including, without limitation, with respect to the Common Areas.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by the remaining directors, even though they may constitute less than a quorum. Each person so elected shall be a director until a successor is elected at the next annual meeting of the Association.

Section 5. Removal. At any regular or special meeting of the Association duly called, any one (1) or more of the directors may be removed with or without cause by a majority of the members in good standing of the Association and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Section 6. Organizational Meeting of Directors. An organizational meeting of the newly elected Board of Directors shall be held within ten (10) days of an election of directors at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute said meeting, providing a majority of the whole Board shall be present. The out-going directors of the Association also shall be invited to attend this meeting in order to promote continuity between successive Boards of Directors but shall not be entitled to vote thereat. The President

of the Association (whether or not his or her term of office as a director then shall have expired) shall preside at this meeting.

Section 7. Regular Meetings of Directors. Regular meetings of the Board of Directors may be held at such times and places as a majority of the Board of Directors shall determine from time to time, but at least one (1) such meeting shall be held during each fiscal quarter. Notice of regular meetings of the Board of Directors shall be given to each director, personally, by mail, telephone or telegraph, at least three (3) days prior to the date named for such meeting. In lieu thereof, said notice may also be hand delivered or electronically transmitted, i.e., via facsimile, E-mail or the like, so long as written or electronic confirmation of receipt of the notice is returned by the director.

Section 8. Special Meetings of Directors. Special meetings of the Board of Directors may be called by the President upon five (5) days' notice to each director given personally, by mail, telephone or telegraph. Each 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 one director.

Section 9. Waiver of Notice of Meeting. 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 meeting of the Board shall be deemed a waiver by him of notice of its time and place. 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 10. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of any business, and the acts of a majority of the directors, whether or not present, who are entitled to vote on any matter duly presented to the meeting shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the director who is present may adjourn the meeting from time to time upon twenty-four (24) hours' prior written notice delivered to all directors not present. At any such adjourned meeting, any business that 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 11. Closing of Board of Directors' Meetings to Members; Privileged Minutes. The Board of Directors, in its discretion, may close a portion or all of any meeting of the Board of Directors to the members of the Association or may permit members in good standing of the Association to attend a portion or all of any meeting of the Board of Directors. Any member who is in good standing of his financial obligations of the Association shall have the right to inspect, and make copies of, the minutes of the meetings of the Board of Directors; provided, however, that no member of the Association shall be entitled to review or copy any minutes of

meetings of the Board of Directors to the extent that said minutes reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, common law, the Michigan Rules of Evidence or the Michigan Court Rules.

Section 12. Action by Written Consent. Any action permitted to be taken by the Board of Directors at a meeting of the Board shall be valid if consented to in writing by the requisite majority of the Board of Directors.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers, employees and contractors, including professional management agents, of the Association who handle or are responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

Section 14. Regulations. Reasonable rules or regulations may be made and amended from time to time by the Board of Directors of the Association in accordance with the authority conferred by Article III, Section 5 of the Declaration and this Section. Copies of all such rules and/or regulations and amendments thereto shall be furnished to all Owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each Owner; provided, that any such rule or regulation adopted in accordance with this Article shall be binding upon all Owners and other persons with an interest in any Subdivision, irrespective of whether any such person actually receives a copy of the rule or regulation. Any such rule or regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all members in good standing of their financial obligations to the Association.

ARTICLE VII OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice-President, a Secretary and a Treasurer. The directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two (2) offices, except that of President and Vice-President, may be held by one (1) person. Officers may be compensated only upon the affirmative vote of more than sixty percent (60%) of all Association members. All officers of the Association shall be members in good standing of their financial obligations to the Association.

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

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his or her successor elected at any regular meeting of the Board of Directors, or at any special

meeting of the Board held for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he or she may in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the members of the Association, 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.

Section 7. Treasurer. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and books belonging to the Association. He or she 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 8. Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE VIII FINANCE

Section 1. Assessments. The Association shall be financed primarily through assessments to the Owners that are levied and enforced in accordance with the Declarations, the relevant provisions of which are incorporated by reference.

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 director(s). The commencement date of the fiscal year shall be subject to change by the director(s) for accounting reasons or other good cause.

Section 3. Depositories. The funds of the Association shall be deposited in such bank as may be designated by the director(s) 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 or savings associations as are insured by the Federal Deposit Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government or in such other depositories as may be adequately insured in the discretion of the Board of Directors.

ARTICLE IX SEAL

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

ARTICLE X INDEMNIFICATION OF OFFICERS AND DIRECTORS; DIRECTORS' AND OFFICERS' INSURANCE

Section 1. Indemnification of Directors and Officers. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement incurred by or imposed upon him in connection with any threatened, pending or completed action, suit or proceeding or judgment, whether civil, criminal, administrative, or investigative and whether formal or informal, including actions by or in the right of the Association, to which he may be a party or in which he may become involved by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Association (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 that it has approved, the Association shall notify all members thereof.

Section 2. Directors' and Officers' Insurance. The Association shall provide liability insurance for every director and every officer of the Association for the purposes provided in Section 1 above in such amounts as may reasonably insure against potential liability arising out of the performance of their respective duties. With the prior written consent of the Association, a director or an officer of the Association may waive liability insurance for such director's or officer's personal benefit or other applicable statutory

indemnification. No director or officer shall collect for the same expense or liability under Section 1 above and under this Section 2; however, to the extent that the liability insurance provided to a director or officer was not waived by such director or officer and is inadequate to pay any expenses or liabilities otherwise properly indemnifiable hereunder, a director or officer shall be reimbursed or indemnified only for such excess amounts under Section 1 hereof or other applicable statutory indemnification.

ARTICLE XI AMENDMENTS

Section 1. Proposal; Meeting. Amendments to these Bylaws may be proposed by the Board of Directors acting upon the vote of a majority of the directors, or by one-third (1/3) or more of the members in good standing of the Association, whether meeting as members or by an instrument in writing signed by them. Upon any such amendment being proposed, a meeting for the discussion of the same shall be duly called in accordance with the provisions of Article V of these Bylaws.

Section 2. Voting. These Bylaws may be amended by the Association at a duly constituted meeting called for such purpose, or in the manner permitted by Article V, Section 7 above, by the affirmative vote of a majority of the members who are then in good standing of their financial obligations to the Association.

Section 3. When Effective. Any amendment to these Bylaws shall become effective upon its adoption in accordance with this Article.

Section 4. Binding. A copy of each amendment to these Bylaws shall be furnished to every member of the Association after adoption; provided, that any amendment to these Bylaws adopted in accordance with this Article shall be binding upon all Owners and other persons with an interest in any Subdivision, irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XII COMPLIANCE

These Bylaws are set forth to comply with the requirements of the Act and the Declaration. In case any of these Bylaws conflict with the provisions of the Act with the provisions of the Declaration, the provisions of the Act or Declaration, as applicable, shall be controlling, in that order.

ARTICLE XIII SEVERABILITY

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