CONDOMINIUM BYLAWS

KRAFT HILLS CONDOMINIUMS

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CONDOMINIUM BYLAWS

Section 1. ASSOCIATION OF OWNERS

1.1 Organization. Kraft Hills is a residential site condominium project located in Caledonia Township, Kent County, Michigan, being developed in a single phase, to comprise a maximum of 25 building sites. On the recording of the Master Deed, the management, maintenance, operation, and administration of the Project shall be vested in an Association of Owners organized as a nonprofit corporation under the laws of the State of Michigan. The Association will keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Project available at reasonable hours for inspection by Owners, prospective buyers, mortgagees, and prospective mortgagees of Units in the Project.

1.2 Compliance. All present and future Owners, mortgagees, lessees, or other persons who may use the facilities of the Condominium in any manner shall be subject to and comply with the provisions of the Act, all Caledonia Township ordinance requirements, the Master Deed and any amendments, the Condominium Bylaws, the Association's Articles of Incorporation, the Association Bylaws, and other Condominium Documents that pertain to the use and operation of the Project. The acceptance of a deed of conveyance, the entering into of a lease, or the act of occupying a Condominium Unit in the Project shall constitute an acceptance of the terms of the Condominium Documents and an agreement to comply with their provisions.

Section 2. MEMBERSHIP AND VOTING

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

2.2 Voting Rights. Each Owner will be entitled to one vote for each Unit owned when voting by number and one vote, the value of which shall equal the total of the percentages assigned to the Unit or Units owned, when voting by value. Voting shall be by number except when the Master Deed or Bylaws specifically require voting to be by number and value, and no cumulation of votes shall be permitted.

2.3 Eligibility to Vote. No Owner other than Developer will be entitled to vote at any meeting of the Association until the Owner has presented written evidence of ownership of a Unit in the Project, nor shall the Owner be entitled to vote (except for elections pursuant to section 3.4) before the Initial Meeting of Members. A Owner shall be permitted to vote only if the Owner is not in default in payment of assessments levied against the Owner's unit. Developer shall be entitled to vote only those Units to which Developer still holds title.

2.4 Designation of Voting Representative. The person entitled to cast the vote for each Unit and to receive all notices and other communications from the Association shall be designated by a certificate signed by all the record owners of a Unit and filed with the secretary of the Association. The certificate shall state the name and address of the individual representative designated; the

number of the Unit owned; and the name and address of the person or persons, firm, corporation, partnership, association, trust, or other legal entity who is the Unit owner. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until a change has occurred in the ownership of the Unit.

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

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

Section 3. MEETINGS AND QUORUM

3.1 Initial Meeting of Members. The initial meeting of the members of the Association may be convened only by the Developer and may be called at any time after two or more of the Units in Phase I of the Project have been sold and the buyers qualified as members of the Association. In no event, however, shall the initial meeting be called later than (a) 120 days after the conveyance of legal or equitable title to non-developer Owners of 75 percent of the total number of Units that may be created in the Project or (b) 54 months after the first conveyance of legal or equitable title to a non-developer Owner of a Unit, whichever first occurs, at which meeting the eligible Owners may vote for the election of directors of the Association. The maximum number of Units that may be added to the Project under section 6 of the Master Deed shall be included in the calculation of the number of Units that may be created. Developer may call meetings of members of the Association for informational or other appropriate purposes before the initial meeting, but no such informational meeting shall be construed as the initial meeting of members.

3.2 Annual Meeting of Members. After the initial meeting has occurred, annual meetings of the members shall be held in each year on a date and at a time and place selected by the Board of Directors. At least 20 days before the date of an annual meeting, written notice of the date, time, place, and purpose of the meeting shall be mailed or delivered to each member entitled to vote at the meeting; but no less than 30 days written notice shall be provided to each member of any proposed amendment to these Bylaws or to other recorded Condominium Documents.

3.3 Advisory Committee. Within one year after the initial conveyance by Developer of legal or equitable title to an Owner of a Unit in the Project or within 120 days after conveyance of one-third of the total number of Units that may be created in the Project, whichever first occurs, Developer shall select two or more persons from the non-developer Owners to serve as an advisory committee to the Board of Directors (the "Advisory Committee"). The purpose of the Advisory Committee is to facilitate communication between the Developer-appointed Board of Directors and the non-developer Owners and to aid in the ultimate transition of control to the Owners. The members of the Advisory Committee shall serve for one year or until their successors are selected, and the Committee shall automatically cease to exist at the Transitional Control Date. The Board of

Directors and the Advisory Committee shall meet with each other at the request of the Advisory Committee, but there shall be not more than two such meetings each year unless both parties agree.

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

3.5 Owner Control. If 75 percent of the Units that may be created in the Project have not been conveyed within 54 months after the first conveyance of legal or equitable title to a non-developer Owner, the non-developer Owners shall have the right to elect the percentage of members of the Board of Directors of the Association equal to the percentage of Units they hold, and Developer will have the right to elect the percentage of members of the board equal to the percentage of Units that are owned by Developer and for which all assessments are payable by Developer. This election may increase, but shall not reduce, the minimum election and designation rights of directors otherwise established in section 3.4. Application of this provision does not require a change in the size of the board as designated in the Association bylaws.

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

3.7 Quorum of Members. The presence in person or by proxy of 35 percent of the Owners entitled to vote shall constitute a quorum of members. The written vote of an Owner properly furnished at or before a meeting at which the Owner is not present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question on which the vote is cast.

Section 4. ADMINISTRATION

4.1 Board of Directors. The business, property, and affairs of the Association shall be managed by a board of directors (the "Board of Directors") to be elected in the manner described in these Bylaws. The directors designated in the Articles of Incorporation shall serve until their successors have been duly elected and qualified at the initial meeting of members. All actions of the first Board of Directors designated in the Articles of Incorporation or any successors to the directors selected by

Developer before the initial meeting of members shall be binding on the Association as though the actions had been authorized by a Board of Directors elected by the members of the Association so long as the actions are within the scope of the powers and duties that a Board of Directors may exercise under the Condominium Documents. A service contract or management agreement entered into between the Association and Developer or affiliates of Developer shall be voidable without cause by the Board of Directors on the Transitional Control Date or within 90 days after the initial meeting has been held and on 30 days' notice at any time for cause.

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

a. care, upkeep, and maintenance of the Common Elements

b. development of an annual budget and the determination, levy, and collection of assessments required for the operation and affairs of the Condominium

c. employment and dismissal of contractors and personnel as necessary for the efficient management and operation of the Condominium Property

d. adoption and amendment of rules and regulations governing the use of the Condominium Property not inconsistent with these Bylaws

e. opening bank accounts, borrowing money, and issuing evidences of indebtedness in furtherance of the purposes of the Association and designating signatories required for those purposes

f. obtaining insurance for the Common Elements, the premiums of which shall be an expense of administration

g. granting licenses for the use of the Common Elements for purposes not inconsistent with the provisions of the Act or of the Condominium Documents

h. authorizing the execution of contracts, deeds of conveyance, easements, and rights-of-way affecting any real or personal property of the Condominium on behalf of the Owners

i. making repairs, additions, and improvements to or alterations of the Common Elements and repairs to and restoration of the Common Elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings (all Common Elements must be repaired and improved if they become damaged or fall into disrepair)

j. asserting, defending, or settling claims on behalf of all Owners in connection with the Common Elements of the Project and, on written notice to all Owners, instituting actions on behalf of and against the Owners in the name of the Association

k. further duties as may be imposed by resolution of the members of the Association or that may be required by the Condominium Documents or the Act.

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

4.4 Maintenance, Repair, and Replacement. The responsibility for maintenance, repair, and replacement of Units and Common Elements (other than following casualty damage, which is described in section 6.3 of the Bylaws) is as follows:

a. All maintenance, repair, and replacement of the structures and other improvements located within a Unit or Limited Common Elements that are the responsibility of the Owner of a Unit as set forth in the Master Deed shall be made by the Owner of the Unit. Each Owner shall be responsible for all damages to the Common Elements resulting from the repairs or from any failure of the Owner to perform maintenance and repairs to a Unit.

b. All maintenance, repair, and replacement of the General Common Elements, whether located inside or outside the Units, and of Limited Common Elements to the extent required by the Master Deed shall be made by the Association and shall be charged to all the Owners as a common expense unless necessitated by the negligence, misuse, or neglect of a particular Owner, in which case the expense shall be charged to the responsible Owner. The Association or its agent shall have access to each Unit (but not to the interior of any residence or garage within a Unit) from time to time during reasonable hours, on notice to the occupant, to maintain, repair, or replace any of the Common Elements located within or accessible only from a Unit that are the responsibility of the Association. The Association or its agents shall also have access to each Unit at all times without notice for making emergency repairs necessary to prevent damage to other Units or the Common Elements.

c. **The Private Street.** The Private Street within the Project is subject to various regulations contained in the Caledonia Township Zoning Ordinance and potentially other Township ordinances. The Private Street must be maintained at all times in good condition and repair (including regularly snowplowing the Private Street so that it is easily passable by vehicles, including emergency vehicles) and be in full compliance with all Township ordinance requirements at all times. If such compliance does not occur, the Township has the right to step in and do the required maintenance, repair, snowplowing, etc. and to charge and obtain reimbursement from the Association and all Unit owners (jointly and severally) for any such costs and expenses incurred by the Township, via either a special assessment district (which the Association and the Unit owners are deemed to have consented to in advance) or pursuant to the Township enforcing the Master Deed and/or Condominium Bylaws as a beneficiary of the deed

restrictions/requirements contained therein. The Private Street is private and is not required to be maintained by the Kent County Road Commission, Caledonia Township, or any governmental unit or agency. The Private Street must be maintained to the standards approved by Caledonia Township.

4.5 Reserve Fund. The Association shall maintain a reserve fund, to be used for major repairs and replacement of the Common Elements, as provided by MCL 559.205. The fund shall be established in the minimum amount required on or before the Transitional Control Date and shall, to the extent possible, be maintained at a level that is equal to or greater than 10 percent of the then current annual budget of the Association on a noncumulative basis. The minimum reserve standard required by this section may prove to be inadequate, and the Board should carefully analyze the Project from time to time to determine if a greater amount should be set aside or if additional reserve funds should be established for other purposes.

4.6 Construction Liens. A construction lien arising as a result of work performed on a Unit or on an appurtenant Limited Common Element shall attach only to the Unit on which the work was performed, and a lien for work authorized by Developer or the principal contractor shall attach only to Condominium Units owned by Developer at the time of recording the lien. A construction lien for work authorized by the Association shall attach to each Unit only to the proportionate extent that the Owner of the Unit is required to contribute to the expenses of administration. No construction lien shall arise or attach to a Condominium Unit for work performed on the General Common Elements not contracted for by the Association or Developer.

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

4.8 Officers. The Association Bylaws shall provide for the designation, number, terms of office, qualifications, manner of election, duties, removal, and replacement of officers of the Association and may contain any other provisions pertinent to officers of the Association not inconsistent with these Bylaws. Officers may be compensated, but only on the affirmative vote of 67 percent or more of all Owners.

4.9 Indemnification. All directors and officers of the Association shall be entitled to indemnification against costs and expenses incurred as a result of actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on behalf of the Association on 10 days notice to all Owners in the manner and to the extent provided by the Association Bylaws. If no judicial determination on indemnification has been made, an opinion of independent counsel on the propriety of indemnification shall be obtained if a majority of Owners vote to procure such an opinion.

Section 5. ASSESSMENTS

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

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

a. **Initial Budget.** The Board of Directors of the Association shall establish an initial budget in advance for each fiscal year that will project all expenses for the coming year that may be required for the proper operation, management, and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. The annual assessment to be levied against each Unit in the Project shall then be determined on the basis of the budget. Copies of the budget shall be delivered to each Owner, although the failure to deliver a copy to each Owner will not affect or in any way diminish the liability of an Owner for any existing or future assessment.

b. **Budget Adjustments.** If the Board of Directors determines at any time, in its sole discretion, that the initial assessments levied are insufficient (i) to pay the costs of operation and maintenance of the Common Elements, (ii) to provide for the replacement of existing Common Elements, (iii) to provide for additions to the Common Elements not exceeding $5,000 annually, or (iv) to respond to an emergency or unforeseen development; the Board is authorized to increase the initial assessment or to levy any additional assessments it deems necessary for such purposes. The discretionary authority of the Board of Directors to levy additional assessments will rest solely with the Board of Directors for the benefit of the Association and its members and may not be attached by or subject to specific performance by any creditors of the Association.

c. **Special Assessments.** The Board of Directors may make special assessments in excess of those permitted by subsections (a) and (b) from time to time following the approval of the Owners as provided in this subsection to meet other needs or requirements of the Association, including but not limited to (i) assessments for additions to the Common Elements costing more than $5,000 in any year, (ii) assessments to purchase a Unit on foreclosure of the lien described in section 5.5, or (3) assessments for any other appropriate purpose not specifically described. Special assessments referred to in this subsection (but not those assessments referred to in subsections (a) and (b), which will be levied in the sole discretion of the Board of Directors) will not be levied without the prior approval of 67 percent or more (in number and in value) of all Owners. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and its members and may not be attached by or subject to specific performance by any creditors of the Association.

5.3 Apportionment of Assessments. All assessments levied against the Unit Owners to cover expenses of administration shall be apportioned among and paid by the Owners in accordance with the Percentage of Value allocated to each Unit in the Master Deed and any other assessment provisions in the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Unless the Board elects some other periodic payment schedule, annual assessments will be payable by Owners in 12 equal monthly installments, commencing with the acceptance of a deed to or a land contract vendee's interest in a Unit or with the acquisition of title to a Unit by any other means. The payment of an assessment will be in default if the assessment, or any part, is not received by the Association in full on or before the due date for the payment established by rule or regulation of the Association. However, the Board of Directors, including the first Board of Directors appointed by Developer, may relieve a Unit Owner who has not constructed a residence within a Unit from payment, for a limited period of time, of all or some portion of the assessment for the Unit's respective allocable share of the Association budget. The purpose of this provision is to provide fair and reasonable relief from Association assessments for nonresident Owners until those Owners begin to use the Common Elements on a regular basis.

5.4 Expenses of Administration. The expenses of administration shall consist, among other things, of the amounts the Board deems proper to operate and maintain the Condominium property under the powers and duties delegated to it and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating reserve, for a reserve for replacement, and for meeting any deficit in the common expense for any prior year. Any reserves established by the Board before the initial meeting of members shall be subject to approval by the members at the initial meeting. The Board shall advise each Owner in writing of the amount of common charges payable by the Owner and shall furnish copies of each budget containing common charges to all Owners.

5.5 Collection of Assessments. Each Owner shall be obligated for the payment of all assessments levied on the Owner's Unit while that person is the Owner of the Unit, and no Owner may become exempt from liability for the Owner's contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of a Unit.

a. **Legal Remedies.** In the event of default by any Owner in paying the assessed common charges, the Board may declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. In addition, the Board may impose reasonable fines or charge interest at the legal rate on assessments from and after the due date. Unpaid assessments, together with interest on the unpaid assessments, collection and late charges, advances made by the Association for taxes or other liens to protect its lien, attorney fees, and fines in accordance with the Condominium Documents, shall constitute a lien on the Unit prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid on a mortgage of record recorded before the recording of any notice of lien by the Association; and the Association may enforce the collection of all sums due by suit at law for a money judgment or by foreclosure of the liens securing payment as provided by MCL 559.208. In a foreclosure proceeding, whether by advertisement or by judicial action, the Owner or anyone claiming under the Owner shall be liable for assessments charged against the Unit that become due before the redemption period expires, together with interest, advances made by the

Association for taxes or other liens to protect its lien, costs, and reasonable attorney fees incurred in their collection.

b. **Sale of Unit.** On the sale or conveyance of a Unit, all unpaid assessments against the Unit shall be paid out of the sale price by the buyer in preference over any other assessment or charge except as otherwise provided by the Condominium Documents or by the Act. A buyer or grantee may request a written statement from the Association for the amount of unpaid assessments levied against the Unit being sold or conveyed, and the buyer or grantee shall not be liable for, nor shall the Unit sold or conveyed be subject to, a lien for any unpaid assessments in excess of the amount stated in a written response from the Association. However, unless the buyer or grantee requests a written statement from the Association at least five days before the sale as provided in the Act, the buyer or grantee shall be liable for any unpaid assessments against the Unit together with interest, late charges, fines, costs, and attorney fees.

c. **Self-Help.** The Association may enter the Common Elements, Limited or General, to remove and abate any condition constituting a violation or may discontinue the furnishing of services to a Owner in default under any of the provisions of the Condominium Documents on seven days' written notice to the Owner of the Association's intent to do so. An Owner in default shall not be entitled to use any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as the default continues, but this provision shall not operate to deprive any Owner of ingress and egress to and from the Owner's Unit.

d. **Application of Payments.** Money received by the Association in payment of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney fees; second, to any interest charges and fines for late payment on the assessments; and third, to installments of assessments in default in order of their due dates.

5.6 Financial Responsibility of Developer. The responsibility of Developer for assessments is as follows:

a. **Pre-turnover Expenses.** Before the Transitional Control Date, it will be Developer's responsibility to keep the books balanced and to avoid any continuing deficit in operating expenses, but the Developer shall not be responsible for the payment of general or special assessments. At the time of the initial meeting, Developer will be liable for the funding of any continuing deficit of the Association that was incurred before the Transitional Control Date.

b. **Post-turnover Expenses.** After the Transitional Control Date and continuing for any remaining Development and Sales Period, Developer shall not be responsible for the payment of either general or special assessments levied by the Association on Units owned by Developer until construction of a building on a Unit is completed and a certificate of occupancy has been issued for that Unit.

c. **Exempted Transactions.** Under no circumstances will Developer be responsible for the payment of any portion of any assessment that is levied for deferred maintenance, reserves for replacement, capital improvements, or additions or to finance litigation or other claims against Developer.

Section 6. TAXES, INSURANCE, AND REPAIR

6.1 Real Property Taxes. Real property taxes and assessments shall be levied against the individual Units and not against the Property of the Project or any phase of the Project, except for the calendar year in which the Project or phase is established. Taxes and assessments that become a lien against the Property in the year in which the Project was established shall be expenses of administration and shall be assessed against the Units located on the land with respect to which the tax or assessment was levied in proportion to the Percentage of Value assigned to each Unit. Real property taxes and assessments levied in any year in which a vacation of the Project occurs shall be assessed only against the individual Units. For tax and special assessment purposes, no Unit shall be combined with any other Unit or Units, and no assessment of any fraction of a Unit or combination of any Unit with other whole or partial Units shall be made, nor shall any division or split of the assessment or taxes of a single Unit be made, whether the Unit is owned by an individual or multiple Owners. Taxes for real property improvements made to or within a specific Unit shall be assessed against that Unit only, and each Unit shall be treated as a separate, single parcel of real property for purposes of property taxes and special assessments.

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

a. **Owner Responsibilities.** Each Owner will be responsible for obtaining casualty insurance coverage at the Owner's expense with respect to the residence and all other improvements constructed or located within the perimeters of the Owner's Unit and for the Limited Common Elements appurtenant to the Owner's Unit. It shall also be each Owner's responsibility to obtain insurance coverage for the Owner's personal property within the Owner's Unit or elsewhere on the Condominium, for personal liability for occurrences within the Owner's Unit or on the Limited Common Elements appurtenant to the Owner's Unit, and for alternative living expenses in the event of fire or other casualty causing temporary loss of the Owner's residence. All insurance carried by the Association or any Owner shall contain provisions permitting the waiver of the right of subrogation for any claims against any Owner or the Association for insured losses.

b. **Common Element Insurance.** The General Common Elements of the Project shall be insured by the Association against casualties covered by a standard extended coverage endorsement, to the extent deemed applicable and appropriate, in an amount to be determined annually by the Board of Directors. The Association shall not be responsible for maintaining insurance with respect to the Limited Common Elements, the Units themselves, or any improvements located within the Units.

c. **Fidelity Insurance.** The Association may obtain, if desired, fidelity coverage to protect against dishonest acts by its officers, directors, employees, and all others who are responsible for handling funds of the Association.

d. **Power of Attorney.** The Board of Directors is irrevocably appointed as the agent for each Owner, each mortgagee, other named insureds and their beneficiaries, and any other holder of a lien or another interest in the Condominium or the Property to adjust and settle all claims arising under insurance policies purchased by the Board and to execute and deliver releases on the payment of claims.

e. **Indemnification.** Each individual Owner shall indemnify and hold harmless every other Owner, Developer, and the Association for all damages, costs, and judgments, including actual attorney fees, that any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within an individual Owner's Unit or appurtenant Limited Common Elements. This provision shall not be construed to give an insurer any subrogation right or other right or claim against an individual Owner, Developer, or the Association, which rights are waived.

f. **Premium Expenses.** Unless otherwise provided, all premiums for insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration of the Association.

6.3 Reconstruction and Repair. If any part of the Condominium Property is damaged or destroyed by fire or other casualty, the decision whether or not it will be reconstructed or repaired will be made in the following manner:

a. **General Common Elements.** If the damaged property is a General Common Element, the damaged property shall be repaired or rebuilt unless 80 percent or more of the Owners and the institutional holders of mortgages on any Unit in the Project agree to the contrary. However, if the damaged property is common roadway and is the sole means of ingress and egress to one or more Units in the Project, it will be repaired or rebuilt unless the 80 percent or more of the Owners agreeing not to repair or rebuild includes the Owners of all such Units.

b. **Limited Common Elements and Improvements.** If the damaged property is a Limited Common Element or an improvement located within the boundaries of a Unit, the Owner of the affected Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person having an interest in the property, and the Owner shall be responsible for the cost of any reconstruction or repair that the Owner elects to make. The Owner shall in any event remove all debris and restore the Unit and its improvements to a clean and sightly condition satisfactory to the Association within a reasonable period of time following the occurrence of the damage.

c. **Reconstruction Standards.** Any reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for the improvements located within the Unit, unless prior written approval for changes is obtained from the Architectural Review Committee.

d. **Procedure and Timing.** Immediately after the occurrence of a casualty causing damage that is to be reconstructed or repaired by the Association, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to cover the estimated cost of reconstruction or repair required to be performed by the Association or if at any time during the reconstruction or repair the funds for the payment of the costs by the Association are insufficient, assessment shall be levied against all Owners in sufficient amounts to provide funds to pay the estimated or actual costs of reconstruction or repair. This provision shall not be construed to require the replacement of mature trees and vegetation with equivalent trees or vegetation.

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

a. **Condominium Units.** In the event of the taking of all or any portion of a Condominium Unit or any improvements located within the perimeters of a Unit, the award for the taking shall be paid to the Owner of the Unit and any mortgagee, according to their interests. If an Owner's entire Unit is taken by eminent domain, the Owner and any mortgagee shall, after acceptance of the condemnation award, be divested of all interest in the Project.

b. **Common Elements.** In the event of the taking of all or any portion of the General Common Elements, the condemnation proceeds relative to the taking shall be paid to the Association for use by or distribution to its members. The affirmative vote of 80 percent or more of the Owners in number and in value shall determine whether to rebuild, repair, or replace the portion taken or to take another action.

c. **Amendment to the Master Deed.** If the Project continues after the taking by eminent domain, the remaining portion of the Project shall be resurveyed and the Master Deed amended accordingly; and if any Unit has been taken, section 5 of the Master Deed shall also be amended to reflect the taking and to proportionately readjust the Percentages of Value of the remaining Owners based on the continuing total value of the Condominium of 100 percent. The amendment may be completed by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval by any Owner.

d. **Notice to Mortgagees.** If any Unit in the Condominium, the Common Elements, or any portion of them is made the subject matter of an eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall promptly notify each holder of a publicly recorded mortgage lien on any of the Units in the Condominium.

e. **Inconsistent Provisions.** To the extent not inconsistent with the provisions of this section, MCL 559.233 shall control on any taking by eminent domain.

Section 7. CONSTRUCTION REQUIREMENTS

7.1 Design Standards. Design standards for Units in the Project are set forth in this section. Design standards promote quality, value, and stability for Unit Owners. The standards in this section are

intended to promote consistency of architecture and landscape design and to enhance and preserve real estate values.

7.2 Developer Approvals. During the Development and Sales Period, no residences, buildings, fences, walls, drives, walks, or other improvements shall be commenced, erected, or maintained; no addition to or external change in the appearance of any structure shall be made (including color and design); and no hedges, trees, plantings, or landscaping modifications shall be made until plans or specifications acceptable to Developer, showing the nature, kind, shape, height, materials, color scheme, location, and approximate cost of the structure or improvement and the grading and landscaping plan of the area to be affected, have been submitted to and approved in writing by Developer. Developer shall have the right to refuse to approve any plans or specifications, including the grading and landscaping plane, that are not suitable or desirable in its opinion for aesthetic or other reasons. In passing on such specifications or grading or landscaping plans, Developer shall have the right to take into consideration the suitability of the proposed structure, improvement, or modification; the site on which it is proposed to be erected; and the degree of harmony with the Condominium as a whole.

7.3 Review Committee. Developer has or will establish an architectural review committee (the "Review Committee"). The mission of the Review Committee is to ensure that all plans submitted for review, and all subsequent exterior changes or modifications, meet the criteria established in the design standards. The design standards for the Project are intended to provide a compatible neighborhood image.

7.4 Architectural Review. Following the Development and Sales Period, no residence, structure, or other improvements shall be constructed within a Unit or elsewhere on the Property and no exterior modification shall be made to any existing residence, structure, or improvement unless plans and specifications containing whatever detail the Review Committee reasonably requires has first been approved in writing by the Review Committee. The Review Committee shall have the right to refuse to approve any plans and specifications, color or material applications, grading or landscaping plans, or building location plans that are not suitable or desirable in its opinion for aesthetic or other reasons. In passing on the plans and specifications, the Review Committee shall have the right to take into consideration the suitability of the proposed structure, improvement, or modification, the site on which it is proposed to be constructed, the proposed location of any improvement within the Unit, the location of structures within adjoining Units and the degree of harmony with the Condominium as a whole.

7.5 Approval of Contractor. All residences and other structures shall be constructed only by residential home builders licensed by the State of Michigan and approved in writing by Developer or, following the Development and Sales Period, by the Review Committee. If building construction is intended to commence within three months after the date of plan approval, the name of the proposed residential builder must be submitted when the plans and specifications are submitted. If construction is to be delayed beyond three months, the name of the proposed residential builder must be submitted for approval at least 60 days before the commencement of construction. In its approval process, the Review Committee may take into consideration the qualifications of the proposed builder along with its reputation in the community before deciding whether or not that builder will be approved for participation in the Project. Construction of all other improvements, including

swimming pools and landscaping, must also be done by contractors approved in writing by the Review Committee.

7.6 Specific Requirements. All approvals required by this section shall comply with the following requirements and shall be of site-multi construction. No single or double wide mobile home, or similar dwelling designed to be transported in a chassis in whole or in part shall be installed within the Project.

a. **Construction Materials.** Each residence shall be finished with wood, masonry (brick or stone),metal or vinyl exterior, including windows of exterior color. All residences may not exceed more than 50% vinyl siding on the front elevation. 50% of the front elevation must be either LP, hardie board, masonry (brick or stone), metal or wood. Roofs must be of shingle construction using cedar, fiberglass, or asphalt or standing seam metal roofs. Driveways must be of brick or cement. All exterior paints, stains, and material colors must be shown as part of the plan submitted for approval, and samples shall be furnished to the Review Committee on request.

b. **Size and Space Requirements.** No residence shall be constructed on any Unit which does not comply with the Caledonia Township Zoning Ordinance as to height and lot coverage dimensions as approved by the Review Committee and no residence shall be constructed on any Unit with less than the following sizes of finished living areas (as calculated on exterior dimensions), exclusive of decks, porches, patios, garages, and basements (whether full basements, daylight basements, or walkout basements):

- One-story home – 1,850 sq. ft.
- 1.5 story home – 1,700 sq. ft. main
  2,600 sq. ft. above grade
- 2 story home- 2,800 sq. ft. above grade

c. **Improvements and Outbuildings.** Each residence must be equipped with an attached garage of not less than two stalls. One additional detached structure of a size as determined by the Review Committee and in compliance with the zoning ordinances of Caledonia Township will be permitted for storage or accessory garage space which must have the same exterior construction as the residence.

7.7 Codes and Ordinances. In addition to the construction requirements in this Section, all buildings and other structures must comply with all applicable building, mechanical, electrical, and plumbing codes of the applicable jurisdictions in effect when the building or structure is erected.

7.8 Public Health Requirements. The provisions relating to water supply and sewage disposal systems hereinafter set forth have been required by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) and the Kent County Health Department (KCHD).

Each Co-owner shall be solely responsible for the installation, maintenance, repair and replacement of the well/water supply system and the septic tank/drain field/sanitary disposal system on his/her building site in good order and working condition and for compliance with all governmental regulations applicable thereto, and neither the Developer nor the Association shall have any responsibility or duty with respect to the same.

7.8(a) Wastewater Disposal Systems.

- With applications to obtain a permit from the Kent County Health Department. (KCHD) for the septic tank and disposal areas, the applicant will submit to KCHD a site development plan drawn to scale that will locate the dwellings, drives and rights-of-ways, utilities, property boundary lines, building site, water well, and proposed septic location. As part of the application, KCHD may require a topographical map showing existing and proposed contours. Contour intervals shall not exceed two (2) feet.
- KCHD cannot guarantee that all individual site development plans will be approved. Owners are encouraged to submit site development plans to KCHD for review prior to purchasing a lot. KCHD may limit home size and number of bedrooms to accommodate safe and adequate dispersal of septic tank effluent. A site evaluation will be required by KCHD prior to issuing construction where the owner has proposed a drain bed location outside areas approved by KCHD. The costs associated with the site evaluation shall be the unit owner's responsibility.
- Utilities, buildings, drives, or other structures that may interfere with the installation and operation of the onsite sewage disposal system shall not be permitted within the designated initial and replacement sewage disposal areas as indicated on the permit issued by KCHD.
- Site modification in the area of the initial and replacement wastewater disposal systems may be required by KCHD. Site modification would typically include soil removal and backfill with approved washed sand (2NS) as described in the Michigan Rules for Water Supply and Sewage Disposal for Land Divisions and Subdivisions. Unless otherwise approved by KCHD, Unit 5 will be required to utilize a pressure dosed mound type system.
- Designated initial and replacement sewage disposal areas shall not be located within any easement or common area and must be isolated a minimum of 100 feet from surface water, 50 feet from any water well, 25 feet from foundation walls containing subsurface drains, 25 feet form subsurface drains, 25 feet from storm sewer catch basins and stormwater detention areas, 10 feet from solid storm sewers, 10' from water service lines, and 10' from unit/property boundaries.

7.8(b) Water Systems.

- Individual water supply systems will be permitted solely to provide water for domestic consumption at the residence, for irrigation purposes, swimming pools, or other domestic uses on the parcel.
- A permit from KCHD is required prior to the installation or major repair of any on-site water supply. As part of the application, KCHD may require a site plan of the property upon which the water supply is or will be located. Required features may include property boundaries, elevations, buildings, sewage disposal system, surface water bodies, wells, underground fuel storage tanks, chemical storage areas, driveways, and other significant details.

- All wells installed for private water supply must penetrate an adequate protective continuous clay overburden of at least ten (10) feet. This overburden is to be located greater than twenty-five (25) feet below the ground surface. A test well completed on Unit 22, indicates that a suitable aquifer should be available in the intermediate drift formation between 80 and 90 feet. Shallower wells may not have protection from surface contamination and may have tannins or elevated nitrates. Deeper wells may have arsenic above recommended levels.
- All wells are to be grouted in accordance with the Michigan Department of Environmental Quality water well grouting requirements.
- Except as otherwise approved by KCHD, all wells must be located on the property being served and must be 50 feet from any component of a septic systems and sewage pump vaults and 10 feet from property boundaries, buried sewers, and building drains.
- Due to elevated levels of hardness and iron, water treatment systems may be necessary. Discharge of said water treatment system backwash cannot be directed into the building sewer, septic tanks, or disposal areas. The owner shall make provisions for a separate drainage system to properly dispose of water treatment system backwash.
- Iron in ground water at or above 0.3mg/l can cause reddish brown color and staining of plumbing fixtures.

  Sampling from Test Well#2 found iron levels of 3 mg/L.
- Hardness above 250 mg/L can cause sediment build-up and scaling of plumbing fixtures. Sampling from Test Well #2 found hardness levels of 257 mg/L.

An assessment of the suitability of proposed on site water supplies has been provided by the project well drilling contractor. This assessment included two test wells and a four hour drawdown test. The test wells were completed on Unit 22. Test Well #1 was completed at 130 feet. Water samples collected from this well have confirmed the chemical and bacteriological suitability of water withdrawn from the aquifer. However, Test Well #1 had arsenic above the recommended maximum level of 10 parts per billion. Test Well #2 was completed at 86 feet. This wall had suitable chemistry and arsenic was not detected. Our review of this assessment confirms that an adequate quantity and quality of water is available to serve this development subject to restrictions and advisories requested below.

7.9 Miscellaneous Disclosures. Even though the KCHD has given certain preliminary approvals pertaining to sewage and water issues regarding the Units, it is the responsibility of the owner of a Unit to obtain all final KCHD and other government approvals for the installation and use of septic systems and private wells. Neither any preliminary governmental approval nor anything contained in the Condominium Bylaws or any condominium document shall constitute or be construed as any representation, guarantee or warranty regarding the suitability of any Unit or the property thereunder for septic or well purposes or uses. Even if a particular Unit is suitable or usable for septic or well uses or purposes, the owner of the Unit may still need to have more borings, site preparation work, engineering work, etc., done, which would be at the cost and expense of the owner of the particular Unit involved. KCHD may reject development plans that encroach on proposed water well locations at neighboring units. KCHD cannot guarantee that all site plans will be approved. It is recommended that interested parties obtain KCHD approval of unit development plans prior to purchase.

7.10 Time for Construction. At the time of submitting the name of a proposed residential builder for approval, a date for commencement of construction (which shall not be more than three years after the date of approval) must be agreed on and approved by the Review Committee. Once construction has started, work on the building must be diligently pursued and completed within a maximum of 12 months from the date of commencement. The Committee may extend the time for commencement or completion when, in its opinion, conditions warrant an extension.

7.11 Reserved Developer Rights. The purpose of section 7 is to ensure the continued maintenance of the Condominium as an attractive and harmonious residential development, and its provisions shall be binding on both the Association and all Owners in the Project. Developer (or any residential builder to whom Developer has assigned such rights) shall have the right to maintain a model unit, sales office, advertising display signs, storage areas, and reasonable parking incident to its sales efforts and to access to, from, and over the Property as may be reasonable to enable development and sale of the entire Project.

7.12 Building Lines. For the purpose of this section, the word *building* will mean the main residence; the garage and related outbuildings; and their projections such as eaves; bay, bow, or oriel windows; exterior chimneys; covered porches; porticos; loggias; and similar projections. *Building* will not include open pergolas, uncovered porches, open terraces, stoops, steps, or balustrades the sides of which do not extend more than three feet above the level of the ground floor of the main building.

7.13 Review Committee Appointment. Following the Development and Sale Periods, if rights of appointment have not previously been assigned to the Association, Developer's representatives shall resign from the Review Committee, and the Board of Directors of the Association shall appoint three new members to the Review Committee. In each succeeding year or at whatever other intervals the Board of Directors decides, the Board of Directors shall appoint or reappoint the three members to serve on the Review Committee.

7.14 Permitted Variance. The Review Committee may, on a showing of practical difficulty or other good cause, grant variances from the requirements of this section, but only to an extent and in a manner that does not violate the spirit and intent of the requirements.

7.15 Setback Lines. No building will be erected on any Unit nearer to the street line or to either side Unit boundary or closer to the rear Unit boundary than permitted by the setback requirements of the zoning applicable to the Unit that is in effect at the time of the contemplated construction of any building unless a variance or other permission for the setback is obtained from the applicable authority. If compliance with these setback requirements is impracticable or would create a hardship for a corner Unit or an odd-shaped building site, the Review Board may specify front yard, side yard, and rear yard widths and depths that are less than those required by this section. When $1^1/_2$ or more Units are acquired as a single building site, the side Unit boundaries will refer only to the Unit boundary lines bordering the property of adjoining owners.

7.16 Building Height. The height of any building shall not be more than $2^1/_2$ stories. If any portion of a level or floor within a building is below grade, all of that level or floor shall be considered a basement level.

7.17 Improvements Adjoining Roadway. No trees, plantings, fencing, or other improvements will be placed where they obstruct vehicular visibility at or near street intersections.

7.18 Soil from Excavation. All soil to be removed from any of the Units in the course of grading or excavating will, at Developer's option, become the property of Developer and be placed by the Owner or the Owner's contractor at the Owner's expense in a location within or adjoining the Project designated by Developer.

7.19 Caledonia Township Requirements. All structures, buildings, uses and activities within the Condominium and within the Project must comply at all times with all applicable Caledonia Township ordinances, including, but not limited to, the Caledonia Township Zoning Ordinance and the approval Resolution for the Project dated March 20, 2024

Section 8. USE AND OCCUPANCY RESTRICTIONS

8.1 Residential Use. Condominium Units shall be used exclusively for single family residential occupancy, to be used and occupied by the Owner of the Unit and not as a commercial rental enterprise, and no Unit or appurtenant Common Element shall be used for any purpose other than that of a single-family residence and purposes incidental to residential use. Home occupations conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence that comply with all Caledonia Township ordinance requirements, do not generate unreasonable traffic by members of the general public and do not change the residential character of the Unit or neighborhood are permitted as incidental to primary residential use. No building intended for other business uses and no apartment house, rooming house, day care facility, foster care residence, or other commercial or multiple-family dwelling or use of any kind shall be erected, placed, occur, or permitted on any Unit.

8.2 Home Occupations. To be permitted as a *home occupation* or the equivalent, there must be (a) no sign or display that indicates from the exterior that the residence is being used for any purpose other than that of a single-family dwelling; (b) no goods or commodities kept for viewing or sale within the Unit or the Project; (c) compliance with all Caledonia Township ordinance requirements; and (d) no mechanical or electrical equipment used other than personal computers and other office equipment. In no event shall any room for lease or rent, barbershop, styling salon, beauty parlor, tearoom, animal hospital, or any other form of animal care or treatment such as dog trimming be considered as an allowed home occupation.

8.3 Common Areas. The Common Elements shall be used only by the Owners of Units in the Condominium and their agents, tenants, family members, invitees, and licensees for access, ingress to, and egress from the respective Units and for other purposes incidental to use of the Units. Any parking areas or other Common Elements designed for a specific purpose shall be used only for those purposes or other uses approved by the Board. The use, maintenance, and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Owner and shall be subject to any lease or easement presently in existence or entered into by the Board at some future date that affects all or any part of the Common Elements.

8.4 Use and Occupancy Restrictions. In addition to the general requirements of sections 8.1–8.3, the use of the Project and its Common Elements by any Owner shall be subject to the following specific restrictions:

a. **Exterior Changes.** No Owner shall make any additions, alterations, or modifications to any of the Common Elements or any changes to the exterior appearance of the building or other improvements within the perimeters of the Owner's Unit without prior approval of Developer or the Review Committee. A change in the color of a residence or a significant landscaping change are included within the meaning of a change in exterior appearance.

b. **Unit Rental.** No portion of a Unit may be rented and no transient tenants be accommodated in any building, but this restriction shall not prevent the rental or sublease of an entire Unit together with its appurtenant Limited Common Elements for residential purposes in the manner permitted by these Bylaws.

c. **Nuisances.** No nuisances shall be permitted on the Property, nor shall any use or practice be permitted that is a source of annoyance to or that unreasonably interferes with the peaceful possession or proper use of the Project by its residents. No Unit shall be used in whole or in part for the storage of rubbish or trash or for the storage of any property or thing that may cause the Unit to appear in an unclean or untidy condition. No substance or material shall be kept on a Unit that will emit foul or obnoxious odors or that will cause excessive noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding Units.

d. **Prohibited Uses.** Nothing shall be done or kept in any Unit or on the Common Elements that will increase the rate of insurance for the Project without the prior written consent of the Association. No Owner shall permit anything to be done or kept in the Owner's Unit or elsewhere on the Common Elements that will result in the cancellation of insurance on any Unit or any part of the Common Elements or that will violate any law.

e. **Signs.** No signs or other advertising devices (other than one professionally made unlit sign or a sign of substantially the same quality and appearance advertising a unit for sale that is not larger than four square feet in size) shall be displayed from any residence or on any Unit that are visible from the exterior of the Unit or from the Common Elements without written permission from the Association or its managing agent.

f. **Personal Property.** No Owner shall display, hang, or store any clothing, sheets, blankets, laundry, or other items of personal property outside a residence or ancillary building. This restriction shall not be construed to prohibit a Owner from placing and maintaining outdoor furniture and accoutrements and decorative foliage of a customary nature and appearance on a patio, deck, or balcony of a Unit, though no such furniture or other personal property shall be stored on any open patio, deck, or balcony that is visible from another Unit or from the Common Elements of the Project.

g. **Firearms and Weapons.** No Owner shall use or permit the use by any occupant, agent, tenant, invitee, guest, or member of the Owner's family of any firearms; air rifles; pellet guns;

BB guns; bows and arrows; illegal fireworks; or other dangerous weapons, projectiles, or devices anywhere on or about the Property.

h. **Pets and Animals.** No animals may be kept on any unit except for a combination of three total domestic dogs, domestic cats, and caged birds, without the prior written consent of the Association, which, if given, may be revoked at any time by the Association. No exotic, savage, or dangerous animal shall be kept on the Property, and no animal may be kept or bred for commercial purposes. Common household pets permitted under the provisions of this subsection shall be kept only in compliance with the rules and regulations promulgated by the Board of Directors from time to time and must at all times be kept under care and restraint so they are not obnoxious on account of noise, odor, or unsanitary conditions. No animal shall be permitted to run loose on the Common Elements or on any Unit except the Unit owned by the owner of the animal, and the owner of each pet shall be responsible for cleaning up after it.

i. **Recreational Vehicles.** No recreational vehicles, boats, or trailers shall be parked or stored in any garage if the storage would prevent full closure of the garage door or elsewhere on the Property without the written approval of the Association. No snowmobile, all-terrain vehicle, or other motorized recreational vehicle shall be operated on the Property. No maintenance or repair shall be performed on any boat or recreational vehicle except within a garage or residence where totally isolated from public view.

j. **Lawn Care and Landscaping.** Each Unit owner may leave portions of the Unit in a natural state. Each Owner shall mow all grass outside of natural areas at least two times each month during the growing season.

k. **Recreational Facilities.** No above-ground pools, tennis courts, or dog runs will be permitted on any Unit. All exterior hot tubs and spas must be approved by the Review Committee before installation. All below-ground pools must be located in the rear yard and screen-enclosed or fenced and comply with Caledonia Township ordinances.

l. **Trash Containers and Pick Up.** All trash shall be placed in containers approved by the Review Committee and kept inside the garage or other fully enclosed area except for short periods of time reasonably necessary to permit collection.

m. **Exterior Lighting.** No vapor lights, dusk-to-dawn lights, or other lights that are regularly left on during the night may be installed or maintained on any Unit without the prior consent of the Review Committee.

n. **Solar Panels and Satellite Dishes.** No solar panel may be installed on any Unit until the type, design, and location of the solar panel has been approved in writing by the Review Committee. An Owner may install a satellite dish on the Owner's Unit, subject to reasonable prior approval by the Review Committee for size, location, color, and screening. To the extent required by applicable federal law, the Review Committee's regulations shall not unreasonably impair a Owner's installation, maintenance, or use of a satellite dish.

o. **Hazardous Materials.** As used in these Bylaws, the term *Hazardous Materials* means any hazardous or toxic substance, material, or waste that is or becomes regulated by any local government authority, any agency of the State of Michigan, or any agency of the U.S. government. The term Hazardous Materials includes, without limitation, any material or substance that is (i) described as a "hazardous substance" pursuant to section 311 of the Federal Water Pollution Control Act, 33 USC 1317; (ii) defined as "hazardous waste" pursuant to section 1004 of the Federal Resource Conservation and Recovery Act, 42 USC 6901 et seq., 42 USC 6903; (iii) defined as a "hazardous substance" pursuant to section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC 9601 et seq., 42 USC 9601; (iv) petroleum and any petroleum byproducts; and (v) asbestos. Owners shall not, nor shall they permit their agents, invitees, contractors or subcontractors (collectively, Owners' Agents), to bring on, keep, store, use, or dispose of any Hazardous Materials on, in, under, or about the Project except ordinary cleaning chemicals and solutions, suitably packaged goods offered for sale at retail, and office supplies used for their intended purpose, none of which may pose any significant threat of contamination of the Project. Each Owner shall cause the presence, use, storage, or disposal of any Hazardous Materials on, in, under, or about the Project by the Owner or the Owner's Agents to be in compliance with all applicable laws, rules, regulations, and orders. Each Owner shall defend, indemnify, protect, and hold harmless the Association from and against all claims, costs, fines, judgments, and liabilities, including attorney fees and costs, arising out of or in connection with the presence, storage, use, or disposal of Hazardous Material in, on, under, or about the Project caused by the acts, omissions, or negligence of the Owner or the Owner's Agents.

p. **Use of Common Elements.** The General Common Elements shall not be used for the storage of supplies or personal property (except for the short periods of time that are reasonably necessary to permit the placement of trash for collection the next day). No vehicles shall be parked on or along the roadways (except for parties or receptions generating a need for off-site parking), and Owners shall not personally use or obstruct any guest parking areas that are located on the Common Elements of the Project without the prior consent of the Association. No Owner shall in any way restrict access to any utility line or other area that must be accessible to service the Common Elements or that affects an Association responsibility in any way. In general, no activity shall be carried on or condition maintained by any Owner either in the Owner's Unit or on the Common Elements that despoils the appearance of the Condominium.

q. **Application of Restrictions.** Unless arbitration is elected pursuant to these Bylaws, a dispute or question whether a violation of any specific regulation or restriction in this section has occurred shall be submitted to the Board of Directors of the Association, which shall conduct a hearing and render a decision in writing, which shall be binding on all owners and other parties with an interest in the Project.

8.5 Zoning Compliance. In addition to the restrictions in section 8, the use of any Unit or structure on the Property must satisfy the requirements of the zoning ordinance of the Caledonia Township in effect at the time of the contemplated use unless a variance for the use is obtained from Caledonia Township.

8.6 Rules of Conduct. Additional rules and regulations consistent with the Act, the Master Deed, and these Bylaws concerning the use of Units and Common Elements may be promulgated and amended by the Board. Copies of the rules and regulations must be furnished by the Board to each Owner at least 10 days before their effective date and may be revoked at any time by the affirmative vote of the Board or 60 percent or more of all Owners.

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

8.8 Owner Enforcement. An aggrieved Owner will also be entitled to compel enforcement of the Condominium Documents by an action for injunctive relief or damages against the Association, its officers, or another Owner in the Project.

8.9 Remedies on Breach. In addition to the remedies granted by section 5.5 for the collection of assessments, the Association shall have the right, in the event of a violation of the restrictions on use and occupancy imposed by this section 8, to enter the Unit and to remove or correct the cause of the violation. The entry will not constitute a trespass, and the Owner of the Unit will reimburse the Association for all costs of the removal or correction. Failure to enforce any of the restrictions in this section will not constitute a waiver of the right of the Association to enforce restrictions in the future. In addition, Caledonia Township shall have the authority to enforce these Bylaws pursuant to Section 13.3 of the Master Deed.

8.10 Reserved Rights of Developer. During the Development and Sale Period, and subject to compliance with all applicable Caledonia Township zoning ordinance provisions, Developer may maintain a sales office, advertising display sign, storage areas, and reasonable parking incident to its sales efforts, together with reasonable access to, from, and over the Property to enable development and sale of the entire Project.

8.11 Assignment and Succession. Developer may be assigned any of the rights granted to or reserved by it in the Condominium Documents or by law to any other entity or to the Association. Any assignment or transfer shall be made by an appropriate document in writing, signed by Developer and recorded in the register of deeds office for the county where the Project is located. On qualification, the assignee will have the same rights and powers as those granted to or reserved by Developer in the Condominium Documents.

Section 9. MORTGAGES

9.1 Notice to the Association. Any Owner who mortgages a Unit shall notify the Association of the

name and address of the mortgagee (in this section, the Mortgagee), and the Association will maintain this information. The information relating to Mortgagees will be made available to Developer or its successors as needed to obtain consent from or give notice to Mortgagees concerning actions requiring consent from or notice to Mortgagees under the Condominium Documents or the Act.

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

9.3 Rights of Mortgagees. Except as otherwise required by applicable law or regulations, a Mortgagee of a Unit will be granted the following rights:

a. **Inspection and Notice.** On written request to the Association, a Mortgagee will be entitled (i) to inspect the books and records relating to the Project on reasonable notice, (ii) to receive a copy of the annual financial statement that is distributed to Owners; (iii) to notice of any default under the Condominium Documents by its mortgagor in the performance of the mortgagor's obligations that is not cured within 30 days; and (iv) to notice of all meetings of the Association and its right to designate a representative to attend the meetings.

b. **Exemption from Restrictions.** A Mortgagee that comes into possession of a Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure shall be exempt from any option or right of first refusal on the sale or rental of the mortgaged Unit in the Condominium Documents.

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

Section 10. LEASES

10.1 Notice of Lease. An Owner, including Developer, who intends to lease a Unit shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to the prospective tenant and, at the same time, shall supply the Association with a copy of the lease form. No Unit shall be leased for a period of less than 180 days without the prior written consent of the Association.

10.2 Terms of Lease. All occupants of a Unit shall comply with all the conditions of the Condominium Documents of the Project, and all lease and rental agreements must require compliance.

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

a. **Notice.** The Association shall notify the Owner by certified mail advising of the alleged violation by the non-Owner occupant.

b. **Investigation.** The Owner will have 15 days after receipt of the notice to investigate and correct the alleged breach by the non-Owner occupant or to advise the Association that a violation has not occurred.

c. **Legal Action.** If, after 15 days the Association believes that the alleged breach has not been cured or may be repeated, it may institute an action for eviction against the non-Owner occupant and a simultaneous action for money damages (in the same or in a separate action) against the Owner and the non-Owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this section may be by summary proceeding. The Association may hold both the non-Owner occupant and the Owner liable for any damages to the Common Elements caused by the Owner or the non-Owner occupant in connection with the Unit or the Project.

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

Section 11. TRANSFER OF UNITS

11.1 Unrestricted Transfers. An individual Owner may, without restriction under this section, sell, lease, give, devise, or otherwise transfer the Owner's Unit or any interest in the Unit to a spouse; to the Owner's child, parent, brother, sister, grandchild, descendant, or any one or more of them; or to any trustee of a trust for which the sole beneficiary is the Owner or a spouse, child, parent, brother, sister, grandchild, descendant, or any one or more of them. A partnership or corporation that owns a Unit may also transfer or convey the Unit or any interest in it to an individual partner or shareholder or to another entity owned and controlled by the transferor without restriction. Notice of any unrestricted transfer shall be given to the Association within five days following consummation of the transfer.

11.2 Notice to the Association. Whenever an Owner proposes to sell, give, devise, or otherwise transfer the Owner's Unit or any interest in the Unit to any person or entity other than a person or an entity described in section 11.1, the Owner shall give the Association not less than 30 days' prior written notice of the proposed transfer, which shall briefly describe the type of transfer proposed by the Owner and state the name and address of the proposed transferee. The notice shall also include a copy of the proposed terms of sale or other documents, if any, effecting the transfer.

11.3 First Option of the Association.

a. If an Owner proposes to sell a Unit or any interest in a Unit to a person or an entity other than a person or entity described in section 11.1, for a period of 30 days following the date notice of the proposed transfer is given to the Association, the Association shall have the right, at its option, to purchase the Unit or interest being sold from the Owner (the Transferring Party) on the terms described in the notice.

b. If an Owner proposes to make a gift of a Unit or any interest in a Unit to any person or entity other than a person or an entity described in section 11.1, for a period of 30 days following the date notice of the proposed transfer is given to the Association, the Association shall have the first right, at its option, to purchase the Unit or interest. The price to be paid by the Association for the Unit shall be agreed on by the Transferring Party and the Association or, if not promptly agreed on, shall be determined in accordance with the procedure set forth in section 11.3(d).

c. If an Owner dies and under applicable law the Owner's Unit or any interest in the Unit is subject to a probate proceeding, for three months after the appointment of a personal representative of the deceased Owner, the Association shall have the first right, at its option, to purchase the Unit either from the devisee named in the deceased Owner's will, if any, or from the appointed personal representative of the deceased Owner who is empowered or authorized to sell the Unit; the personal representative shall be deemed the Transferring Party. However, this option shall not apply to any transfer on the death of a Owner to a person or an entity described in section 11.1. The price to be paid by the Association for the Unit or interest shall be agreed on by the Association and the Transferring Party or, if not promptly agreed on, shall be determined in accordance with the procedure set forth in section 11.3(d).

d. If the price to be paid by the Association for a Unit or an interest in the Unit pursuant to subsections (b) or (c) is not promptly agreed on, the price shall be equal to the fair market value of the Unit or interest in the Unit as determined by an MAI appraiser mutually agreed on by the Transferring Party and the Association or, in the event of no prompt agreement on such an appraiser, by a majority decision of three MAI appraisers, one chosen by the Transferring Party, one chosen by the Association, and the third chosen by the other two selected appraisers. The cost of an appraiser or appraisers shall be paid one-half by the Transferring Party and one-half by the Association as a common expense.

11.4 Election Not to Exercise. The Board shall have authority, on behalf of and in the name of the Association, to elect not to exercise the options granted by this section and shall promptly give written notice of such an election to the Transferring Party. The Association shall be deemed to have elected not to exercise its option if either (a) the Association notifies the Transferring Party that it has elected not to exercise its option or (b) the Association fails to notify the Transferring Party before the expiration of the applicable option period that the Association has elected to exercise its option.

If the Association elects not to exercise its option, in the case of a proposed sale or gift of a Unit or interest in a Unit, the Transferring Party may proceed to close the proposed transfer any time within

45 days after the election. After those 45 days, the transfer of the Unit or any interest in the Unit shall again become subject to the Association's option rights as provided in this section.

A certificate executed by the president, vice president, secretary, or other duly authorized officer of the Association certifying that the Association has elected not to exercise its option shall be conclusive evidence of that election. A certificate shall be furnished to the Owner on the Owner's compliance with the provisions of this section, provided that the Owner requests such a certificate from the Association in writing.

11.5 Election to Exercise. The Board shall have the authority to recommend to the Owners that the Association elect to exercise its option under this section as follows:

a. If the Board decides to recommend to the Owners that the Association elect to exercise its option, the Board shall call and hold a meeting of all the Owners within 20 days following its determination to make that recommendation, to vote on whether the Association will exercise its option. If Owners owning not less than 60 percent in number and in value, by affirmative vote at the meeting or by written proxy or consent, elect to exercise the Association's option, the Board shall promptly give written notice of the election to the Transferring Party.

b. The Association shall be deemed to have exercised its option if it tenders the required sum of money to the Transferring Party within the option period stated above.

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

11.7 Financing of Purchase. The Board shall have authority to make mortgage arrangements and financing arrangements as authorized by the vote of the Owners to close and consummate the purchase of a Unit by the Association. No such financing arrangement may be secured by an encumbrance on any interest in the Project other than the Unit to be purchased and the limited common elements appurtenant to the Unit.

11.8 Miscellaneous.

a. A transfer of a Unit to the Association or the holder of any mortgage on a Unit that comes into possession of the mortgaged Unit in the manner provided by section 5 or 9 shall not be subject to the provisions of this section.

b. The Association shall hold title to any Unit acquired pursuant to this section in the name of the Association or a nominee delegated by the Board for the sole benefit of all Owners. The Board shall have the authority at any time to sell, lease, or sublease the Unit on behalf of the Association on whatever terms the Board deems desirable, but in no event shall a Unit be sold

for less than the amount paid by the Association to purchase the Unit unless Owners owning not less than 60 percent in number and in value first authorize the sale for a lesser amount.

c. The provisions of this section with respect to the Association's option rights shall be and remain in full force and effect until the Project as a whole is sold unless the provisions of this section are sooner rescinded or amended by the Owners.

d. If any transfer of a Unit is made or attempted without complying with the provisions of this section, the grantee's interest in the Unit shall remain subject to the exercise by the Association of its option after the transfer, and the transfer shall be further subject to each and all of the rights and options of and remedies and actions available to the Association.

e. Except as otherwise provided in the Master Deed or in these Bylaws, in the event of any transfer of a Unit or any interest in the Unit, the transferee shall be jointly and severally liable with the transferor for all unpaid assessments of the transferor accrued and payable before the date of transfer.

Section 12. ARBITRATION

12.1 Submission to Arbitration. Any dispute, claim, or grievance arising out of or relating to the interpretation or application of the Master Deed, Bylaws, or other Condominium Documents and any disputes, claims, or grievances arising among or between Owners or between Owners and the Association may, on the election and written consent of the parties to the dispute, claim, or grievance and written notice to the Association, be submitted to arbitration; and the parties shall accept the arbitrator's decision and award as final and binding. The Arbitration Rules for the Real Estate Industry of the American Arbitration Association, as amended and in effect from time to time, shall apply to all such arbitrations.

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

a. **Buyer's Option.** At the exclusive option of a Buyer or an Owner in the Project, Developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against Developer that involves an amount less than $2,500 and arises out of or relates to a purchase agreement, a Unit, or the Project.

b. **The Association's Option.** At the exclusive option of the Association of Owners, Developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against Developer that arises out of or relates to the Common Elements of the Project if the amount of the claim is $10,000 or less.

12.3 Preservation of Rights. Election by any Owner or by the Association to submit any dispute, claim, or grievance to arbitration shall preclude that party from litigating the dispute, claim, or grievance in the courts. Except as provided in this section, however, all interested parties shall be

entitled to petition the courts to resolve any dispute, claim, or grievance in the absence of an election to arbitrate.

Section 13. COVENANT TO BUILD AND OPTION TO PURCHASE

13.1 Covenant to Build. Each Owner of a Unit in the Condominium, by acceptance of a deed of conveyance or land contract from Developer, agrees to commence construction of a residence on the Owner's Unit, in conformity with the restrictions in the Condominium Documents, not later than 3 months from the date on which the deed or contract is delivered to the Owner.

13.2 Option to Repurchase. If construction of a residence on the Unit does not commence within the 3-month period allowed by section 13.1, Developer will have the option to repurchase the Unit at any time after the expiration of the period for construction, provided that construction has not then begun, by payment to the Owner of the purchase price paid by the Owner or the Owner's predecessors to Developer when the Owner acquired the Unit. Developer may exercise this option by giving written notice to the Owner, and the repurchase shall be closed within 10 days from the date of the notice. At closing, Developer will pay the purchase price to the Owner, and the Owner will deliver to Developer a warranty deed free and clear of all liens and encumbrances other than those reflected on the original title policy under which the Owner received title. This option shall run with the land.

13.3 Right of First Refusal. If an Owner does not construct a residence on the Unit and desires to sell, assign, transfer, or convey the Unit to another party within five years from the date of receiving a deed or land contract from Developer, Developer shall have an option to repurchase the Unit for a purchase price at the lesser of the price for which the Owner proposes to transfer the Unit to another party or the purchase price paid by the Owner or the Owner's predecessors to Developer.

13.4 Exercise of Refusal Right. Developer shall have 30 days from the date of receiving notice from the Owner of the latter's intention to sell, transfer, or convey the Unit in which to elect to repurchase. The option may be exercised by giving written notice to the Owner, and the repurchase shall be closed within 10 days from the date of the notice. At closing, Developer will pay the purchase price to the Owner, and the owner shall deliver to Developer a warranty deed clear of all liens and encumbrances other than those reflected on the original title policy under which the Owner received title to the Unit. This option shall run with the land, and if the Owner breaches it, Developer will have the right to acquire the Unit from a subsequent buyer on the same price and terms, commencing on the date Developer learns of the transfer and expiring 90 days later.

13.5 Modification of Terms. The provisions of this section 13 may be waived in writing by Developer or may be modified by a written agreement between the Owner and Developer.

Section 14. OTHER PROVISIONS

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

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

14.3 Notices. Notices provided for in the Act, Master Deed, or Bylaws shall be in writing and shall be addressed to the Association at its registered office in the State of Michigan and to any Owner at the address in the deed of conveyance or at another address subsequently provided. The Association may designate a different address for notices to it by giving written notice of the change of address to all Owners. Any Owner may designate a different address for notices by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by U.S. mail with postage prepaid or when delivered in person.

14.4 Amendment. These Bylaws may be amended, altered, changed, added to, or repealed only in the manner prescribed by section 9 of the Master Deed, subject to prior approval of the Caledonia Township Board.

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

1. the Master Deed, including the Condominium Subdivision Plan but excluding these Bylaws

2. these Condominium Bylaws

3. the Articles of Incorporation of the Association

4. the Association Bylaws

5. the Rules and Regulations of the Association

6. the Disclosure Statement

14.6 Requirements of Caledonia Township. The Condominium, the Project and every Unit shall comply with:

a. The Caledonia Township Zoning Ordinance.

b. All applicable Caledonia Township ordinances.

c. The approval Resolution for the Project dated March 20, 2024

d. All applicable building and fire codes.