

EXHIBIT A
CONDOMINIUM BYLAWS
OF
OSBURN LAKES RESIDENTIAL SITE CONDOMINIUM

ARTICLE I

ASSOCIATION OF CO-OWNERS

Section 1. Organization. Osburn Lakes Residential Site Condominium, a residential site condominium project located in the City of Owosso, Shiawassee County, Michigan (the "Condominium"), shall be administered by an association of co-owners (the "Association") which shall be organized as a not-for-profit corporation under the laws of the State of Michigan. The Association will be responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the Condominium in accordance with the Master Deed and Bylaws of the Condominium, the Articles of Incorporation, Bylaws, Rules and Regulations of the Association, and the laws of the State of Michigan.

Section 2. Compliance. All present and future co-owners, mortgagees, lessees and all other persons who may in any manner use, enter upon or acquire any interest in the Condominium Premises, or any unit in the Condominium, shall be subject to and comply with the provisions of the Michigan Condominium Act (Act 59, of the Public Acts of 1978, as amended), and the Condominium Documents including, but not necessarily limited to, any provision thereof pertaining to the use and operation of the Condominium Premises and the property of the Condominium. The acceptance of a deed or conveyance, the taking of a mortgage, the execution of a lease or the act of occupancy of a unit, or presence, in the Condominium shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

Section 3. Purpose of Bylaws. These Bylaws govern the general operation, maintenance, administration, use and occupancy of the Condominium, and all such activities shall be performed in accordance with the provisions hereof.

ARTICLE II

MEMBERSHIP AND VOTING

Section 1. Membership. Each co-owner of a unit in the Condominium, present and future, shall be a member of the Association during the term of such ownership, and no other person or entity shall be entitled to membership. Neither membership in the Association nor the share of a member in the funds and assets of the Association shall be



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assigned, pledged or transferred in any manner, except as an appurtenance to a unit in the Condominium.

Section 2. Voting Rights. Except as otherwise provided in the Master Deed and in these Bylaws, the co-owners of each unit shall collectively be entitled to one vote when voting by number and one vote, the value of which shall equal the total percentage assigned to the unit or units owned by them in Article VI.B. of the Master Deed, when voting by value. Voting when required or permitted herein, or elsewhere in the Condominium Documents, shall be by value, except in those instances where voting is specifically required to be both in value and in number, and no cumulative votes shall be permitted.

Section 3. Persons Entitled to Vote. For each unit, the co-owners shall file a written certificate designating one individual representative entitled to cast the vote for the unit and to receive all notices and other communications from the Association. The certificate shall be signed by all of the record owners of the unit and filed with the Secretary of the Association. Such certificate shall state the name and address of the individual representative designated, the number or numbers of the unit or units owned, the name and address of the person or persons, firm, corporation, partnership, association, trust or other legal entity who is the co-owner thereof, and shall be signed and dated by the co-owners of record. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until a change occurs in the record ownership of the unit concerned. The Developer shall, at any meeting, be entitled to cast a vote on behalf of each unit it owns without submitting any proof of ownership.

Section 4. Method of Voting. Votes on a specific issue may be cast in person. In addition, any person entitled to vote at any meeting may also appear and vote via telecommunications equipment, as provided in Article II, Section 6 of the Association Bylaws, or appear and vote (either specifically on an issue or by the general designation of a person to cast a vote) by written proxy. Proxies shall be valid only for the particular meeting designated, and any adjournment thereof, and must be filed with the Association before the appointed time of the meeting.

Section 5. Majority. At any meeting of the members at which a quorum is present, fifty-one percent (51%) in value of the co-owners voting, whether in person, by telecommunications or by proxy, on any particular matter, shall constitute a majority for the approval of such matter, except as otherwise required herein, by the Master Deed, or by law.

ARTICLE III

MEETINGS AND QUORUM

Section 1. First Meeting of Members. The first meeting of the members of the Association may be convened only by the Board of Directors and may be called at any time upon ten (10) days' written notice to all members. In no event, however, shall the



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first meeting be held later than (a) one hundred twenty (120) days after legal or equitable title to forty-five (45) Condominium units has been conveyed to non-Developer co-owners; or (b) fifty-four (54) months after the first conveyance of legal or equitable title to a Condominium unit to a non-Developer co-owner, whichever first occurs. The Board of Directors may call meetings of members of the Association for informational or other appropriate purposes prior to the first meeting of members, but no such meeting shall be construed as the first meeting of members. Prior to the first annual meeting, the Developer shall appoint all directors.

Section 2. Advisory Committee. The Developer shall establish an Advisory Committee of non-Developer members upon the passage of (a) one hundred twenty (120) days after legal or equitable title to twenty-four (24) Condominium units has been conveyed to non-Developer co-owners; or (b) one (1) year after the initial conveyance of legal or equitable title to a Condominium unit to a non-Developer co-owner, whichever first occurs. The Advisory Committee shall meet with the Board of Directors from time to time to facilitate communication with the non-Developer members and to aid in transferring control from the Developer to non-Developer members. The Advisory Committee shall be composed of not less than 3 nor more than 4 non-Developer members, who shall be appointed by the Developer in any manner it selects, and who shall serve at the pleasure of the Developer. The Advisory Committee shall automatically dissolve following the election of a majority of the Board of Directors by non-Developer co-owners. Reasonable notice of such meetings shall be provided to all members of the Committee, and such meetings may be open or closed, in the discretion of the Board of Directors.

Section 3. Annual Meetings of Members. Following the first meeting of members, an annual meeting of the members shall be held each year at the time and place specified in the Association Bylaws. At least ten (10) days prior to the date of an annual meeting, written notice of the time, place and purpose of such meeting shall be sent by first-class mail, postage prepaid, to each person entitled to vote at the meeting.

Section 4. Special Meetings of Members. It shall be the duty of the President to call a special meeting of the co-owners upon a petition signed by six (6), in number, of the co-owners and presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and purposes thereof and shall be given at least five (5) days prior to the date of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Quorum of Members. Unless otherwise provided herein, the presence, in person or by proxy, of a majority in value of the co-owners entitled to vote shall constitute a quorum of members. If a quorum shall not be present at any meeting, the members present may adjourn the meeting for not more than six (6) days.



ARTICLE IV

ADMINISTRATION

Section 1. Board of Directors. The business, property and affairs of the Association shall be managed by a Board of Directors consisting of three Directors; provided that the Board of Directors shall be expanded to five (5) directors when legal or equitable title to fifty (50) units has been conveyed to non-Developer co-owners. Until the initial meeting of members as provided in Article III, Section 1, hereof, the Directors designated by the Incorporator, or their appointed successors, shall serve. The entire Board of Directors shall be elected or appointed at the first meeting of the Association, each annual meeting of the Association and at any meeting of the Association called by the Board of Directors for the particular purpose of electing directors, in the following manner:

(a) If legal or equitable title to at least twenty-one (21) units (twenty-five percent (25%) of the units that may be created) has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect one (1) of three (3) directors; provided that if fifty-four (54) months after the first conveyance of legal or equitable title, title to fewer than fifty (50) units has been conveyed, the non-Developer co-owners shall be entitled to elect two (2) of three (3) directors.

(b) If legal or equitable title to at least sixty-three (63) units has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect three (3) of the five (5) directors.

(c) If legal or equitable title to at least sixty-three (63) units (seventy-five percent (75%) of the units that may be created) has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect four (4) of the five (5) directors.

(d) If legal or equitable title to at least seventy-five (75) units (ninety percent (90%) of the units that may be created) has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect all of the directors.

(e) If the number of units that may be created is changed, the number of units stated in subsections (a), (c) and (d) shall be changed to maintain the percentages set forth in those subsections.

(f) All the directors not elected by the non-Developer co-owners pursuant to subsections (a) through (d) inclusive of this Section shall be designated by the Developer.

Whenever the non-Developer members become entitled to elect one or more additional directors pursuant to the above formula, the Board of Directors shall provide due notice of a meeting at which an election of all the directors shall take place. The Board of Directors shall schedule such meeting to occur no later than one hundred twenty



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(120) days after the non-Developer members become so entitled or, if such meeting would be the first meeting of the Association, as provided in Article III, Section 1, above. A Board of Directors elected pursuant to these provisions shall serve until the earlier of the next annual meeting of the Association or such time as it has been replaced in accordance with the provisions of these Condominium Bylaws and the Association Bylaws.

Section 2. Powers and Duties. The Association shall have all powers and duties necessary for the administration of the affairs of the Condominium and may do all things which are not prohibited by law or the Condominium Documents or required thereby to be done by the co-owners. The powers and duties to be exercised by the Association through the Board shall include, but shall not be limited to, the power and duty:

- (a) To manage and administer the affairs of and to maintain the Condominium, all appurtenances thereto and the common elements, property and easements thereof,
- (b) To levy and collect assessments against and from the members of the Association and to use the proceeds therefrom for the purposes of the Association, and to enforce assessments through liens and foreclosure proceedings where, in the judgment of the Directors, appropriate;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To restore, repair or rebuild the common elements of the Condominium, or any portion thereof, and any improvements located thereon, after the occurrence of a casualty and to negotiate on behalf of co-owners in connection with the taking of the Condominium, or any portion thereof, by eminent domain;
- (e) To contract for and employ, supervise, and discharge, persons or business entities to assist in the management, operation, maintenance and administration of the Condominium;
- (f) To make and amend reasonable rules and regulations consistent with the Michigan Condominium Act, the Master Deed and these Condominium Bylaws affecting co-owners and their tenants, guests, employees and invitees concerning the use and enjoyment of the Condominium and to enforce such regulations by all legal methods, including, but not limited to, the imposition of fines and late payment charges, eviction proceedings or legal proceedings (copies of all such regulations and amendments thereto shall be furnished to all members and shall become effective ten (10) days after mailing or delivery thereof to the designated voting representative, as provided for in Article II, Section 3 above, of each member, and any such regulation or amendment may be revoked at any time at any duly convened meeting of the Association by the affirmative vote of more than 50 percent (50%) of all members in number and in value, except that the members may not revoke any regulation or amendment prior to the first meeting of the Association);



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(g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, license, rent or lease (as landlord or tenant) any real or personal property, including, but not limited to, any common elements or unit in the Condominium, easements, rights-of-way or licenses or any other real property, whether or not contiguous to the Condominium, for the purpose of generating revenues, providing benefit to the members of the Association or in furtherance of any other appropriate purposes of the Association;

(h) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Association, and to secure the same by mortgage, pledge or other lien on property owned by the Association; provided, however, that any such action shall first be approved by the affirmative vote of two-thirds (2/3) of all of the members of the Association in value at a meeting of the members duly called;

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

(j) To enforce the provisions of the Master Deed and Bylaws of the Condominium, and the Articles of Incorporation and such Bylaws, rules and regulations of the Association as may hereafter be adopted, and to sue on behalf of the Condominium or the members and to assert, defend or settle claims on behalf of the members with respect to the Condominium;

(k) To do anything required of or permitted by it as administrator of said Condominium by the Condominium Master Deed or Bylaws or the Michigan Condominium Act, as amended;

(l) To provide services to Co-owners;

(m) In general, to enter into any kind of activity; to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of the Condominium and to the accomplishment of any of the purposes thereof not forbidden, and with all powers conferred upon nonprofit corporations by the laws of the State of Michigan.

Provided, however, that, except in the case of licenses, leases or rental arrangements having a duration of one (1) year or less, neither the Board nor the Association shall, by act or omission, abandon, partition, subdivide, encumber, sell or transfer the common elements, or any of them, unless at least two-thirds (2/3) of the first mortgages (based upon one (1) vote for each mortgage owned) and two-thirds (2/3) of



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the members in number and value have consented thereto. The Board may, however, grant easements for public utilities or other public purposes consistent with the intended use of the common elements by the Condominium, and no such grant shall be deemed a transfer for the purposes hereof.

Section 3. *Managing Agent.* The Board may employ, at a compensation established by it, a professional management agent for the Condominium to perform such duties and services as the Board shall authorize, including, but not limited to, the powers and duties set forth in Section 2 of this Article. A "professional management agent" shall mean a person or organization having proven expertise, either from prior experience or by education, in the operation and management of real property. Prior to the transitional control date, the Developer, or any related person or entity, may serve as professional managing agent if so appointed. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any contract providing for services by the Developer or its affiliates, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon the transitional control date or within ninety (90) days thereafter and upon thirty (30) days' written notice for cause. Upon the transitional control date, or within ninety (90) days thereafter, the Board of Directors may terminate a service or management contract with the Developer or its affiliates. In addition, the Board of Directors may terminate any management contract which extends beyond one (1) year after the transitional control date by providing notice of termination to the management agent at least thirty (30) days before the expiration of the one (1) year.

Section 4. *Officers.* The Association Bylaws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of the officers of the Association and may contain any other provisions pertinent to affairs of the Association not inconsistent herewith. Officers may be compensated, but only upon the prior affirmative vote of two-thirds (2/3) of the members.

Section 5. *Actions Prior to First Meeting.* Subject to the provisions of Section 3 of this Article IV, all of the actions (including, without limitation, the adoption of these Bylaws, the Association Bylaws, any Rules and Regulations for the Association, and any undertakings or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association designated by its Incorporator, or their appointed successors, before the first meeting of members, shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association at the first or any subsequent meeting of members so long as such actions are within the scope of the powers and duties which may be exercised by any Board of Directors as provided in the Condominium Documents.

Section 6. *Indemnification of Officers and Directors.* The Association shall indemnify every Association director and officer against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him as a consequence of his being made a party to or being threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil,



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criminal, administrative or investigative, by reason of his being or having been a director or officer of the Association, except in such cases wherein he is adjudged guilty of willful and wanton misconduct or gross negligence in the performance of his duties or adjudged to have not acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and its members, and with respect to any criminal action or proceeding, he is adjudged to have had no reasonable cause to believe that his conduct was unlawful; provided that, if a director or officer claims reimbursement or indemnification hereunder based upon his settlement of a matter, he shall be indemnified only if the Board of Directors (with any director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interests of the Association and, if a majority of the members request it, such approval is based on an opinion of independent counsel supporting the propriety of such Indemnification and reimbursement. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights such director or officer may have. The Board of Directors shall notify all members that it has approved an indemnification payment at least ten (10) days prior to making such payment.

ARTICLE V

OPERATION OF THE PROPERTY

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

Section 2. Costs and Receipts to Be Common. All costs incurred by the Association in satisfaction of any liability arising within, or caused by or in connection with, the common elements or the administration of the Condominium shall be Expenses of Administration (as defined in subsection 4 below). All sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association securing the interests of the co-owners against liabilities or losses arising within, caused by or connected with the general common elements or the administration of the Condominium shall be receipts of administration.

Section 3. Books of Account. The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts affecting administration of the Condominium. Such books of account shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association of co-owners and shall be open for inspection by the co-owners and their mortgagees during reasonable working hours on normal working days at a place to be designated by the Association. The books of account shall be audited at least annually by independent accountants, but such audit need not be a certified audit, nor must the accountants be certified public accountants. The cost of such audit, and all accounting expenses, shall be an Expense of Administration. Any institutional holder of a first mortgage lien on any unit in the Condominium shall be entitled to receive a copy of the



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audit report within ninety (90) days following the end of the Association's fiscal year upon request therefor. At least once a year, the Association shall prepare and distribute to each co-owner a statement of its financial condition, the contents of which shall be defined by the Association.

Section 4. Regular Assessments. The Board shall establish an annual budget in advance for each fiscal year for the Condominium, and such budget shall contain a statement of the estimated funds required to defray the Expenses of Administration for the forthcoming year, which shall mean all items specifically defined as such in these Bylaws and all other common expenses. The common expenses shall consist, among other things, of such amounts as the Board may deem proper for the operation, management and maintenance of the Condominium Project to the extent of the powers and duties delegated to it hereunder, and in the Master Deed, and shall include, without limitation, amounts to be set aside for working capital of the Condominium, the cost of fulfilling the Association's maintenance, repair and replacement responsibilities, management wages, fees and salaries, common area utilities, common area landscaping maintenance and replacement, common area cleaning, supplies, snow removal, licenses and permits, banking, legal and accounting fees, insurance, and creation and maintenance of an appropriate reserve fund. Each purchaser of a unit in the Condominium is required to pay the Association One Hundred and no/100 dollars (\$100.00) as a nonrefundable working capital contribution. As provided in Section 11 below, an adequate reserve fund for maintenance, repair and replacement of the general common elements must be established in the budget and must be funded by regular assessments rather than by special assessments. The budget shall also allocate and assess all Expenses of Administration against all co-owners in accordance with the percentage of value allocated to each unit by the Master Deed, without increase or decrease for the existence of any rights to the use of the common elements.

The Board shall advise each non-Developer co-owner in writing of the amount of common charges payable by him and shall furnish copies of each budget on which such common charges are based to all co-owners, although failure to deliver a copy of the budget to each co-owner shall not affect the liability of any co-owner for any existing or future assessments. All assessments levied in accordance with the foregoing provisions of this Section 4 shall be payable by the non-Developer co-owners in twelve (12) equal monthly installments, commencing with acquisition of legal or equitable title to a unit by any means. The Board may, in its sole discretion, elect to collect the regular assessments on a quarterly basis. Should the Board at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient (1) to pay the costs of operation and management of the Condominium, (2) to provide for the maintenance, repair or replacement of existing common elements, (3) to provide additions to the general common elements not exceeding Two Hundred Fifty and no/100 Dollars (\$ 250.00) annually, or (4) to provide for emergencies, the Board shall have the authority to increase the general assessments or to levy such additional assessment or assessments as it shall deem to be necessary. Such assessments shall be payable when and as the Board shall determine.



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Any sums owed to the Association by any individual co-owner may be assessed to and collected from the responsible co-owner as an addition to the regular assessment installment next coming due. The discretionary authority of the Board to levy assessments pursuant to this Section will rest solely with the Board for the benefit of the Association and the members thereof and will not be enforceable by any creditors of the Association or its members.

Section 5. Special Assessments. Special assessments, in addition to those provided for in Section 4 above, may be levied by the Board from time to time, following approval by the co-owners as hereinafter provided, to meet other needs, requirements or desires of the Association, including, but not limited to, (1) assessments for capital improvements for additions to the general common elements at a cost exceeding Two Thousand Five Hundred and no/100 Dollars (\$2,500.00) per year, (2) assessments to purchase a unit upon foreclosure of the lien for assessments as described in Section 6 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this Section 5 (but not including regular assessments referred to in Section 4 above, which shall be levied in the sole discretion of the Board) shall not be levied without the prior approval of two-thirds (2/3) of all members in value and in number, which approval shall be granted only by a vote of the co-owners taken at a meeting of the co-owners called in accordance with the provisions of Article III hereof. The discretionary authority of the Board to levy assessments pursuant to this Section will rest solely with the Board for the benefit of the Association and the members thereof and will not be enforceable by any creditors of the Association or its members.

Section 6. Collection of Assessments. When used in this Section 6 and Section 12 below, and wherever else appropriate in these Condominium Bylaws, the term "assessment" shall include all regular monthly and special assessments referred to in Sections 4 and 5 above and, in addition, all other charges whatsoever levied by the Association against any co-owner. This Section 6 is designed to provide the Association with a vehicle for collection.

Each co-owner, whether one or more persons, shall be and shall remain personally obligated for the payment of all assessments levied with regard to his unit during the time that he is the owner thereof. If any co-owner defaults in paying an assessment, interest at the maximum legal rate shall be charged on such assessment from the due date and further penalties or proceedings may be instituted by the Board in its discretion. The payment of an assessment shall be in default if such assessment is not paid in full on or before the due date established by the Board for such payment. In the event of default by any co-owner in the payment of any installment of the annual assessment levied against his unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association may also discontinue the furnishing of any services to a co-owner in default upon seven (7) days' written notice to such co-owner of its intent to do so. A co-owner in default on the payment of any assessment shall not be entitled to vote at any meeting of the Association so long as such default continues. The Board may, but need not, report such a default to any first mortgagee of record; provided,



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however, that if such default is not cured within sixty (60) days, the Association shall give the notice required by Section 2 of Article IX of these Condominium Bylaws. Any first mortgagee of a unit in the Condominium may consider a default in the payment of any assessment a default in the payment of its mortgage. When a co-owner is in arrearage to the Association for assessments, the Association may give written notice of arrearage to any person occupying his unit under a lease or rental agreement, and such person, after receiving the notice, shall deduct from rental payments due the co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not be a breach of the rental agreement or lease by the occupant.

Unpaid assessments shall constitute a lien upon the unit prior to all other liens except unpaid ad valorem real estate taxes and special assessments imposed by a governmental entity and sums unpaid on a first mortgage of record. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the lien that secures payment of assessments. Each co-owner, and every other person, except a first mortgagee, who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. The Association is hereby granted what is commonly known as a "power of sale." Further, each co-owner and every other person, except a first mortgagee, who from time to time has any interest in the Condominium shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the unit with respect to which the assessment is delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each co-owner acknowledges that at the time of acquiring title to his unit, he was notified of the provisions of this section and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject unit.

Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after the mailing of a written notice that an assessment, or any part thereof, levied against his unit is delinquent, and the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such notice shall be mailed by certified mail, return receipt requested, and postage prepaid, and shall be addressed to the individual representative of the delinquent co-owner designated in the certificate filed with the Association pursuant to Section 3 of Article II above, at the address set forth in such certificate or at his last known address. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien,



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(iii) the amount outstanding (exclusive of interest, costs, attorneys' fees and future assessments), (iv) the legal description of the subject unit, and (v) the name of the co-owner of record. Such affidavit shall be recorded in the Office of the Register of Deeds for the County in which the Condominium Project is located prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the individual representative designated above and shall inform such representative that he may request a judicial hearing by bringing suit against the Association. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the co-owner in default and shall be secured by the lien on his unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the unit from the co-owner thereof or any persons claiming under him, and each co-owner hereby consents to the appointment of such a receiver. The Association may purchase a unit at any foreclosure sale hereunder.

If the holder of a first mortgage on a unit in the Condominium obtains title to the unit as a result of foreclosure of the mortgage, deed in lieu of foreclosure or similar remedy, or any other remedy provided in the mortgage, such person, and its successors and assigns, or other purchaser at a foreclosure sale shall not be liable for unpaid assessments chargeable to the unit which became due prior to the acquisition of title to the unit by such person; provided, however, that such unpaid assessments shall be deemed to be common expenses collectible from all of the unit owners including such person, its successors and assigns, and that all assessments chargeable to the unit subsequent to the acquisition of title shall be the responsibility of such person as hereinbefore provided with respect to all co-owners.

Section 7. Obligations of the Developer. The Developer will maintain the units it owns and pay a pro rata share of the expenses of snow removal and fence maintenance. The Developer's pro rata share of these expenses will be based upon the ratio of all units owned by the Developer excluding any units on which there is a completed residence at the time the expense is incurred to the total number of units then in the Condominium Project. The Developer, although a co-owner and a member of the Association, will not be responsible at any time for payment of any regular or special assessment, except for units on which there is a completed residence with respect to which a certificate of occupancy has been issued by the City of Owosso. In no case shall the Developer be responsible for paying any assessment levied in whole or in part to finance any litigation or other claims against the Developer, any cost of investigating and preparing such claim, or any similar or related cost.

Section 8. Access; Maintenance and Repair. The Association or its agent shall have access to each unit, except any residence constructed thereon, from time to time during reasonable working hours, upon notice to the occupant thereof, for the purpose of



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maintenance, repair or replacement of any of the general common elements located therein or accessible therefrom. The Association or its agent shall also have access to each unit, including any residence located thereon, at all times without notice for making emergency repairs necessary to prevent damage to other units, the common elements, or both.

It shall be the responsibility of each co-owner to provide the Association means of emergency access to the residence and other structures located within his unit during all periods of absence, and in the event of the failure of such co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such co-owner for any necessary damage to the residence or other structure caused thereby or for repair or replacement of any doors or windows damaged in gaining such access, all of which shall be the responsibility of such co-owner.

Each co-owner shall repair, replace, decorate and maintain his unit and any limited common elements appurtenant thereto in a safe, clean and sanitary condition, and shall install and maintain landscaping on the Frontage Area. Each co-owner shall also use due care to avoid damaging any of the common elements or any improvements located on or within a common element which is appurtenant to or which may affect any other unit. Each co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by him, or his guests, agents or invitees, unless such damages or costs are actually reimbursed from insurance carried by the Association, in which case there shall be no such responsibility. (If full reimbursement to the Association is excluded by virtue of a deductible provision, the responsible co-owner shall bear the expense to the extent of the deductible amount, anything else in these Bylaws to the contrary notwithstanding.)

The provisions of this Section 8 shall be subject to those of Article VI, Sections 1 through 3, inclusive, in the event of repair or replacement on account of a casualty loss.

Section 9. Taxes. Subsequent to the year in which the Condominium is established, all governmental special assessments and property taxes shall be assessed against the individual units and not upon the total property of the Condominium or any part thereof. Taxes and governmental special assessments which have become a lien against the property of the Condominium in the year of its establishment (as provided in Section 13 of the Act) shall be Expenses of Administration and shall be paid by the Association. Each unit shall be assessed a percentage of the total bill for such taxes and assessments equal to the percentage of value allocated to it in the Master Deed, and the owner thereof shall reimburse the Association for his unit's share of such bill within ten (10) days after he has been tendered a statement therefor.

Section 10. Documents to Be Kept. The Association shall keep current copies of the approved Master Deed, and all amendments thereto, and other Condominium Documents available at reasonable hours to co-owners, mortgagees, prospective purchasers and prospective mortgagees of units in the Condominium.



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Section 11. Reserve for Major Repairs and Replacement. The Association shall maintain a reserve fund for major repairs and replacement of common elements in an amount equal to at least ten percent (10%) of the Association's current annual budget on a non-cumulative basis. Moneys in the reserve fund shall be used only for major repairs and replacement of common elements. The minimum standards required by this section may prove inadequate for a particular project.

The Association of co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes.

Section 12. Statement of Unpaid Assessments. Pursuant to the provisions of the Act, the purchaser of any unit may request a statement from the Association as to the outstanding amount of any unpaid assessments thereon, whether regular or special or resulting from unpaid charges. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds a right to acquire a unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the unit itself.

ARTICLE VI

INSURANCE; REPAIR OR REPLACEMENT; CONDEMNATION; CONSTRUCTION LIENS

Section 1. Insurance. The Association shall, to the extent appropriate given the nature of the common elements, carry vandalism and malicious mischief and liability insurance (including, without limitation, Directors' and Officers' coverage), workers' compensation insurance, if applicable, and such other insurance coverage as the Board may determine to be appropriate with respect to the ownership, use and maintenance of the common elements of the Condominium and the administration of Condominium affairs. Such insurance shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Association for the benefit of the Association, the co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of insurance with mortgagee endorsements to the mortgagees of co-owners. It shall be each co-owner's responsibility to obtain insurance coverage for his property located within the boundaries of his unit or elsewhere in the Condominium, including but not limited to, the Frontage Area adjoining



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his unit, and the Association shall have absolutely no responsibility for obtaining such coverage. The Association and all co-owners shall use their best efforts to see that all property and liability insurance carried pursuant to the terms of this Article VI shall contain appropriate provisions by which the insurer waives its right of subrogation as to any claims against any co-owner or the Association, and, subject to the provisions of Article V, Section 8, hereof, the Association and each co-owner hereby waive, each as to the other, any right of recovery for losses covered by insurance. The liability of carriers issuing insurance obtained by the Association shall not, unless otherwise required by law, be affected or diminished on account of any additional insurance carried by any co-owner, and vice versa.

(b) The Association shall carry fidelity bond insurance in such limits as the Board shall determine upon all officers and employees of the Association who in the course of their duties may reasonably be expected to handle funds of the Association or any co-owners.

(c) Each co-owner will be responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to his residence and all other improvements constructed or to be constructed, and for his personal property located, within the boundaries of his Condominium unit or elsewhere in the Condominium Project, including but not limited to, the Frontage Area adjoining his unit. All such insurance will be carried by each co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, and evidenced to the Association in a manner acceptable to the Association. In the event of the failure of a co-owner to obtain such insurance, the Association may obtain such insurance on behalf of such co-owner and the premiums therefor will constitute a lien against the co-owner's unit which may be collected from the co-owner in the same manner that Association assessments are collected in accordance with Article V. Each co-owner also will be obligated to obtain insurance coverage for his personal liability for occurrences within the boundaries of his unit (including within the residence located thereon), the limited common elements appurtenant to his unit, or on the Frontage Area appurtenant to his unit and also for alternative living expense in the event of fire. The Association will under no circumstances have any obligation to obtain any of the insurance coverage described in this subsection or any liability to any person for failure to do so.

(d) All insurance carried hereunder shall, to the extent possible, provide for cross-coverage of claims by one insured against another.

(e) All premiums upon insurance purchased by the Association pursuant to these Bylaws, except pursuant to subsection (c) above, shall be Expenses of Administration.

(f) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account, and distributed to the Association, the co-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as



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provided in Section 3 of this Article, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Condominium Project unless all of the holders of first mortgages on units in the Condominium have given their prior written approval.

Section 2. Appointment of Association. Each co-owner, by ownership of a unit in the Condominium, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning insurance pertinent to the Condominium and the common elements thereof. Without limiting the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such co-owners and the Condominium as shall be necessary or convenient to accomplish the foregoing.

Section 3. Reconstruction or Repair. If any part of the Condominium shall be damaged, the determination of whether or not, and how, it shall be reconstructed or repaired shall be made in the following manner:

(a) If the damaged property is a general or limited common element, a unit or a residence located within a unit, the property shall be rebuilt or repaired if a residence located within any unit in the Condominium is tenable, unless the Condominium Project is terminated in accordance with subsection 4 of Section A of Article XII of the Master Deed.

(b) If the Condominium is so damaged that no residence located within any unit is tenable, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless at least two-thirds (2/3) of the first mortgagees and two-thirds (2/3) of the co-owners in value and in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

(c) Any reconstruction or repair shall be performed substantially in accordance with the Master Deed and the plans and specifications for the Condominium, and for a residence within any unit, substantially in accordance with the plans and specifications previously approved by the Association or Developer for that unit, to a condition as comparable as possible to the condition existing prior to damage unless two-thirds (2/3) of the co-owners and two-thirds (2/3) of the first mortgagees agree otherwise by a vote or in writing.

(d) If the damage is only to a unit, to a structure or improvement located within a unit except the perimeter fence, to a limited common element appurtenant to a unit, or to landscaping or a mailbox located within the Frontage Area adjoining a unit, it shall be the responsibility of the co-owner of the unit to repair such damage in accordance



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with subsection (e) hereof. In all other cases, except as provided in subsection (D) hereof, the responsibility for reconstruction and repair shall be that of the Association.

(e) Each co-owner shall be responsible for the reconstruction and repair of his unit, all structures or improvements, including landscaping, within his unit except the perimeter fence, the limited common elements appurtenant to his unit, and the landscaping and mailbox located on the Frontage Area.

(f) Except as otherwise provided herein, the Association shall be responsible for the reconstruction and repair of the general common elements. The Association shall receive all insurance proceeds and be responsible for all reconstruction and repair activity to the extent of such proceeds. Immediately after a casualty occurs causing damage to property for which the Association has the responsibility of repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to return the damaged property to a condition as good as that existing before the damage.

(g) Any proceeds of casualty insurance for which the Association paid the premium, whether received by the Association or a co-owner, shall be for the reconstruction or repair when reconstruction or repair is required by these Bylaws. If the proceeds of insurance are not sufficient to pay the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. Such assessments shall be levied in the same manner as the assessments described in Article V, Section 4, hereof, and shall be payable when and as the Board shall determine.

(h) If damage within the Condominium impairs the appearance of the Condominium, the Association or the co-owner responsible for the reconstruction and repair of the damage will proceed with the repair, reconstruction or replacement of the damaged item without delay, and will complete such repair, reconstruction or replacement within six (6) months after the date of the occurrence which caused the damage.

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

(a) The Association, acting through its Board of Directors, may negotiate on behalf of all co-owners for any taking of general common elements. Any negotiated settlement shall be subject to the approval of at least two-thirds (2/3) of the co-owners in value and shall thereupon be binding on all co-owners.

(b) If an entire unit is taken by eminent domain, the award for such taking shall be paid to the Association for the benefit of the owner of such unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the co-owner and his mortgagee, they shall be divested of all interest in the Condominium.



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The undivided interest in the common elements belonging to the co-owner whose unit has been taken shall thereafter appertain to the remaining units, including those restored or reconstructed under the provisions of this section.

(c) In the event of a partial taking of any unit, any condemnation award shall be paid by the condemning authority to the Association on behalf of the co-owner of the unit and his mortgagee, as their interests may appear. If part of the residence located within the unit is taken, the co-owner shall, if practical, and using the award, rebuild the same to the extent necessary to make it habitable or usable. If it is not practical to rebuild the residence within the boundaries of the unit, the entire undivided interest in the common elements appertaining to that Condominium unit shall thenceforth appertain to the remaining Condominium units, being allocated to them in proportion to their respective undivided interests in the common elements. The remaining portion of that Condominium unit shall thenceforth be a common element.

(d) If there is any taking of any portion of the Condominium other than any unit, the condemnation proceeds relative to such taking shall be paid to the Association, and the affirmative vote of at least two-thirds (2/3) of the co-owners in value at a meeting duly called shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate. If no such affirmative vote is obtained, such condemnation proceeds shall be remitted to the co-owners and their respective mortgagees, as their interests may appear, in accordance with their respective percentages of value set forth in Article VI of the Master Deed.

(e) If the Condominium Project continues after a taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any unit shall have been taken, then Article VI of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining co-owners based upon a continuing value for the Condominium of one hundred percent (100%). Such amendment may be effectuated by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any co-owners.

(f) If any unit in the Condominium, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each holder of a first mortgage lien on any of the affected units, if the Association earlier received the notice of mortgage required by Section 1 of Article IX hereof. If the common elements or any portion thereof are made the subject matter of any condemnation or eminent domain proceeding or are otherwise sought to be acquired by a condemning authority, the Association shall so notify each holder of a first mortgage lien on any of the affected units, if the Association earlier received the notice of mortgage required by Section I of Article IX hereof.

(g) Votes in the Association of co-owners and liability for future Expenses of Administration appertaining to a Condominium unit taken or partially taken (but which is



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not practical to rebuild) by eminent domain shall thenceforth appertain to the remaining Condominium units, being allocated to them in proportion to their relative voting strength in the Association.

Section 5. Construction Liens. The following provisions shall control the circumstances under which construction liens may be applied against the Condominium or any unit thereof:

(a) Except as provided below, a construction lien for work performed on or beneath a Condominium unit or on the Frontage Area (as defined in Article V of the Master Deed), including that portion of a driveway built thereon, at the request of a co-owner, may attach only to the unit upon or for the benefit of which the work was performed. A construction lien for work performed in constructing a residence or other structure within a unit may attach to the residence or structure constructed.

(b) A construction lien for work authorized by the Developer or principal contractor, except at the request of a co-owner, and performed upon the common elements may attach only to units owned by the Developer at the time the work is performed.

(c) A construction lien for work authorized by the Association of co-owners may attach to each unit only to the proportionate extent that the co-owner of the unit is required to contribute to the Expenses of Administration as provided by the Condominium Documents.

(d) A construction lien may not arise or attach to a unit for work performed on the common elements not contracted for by the Developer or the Association of co-owners, except as provided in subsection (a) above.

If a co-owner is advised or otherwise learns of a purported construction lien contrary to the foregoing, he shall immediately notify the Board of Directors. Upon learning of the purported construction lien, the Board shall take appropriate measures to remove any cloud on the title of units improperly affected thereby.

Section 6. Mortgagees. Nothing contained in the Condominium Documents shall be construed to give a Condominium unit owner, or any other party, priority over any rights of first mortgagees of Condominium units pursuant to their mortgages in the case of a distribution to Condominium unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium units, common elements or both.



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ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS; ENFORCEMENT

Section 1. Establishment of Restrictions. In order to provide for congenial occupancy of the Condominium, and for the protection of the value of the units therein, the use of Condominium property shall be subject to the limitations set forth below:

A. Property Subject to These Restrictions.

(i) *Phase I.* All of the units of Phase I of Osburn Lakes Residential Site Condominium, except any unit or portion of a unit removed from the Condominium pursuant to Article X of the Master Deed ("Contraction Property"), are and shall remain subject to these restrictions. Any such Contraction Property removed from the Condominium may remain subject to the terms and conditions hereof, or Developer may, at its option, record alternative or supplemental restrictions with respect to such property, or develop the property outside the Condominium.

(ii) *Expansion Property.* Developer, or its successors or assigns, has the right to expand Osburn Lakes Residential Site Condominium by adding all or any portion of the Expansion Property to the Condominium in the manner provided in the Master Deed. Any such property added may become subject to the terms and conditions hereof, or Developer may at its option record alternative or supplemental restrictions with respect to any such property added to the Condominium.

B. Building and Use Restrictions.

(i) *Residential Use.* Except for units owned by the Developer and used for displaying model homes, all units shall be used for single-family residential purposes only. For the purposes hereof, "single-family" means (a) not more than two persons, whether or not related by blood or marriage; or, alternatively, but not cumulatively, (b)(1) a man or a woman (or a man and woman living together as a husband and wife), (2) the children of either and of both of them, and/or (3) the parents of either but not both of them, and no other persons; or (c) such other definition as is required by applicable law. No more than one residential unit may exist within any unit. No business, commercial, manufacturing, service or rental enterprise shall be conducted within any unit. No garage, recreational vehicle, basement, tent, shack, storage barn or similar type structure shall be used at any time as a residence, temporarily or permanently.

(ii) *Home Occupations.* Although all units are to be used only for single-family residential purposes, nonetheless home occupations will be considered part of a single-family residential use if, and only if, the home occupation is conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence, which use is clearly incidental and secondary to the use of the residence for dwelling purposes and does not change the character thereof. To qualify as



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a home occupation, there must be (a) no sign or display that indicates from the exterior that the residence is being utilized in whole or in part for any purpose other than that of a dwelling; (b) no commodities sold within the unit; (c) no person employed other than a member of the immediate family residing within the unit; and (d) no mechanical or electrical equipment used, other than personal computers and other office-type equipment.

(iii) *Animals.* Except for household dogs, cats, small caged birds, and fish, an owner may not keep, raise, or breed animals, livestock or poultry of any kind on any unit. Pit bull dogs and other dangerous animals are not permitted in the Condominium. No pets may be kept, raised or bred on any unit for commercial purposes. Fenced dog runs adjacent to the rear of a garage will be allowed only upon approval in writing by the Developer or the Association.

(iv) *Trash.* No trash, garbage or rubbish of any kind shall be placed within any unit, except in sanitary containers for removal. All sanitary containers shall be kept in a clean and sanitary condition and shall be kept in an inconspicuous area of that unit, as designated by Developer or the Association, except as necessary to allow for trash collection.

(v) *Approval of Construction.* The Developer in designing Osburn Lakes Residential Site Condominium, including the location and contour of the streets, has taken into consideration the following criteria:

(a) Osburn Lakes Residential Site Condominium is designed for residential living on large sites.

(b) The construction site within each of the units should be located so as to preserve the existing trees and contours where practicable.

(c) The architecture of the residence located within any unit should be compatible with the criteria as established hereby and also should be compatible and harmonious to the external design and general quality of other dwellings constructed and to be constructed within Osburn Lakes Residential Site Condominium.

Consequently, the Developer reserves the power to control the buildings, structures and other improvements placed within each unit, as well as to make such exceptions to these restrictions as the Developer may deem necessary and proper. No building, wall, swimming pool or other structure will be placed within a unit or Frontage Area appurtenant to a unit unless and until the builder or contractor and the plans and specifications therefor showing the nature, kind, shape, height, color, materials, and location of the improvements (including floor plan and exterior colors) and the plot plan (including elevations) have been approved by the Developer, and no changes in or deviations from such builder or contractor and plans and specifications as approved will be made without the prior written consent of the Developer. Two sets of complete plans and specifications must be submitted; one will be retained by the Developer and one will



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be returned to the applicant. Each such building, wall, swimming pool or structure will be placed within a unit or Frontage Area only in accordance with the plans and specifications and plot plan as approved by the Developer. No modular or manufactured homes shall be placed within any unit. Refusal to approve a builder or contractor or plans and specifications by the Developer may be based on any grounds, including purely aesthetic grounds, which in the sole and uncontrolled discretion of the Developer seems sufficient. No alteration in the exterior appearance of any building, wall, swimming pool or other structures constructed with such approval will be made without like approval of the Developer. Approval of plans and specifications for reasonable modifications to provide handicap access pursuant to state or federal law shall not be unreasonably withheld. If the Developer fails to approve or disapprove any builder or contractor or plans and specifications within thirty (30) days after written request therefor, then such approval will not be required; provided that any builder or contractor is properly licensed by the State of Michigan and that any building, wall, swimming pool or other structure will be erected entirely within the boundaries of a unit and does not violate any of the covenants, restrictions or conditions set forth herein or adopted by the Association. The Developer will not be responsible for any negligence or misconduct of the builder or contractor or for any defects in any plans or specifications or in any building or structure erected by such builder or contractor according to such plans and specifications or in any changes in drainage resulting from such construction.

(vi) *Size Requirements.* All residences hereafter constructed must conform to the following size requirements:

(a) *Area Minimums.* The minimum size of the dwelling units in lots 24 through 55 shall be 1,500 square feet of living space. All other dwelling units shall be at least 1,078 square feet of living space.

(b) *General.* All square footage determinations will exclude basements (including walk-out basements), garages and open porches. The Developer may specify the number of levels that residences within specific units will be permitted to have to preserve the view from other units or to maintain a harmonious pattern of development in the construction of residences within the units. The height of any building will be not more than two (2) full stories above street level. If any portion of a level or floor within a residence is below grade, all of the level or floor will be considered a basement level.

(c) *Garages.* Garages, which will be for use only by the occupants of the residence to which they are appurtenant, must be attached to the residences and constructed in accordance with the approved plans. Each residence must have one garage capable of garaging at least two (2) and no more than three (3) standard size automobiles. There may only be one garage within each unit. No garage will be placed, erected or maintained within any unit except for use in connection with a residence within that unit or within an adjoining unit already constructed or under construction at the time that such garage is placed or erected within the unit.



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(d) *Accessory Structures.* Accessory structures may not exceed One Hundred Twenty (120) square feet of footprint space and Fifteen (15) feet of height. The exterior shall be constructed with the same material and color as the dwelling house built upon the same lot. The accessory building shall be placed upon the lot in such a manner that it cannot be seen easily from the street. No accessory structure may be constructed without the written approval of the Board of Directors of the Condominium Association.

(vii) *Lawns.* Each owner shall properly maintain all lawn areas within his unit and Frontage Area appurtenant to his unit, and at no time shall the height of said lawns exceed four inches (4"). All lawns shall be kept free from weeds, underbrush, and other unsightly growths.

(viii) *Recreational and Commercial Vehicles.* No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all-terrain vehicles, snowmobile trailers or vehicles other than automobiles or vehicles used primarily for general personal transportation use may be parked or stored on the Condominium Premises unless parked in a garage with the door completely closed or unless present for temporary loading or unloading purposes. Recreational vehicles, campers and trailers may be parked in driveways for no more than one (1) week per year subject to their having a permit issued by the Condominium Association. No inoperable vehicles of any type may be brought or stored on the Condominium Premises, either temporarily or permanently, unless within a garage with the door completely closed. Commercial vehicles shall not be parked on the Condominium Premises (unless fully inside a garage with the door completely closed) except while making deliveries or pick-ups in the normal course of business or for construction purposes. No commercial vehicles of any nature will be parked overnight on the Condominium Premises, except in a completely closed garage, without the prior written consent of the Developer. Any truck over three-quarter ton and any vehicle with a company name or other advertising or commercial designation will be considered a commercial vehicle. No vehicle may be parked overnight on any road or on any Frontage Area, except as permitted by the Association in accordance with any rules or regulations adopted by the Association.

(ix) *Fences.* No owner may install within his unit or Frontage Area appurtenant to his unit a fence of any type unless approved in writing by the Developer or the Association.

(x) *Antennae.* No owner may install within his unit a satellite dish or television antenna unless approved in writing by the Developer or the Association.

(xi) *Hunting.* No owner shall engage in or permit hunting in any form anywhere within the Condominium Premises.

(xii) *Furniture; Equipment.* No item of equipment, furniture or any other large movable item shall be kept within any unit outside a building, except lawn furniture or picnic tables, provided the same are kept in neat and good condition. All



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other items, such as lawn mowers, snowmobiles and dune buggies, shall be stored in a garage.

(xiii) *Nuisances.* No owner of any unit will do or permit to be done any act or condition within his unit or Frontage Area appurtenant to his unit which may be or is or may become a nuisance. No unit or Frontage Area will be used in whole or in part for the storage of rubbish of any character whatsoever (except normal household trash until the next trash collection day), nor for the storage of any property or thing that will cause the unit or Frontage Area to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor will any substance, thing or material be kept within any unit or Frontage Area that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding units. No unsightly objects will be allowed to be placed or suffered to remain anywhere within a unit or Frontage Area. If any owner of any unit fails or refuses to keep his unit or Frontage Area appurtenant thereto free from refuse piles or other unsightly objects, then the Developer or the Association may enter the unit or Frontage Area and remove the same and such entry will not be a trespass. The owner of the unit will reimburse the Developer or Association for all costs of such removal.

(xiv) *Completion of Construction and Stabilization of Soil.* Construction once commenced within any unit must be completed within twelve (12) months from the date of commencement, and within said period the soil within such unit, and the Frontage Area appurtenant to such unit, must be completely stabilized by grading and seeding of a lawn or other ground cover growth so as to prevent any soil blow area or soil erosion; provided that this provision shall neither prevent nor prohibit any owner from maintaining open areas for the planting of trees, shrubbery or a flower garden, but any such open area shall be controlled so as to prevent blowing or erosion of soil therefrom.

(xv) *Compliance with Laws.* No owner shall take any action on or with respect to his unit that violates any federal, state or local statute, regulation, rule or ordinance.

C. *Restrictions Relating to Drainage.* All owners must comply with all requirements and restrictions of the Public Health Departments of Shiawassee County and the State of Michigan with regard to installation and maintenance of private water wells.

D. *Developer's Rights and Responsibilities.* Developer may assign, in whole or in part, its rights and responsibilities hereunder to the Association, and when the last unit in the Condominium Project has been conveyed, this assignment shall occur automatically.

E. *Enforcement of Restrictions.* The Association's costs of exercising its rights and administering its responsibilities hereunder shall be Expenses of Administration (as defined in Article V above), provided that the Association shall be entitled to recover



its costs of proceeding against a breach by a co-owner as provided in Article XII, subsection I(b) below.

F. Developer's Option to Repurchase. If construction of a residence within a unit, by an approved builder and pursuant to approved plans and specifications, is not commenced within eighteen (18) months from the date the first owner other than the Developer first acquires legal or equitable title to such unit, unless such eighteen (18) month period is extended in writing by the Developer, the Developer will have the option to purchase back the unit from the then current owner. The Developer's option to purchase back the unit will continue until such time as construction is commenced for a residence which has been approved as provided by these restrictions. The option will be exercised by written notice to the owner of record of the unit, and the purchase price will be equal to the net cash proceeds (sale price less realtor's fee, if any) received by the Developer from the original sale of the unit, without increase for interest or any other charge. The Developer will also notify any mortgagee of the unit, as reflected in the records of the Association pursuant to Article IX below. If the option is exercised, Developer is to receive marketable title by warranty deed subject only to restrictions or encumbrances affecting the unit on the earlier of the date of the land contract or date of conveyance by the Developer and with all taxes and assessments which are due and payable or a lien on the unit, and any other amounts which are a lien against the unit, paid as of the date of conveyance back to the Developer. The closing of the purchase back shall occur at a place and time specified by the Developer not later than sixty (60) days after the date of exercise of the option. The then current owner of the unit will take such actions and shall execute such documents, including a warranty deed to the unit, as the attorney for the Developer will deem reasonably necessary to convey marketable title to the unit to the Developer, free and clear of all liens and encumbrances as aforesaid.

G. General Provisions.

(i) **Zoning.** All restrictions imposed by the City of Owosso Zoning Ordinance, as it applies to an R-1 One-Family Residential District, shall apply to all units in Osburn Lakes Residential Site Condominium, except that if the Developer or the Association has imposed more stringent restrictions, those restrictions shall apply in place of the City of Owosso's restrictions.

(ii) **No Gift or Dedication.** Nothing herein contained will be deemed to be a gift or dedication of any portion of the units or other areas in Osburn Lakes Residential Site Condominium to the general public or for any public purposes whatsoever, it being the intention of the Developer that these restrictions will be strictly limited to the purposes herein specifically expressed.

(iii) **No Third-Party Beneficiaries.** No third party, except grantees, heirs, representatives, successors and assigns of the Developer, as provided herein, will be a beneficiary of any provision set forth herein.



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(iv) *Handicapped Persons.* Reasonable accommodations in the rules, policies and practices of the Condominium will be made as required by the Federal Fair Housing Act to accommodate handicapped persons.

Section 2. Persons Subject to Restrictions. All present and future co-owners, tenants and any other persons or occupants using the facilities of the Condominium in any manner are subject to and shall comply with the Act, the Master Deed, these Condominium Bylaws and the Articles of Incorporation, Bylaws, rules and regulations of the Association.

Section 3. Enforcement. A breach of any provision contained in Section 1 of this Article VII shall constitute a breach of these Bylaws and may be enforced pursuant to the terms of these Bylaws.

ARTICLE VIII

LEASES

Section 1. Notice of Intent to Lease. A co-owner, including the Developer, desiring to rent or lease a Condominium unit for a period of longer than thirty (30) consecutive days, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee, and at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer proposes to rent any Condominium unit before the transitional control date, Developer shall notify either the advisory committee or each co-owner in writing. For security purposes, all non-co-owner occupants shall register their presence with the Association prior to taking occupancy and shall notify the Association upon departure. For the welfare and benefit of the condominium community, no more than six (6) condominium units may be rented at any one time.

Section 2. Conduct of Tenants. All tenants and non-co-owner occupants shall comply with all of the terms and conditions of the Condominium Documents and the provisions of the Act. If the Association determines that a tenant or non-co-owner occupant has failed to comply with the conditions of the Condominium Documents or the provisions of the Act, the Association may advise the appropriate member by certified mail of the alleged violation by a person occupying his unit. The member shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach or advise the Association that a violation has not occurred. If after fifteen (15) days the Association believes that the alleged breach has not been cured or may be repeated, it may institute on its behalf, or the members may institute, derivatively on behalf of the Association if it is under the control of the Developer, an action for eviction against the tenant or non-co-owner occupant and, simultaneously, for money damages against the member and tenant or non-co-owner occupant for the breach of the conditions of the Condominium Documents or of the Act. The relief set forth in this section may be by any appropriate proceeding. The Association may hold both the tenant or non-co-owner occupant and the member liable for the damages caused to the Condominium.



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ARTICLE IX

MORTGAGES

Section 1. Notice of Mortgage. A co-owner who mortgages a unit shall notify the Association of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Association, which shall maintain such information in a book entitled "Mortgages of Units." If the Association does not receive such notice, it shall be relieved of any duty to provide the mortgagee any notice required by the Master Deed or these Bylaws.

Section 2. Notice of Default. The Association shall give to the holder of any first and subsequent mortgage covering any unit in the Condominium Project written notification of any default in the performance of the obligations of the co-owner of such unit that is not cured within sixty (60) days if such mortgagee has, in writing, requested the Association to report such defaults to it.

Section 3. Notice of Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the general common elements of the Condominium against vandalism and malicious mischief and the amounts of such coverage.

Section 4. Notice of Meetings. Upon a request submitted to the Association, any institutional holder of a first mortgage lien on any unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

Section 5. Acquisition of Title by First Mortgagee. Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage, or deed in lieu thereof, shall not be liable for such unit's unpaid assessments which accrue prior to acquisition of title by the mortgagee, except to the extent provided in Article V, Section 6, above.

ARTICLE X

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third (1/3) or more of the members in number or in value by an instrument in writing signed by them.

Section 2. Meeting to Be Held. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of the Association Bylaws.



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Section 3. Vote Required. These Condominium Bylaws may be amended by an affirmative vote of two-thirds (2/3) of the members in number and in value and two-thirds (2/3) of all mortgagees at any regular meeting or special meeting called for such purpose, except that the method or formula used to determine the percentage of value of units in the Condominium Project and any provisions relating to the ability or terms under which a co-owner may rent a unit may not be modified or amended without the consent of each affected member and mortgagee. For purposes of such voting, each co-owner will get one (1) vote for each unit owned, including as to the Developer all units created by the Master Deed but not yet conveyed. Each mortgagee shall get one (1) vote for each mortgage held.

Section 4. Amendments Not Materially Changing Condominium Bylaws. The Developer or Board of Directors may enact amendments to these Condominium Bylaws without the approval of any member or mortgagee, provided that such amendments shall not materially alter or change the rights of a member or mortgagee. The Developer may also enact amendments to these Condominium Bylaws as provided in the Master Deed.

Section 5. Effective Date. Any amendment to these Bylaws (but not the Association Bylaws) shall become effective upon the recording of such amendment in the Office of the Register of Deeds in the county where the Condominium is located.

Section 6. Costs of Amendments. Any person causing or requesting an amendment to these Condominium Bylaws shall be responsible for the costs and expenses of considering, adopting, preparing and recording such amendment except as provided in Article XII.C. of the Master Deed.

Section 7. Notice; Copies to Be Distributed. Members and mortgagees of record of Condominium units shall be notified of proposed amendments not less than ten (10) days before the amendment is recorded. A copy of each amendment to the Bylaws shall be furnished to every member after recording; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium Project regardless of whether such persons actually receive a copy of the amendment.

ARTICLE XI

DEFINITIONS

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



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ARTICLE XII

REMEDIES FOR DEFAULT

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

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

(b) In any proceeding arising because of an alleged default by any co-owner or the failure of any co-owner to abide by the provisions of the Condominium Documents, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any co-owner be entitled to recover attorneys' fees.

(c) Such other reasonable remedies as are provided in the rules and regulations promulgated by the Board of Directors, including, without limitation, the levying of fines against co-owners after notice and opportunity for hearing, as provided in the rules and regulations of the Association, and the imposition of late charges for nonpayment of assessments.

(d) The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the common elements, limited or general, or into any unit, where reasonably necessary, and summarily remove or abate, at the expense of the co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents.

Section 2. Failure to Enforce. The failure of the Association or of any co-owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such co-owner to enforce such right, provision, covenant or condition in the future.

Section 3. Rights Cumulative. All rights, remedies and privileges granted to the Association or any co-owner or co-owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.



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Section 4. Hearing. Prior to the imposition of any fine or other penalty hereunder, the offending unit owner shall be given a reasonable opportunity to appear before the Board and be heard. Following any such hearing, the Board shall prepare a written decision and place it in the permanent records of the Association.

ARTICLE XIII

ARBITRATION

Section 1. Submission to Arbitration. Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, Condominium Bylaws or Management Agreement, if any, or to any disputes, claims or grievances arising among or between the co-owners or between such co-owners and the Association shall, upon the election and written consent of all the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration, and the parties thereto shall accept the arbiter's decision as final and binding. The Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration.

The arbiter may be either an attorney acceptable to both parties or a panel of three (3) individuals, at least one (1) of whom shall be an attorney. The panel shall be composed of one (1) individual appointed by the co-owner and one (1) individual appointed by the Board of Directors of the Association. These two (2) panelists will then promptly agree on the third member of the panel. No co-owner who is a natural person may appoint himself or a member of his household to the panel. No corporation or partnership member may appoint a director, partner, officer or employee to the panel. Neither may the Board appoint a person similarly associated with an individual, corporate or partnership member.

Costs of the arbitration shall be borne by the losing party to the arbitration. The arbiter may require a reasonable deposit to ensure payment of costs. Such deposit shall be placed in escrow in the name of the arbiter as trustee in the name of the matter at issue.

Section 2. Effect of Election. Election by co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts. Any appeal from an arbitration award shall be deemed a statutory appeal.

Section 3. Preservation of Rights. No co-owner shall be precluded from petitioning the courts to resolve any dispute, claim or grievance in the absence of election to arbitrate.



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ARTICLE XIV

SEVERABILITY

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

ARTICLE XV

CONFLICTING PROVISIONS

In the event of a conflict between the provisions of the Act (or other law of the United States or of the State of Michigan) and any Condominium Document, the Act (or other law) shall govern. In the event of any conflict between the provisions of any one or more Condominium Documents, the following order of priority shall prevail and the provisions of the Condominium Document having the highest priority shall govern:

- (1) The Master Deed, including the Condominium Subdivision Plan;
- (2) These Condominium Bylaws;
- (3) The Articles of Incorporation of the Association;
- (4) The Bylaws of the Association; and
- (5) The Rules and Regulations of the Association.



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