PURCHASER INFORMATION BOOKLET

For

Waterford Township, Oakland County, Michigan

Developed By:

C.B. Custom Builders, Inc.
6684 Dixie Highway, Suite 101
Clarkston, MI 48346

Cherokee Hills

(810) 682-5777

Dear Co-Owner:

At this time we are furnishing you with the Cherokee Hills Purchaser Information booklet and Disclosure Statement, which includes the Cherokee Hills Master Deed and all of the Condominium Documents defined as such herein, together with copies of the project Disclosure Statement and all other documents, if any, prescribed by the Michigan Condominium Act.

As provided in Section 84 of the Michigan Condominium Act, your Purchase Agreement cannot become binding until the expiration of 9 business days from the date hereof. During that time you should be sure to carefully read the accompanying documents which control the operation of the Condominium and are of extreme importance to you in understanding the nature of the interest which you are purchasi and your relationship with the Condominium Project, its Co-Owners and the developer. Section 84a of the Condominium Act prescribes the informaiton which must be given to you as a condominium purchaser and which is included in the accompanying documents. Section 84a(3) provides that, upon signing this receipt, you will be presumed to have received and understood such documents.

Sincerely,

C.B. CUSTOM BUILDERS

Charles C. Bowles, Jr.
Developer/Builder

RECEIPT OF DOCUMENTS:

By:_____ Date:_____

_____ Unit #:_____

Cherokee Hills Development

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Cherokee Hills Development Disclosure Statement

Developed by

CHEROKEE HILLS DEVELOPMENT, a Registered Assumed Name for
C. Bowles, Inc., A Michigan Corporation
6684 Dixie Highway
Clarkston, MI 48346

Cherokee Hills Condominium is a residential condominium project located in Waterford Township. The project, consisting of seventy (70) residential units, is being constructed in two (2) phases with completion expected about December 31, 1992. The project may not be further expanded in size.

The administration of condominiums in Michigan is the responsibility of the Corporation and Securities Bureau, Michigan Department of Commerce, 6546 Mercantile Way, Lansing, Michigan 48909. The department has not undertaken to pass on the value or merits of the development or to make any recommendations regarding the purchase of units in the development.

The disclosure statement is not a substitute for the master deed, the condominium buyer's handbook, or other applicable legal documents. Buyers should read all such documents to fully acquaint themselves with the project and their rights and responsibilities relating to it. It is recommended that professional assistance be sought prior to purchasing a condominium unit.

Effective Date: September 14, 1992

Prepared by: LAWRENCE A. BAUMGARTNER, P.C.
20 S. Gratiot Avenue, Suite 61
Mt. Clemens, MI 48043

CHEROKEE HILLS CONDOMINIUM DISCLOSURE STATEMENT

INTRODUCTION

Condominium development in Michigan is governed largely by a statute called the Michigan Condominium Act, MCLA 559.101 et seq., MSA 26.50(101) et seq., and by rules adopted by the Michigan Department of Commerce, the state agency that administers the act. In this document, Cherokee Hills Development, a Registered Assumed Name for C. Bowles, Inc., a Michigan Corporation, as the developer of Cherokee Hills Condominium, states the material facts about the project and the parties involved in its development that it believes will satisfy the needs of the average buyer. This disclosure statement, together with copies of the legal documents intended for the creation and operation of the project, are furnished to each buyer to fulfill the requirement of the act that the developer disclose to prospective purchasers the characteristics of the condominium units that are offered for sale. These documents constitute the only authorized description of Cherokee Hills Condominium, and none of the developer's sales agents or other representatives may vary the terms.

THE CONDOMINIUM CONCEPT

A condominium is a form of real property ownership. Under Michigan law, a condominium unit has the same legal attributes as any other form of real estate and may be sold, mortgaged, or leased subject to the restrictions in the condominium documents. A condominium project is established by recording a master deed with the register of deeds of the county where the project is located.

Each owner of a condominium unit, or co-owner, owns the building that includes the co-owner's residence, for which the co-owner receives a warranty deed. A co-owner is one of a number of mutual owners of common facilities, the common elements, that serve both the co-owner's unit and other units in the project. The units and the common elements (which are legally inseparable from the units) are generally described in the master deed. Each unit's boundaries are shown in the condominium subdivision plan, which is attached as an exhibit to the master deed. All parts of the project that are not included within the units constitute the common elements and are owned by all co-owners in undivided proportions equal to the percentages of value assigned to each unit in the master deed. Limited common elements are those common elements that are set aside for the use of less than all unit owners. All other common elements are general common elements.

The relatively close proximity of residents dictates that certain restrictions and obligations be imposed on each owner for the mutual benefit of all. Such restrictions are stated in the condominium bylaws, which are recorded as part of the master deed. All the condominium documents are prepared with the goal of

allowing each co-owner a maximum amount of individual freedom without allowing any one owner to infringe on the rights and interests of the group at large. All co-owners and residents must be familiar with and abide by the restrictions if a condominium project is to be an enjoyable place to live.

DESCRIPTION OF THE PROJECT

Cherokee Hills Condominium is a residential condominium project located in Waterford Township. The project is being developed in two (2) phases on approximately 11.89 acres of land and will contain seventy (70) residential units. The project may not be further expanded in size.

The land, walkways, drives, landscaping, common utility systems, and structural elements of buildings are all general common elements, owned and used in common by all co-owners. Individual co-owners also have exclusive rights to use the limited common elements of the project, such as parking areas, garages, decks, and stoops.

LEGAL DOCUMENTS

Cherokee Hills Condominium has been established as a condominium project pursuant to a master deed recorded in the Oakland County records, a copy of which is delivered with this disclosure statement. The master deed includes the condominium bylaws as exhibit A and the condominium subdivision plan, a three-dimensional survey establishing the physical relationship and location of each of the units in the project, as exhibit B. Other condominium documents include the articles of incorporation, the corporate bylaws of the association of co-owners, and the rules and regulations of the association.

The master deed contains the definitions of terms used in the legal documents, the percentage of value assigned to each unit, a general description of both the limited and the general common elements, and a statement about the responsibilities of the individual owners and of the association for maintaining the common elements. The master deed also reserves to the developer the right to contract the project within defined limits and to modify the number, size, style, and location of any units or common elements in the project that are shown as "proposed" in the subdivision plan, by an amendment or a series of amendments to the master deed. Such amendments do not require the consent of any owner or mortgagee as long as the changes do not unreasonably impair or diminish the appearance of the project or the view, privacy, or other significant attribute of any unit that adjoins a modified unit or common element.

The condominium bylaws contain provisions relating to the operation, management, and fiscal affairs of the condominium, including, in Article II, provisions relating to both regular and

special assessment of the members to pay for the costs of operating the project. Restrictions on the ownership, occupancy, and use of condominium units in the project are listed in Article VI, together with provisions allowing the association to adopt additional rules and regulations governing the use of the units and the common elements.

The condominium subdivision plan contains a survey of the condominium land showing the location of all buildings and utilities.

THE DEVELOPER'S BACKGROUND AND EXPERIENCE

The project is being developed by Cherokee Hills Development, a Registered Assumed Name for C. Bowles, Inc., a Michigan Corporation. This corporation was formed in 1992 to specifically develope this particular project. Charles C. Bowles, Jr., is the sole shareholder and President of C. Bowles, Inc.

Charles C. Bowles, Jr., is also the President and sole shareholder of C.B. Custom Builder's, Inc., a Michigan Corporation, which was incorporated in 1971. C.B. Custom Builder's, Inc. has been active in residential and commercial construction since 1971 in the North Oakland County area. In recent times C.B. Custom Builder's Inc. has developed the Snow Apple Subdivision in Clarkston, and participated in the development and construction of Clarkston Bluffs Condominiums.

ADMINISTRATION OF THE PROJECT

The responsibility for managing and maintaining the project is vested in the Cherokee Hills Condominium Association, which has been incorporated by the developer as a nonprofit corporation under Michigan law. Each condominium owner automatically becomes a member of the association when the person purchases a unit in the project. The owner of each unit is entitled to one vote at all meetings of the association.

The association was formed by certain individuals acting at the request of the developer. These persons now make up the board of directors of the association and will control its affairs until a new board of directors is elected by the owners. This election will take place at the initial meeting of the members of the association, which must be held within 120 days after legal or equitable title to 25 percent of the units in the project has been conveyed to nondeveloper co-owners but no later than 54 months after the first conveyance of title to such a nondeveloper co-owner. The composition of the board of developer representatives and nondeveloper co-owners will be adjusted from time to time under the formula stated in the condominium bylaws.

No later than 120 days after the conveyance of legal or equitable title to nondeveloper co-owners of one-third of the units in the project or one year after the initial conveyance of a unit

to such a person, whichever occurs first, three persons will be selected from among the nondeveloper co-owners to serve on an advisory committee to the board of directors. The advisory committee is intended to function as an informal organization with which the board can consult on matters concerning Cherokee Hills Condominium. The board will attempt to meet with the advisory committee at least twice each year. At these meetings, the developer intends to provide the advisory committee with information about the development of the condominium and to receive recommendations from the committee. When an advisory committee is formed, the members will be appointed by and serve at the pleasure of the developer.

The bylaws of the association permit it to hire a professional manager or a management company to manage the project. The developer has not entered into any such management contract. At present, the management of the project is being handled by the developer without charge for its time, but the cost of goods and services purchased and out-of-pocket expenses incurred by the developer for management purposes are included in the annual budget of the association. If an interim arrangement for outside management of the condominium should become necessary before the initial meeting, any contract between the association and the developer, a management agent, or a company related to the developer would be subject to termination, with or without cause, at the option of the owners when they assume control of the condominium.

Additional information about the organization and operation of condominiums in Michigan may be found in the condominium buyer's handbook published by the authority of the Michigan Department of Commerce, a copy of which has already been furnished to you by the developer.

PROJECT WARRANTIES

As described in the purchase agreement, the developer warrants the work and materials of all units (other than consumer products, as defined in the Magnuson-Moss Warranty Federal Trade Commission Improvement Act, that are included within a purchaser's unit) for one year from the date of occupancy. If a unit owner notifies the developer in writing of a defect before the warranty period expires, the developer will inspect the unit and, if the inspection reveals defects in work or materials, will make reasonable repairs to fix the defects without cost to the co-owner. The developer is also responsible for defects in work and materials in the buildings and other common elements of the project about which it receives written notice within one year after the particular common element is completed.

The developer's warranty does not include alleged defects that result from characteristics common to the materials used, such as the warping of wood; the fading or checking of paint due to

sunlight; hairline cracks caused by the drying and curing of concrete, stucco, plaster, bricks, or masonry; the drying, shrinking, or cracking of caulking and weatherstripping; the heaving of cement; snow or ice buildup on roofs causing leakage in a unit or in the common elements; or the initial settlement of buildings or material shrinkage commonly associated with new construction.

All the developer's warranties are freely assignable to subsequent purchasers of a condominium unit. In addition, any warranty given by the manufacturer of an appliance or other manufactured item installed in the condominium unit by the developer will be assigned to the purchaser of that unit. The developer makes no other warranties about such items.

All notices regarding warranty claims should be addressed to the developer, c/o Charles C. Bowles, Jr., President, at the address noted on the first sheet of this statement.

There are no warranties on this condominium project other than those described in this statement; express warranties are not provided unless specifically stated. You, individually or as a member of the association, may be required to pay for the replacement or repair of any defects in this condominium project that are not covered by warranty. Under no circumstances will the developer be liable for incidental or consequential damages.

ESCROW REQUIREMENTS

MCLA 559.183, MSA 26.50(183) requires that all reservation deposits received from prospective purchasers under preliminary reservation agreements must be deposited in an escrow account with an authorized escrow agent. If a prospective purchaser decides to cancel the preliminary reservation agreement, the purchaser's deposit must be refunded within three business days after the notice of cancellation is received.

MCLA 559.184, MSA 26.50(184) provides that all payments received from prospective purchasers under purchase agreements must also be deposited in the escrow account and must be refunded if the purchase agreement is canceled within nine business days after the purchaser receives the condominium documents that the developer must give the purchaser under MCLA 559.184a, MSA 26.50(184a). When the withdrawal period expires, the developer must retain sufficient amounts in the escrow account or provide other adequate security as provided in MCLA 559.203b, MSA 26.50(203b) to ensure the completion of the uncompleted structures and improvements labeled "must be built" in the condominium documents.

BUDGET AND ASSESSMENTS

The condominium bylaws require that the board of directors adopt an annual budget for operating the project. The initial

budget was formulated by the developer to provide for the normal and reasonably predictable expenses of administering the project, including a reserve for the replacement of major structural components of the buildings and other common elements as needed in the future. A copy of this budget is attached to this statement as exhibit A. The amount projected as expenses for the initial year of the association is $2,939.00, which does not include expenses for gas, interior electric, or telephone services, which are individually metered and must be paid directly by each co-owner.

Because the budget must necessarily be prepared in advance, it reflects estimates of expenses based on past experience. These estimates may prove to be inaccurate during actual operations on account of such factors as increases in the cost of goods and services, the need to repair or replace common elements, or property improvements. If such cost increases occur, the budget will need to be revised accordingly.

The developer is responsible for actual costs that the association incurs that are directly related to units that the developer is constructing. In addition, the developer must pay a pro rata share of certain administration costs, such as legal and accounting fees, liability insurance premiums, and the maintenance of access roads, that are not related to construction, as described in Article II, Section 7 of the condominium bylaws. The association's only other source of revenue to fund the budget is the assessment of its members who own completed units.

Each co-owner must therefore pay an annual assessment which is determined by dividing the projected budget expenses by the number of completed units in the project. This assessment must be paid in 12 equal monthly installments on the first day of each month. Thus, under the budget attached as exhibit A, the average monthly assessment for each of the 33 units in the first phase of the project will be approximately $7.50 per unit.

To provide working capital, each purchaser must pay to the association at the closing both the pro rata share of the current monthly assessment for the unit and an additional sum equal to two months' assessments for the association reserves. The reserve deposit is not refundable and will not apply as a credit against any future monthly installments or annual assessments. The board of directors may also levy special assessments to cover expenses that are not anticipated in the budget, as permitted by Article II, Section 2 of the condominium bylaws.

RESTRICTIONS

Owners of condominium units will be bound by various use and occupancy restrictions applying to both the condominium units and the common elements. For example, there are restrictions on the maximum number of individuals who may reside in a unit and prohibitions against altering the structure or the exterior appearance of any unit or limited common element; parking

recreational vehicles, boats, and trailers on the condominium property; renting units for less than prescribed periods of time; and keeping pets without written permission from the board of directors of the association.

It is impossible to paraphrase all the restrictions without risking the omission of some restriction that might be significant to a particular purchaser. Consequently, each buyer should carefully review the master deed and condominium bylaws to be sure that an important intended use is not restricted. None of the restrictions prohibit the developer from carrying on sales activities as long as the developer is selling units in the condominium.

ENFORCEMENT PROVISIONS

Compliance with use restrictions may be enforced by the levy of fines or by a legal action seeking damages or an injunction against the offending owner. The board may also take direct action to correct any condition that violates the bylaws or elect to discontinue furnishing services to the unit involved on seven days' notice to the co-owner in default. If an owner does not pay monthly assessments when they are due, the association may charge the owner reasonable interest or assess late charges from the due date. The association is also given a lien on the unit that may be enforced as described above or by foreclosure proceedings as provided by the Michigan Condominium Act. Owners should be aware, however, that MCLA 559.158, MSA 26.50(158) provides that if the holder of a first mortgage or other purchaser obtains title to a unit as the result of a foreclosure of that mortgage, the holder of the first mortgage or a subsequent purchaser is not liable for unpaid assessments for that unit that became due before the foreclosure. Such unpaid assessments are common expenses that are collectible from all unit owners.

INSURANCE

The condominium documents require that the association carry extended coverage insurance for vandalism and malicious mischief and liability insurance and worker compensation insurance (if applicable) for all the common elements of the project. Such policies may contain deductible clauses, which may result in the association bearing part of a loss. The board of directors is responsible for obtaining this insurance coverage for the association, and each co-owner's pro rata share of the annual association insurance premiums is included in the monthly assessment. The association insurance policies will be available for inspection at the offices of Cherokee Hills Development, a Registered Assumed Name for C. Bowles, Inc., 6684 Dixie Highway, Clarkston, MI 48346, (313) 625-9644.

The insurance coverage provided by the association will not

cover the interiors of the condominium units, except for interior walls, appliances, and fixtures that were furnished as standard items by the developer. Coverage will not include property of an owner that is located outside the unit on the grounds of the project or on a limited common element appurtenant to a unit. All owners are cautioned, therefore, that it is their responsibility to insure the interior of their units (including subsequently acquired appliances and fixtures), their contents, and any improvements paid for by the owner. Each owner must also obtain personal liability coverage against injury to persons or damage to property resulting from accidents in and around the owner's condominium unit. An insurance agent should be consulted to decide what coverage will be needed. Without such coverage, an owner is uninsured for any loss that occurs within the owner's unit or to the owner's property or guests.

PRIVATE DRIVES AND EASEMENTS

Lacota Road, a public road, passes adjacent to the project and provides access to other public streets and highways serving Waterford Township. As a public road, Lacota Road is maintained and plowed by the city.

However, all private roads within the project, as well as open parking areas and walkways, are general common elements of the project and must be cleared, maintained, and repaired as needed by the condominium association. Expenses for these services will ultimately be paid by the co-owners as part of their monthly assessment fees. The drives and parking areas are asphalt and will require some routine maintenance, although it is impossible to estimate just how much maintenance might be required in any given year since their life expectancy will vary depending on the type of use, weather conditions, and degree of maintenance.

The condominium premises will also be subject to a number of easements. The master deed describes certain reciprocal easements granted to co-owners and to the association. There are various easements relating to drainage and utilities, which will be described in each title insurance commitment and title insurance policy furnished to buyers.

Until the development of the land described in the master deed has been completed, the developer has reserved the right to unrestricted use of all roads, driveways, and walkways of the condominium and easements to use, tap into, extend, and enlarge all utility mains on association property without any charge or fees except for the reasonable cost to the association of work performed, utilities consumed, and maintenance necessitated as a direct result of the developer's use.

REAL ESTATE TAXES

Taxes on the condominium units are assessed by Waterford

Township, Oakland County, and the Waterford School District. Under Michigan law, taxes must be assessed on the basis of 50 percent of true cash value. During the year when the condominium master deed is initially recorded, real property taxes on all newly constructed units will constitute an administration expense to be shared by the co-owners of the units in proportion of their percentages of value. In that initial year, the association will receive one tax bill, which it must pay and reallocate to the individual co-owners of these units. The developer will contribute to the payment of these taxes its proportionate share for those units that it owns when the taxes become due. In subsequent years, each co-owner will receive an individual tax bill for the co-owner's unit. At this time it is impossible to accurately determine the amount of real property taxes for subsequent years, since those taxes are a function of both property values and tax rates, either of which can rise or fall.

RECREATIONAL FACILITIES

The developer does not plan to construct any recreational facilities as a part of the project.

LEGAL MATTERS

There are no pending proceedings, either legal or administrative, that involve either the condominium project or the developer and its officers and shareholders in their capacity as such, and the developer has no knowledge of any such proceedings that might be threatened.

LAWRENCE A. BAUMGARTNER, of LAWRENCE A. BAUMGARTNER, P.C., has served as legal counsel in connection with the preparation of this disclosure statement and the other condominium documents. Legal counsel has not passed on the accuracy of the factual matters in these documents.

The matters discussed in this disclosure statement are intended to highlight only a few of the more important facts relating to the project. Buyers are urged to read all condominium documents carefully and to engage a lawyer or another adviser in connection with the purchase of a unit in the project.

EXHIBIT A
CHEROKEE HILLS CONDOMINIUM ASSOCIATION

ESTIMATED OPERATING BUDGET*
(1992-1993)

	Total Annual	Per Unit Annual
Liability Insurance	$ 719.00	$ 21.78
Snow removal	1,000.00	30.30
Lawn care	720.00	21.81
Legal, Management & accounting	500.00	15.15
Total annual maintenance charge	$ 2,939.00	$ 89.04
Monthly maintenance charge+	244.91	7.50

*Estimated by C. Bowles, Inc. on the basis of 33 completed units.

+In the initial year of the condominium, the real property taxes will be billed to the developer and divided among the unit owners on the basis of their percentages of value, so this charge will be in addition to the estimated monthly charge noted above. Beginning with the second year, real property taxes will be assessed and charged directly to each condominium owner and paid individually by each owner. Water, sewer, and trash removal will be billed individually to each owner by the Township.

*NOTE: No amount has been included in the budget for compensation of a management agent since one is not presently involved in the Condominium. If a management agent is engaged, the annual and monthly assessments to co-owners will have to be increased to reflect such additional expenses. The budget is also based on 33 units. The average assessment per unit, per month, however, should remain the same.

CHEROKEE HILLS CONDOMINIUM ESCROW AGREEMENT

Cherokee Hills Development, a Registered Assumed Name for C. Bowles, Inc., a Michigan corporation with principal offices at 6684 Dixie Highway, Clarkston, MI 48346, the developer, and Philip R. Seaver Title Company, a Michigan Corporation, as agent for Security Union Title Insurance Company, with offices at 2700 N. Woodward, Bloomfield Hills, MI 48304, the escrow agent, enter into this agreement on 25th day of September, 1992.

The developer has established a residential condominium project known as Cherokee Hills Condominium, in Waterford Township, under applicable Michigan law. The developer intends to enter into preliminary reservation agreements and purchase agreements with persons who want to purchase condominium units in the project. These agreements will be substantially in the form of the attached exhibits A and B. These agreements require that all deposits made under them be held in escrow with an escrow agent for a specified period. The parties desire to enter into this escrow agreement to establish an escrow account for the benefit of the developer and of each purchaser who makes deposits under such an agreement. The escrow agent is acting as an independent party pursuant to the provisions of this agreement and of the Michigan Condominium Act, MCLA 559.101 et seq., MSA 26.50(101) et seq., for the benefit of the developer and the purchasers and not as the agent of any party.

Therefore, in consideration of the mutual covenants in this agreement, the parties agree as follows:

1. The deposit of funds. Promptly after receipt, the developer shall transmit to the escrow agent all sums deposited with it under a reservation agreement or a purchase agreement, together with a fully signed copy of the agreement and a receipt signed by the purchaser for the condominium documents furnished to the purchaser by the developer, if any. No such agreement may be amended in any manner that, in the opinion of the escrow agent, would increase its liability or materially change its duties as stated in the agreement without the escrow agent's written consent.

2. The approval of condominium documents. When a master deed for the project has been prepared, the developer shall furnish the escrow agent with a copy together with copies of other condominium documents that the escrow agent requests. After the escrow agent has had an opportunity to review these documents, the escrow agent may continue the escrow, transfer all funds it holds under this agreement to another qualified escrow agent selected by the developer, or return the funds to each purchaser, in complete satisfaction of the escrow agent's duties under this agreement.

3. The release of funds. The sums paid to the escrow agent under the terms of any reservation or purchase agreement shall be held and released to the developer or to the purchaser only on

the following conditions:

a. Withdrawal by the purchaser. The escrowed funds shall be released to the purchaser under the following circumstances:

(1) If the purchaser withdraws from the reservation or purchase agreement before it becomes binding, the escrow agent shall, within three business days after receipt of notice of the withdrawal, release to the purchaser all the purchaser's deposits held under the agreement.

(2) If a purchase agreement is contingent on the purchaser obtaining a mortgage and the purchaser fails or is unable to do so, the escrow agent shall, on notice of withdrawal, release to the purchaser all sums held by the escrow agent pursuant to the agreement.

(3) If the developer files a written objection to the withdrawal request of a purchaser with the escrow agent, claiming an interest in the sums held pursuant to this agreement, the escrow agent shall hold or dispose of the funds as provided in provision 5 of this agreement.

b. Default by the purchaser. If a purchaser's default in making any payments required by a binding purchase agreement or in fulfilling any other obligations under such an agreement continues for 10 days after written notice by the developer to the purchaser, the escrow agent shall release sums held pursuant to the purchase agreement to the developer in accordance with the terms of the agreement. However, if the purchaser files a written objection to the notice of default with the escrow agent, claiming an interest in the sums held pursuant to this agreement, the escrow agent shall hold or dispose of the funds as provided in provision 5 of this agreement.

c. Conveyance of title. When the developer conveys the title to a unit to the purchaser or signs a land contract with the purchaser in fulfillment of a purchase agreement, the escrow agent shall release to the developer all sums held in escrow under the agreement.

d. Interest earned on escrowed funds. The escrow agent has no obligation to earn interest on the sums held pursuant to this agreement. However, if interest on such sums is earned, all such interest shall be separately accounted for by the escrow agent and shall be held in escrow and released when the principal deposits are released under

this agreement. However, all interest earned on deposits refunded to a purchaser on withdrawal from a purchase agreement shall be paid to the developer.

e. Other adequate security. If the developer requests that all the escrowed funds held under this agreement or any part of them be delivered to it before it is otherwise entitled to receive the funds, the escrow agent may release all such sums to the developer if the developer places with the escrow agent an irrevocable letter of credit drawn in favor of the escrow agent in form and substance satisfactory to the escrow agent and securing full repayment of the sums or places with the escrow agent other security that is permitted by law and approved by the escrow agent. The escrow agent may present any letter of credit deposited pursuant to this provision for payment without prior notice to or consent from the developer.

f. Incomplete elements or facilities. If the escrow agent is holding in escrow funds or other security for the completion of incomplete elements or facilities under MCLA 559.203b(7), MSA 26.50(203b)(7), on the request of the Cherokee Hills Condominium Association or any interested co-owner, the escrow agent shall administer the funds or security in the following manner:

(1) On request, the escrow agent shall give all notices required under MCLA 559.203b(7), MSA 26.50(203b)(7).

(2) If the developer, the Cherokee Hills Condominium Association, and any other parties asserting a claim to or an interest in the escrow deposit enter into a written agreement for the escrow agent's protection that is satisfactory to the escrow agent, to dispose of the funds or security in escrow under MCLA 559.203b(7), MSA 26.50(203b)(7), the escrow agent shall release the funds or security to the parties in accordance with the written agreement.

(3) In the absence of a written agreement as provided in provision 3(i)(2), the escrow agent shall be under no obligation to release any such escrowed funds or security, and the escrow agent shall initiate an interpleader action in any circuit court in Michigan naming the developer, the Cherokee Hills Condominium Association, and all other claimants and interested persons as parties

and deposit all funds and other security in escrow under MCLA 559.203b(7), MSA 26.50(203b)(7) with the clerk of the court in full release of its responsibilities under this agreement.

4. Conflicting claims. If the escrow agent receives conflicting instructions or claims to the funds, securities, or documents held in escrow, it may take any one or more of the following actions:

   a. It may release all or part of the funds to the party which it, in its sole judgment, determines is entitled to receive the funds under this agreement.

   b. It may hold all or part of the funds, securities, and documents affected by the conflicting instructions or claims in escrow and take no further action until otherwise directed, either by mutual written instructions from all interested parties or by the final order of a court of competent jurisdiction.

   c. It may initiate an interpleader action in any circuit court in Michigan naming all interested persons as parties and depositing all or part of the funds, securities, and documents affected by the adverse claims with the clerk of the court in full release of its responsibilities under this agreement.

5. Rights and liabilities of the escrow agent.

   a. On delivering the funds deposited with the escrow agent pursuant to this escrow agreement and performing the obligations and services stated in this agreement, the escrow agent shall be released from any further liability under this agreement. Liability is limited by the provisions of this agreement. By signing this agreement, the escrow agent is acting as a depository and is not, as such, responsible or liable for the sufficiency, 8correctness, genuineness, or validity of the documents submitted to it or for the marketability of the title to any unit in the project. The escrow agent is not responsible for the failure of any bank that it uses as an escrow depository for funds it receives under this agreement.

   b. The escrow agent does not guarantee the developer's performance of any purchase agreement under the condominium documents and undertakes no responsibilities for the developer's performance under those documents or for the conformity of its performance with the provisions

of such documents, with the plans and specifications for the project, with local or state laws, or in any other particular. As long as the escrow agent relies in good faith on the certificates, cost estimates, and determinations described in provision 4, the escrow agent shall have no liability to the developer, any purchaser, or any other party for any error in such a certificate, cost estimate, or determination.

c. Except in instances of gross negligence or willful misconduct, the escrow agent's liability under this agreement is limited to the return, to the entitled party or parties, of the funds retained in escrow (or replaced by security) minus any reasonable expenses that the escrow agent incurs in administering the funds, including reasonable attorney fees and litigation expenses for defending, negotiating, or analyzing claims against it that arise out of the administration of such escrowed funds. The escrow agent shall be entitled to deduct these costs without notice from amounts on deposit under this agreement.

6. Notices. All notices required or permitted under this agreement and all notices of address changes shall be deemed sufficient if personally delivered or sent by certified mail, postage prepaid and return receipt requested, addressed to the recipient, at the address shown below the party's signature on the pertinent reservation or purchase agreement. For the purpose of calculating time periods under the provisions of this agreement, notice shall be deemed effective when mailed or personally delivered.

CHEROKEE HILLS DEVELOPMENT, A REGISTERED ASSUMED NAME FOR C. BOWLES, INC., A MICHIGAN CORPORATION

Charles C. Bowles Jr

by: CHARLES C. BOWLES, JR.
Developer

PHILIP R. SEAVER TITLE COMPANY AS AGENT FOR SECURITY UNION TITLE INSURANCE COMPANY

Nancy A Dixon

by: ~~PHILIP R. SEAVER, President~~
Escrow Agent
Nancy A. Dixon
Escrow Officer

DISCLOSURE STATEMENT UPDATE
CHEROKEE HILLS

By recordation of the First Amendment to the Master Deed Cherokee Hills is a now a 70 Unit Condominium Project. Any reference in the Disclosure Statement to the number of Units in Cherokee Hills shall be amended accordingly.

021672

MASTER DEED

CHEROKEE HILLS 21592

This Master Deed is made and executed on this 26th day of August, 1992, by Cherokee Hills Development, a Registered Assumed Name for C. Bowles, Inc., a Michigan Corporation, (hereinafter referred to as "Developer"), whose address is 6684 Dixie Highway, Clarkston, MI 48346, in pursuance of the provisions of the Michigan Condominium Act (being Act 59 of the Public Acts of 1978, as amended), hereinafter referred to as the "Act".

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

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6642 DEEDS 135.00

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

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ARTICLE I

TITLE AND NATURE

900077

The Condominium Project shall be known as Cherokee Hills, Oakland County Condominium Subdivision Plan No. 779. The Condominium Project is established in accordance with the Act. The Units contained in the Condominium, including the number, boundaries, dimensions and area of each, are set forth completely in the Condominium Subdivision Plan attached as Exhibit "B" hereto. Each unit is capable of individual utilization on account of having its own entrance from and exit

OK - T. SMITH

135.00
2.00

OK - G K

to a Common Element of the Condominium Project. Each Co-owner in the Condominium Project shall have an exclusive right to his Unit and shall have undivided and inseparable rights to share with other Co-owners the General Common Elements of the Condominium Project.

ARTICLE II

LEGAL DESCRIPTION

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

Part of the NW 1/4 of Sec. 25, T3N, R9E, Waterford Twp., Oakland Co., Michigan, described as beginning at a point on the East line of "CHEROKEE HILLS SUB. NO.-2" as recorded in Liber 90 of Plats, Pages 35 and 36 Oakland County Records, located S 89° 47'03"E (Prev. Rec'ded as S 89°50'10"E) 1320.00 FT and South 516.03 FT (Prev. Rec'ded as 517.23 FT) from the NW Cor. of Sec. 25 T3N, R9E; TH from said point of beginning South 96.00 FT; TH East 140.00 FT; TH North 13.68 FT; TH East 232.00 FT; TH South 211.09 FT; TH East 213.78 FT; TH S 0°10'03"E 40.30 FT; TH East 150.00 FT to a point on the West Line of "BIRDSLAND SUBDIVISION" as recorded in Liber 34 of Plats, Page 28 Oakland County Records; TH S 00°10'03"E (Prev. Rec'ded as S0°28'50"E) 492.35 FT along said West Line of "BIRDSLAND SUBDIVISION"; TH N 89° 42'30"W 737.35 FT to the SE Corner of "CHEROKEE HILLS SUB. NO.-2"; TH the following five courses along the East Lines of said "CHEROKEE HILLS SUB. NO.-2" North 385.00 FT and N 75°36'40"W 140.00 FT and N 26°40'30"W 110.00 FT and North 110.00 FT and N 43°36'20"E 268.23 FT to the point of beginning. Containing 11.89 Acres.

Subject to all easements and restrictions of record and all governmental limitations.

Sidwell # 13-25-176-001-NW¼

ARTICLE III

DEFINITIONS

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

defined as follows:

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

Section 2. Association. "Association" means Cherokee Hills Condominium Association, which is the non-profit corporation organized under Michigan law of which all Co-owners shall be members, which corporation shall administer, operate, manage and maintain the Condominium.

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

Section 4. Common Elements. "Common Elements", where used without modification, means both the General and Limited Common Elements described in Article IV hereof.

Section 5. Condominium Documents. "Condominium Documents" means and includes this Master Deed and Exhibits "A" and "B" hereto, and the Articles of Incorporation, Bylaws and rules and regulations, if any, of the Association, as all of the same may be amended from time to time.

Section 6. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements and structures thereon, and all easements, rights and appurtenances belonging to Cherokee Hills as described above.

Section 7. Condominium Project, Condominium or Project. "Condominium Project", "Condominium" or "Project" means Cherokee Hills, as a Condominium Project established in conformity with the Act.

Section 8. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit "B" hereto.

Section 9. Co-owner or Owner. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Units in the Condominium Project. The term "Owner", wherever used, shall be synonymous with the term "Co-owner".

Section 10. Consolidating Master Deed.

"Consolidating Master Deed" means the final amended Master Deed which shall describe Cherokee Hills as a completed Condominium Project and shall reflect the entire land area added to the Condominium from time to time under Article VI hereof, and all Units and Common Elements therein, and which shall express percentages of value pertinent to each Unit as finally readjusted. Such Consolidating Master Deed, when recorded in the office of the Oakland County Register of Deeds, shall supersede the previously recorded Master Deed for the Condominium and all amendments thereto.

Section 11. Developer. "Developer" means Cherokee Hills Development, a Registered Assumed Name for C. Bowles, Inc., a Michigan Corporation, which has made and executed this Master Deed, and its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, however and wherever such terms are used in the Condominium Documents.

Section 12. Development and Sales Period. "Development and Sales Period", for the purposes of the Condominium Documents and the rights reserved to Developer thereunder, shall be deemed to continue for so long as Developer continues to own any Unit in the Project or for so long as the Developer is entitled to add Units to the project as provided in Article VI hereof.

Section 13. First Annual Meeting. "First Annual Meeting" means the initial meeting at which non-developer Co-owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting is to be held (a) in the Developer's sole discretion after 50% of the Units are sold, or (b) mandatorily within (i) 54 months from the date of the first Unit conveyance, or (ii) 120 days after 75% of the Units are sold, whichever first occurs.

Section 14. Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Section 15. Unit or Condominium Unit. "Unit" or "Condominium Unit" each mean a singe Unit in Cherokee Hills as such space may be described in Article V, Section 1 hereof and on Exhibit "B" hereto, and shall have the same meaning as the term "Condominium Unit" as defined in the Act. All structures and improvements now or hereafter located within the boundaries of a Unit shall be owned in their entirety by the Co-owner of the Unit within which they are located and shall not, unless

otherwise expressly provided in the Condominium Documents, constitute Common Elements. The Developer does not intend to and is not obligated to install any structures whatsoever within the Units or their appurtenant Limited Common Elements.

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

ARTICLE IV

COMMON ELEMENTS

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

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

(a) Land. The land described in Article II hereof, (including the portions of Cherokee Hills Circle, Tomahawk Drive, Onagon Trail, Lacota Road, and Tomahawk Court located within the Condominium) and other common areas, if any, not identified as Limited Common Elements.

(b) Easements. All beneficial ingress, egress and utility easements, including city water and city sewer.

(c) Electrical. The electrical transmission mains throughout the Project, up to the point of lateral connections for Unit service.

(d) Telephone. The telephone system throughout the Project up to the point of lateral connections for Unit service.

(e) Gas. The gas distribution system throughout the Project up to the point of lateral connections for Unit service.

(f) Telecommunications. The telecommunications system, if and when any may be installed, up to the point of lateral connections for Unit

service.

(g) Retention Basin System and Storm Sewers. The storm water retention basis system and storm sewers throughout the Project.

(h) Entrance Areas. The entrance areas to the Condominium.

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

Section 2. Limited Common Elements. Limited Common Elements shall be subject to the exclusive use and enjoyment of the owner of the Unit to which the Limited Common Elements are appurtenant. The Limited Common Elements are as follows:

(a) Yard Areas. Each Limited Common Element immediately surrounding a Unit as designated on the Condominium Subdivision Plan is a Yard Area limited in use to the Unit which it immediately surrounds.

(b) City Water. Each city water tap is limited in use to the Unit served thereby.

(c) City Sewer. Each city sewer tap is limited in use to the Unit served thereby.

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

(a) Co-owner Responsibilities.

(i) Units and Limited Common Elements. It is anticipated that separate residential dwellings will be constructed within the Units depicted on Exhibit "B" hereto and that various appurtenances to such dwellings may extend into the Limited Common Element Yard Areas surrounding the same. Except as otherwise expressly provided, the responsibility for, and the costs of maintenance, decoration, repair and replacement of any dwelling and appurtenances to each dwelling as a Limited Common Element shall be borne by the Co-owner of the Unit which is

served thereby; provided, however, that the exterior appearance of such Units and appurtenant Limited Common Elements, to the extent visible form any other Unit or Common Element on the Project, shall be subject at all times to the approval of the Association and to reasonable aesthetic and maintenance standards prescribed the Association in duly adopted rules and regulations. In connection with any amendment made by the Developer pursuant to Article VII hereof, Developer may designate additional Limited Common Elements that are to be maintained, decorated, repaired and replaced at Co-owner expense or, in proper cases, at Association expense.

(ii) Utility Services. All costs of electricity, city water, city sewer and natural gas and any other utility services shall be borne by the Co-owner of the Unit to which such services are furnished.

(iii) Public Water Supply and Public Sewer Service. All costs of initial installation and subsequent maintenance, repair and replacement of water and sewer laterals including tap fees shall be separately borne by the Co-owners of the Units to which they are respectfully appurtenant.

(b) Association Responsibility for Units and Common Elements. The Association shall not be responsible for performing any maintenance, repair or replacement with respect to residences and their appurtenances located within the Condominium Units or within the Limited Common Elements appurtenant thereto. Nevertheless, in order to provide for flexibility in administering the Condominium, the Association, acting through its Board of Directors, may undertake such other regularly recurring, reasonably uniform, periodic exterior maintenance functions with respect to dwellings constructed within any Unit boundaries and their appurtenant Limited Common Elements as it may deem appropriate (including, without limitation, lawn mowing, snow removal, tree trimming and exterior painting). Nothing herein contained, however, shall compel the Association to undertake such responsibilities. Any such responsibilities undertaken by the Association shall be charged to any affected Co-owner on a reasonably uniform basis and collected in accordance with the assessment procedures established under Article II of the Bylaws. The Developer, in the initial maintenance budget for the Association, shall be entitled to determine the nature and extent of such services and reasonable rules and regulations may be promulgated in

connection therewith.

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

Section 4. Utility Systems. Some or all of the utility lines, systems (including mains and service leads) and equipment and the telecommunications, described above may be owned by local public authority or by the company that is providing the pertinent service. Accordingly, such utility lines, systems and equipment, and the telecommunications, shall be General Common Elements only to the extent of the Co-owners' interest therein, if any, and Developer makes no warranty whatever with respect to the nature or extent of such interest, if any. The extent of the Developer's responsibility will be to see that telephone, electric, water, sewer, and natural gas mains are installed within reasonable proximity to, but not within, the Units and their Limited Common Element Yard Areas. Each Co-owner will be entirely responsible for arranging for and paying all costs in connection with extension of such utilities by laterals from the mains to any structures and fixtures located within the Units and their respective Limited Common Element Yard Areas. In the event that, in the future, it shall be required by a public authority or public authorities or by a majority of Co-owners to replace public sewer and/or public water mains to serve the Units in this Condominium, then the collective costs assessable to the Condominium Premises as a whole of installation of such mains shall be borne equally by all Co-owners. Said mains shall be maintained by the Public Service Authority, or in lien thereof, by the Association. The laterals and the maintenance thereof shall be the responsibility of the Co-owner of the respective Unit serviced by the lateral.

Section 5. Use of Units and Common Elements. No Co-owner shall use his Unit or the Common Elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of his Unit or the Common Elements. No Limited Common Element may be modified or its use enlarged or diminished by the Association without the written consent of the Co-owner to whose Unit the same is appurtenant.

ARTICLE V

UNIT DESCRIPTIONS, PERCENTAGES OF VALUE AND CO-OWNER RESPONSIBILITIES

Section 1. Description of Units. Each Unit in the Condominium Project is described in this paragraph with

reference to the Condominium Subdivision Plan of Cherokee Hills as prepared by Kieft Engineering, Inc. and attached hereto as Exhibit "B". Each Unit shall consist of the space located within Unit boundaries as shown on Exhibit "B" hereto and delineated with heavy outlines together with all appurtenances thereto.

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

ARTICLE VI

EXPANSION OF CONDOMINIUM

Section 1. Increase in Number of Units. Any other provisions of this Master Deed notwithstanding, the number of Units in the Project may, at the option of the Developer, from time to time, within a period ending no later than 6 years from the date of recording this Master Deed, be increased by the addition to this Condominium of any portion of the area of future development and the establishment of residential Units thereon. The location, nature, appearance, and design of all such additional Units as may be established thereon shall be determined by the Developer in its sole discretion subject only to approval by the Township of Waterford. All such improvements shall be reasonably compatible with the existing Units in the Project, as determined by the Developer in its sole direction. No Unit shall be created within the area of future development that is not restricted exclusively to residential use.

Section 2. Expansion Not Mandatory. Nothing herein contained shall in any way obligate the Developer to enlarge the Condominium Project beyond the phase established by this Master Deed and the Developer may, in its discretion, establish all or a portion of said area of future development as a rental development, a separate condominium project (or projects) or any other form of development. There are no restrictions on the election of the Developer to expand the Project other than as explicitly set forth herein. There is no obligation on the part of the Developer to add to the Condominium Project all or any portion of the area of future development described in this

Article VI, nor is there any obligation to add portions thereof in any particular order nor to construct particular improvements thereon in any specific locations.

ARTICLE VII

CONVERTIBLE AREAS

Section 1. Designation of Convertible Areas. The Yard Areas adjacent to the respective Units are hereby designated as Convertible Areas within which the Units and Common Elements may be modified as provided herein.

Section 2. The Developer's Right to Modify Units and Common Elements. The Developer reserves the right, in its sole discretion, during a period ending no later than six years from the date of recording this Master Deed to modify the size, location, design or elevation of Units and/or General or Limited Common Elements appurtenant or geographically proximate to such Units within the Convertible Areas above designated for such purpose, so long as such modifications do not unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute or amenity of any Unit which adjoins or is proximate to the modified Unit or Common Element.

Section 3. Compatibility of Improvements. All improvements constructed within the Convertible Areas described above shall be reasonably compatible with the structures on other portions of the Condominium Project. No improvements, other than as above indicated, may be created on the Convertible Areas.

Section 4. Amendment of Master Deed. Modification of Units and Common Elements within this Condominium Project shall be given effect by appropriate amendments to the Master Deed in the manner provided by law, which amendments shall be prepared by and at the discretion of the Developer. Such amendments to the Master Deed shall also contain such further definitions and redefinitions of General or Limited Common Elements as may be necessary to adequately describe and service the Units and Common Elements being modified by such amendments. In connection with any such amendments, the Developer shall have the right to change the nature of any Common Element previously included in the Project for any purpose reasonably necessary to achieve the purpose of this Article.

Section 5. Consent of Interested Parties. All of the Co-owners and mortgagees of the Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously

consented to such amendments to this Master Deed as may be proposed by the Developer to effectuate the foregoing. All such interested persons irrevocably appoint the Developer and its successors as agent and attorney for the purpose of execution of such amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of recording an entire Master Deed or any Exhibits thereto, and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits thereto.

Section 6. Township Requirements. In the event that the Township of Waterford requires Marx Street to be connected to Onagon Trail, prior to final plan approval, appropriate easements and right of ways will be provided and dedicated affecting lot nineteen and/or lot twenty, which could ultimately expand or contract the number of Units. The Developer shall have the right to effectuate the foregoing.

ARTICLE VIII

OPERATIVE PROVISIONS

Any expansion or conversion in the Project pursuant to Articles VI or VII above shall be governed by the provisions as set forth below.

Section 1. Amendment of Master Deed and Modification of Percentages of Value. Such expansion or conversion of this Condominium Project shall be given effect by appropriate amendments to this Master Deed in the manner provided by law, which amendments shall be prepared by and at the discretion of the Developer and in which the percentages of value set forth in Article V hereof shall be proportionately readjusted when applicable in order to preserve a total value of 100% for the entire Project resulting from such amendments to this Master Deed. The precise determination of the readjustments in percentages of value shall be made within the sole judgment of the Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among percentages of value based upon the original method of determining percentages of value for the Project.

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

the Article, including, but not limited to, the connection of roadways and sidewalks in the Project to any roadways and sidewalks that may be located on, or planned for the area of future development and to provide access to any Unit that is located on, or planned for the area of future development from the roadways and sidewalks located in the Project.

Section 3. Consolidating Master Deed. A Consolidating Master Deed shall be recorded pursuant to the Act when the Project is finally concluded as determined by the Developer in order to incorporate into one set of instruments all successive stages of development. The Consolidating Master Deed, when recorded, shall supersede the previously recorded Master Deed and all amendments thereto.

Section 4. Consent of Interested Persons. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be proposed by the Developer to effectuate the purposes of Articles VI and VII above and to any proportionate reallocation of percentages of value of existing Units which the Developer may determine necessary in conjunction with such amendments. All such interested persons irrevocably appoint the Developer as agent and attorney for the purpose of execution of such amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording the entire Master Deed or the Exhibits hereto and may incorporate by reference all or any pertinent portion of this Master Deed and the Exhibits hereto.

ARTICLE IX

SUBDIVISION, CONSOLIDATION, AND OTHER MODIFICATIONS OF UNITS

Notwithstanding any other provision of the Master Deed or the Bylaws, Units in the Condominium may be subdivided, consolidated, modified and the boundaries relocated, in accordance with Sections 48 and 49 of the Act and this Article; such changes in the affected Unit or Units shall be promptly reflected in a duly recorded amendment or amendments to this Master Deed.

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

(a) Subdivide Units. Subdivide or resubdivide any Units which it owns and in connection therewith to

install utility conduits and connections and any other improvements reasonably necessary to effect the subdivision, any or all of which may be designated by the Developer as General or Limited Common Elements; such installation shall not disturb any utility connections serving Units other than temporarily. Such subdivision or resubdivision of Units shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the sole discretion of Developer, its successors or assigns.

(b) Consolidate Contiguous Units. Consolidate under single ownership two or more Units. Such consolidation of Units shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by Law, which amendment or amendments shall be prepared by and at the sole discretion of the Developer, its successors or assigns.

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

(d) Amend to Effectuate Modifications. In any amendment or amendments resulting from the exercise of the rights reserved to Developer above, each portion of the Unit or Units resulting from such subdivision, consolidation or relocation of boundaries shall be separately identified by number and the percentage of value as set forth in Article V hereof for the Unit or Units subdivided, consolidated or as to which boundaries are relocated shall be proportionately allocated to the resultant new Condominium Units in order to preserve a total value of 100% for the entire Project resulting from such amendment or amendments to this Master Deed. The precise determination of the readjustments in percentage of value shall be within the sole judgment of Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among percentages of value based upon the original method of determining percentages of value for the Project. Such amendment or amendments to the

Master Deed shall also contain such further definitions of General or Limited Common Elements as may be necessary to adequately describe the Units in the Condominium Project as so modified. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing and to any proportionate reallocation of percentages of value of Units which Developer or its successors may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer or its successors as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording an entire Master Deed or the Exhibits hereto.

Section 2. By Co-owners. One or more Co-owners may undertake:

(a) Subdivision of Units. The Co-owner of a Unit may subdivide his Unit upon request to the approval by the Association. Upon receipt of such request, the president of the Association shall present the matter to the Board of Directors for review and, if approved by the Board, cause to be prepared an amendment to the Master Deed, duly subdividing the Unit, separately identifying the resulting Units by number or other designation, designating only the Limited or General Common Elements in connection therewith, and reallocating the percentages of value (if necessary) in accordance with the Co-owner's request. The Co-owner requesting such subdivision shall bear all costs of such amendment. Such subdivision shall not become effective, however, until the amendment to the Master Deed, duly executed by the Association, has been recorded in the office of the Oakland County Register of Deeds.

(b) Consolidation of Units; Relocation of Boundaries. Co-owners of adjoining Units may relocate boundaries between their Units or eliminate boundaries between two or more Units upon written request to and approval by the Association. Upon receipt of such request, the president of the Association shall present the matter to the Board of Directors for review and, if approved by the Board, cause to be prepared an amendment to the Master Deed duly

relocating the boundaries, identifying the Units involved, reallocating percentages of value and providing for conveyancing between or among the Co-owners involved in relocation of boundaries. The Co-owners requesting relocation of boundaries shall bear all costs of such amendment. Such relocation or elimination of boundaries shall not become effective, however, until the amendment to the Master Deed has been recorded in the office of the Oakland County Register of Deeds.

Section 3. Limited Common Elements. Limited Common Elements shall be subject to assignment and reassignment in accordance with Section 39 of the Act and in furtherance of the rights to subdivide, consolidate or relocate boundaries described in this Article IX.

ARTICLE X

EASEMENTS

Section 1. Easement for Maintenance of Encroachments and Utilities. In the event of any encroachments due to shifting, settling or moving of a building, or due to survey errors, or construction deviations, reciprocal easements shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction. There shall be easements to, through and over those portions of the land, structures, buildings and improvements for the continuing maintenance, repair, replacement, enlargement of or tapping into all utilities in the Condominium.

Section 2. Easements Retained by Developer.

(a) Roadway Easements. The Developer reserves for the benefit of itself, its successors and assigns, and all future owners of the land described in Article VI or any portion or portions thereof, an easement for the unrestricted use of all roads and walkways in the Condominium for the purpose of ingress and egress to and from all or any portion of the parcel described in Article VI. All expenses of maintenance, repair, replacement and resurfacing of any road referred to in this Section shall be shared by this Condominium and any developed portions of the land described in Article VI whose closest means of access to a public road is over such road or roads. The Co-owners of this Condominium shall be responsible for payment of a proportionate share of such expenses which share shall be determined by multiplying such expenses by a fraction, the numerator of which is the number of

Units in this Condominium, and the denominator of which is comprised of the numerator plus all other Units in the land described in Article VI whose closest means of access to a public road is over such road.

The Developer reserves the right at any time during the Development and Sales Period to dedicate to the public a right-of-way of such width as may be required by the local public authority over any or all of the roadways in Cherokee Hills shown as General Common Elements in the Condominium Subdivision Plan. Any such right-of-way dedication may be made by the Developer without the consent of any Co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to the Condominium Subdivision Plan hereto, recorded in the Oakland County Records. This right to dedicate may be assigned by the Developer to the Association in writing and, when recorded in the office of the Oakland County Register of Deeds, shall have effect for the duration of continuance of the Condominium. All of the Co-owners and mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing right-of-way dedication.

(b) Utility Easements. The Developer also hereby reserves for the benefit of itself, its successors and assigns, and all future owners of the land described in Article VI or any portion or portions thereof, perpetual easements to utilize, tap, tie into, extend and enlarge all utility mains located in the Condominium, including, but not limited to water, gas, storm and sanitary sewer mains. In the event Developer, its successors or assigns, utilizes, taps, ties into, extends or enlarges any utilities located in the Condominium, it shall be obligated to pay all of the expenses reasonably necessary to restore the Condominium Premises to their state immediately prior to such utilization, tapping, tying-in, extension or enlargement. All expenses of maintenance, repair and replacement of any utility means referred to in this Section shall be shared by this Condominium and any developed portions of the land described in Article VI which are served by such mains. The Co-owners of this Condominium shall be responsible from time to time for payment of a proportionate share of said expenses which share shall be determined by multiplying such expenses times a

fraction, the numerator of which is the number of Units in this Condominium, and the denominator of which is comprised of the numerator plus all other Units in the land described in Article VI that are served by such mains.

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

Section 3. Grant of Easements by Association. The Association, acting through its lawfully constituted Board of Directors (including any Board of Directors acting prior to the Transitional Control Date) shall be empowered and obligated to grant such reasonable easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium Premises for utility purposes or other lawful purposes, as may be necessary for the benefit of the Condominium subject, however, to the approval of the Developer so long as the Development and Sales Period has not expired. No easement created under the Condominium Documents may be modified, nor may any of the obligations with respect thereto be varied, without the consent of each person benefitted or burdened thereby.

Section 4. Association Easements for Maintenance, Repair and Replacement. The Developer, the Association and all public or private utilities shall have such easements over, under, across and through the Condominium Premises, including all Units and Common Elements, as may be necessary to fulfill any responsibilities of maintenance, repair, decoration, replacement or upkeep which they or any of them are required or permitted to perform under the Condominium Documents or by law or to respond to any emergency or common need of the Condominium; provided, however, that the easements granted hereunder shall not entitle any person other than the Owner hereof to gain entrance to the interior of any dwelling Unit or garage located within a Unit or Yard area appurtenant thereto.

While it is intended that each Co-owner shall be solely responsible for the performance and costs of all maintenance, repair and replacement of and decoration of the residence and all other appurtenance and improvements constructed or otherwise located within his Unit and its Limited Common Element Yard Area, it is nevertheless a matter of concern that a Co-owner may fail to properly maintain the exterior of his Unit or any Limited Common Elements appurtenant thereto in a proper manner and in accordance with the standards set forth in this Master Deed, the Bylaws and any rules and regulations promulgated by the Association. Therefore, in the event a Co-owner fails, as required by this Master Deed, the Bylaws or any rules and regulations of the Association, to properly and adequately maintain, decorate, repair, replace or otherwise keep his Unit or any improvements or appurtenances located therein or any Limited Common Elements appurtenant thereto, the Association (and/or the Developer during the Development and Sale Period) shall have the right, and all necessary easements in furtherance thereof, (but not the obligation) to take whatever action or actions it deems desirable to so maintain, decorate, repair or replace the Unit (including the exteriors of any structures located therein), its appurtenances or any of its Limited Common Elements, all at the expense of the Co-owner of the Unit. Neither the Developer nor the Association shall be liable to the Owner of any Unit or any other person, in trespass or in any other form of action, for the exercise of rights pursuant to the provisions of this Section or any other provision of the Condominium Documents which grant such easements, rights of entry or other means of access. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time. All costs incurred by the Association or the Developer in performing any responsibilities which are required, in the first instance to be borne by any Co-owner, shall be assessed against such Co-owner and shall be due and payable with his monthly assessment next falling due; further, the lien for non-payment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the Condominium Documents and by law for the collection of regular assessments including, without limitation, legal action, foreclosure of the lien securing payment and imposition of fines.

Section 5. Telecommunications Agreements. The Association, acting through its duly constituted Board of Directors and subject to the Developer's approval during the Development and Sales Period, shall have the power to grant such easements, licenses, and other rights of entry, use and access and to enter into any contract or agreement, including wiring agreements, right-of-way agreements, access agreements and multi-unit agreements and, to the extent allowed by law,

contracts for sharing of any installation or periodic subscriber service fees as may be necessary, convenient or desirable to provide for telecommunications, videotext, broad band cable, satellite dish, earth antenna and similar services (collectively "Telecommunications") to the Project or any Unit therein. Notwithstanding the foregoing, in no event shall the Board of Directors enter into any contract or agreement or grant any easement, license or right of entry or do any other act or thing which will violate any provision of any federal, state or local law or ordinance. Any and all sums paid by any telecommunications or other company or entity in connection with such service, including fees, if any, for the privilege of installing same or sharing periodic subscriber service fees, shall be receipts , affecting the administration of the Condominium Project within the meaning of the Act and shall be paid over to and shall be the property of the Association.

Section 6. Emergency Vehicle Access Easement. There shall exist for the benefit of the Township of Waterford or any emergency service agency, an easement over all roads in the Condominium for use by the Township and/or emergency vehicles. Said easement shall be for purposes of ingress and egress to provide, without limitation, fire and police protection, ambulance and rescue services and other lawful governmental or private emergency services and other lawful governmental or private emergency services to the Condominium Project and Co-owners thereof. This grant of easement shall in no way be construed as a dedication of any streets, roads or driveways to the public.

ARTICLE XI

AMENDMENT

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

Section 1. Modification of Units or Common Elements. No Unit dimension may be modified in any material way without the consent of the Co-owner of such Unit nor may the nature or extent of Limited Common Elements or the responsibility for maintenance, repair or replacement thereof be modified in any material way without the written consent of the Co-owner of any Unit to which the same are appurtenant.

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

Section 3. By Developer. Prior to 1 year after expiration of the Development and Sales Period, the Developer may, without the consent of any Co-owner or any other person, amend this Master Deed and the Condominium Subdivision Plan attached as Exhibit "B" in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the Bylaws attached hereto as Exhibit "A" as do not materially affect any rights of any Co-owners or mortgagees in the Project.

Section 4. Change in Percentage of Value. The value of the vote of any Co-owner and the corresponding proportion of common expenses assessed against such Co-owner shall not be modified without the written consent of each Co-owner and his mortgagee, nor shall the percentage of value assigned to any Unit be modified without like consent; thus, any change in such matters shall require unanimity of action of all Co-owners.

Section 5. Termination, Vacation, Revocation or Abandonment. The Condominium Project may not be terminated, vacated, revoked or abandoned without the written consent of the Developer and 80% of non-Developer Co-owners.

Section 6. Developer Approval. During the Development and Sales Period, the Condominium Documents shall not be amended nor shall the provisions thereof be modified in any way without the written consent of the Developer.

ARTICLE XII

ASSIGNMENT

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

WITNESSES:

Lawrence A. Baumgartner

Jane R. Ware

Cherokee Hills Development, a Registered Assumed Name for C. Bowles, Inc., a Michigan Corporation

BY: Charles C. Bowles, Jr.
CHARLES C. BOWLES, JR.
Its: President

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

On this 27th day of August, 1992, the foregoing Master Deed was acknowledged before me by Charles C. Bowles, Jr., the President of C. Bowles, Inc., a Michigan Corporation, on behalf of the corporation.

Lawrence A. Baumgartner
LAWRENCE A. BAUMGARTNER, Notary Public
Oakland County, Michigan
My Commission Expires: 03/20/93

Master Deed drafted by:

Lawrence A. Baumgartner of
Lawrence A. Baumgartner, P.C.
20 S. Gratiot Avenue, Suite 61
Mt. Clemens, MI 48043

WHEN RECORDED,
RETURN TO DRAFTOR

EXHIBIT "A"

CHEROKEE HILLS CONDOMINIUM ASSOCIATION

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

Cherokee Hills, a residential Condominium Project located in Waterford Township, Oakland County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all Amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II

ASSESSMENTS

All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Condominium Documents and the Act shall be levied by the Association against the Units and the Co-owners thereof in accordance with the following provisions:

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the

General Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the General Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a) Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those General Common Elements that must be repaired or replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this 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 from time to time. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner, and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, (2) to provide repairs or replacements of existing General Common Elements, (3) to provide additions to the General Common Elements not exceeding $1,000.00 annually for the entire Condominium Project, or (4) in the event of emergencies, the Board of

Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the General Common Elements of a cost exceeding $1,000.00 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than 60% of all Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article V of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in four (4) equal quarterly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such

assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Each installment in default for 10 or more days may bear interest from the initial due date thereof at the rate of 7% per annum until each installment is paid in full. The Association may assess reasonable automatic late charges or may, pursuant to Article XX hereof, levy fines for late payment of assessments in addition to such interest. Each Co-owner (whether 1 or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 5. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or be foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against 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 also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon 7 days written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-

owner of ingress or egress to and from 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. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XX of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph 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.

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that 1 or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies

hereunder if the default is not cured within 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the Project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

(d) Expenses of Collection. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's 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 of his Unit.

Section 6. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rate reallocation of such assessments or charges to all Units including the mortgaged Unit).

Section 7. Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, including the improvements located thereon, together with a proportionate share of all

current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to Units owned by it on which a completed residential dwelling is located. For instance, the only expenses presently contemplated that the Developer might be expected to pay are a pro rata share of snow removal and other road maintenance from time to time as well as a pro rata share of any liability insurance and other administrative costs which the Association might incur from time to time. Any assessments levied by the Association against the Developer for other purposes shall be void without Developer's consent. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. A "completed residential dwelling" shall mean a residential dwelling with respect to which a certificate of occupancy has been issued by Waterford Township.

Section 8. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 9. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 10. Construction Lien. A construction lien otherwise arising under Act 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a 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 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, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

ARTICLE III

ARBITRATION

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

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Co-owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

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

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, carry extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion, but in no event less than $500,000 per occurrence), officers' and directors' liability insurance, and workmen's compensation insurance, if applicable, and any other insurance the Association may deem applicable, desirable or necessary, pertinent to the ownership, use and maintenance of the General Common Elements and such insurance shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association, the Developer and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners.

(b) Insurance of Common Elements. All General Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, if applicable and appropriate, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. The Association shall not be responsible, in any way, for maintaining insurance with respect to Limited Common Elements.

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

(d) Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no

event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project and the General Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the 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 the such Co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibilities of Co-owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the building and all other improvements constructed or to be constructed within the perimeter of his Condominium Unit and its appurtenant Limited Common Element Yard Area and for his personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each Co-owner also shall be obligated to obtain insurance coverage for his personal liability for occurrences within the perimeter of his Unit and appurtenant Limited Common Element Yard Area or the

improvements located thereon (naming the Association and the Developer as insures) and also for any other personal insurance coverage that the Co-owner wishes to carry. Such insurance shall be carried in such minimum amounts as may be specified by the Association (and as specified by the Developer during the Development and Sales Period) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer upon request. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3, or any liability to any person for failure to do so.

Section 4. Waiver of Right of Subrogation. The Association and all Co-owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Co-owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

Section 5. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit or appurtenant Limited Common Element Yard Area and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Development and Sales Period). This Section 5 shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner, however.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:

(a) General Common Elements. If the damaged property is a General Common Element the damaged property shall be rebuilt or repaired unless all of the Co-owners and all of the institutional holders of mortgages on any Unit in the Project unanimously agree to the contrary.

(b) Unit or Improvements Thereon. If the damaged property is a Unit or Limited Common Element Yard Area or any improvements thereon, the Co-owner of

such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property, and such Co-owner shall be responsible for any reconstruction or repair that he elects to make. The Co-owner shall in any event remove all debris and restore his Unit and the improvements thereon to a clean and sightly condition satisfactory to the Association and in accordance with the provisions of Article VI hereof as soon as reasonably possible following the occurrence of damage.

Section 2. Repair in Accordance with Master Deed, Etc. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for any damaged improvements located within the Unit unless the Co-owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 4. Timely Reconstruction and Repair. If damage to the General Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay.

Section 5. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(a) Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a Unit or any improvements thereon by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision to the Act to the contrary. If a Co-owner's entire Unit

is taken by eminent domain, such Co-owner and his mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium Project.

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

(c) Continuation of Condominium After Taking. In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V 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 the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner.

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

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

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

ARTICLE VI

RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residential purposes and the Common Elements shall be used only for purposes consistent with single-family residential use.

Section 2. Leasing and Rental.

(a) Right to Lease. A Co-owner may lease or sell his Unit for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least 6 months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in his discretion.

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

(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least 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 the Developer desires to rent Units before the Transitional Control Date, he shall notify either the Advisory Committee or each Co-owner in writing.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the

Condominium Documents and all leases and rental agreements shall so state.

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

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

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

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

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

Section 3. Architectural Control. No building, structure or other improvement shall be constructed within a Condominium Unit or elsewhere within the Condominium Project,

nor shall any exterior modification be made to any existing buildings, structure or improvement, unless plans and specifications therefor, containing such detail as the Developer may reasonably request, have first been approved in writing by the Developer. Construction of any building or other improvements must also receive any necessary approvals from the local public authority. Developer shall have the right to refuse to approve any such plans or specifications, or grading or landscaping plans, which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners. Developer's rights under this Article VI, Section 3 may, in Developer's discretion, be assigned to the Association or other successor to Developer. Developer may construct or authorize any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents.

Section 4. Alternations and Modifications of Units and Common Elements. No Co-owner shall make alterations, modifications or changes in any of the Units or Common Elements, Limited or General, without the express written approval of the Board of Directors (and the Developer during the Development and Sales Period), including, without limitation, the erection of antennas of any sort (including dish antennas), lights, aerials, awnings, newspaper holders, basketball backboards, mailboxes, flag poles or other exterior attachments or modifications. No attachment, appliance or other item may be installed which is designed to kill or repel insects or other animals by light or humanly audible sound. No Co-owner shall in any way restrict access to any utility line, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way.

Section 5. Activities. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Co-owner shall do or permit anything to be done

or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 6. Pets. No animals, including household pets, shall be maintained by any Co-owner unless specifically approved in writing by the Association which consent, if given, shall be revocable at any time for infraction of the rules with respect to animals. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements. No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability with the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements even if permission was previously granted to maintain the pet on the premises. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association.

Section 7. Aesthetics. The Common Elements, both

Limited and General, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted to remain elsewhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium. Without written approval by the Association, no Co-owner shall change in any way the exterior appearance of the residence and other improvements and appurtenances located within his Unit. Thus, in connection with any maintenance, repair, replacement, decoration or redecoration of such residence, improvements or appurtenances, no co-owner shall modify the design, material or color of any such item including, without limitation, windows, doors, screens, roofs, siding or any other component which is visible from a Common Element or other Unit.

Section 8. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation purposes, may be parked or stored upon the General Common Elements of the Condominium. Vehicles shall be parked in garages to the extent possible. Any extra vehicles shall be parked within Unit or Yard Areas which have been approved for such purposes by the Association which approval shall not be unreasonably withheld. The Association may require reasonable screening of such supplementary parking areas within any Unit or Yard Area. Garage doors shall be kept closed when not in use. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. The Association may make reasonable rules and regulations in implementation of this Section. The purpose of this Section is to accommodate reasonable Co-owner parking but to avoid unsightly conditions which may detract from the appearance of the Condominium as a whole.

Section 9. Advertising. No signs or other advertising devices of any kind shall be displayed which are visible from the exterior of a Unit or on the Common Elements,

including "For Sale" signs, without written permission from the Association and, during the Development and Sales Period, from the Developer.

Section 10. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners.

Section 11. Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary to carry out any responsibilities imposed on the Association by the Condominium Documents. The Association or its agents shall also have access to Units and Limited Common Elements appurtenant thereto as may be necessary to respond to emergencies. 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 his Unit and any Limited Common Elements appurtenant thereto caused thereby. This provision, in and of itself shall not be construed to permit access to the interiors of residences or other structures.

Section 12. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements, Limited or General, without the prior written approval of the Association and the Developer, during the Development and Sales Period.

Section 13. Common Element Maintenance. Sidewalks, yards, landscaped areas, driveways, and parking areas shall not be obstructed nor shall they be used for purposes other than that for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements.

Section 14. Co-owner Maintenance. Each Co-owner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and

any other Common Elements which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Each individual Co-owner shall indemnify the Association and all other Co-owners against such damages and costs, including attorneys' fees, and all such costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 15. Reserved Rights of Developer.

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

all Co-owners.

(b) Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary elsewhere herein contained. Developer shall have the right to maintain a sales office, model units, advertising display signs, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by the Developer and may continue to do so during the entire Development and Sales Period.

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

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any

first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

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

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

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

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

Section 3. Designation of Voting Representative. Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the

Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 35% of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

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

ARTICLE IX

MEETINGS

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

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by

the Developer and may be called at any time after more than 50% of the Units in Cherokee Hills Condominium Association determined with reference to the recorded Consolidating Master Deed have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Co-owners of 75% of all Units that may be created or 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 10 days written notice thereof shall be given to each Co-owner. The phrase "Units that may be created" as used in this paragraph and elsewhere in the Condominium Documents refers to the maximum number of Units which the Developer is permitted under the Condominium Documents to include in the Condominium.

Section 3. Annual Meetings. Annual meeting of members of the Association shall be held on the third Tuesday of March each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than 8 months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XI of these Bylaws. The Co-owners may also transact at annual meeting each other business of the Association as may properly come before them.

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

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, at least 10 days, but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article VIII, Section 3 of

these Bylaws shall be deemed notice served. Any member may, by written waiver or notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 6. Adjournment. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

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

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

Section 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present

either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes; Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X

ADVISORY COMMITTEE

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

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number of Qualification of Directors. The Board of Directors shall be comprised of 3 members, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

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

(b) Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% in number of the Units that may be created, 1 of the 3 Directors shall be selected by non-developer Co-owners. When the required number of conveyances has been reached, the Developer shall notify the non-developer Co-owners and request that they hold a meeting and elect the required Director. Upon certification by the Co-owners to the Developer of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

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

(1) Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% in number of the Units that may be created, the non-developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least 1 Director as long the Units that remain to be created and conveyed equal at least 10% of all Units that may be created in the Project. Whenever the required conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(2) Regardless of the percentage of Units which have been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, the non-developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of

Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.

(3) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsection (2), or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection (b) results in a right of non-developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate 1 Director as provided in subsection (1).

(4) At the First Annual Meeting 2 Directors shall be elected for a term of 2 years and 1 Director shall be elected for a term of 1 year. At such meeting all nominees shall stand for election as 1 slate and the 2 persons receiving the highest number of votes shall be elected for a term of 2 years and the 1 person receiving the next highest number of votes shall be elected for a term of 1 year. At each annual meeting held thereafter, either 1 or 2 Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for 1 of the Directors elected at the First Annual Meeting) of each Director shall be 2 years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(5) One the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of the Co-owners to elect Directors and conduct other business shall

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

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

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

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

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

(c) To carry insurance and collect and allocate the proceeds thereof.

(d) To rebuild improvements after casualty.

(e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.

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

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association in number and in value.

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

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

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

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

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

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Co-owners qualified to vote and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 35%

requirement set forth in Article VIII, Section 4. Any Director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

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

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

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on 3 days notice to each Director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

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

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a

subsequent time upon 24 hours prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. First Board of Directors. The actions of the First Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE XII

OFFICERS

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

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

(b) Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim

basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

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

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

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

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

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

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

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

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

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceedings to which he may be a party or in which he may become involved by reason of

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

ARTICLE XVI

AMENDMENTS

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

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

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

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the right of a Co-owner or mortgagee.

Section 5. When Effective. Any amendment to these

Bylaws shall become effective upon recording of such amendment in the office of the Oakland County Register of Deeds.

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

ARTICLE XVII

COMPLIANCE

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

ARTICLE XVIII

DEFINITIONS

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

ARTICLE XIX

REMEDIES FOR DEFAULT

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

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

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by any Co-owner, the

Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's 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 such attorney's fees.

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements or into any Unit (but not into any dwelling or related garage), where reasonably necessary, and summarily remove and 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. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of Article XX thereof.

Section 5. Non-waiver of Right. The failure of the Association or if 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 6. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 7. Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

ARTICLE XX

ASSESSMENT OF FINES

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

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

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

(b) Opportunity to Defend. The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting but in no event shall the Co-owner be required to appear less than 10 days from the date of the Notice.

(c) Default. Failure to respond to the Notice of Violation constitutes a default.

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

Section 3. Amounts. Upon violation of any of the

provisions of the Condominium Documents and after default of the offending Co-owner or upon the decision of the Board as recited above, the following fines shall be levied:

(a) First Violation. No fine shall be levied.

(b) Second Violation. Twenty-Five Dollars ($25.00) fine.

(c) Third Violation. Fifty Dollars ($50.00) fine.

(d) Fourth Violation and Subsequent Violations. One Hundred Dollars ($100.00) fine.

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

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

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

liber 12855 page 266

OAKLAND COUNTY CONDOMINIUM SUBDIVISION PLAN NO. 777

EXHIBIT B TO THE MASTER DEED OF CHEROKEE HILLS

WATERFORD TWP., OAKLAND CO., MICHIGAN

ENGINEER & SURVEYOR
KIEFT ENGINEERING INC.
5852 So MAIN ST
CLARKSTON, MI. 48346

PROPERTY DESCRIPTION

PART OF THE NW 1/4 OF SEC. 25, T3N, R9E, WATERFORD TWP., OAKLAND CO., MICHIGAN, DESCRIBED AS BEGINNING AT A POINT ON THE EAST LINE OF "CHEROKEE HILLS SUB. NO.-2" AS RECORDED IN LIBER 35 OF PLATS, PAGES 35 AND 36 OAKLAND COUNTY RECORDS, LOCATED S 87°47'03"E (PREV. RECDED AS S 88°50'E) 1320.00 FT AND SOUTH 516.03 FT (PREV. RECDED AS 517.23 FT) FROM THE NW COR. OF SEC. 25 T3N, R9E; TH FROM SAID POINT OF BEGINNING SOUTH 36.00 FT; TH EAST 140.00 FT; TH NORTH 13.68 FT; TH EAST 232.00 FT; TH SOUTH 211.09 FT; TH EAST 213.78 FT; TH S 01°10'23"E 40.30 FT; TH EAST 150.00 FT TO A POINT ON THE WEST LINE OF "BROSLAND SUBDIVISION" AS RECORDED IN LIBER 34 OF PLATS, PAGE 28 OAKLAND COUNTY RECORDS; TH S03°20'03"E (PREV. RECDED AS S 02°26'30"E) 492.35 FT ALONG SAID WEST LINE OF "BROSLAND SUBDIVISION"; TH N 25°42'30"W 737.33 FT TO THE SE CORNER OF "CHEROKEE HILLS SUB. NO.-2"; TH THE FOLLOWING FIVE COURSES ALONG THE EAST LINES OF SAID "CHEROKEE HILLS SUB. NO.-2" NORTH 385.00 FT AND N 73°38'40"W 140.00 FT AND N 25°40'30"W 110.00 FT AND NORTH 110.00 FT AND N 43°38'20"E 556.23 FT TO THE POINT OF BEGINNING. CONTAINING 11.89 ACRES.

DEVELOPER
CHEROKEE HILLS DEVELOPMENT
6654 DIXIE HIGHWAY
CLARKSTON, MI. 48346

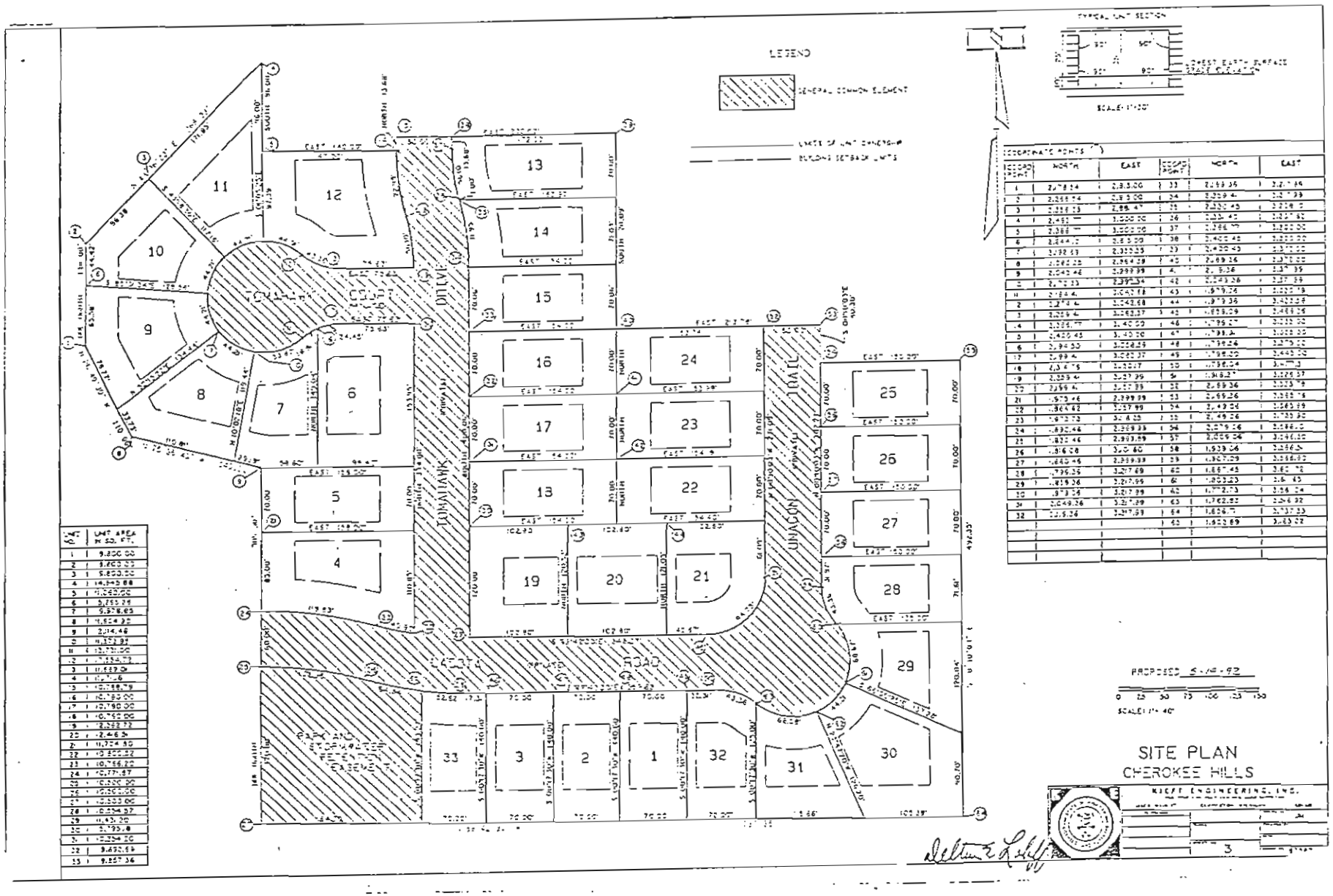
SHEET INDEX

1. TITLE, DESCRIPTION
2. SURVEY PLAN
3. SITE PLAN
4. UTILITY PLAN

PROPOSED 5-19-92

Dietrich E. Kieft

SHEET NO. 1



NOTE: UTILITY LOCATION SHOWN WAS TAKEN FROM ENGINEERING PLANS PREPARED BY KIEFT ENGINEERING INC.

LOCATION OF ELECTRIC, TELEPHONE AND T.V. CABLE TAKEN FROM PLANS BY DETROIT EDISON CO.

CURVE CHART					
NO.	RADIUS	DELTA	ARC	L.C. BEARING	L. CHORD
1	425.25	16°26'26"	19.34	N 8°16'45"W	19.40
2	245.28	5°26'25"	102.88	N 8°16'45"W	[illegible]
3	425.25	12°42'58"	[illegible]	S 3°48'00"E	[illegible]
4	365.25	[illegible]	40.80	S 77°26'22"E	40.78
5	60.00	41°24'25"	42.36	S 53°17'42"W	42.43
6	60.00	41°24'25"	42.36	S 53°17'42"E	42.43
7	60.00	262°45'09"	275.22	S 20°00'00"W	90.00
8	199.84	16°25'25"	56.2	N 28°00'00"W	55.92
9	253.84	16°25'25"	72.55	N 28°00'00"E	72.75
10	199.84	16°25'25"	56.2	S 28°00'00"E	55.92
11	253.84	16°25'25"	72.55	S 28°00'00"E	[illegible]
12	50.00	30°27'23"	74.72	N 42°03'44"E	[illegible]
13	50.00	41°24'25"	42.36	N 53°00'[illegible]W	42.43
14	50.00	172°15'43"	150.46	N 42°03'44"E	99.79
15	60.00	41°24'25"	42.36	S 22°52'22"E	42.43

LEGEND

- LIMITS OF UNIT OWNERSHIP
- BUILDING SETBACK LIMITS
- WATER MAIN
- UNDERGROUND ELECTRIC, TELEPHONE & T.V. CABLE
- EXISTING 42" SANITARY SEWER
- SANITARY SEWER
- STORM SEWER
- MANHOLE
- CATCHBASIN
- INLET

PROPOSED 4-16-82

0 25 50 75 100 125 150

SCALE: 1" = 40'

UTILITY PLAN
CHEROKEE HILLS

KIEFT ENGINEERING, INC.