



SAN BAR BEACH CONDOMINIUM

**SAN BAR BEACH, A CO-PARTNERSHIP
APARTMENT 5F
6334 N. SHERIDAN ROAD
CHICAGO, IL 60660
(847) 570 - 2356**

MASTER DEED

SAN BAR BEACH CONDOMINIUM

THIS MASTER DEED has been executed on August 21, 2001, on behalf of San Bar Beach, a Michigan co-partnership of San Bar Beach Partnership, 317 Center St., South Haven, MI 49090 (hereinafter referred to as "Developer"), pursuant to the provisions of the Michigan Condominium Act, Act 59 of the Public Acts of 1978, as amended, including, but not limited to, those amendments contained in Act 538 of the Public Acts of 1982 and in Act 113 of the Public Acts of 1983 (hereinafter referred to as the "Act").

RECITALS

A. The Developer desires to establish the real property described in Article II below, together with all improvements located and to be located thereon, and all appurtenances thereto, as a condominium project under the provisions of the Act.

B. The Developer has prepared and executed this Master Deed, together with the Condominium Bylaws attached hereto as Exhibit A and the Condominium Subdivision Plan attached hereto as Exhibit B, to accomplish these purposes.

ARTICLE I

DEDICATION

By executing and recording this Master Deed, the Developer establishes San Bar Beach Condominium (sometimes hereinafter referred to as the "Condominium Project") as a condominium project under the Act. After being so established, the Condominium Project shall be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved and in every manner utilized subject to the provisions, covenants, conditions, restrictions and obligations set forth in this Master Deed (including Exhibits A and B hereto) and to the provisions of the Act. All of the provisions, covenants, conditions, restrictions and obligations set forth in this Master Deed (including Exhibits A and B hereto) shall run with the real property included in the Condominium Project and shall be a burden on, and a benefit to, the Developer, its successors and assigns, and all persons acquiring or owning an interest in the Condominium Project, or in the real property hereby dedicated to the Condominium Project, and their grantees, heirs, successors and personal representatives. The remainder of this Master Deed (including Exhibits A and B hereto) has been set forth in furtherance of the establishment of the Condominium Project.

ARTICLE II

LEGAL DESCRIPTION

The real property which is dedicated to the Condominium Project established hereby is legally described as follows:

Beginning on the East line of Section 35, Town 1 North, Range 17 West, Casco Township, Allegan County, Michigan, at a point 1157.00 feet North of the East quarter post of said Section; thence continuing North on the East Section line 157.81 feet to the East and West eighth line of the Northeast quarter; thence North 89° 37' 30" West on said eighth line to Lake Michigan; thence Southerly along said Lake to a point North 89° 37' 30" West of beginning; thence South 89° 37' 30" East to the place of beginning.

ARTICLE III

DEFINITIONS

When used in any of the Condominium Documents (as hereinafter defined), or in any contract, deed, mortgage, lien, easement or other instrument affecting the Condominium Project or the establishment or transfer of any interest therein, the following terms shall carry the definitions which follow them unless the context clearly indicates to the contrary:

- (a) "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended, including, but not limited to, amendments contained in Act 538 of the Public Acts of 1982 and in Act 113 of the Public Acts of 1983.
- (b) "Association" means San Bar Beach Condominium Association, a not-for-profit corporation organized under the laws of the State of Michigan, of which all owners shall be members and which shall administer, operate, manage and maintain the Condominium Project. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless explicitly reserved to the members by the Condominium Documents or the laws of the State of Michigan, and any reference to the Association shall, where appropriate, also constitute a reference to its Board of Directors.
- (c) "Association Bylaws" means the corporate Bylaws of the Association.
- (d) "Board of Directors" or "Board" means the Board of Directors of the Association. The Board will initially be those individuals selected by Developer and later it will be elected by unit owners as provided herein.
- (e) "Common Elements", where used without modification, means both the general and limited common elements, if any, as defined in Article V hereof.
- (f) "Condominium Bylaws" means Exhibit A hereto, the Bylaws for the Condominium Project setting forth the rights and obligations of the owners and required by Sections 3(8), 53 and 54 of the Act to be recorded as part of the Master Deed.
- (g) "Condominium Documents" means and includes this Master Deed, Exhibits A and B hereto, and the Articles of Incorporation, Bylaws and the Rules and Regulations, if any, of the Association.
- (h) "Condominium Premises" means and includes the land and all improvements and structures thereon (except the dwelling units and other improvements constructed by the Co- owners) and all easements, rights and appurtenances belonging to the Condominium Project as described above.
- (i) "Condominium Project" means San Bar Beach Condominium, a Condominium Project established pursuant to the Act.
- (j) "Condominium Subdivision Plan" means Exhibit B hereto.

(k) "Condominium unit" or "unit" each means that portion of the Condominium Project designed and intended for separate ownership and use, as described on Exhibit B hereto. Each unit shall consist of the exclusive use of all the airspace and soils as described in Exhibit B within the unit boundaries.

(l) "Co-owner", "Owner" or "member" each means a person, firm, corporation, partnership, trust or other legal entity or any combination thereof who or which owns legal or equitable title to a condominium unit within the Condominium Project and, therefore, is a member of the Association.

(m) "Developer" means San Bar Beach, a Michigan co-partnership, which has prepared and executed this Master deed, and shall include its successors and assigns.

(n) "Master Deed" means this Master Deed, including Exhibits A and B hereto, both of which are hereby incorporated by reference and made a part hereof.

Terms not defined herein, but defined in the Act, shall carry the meaning given them in the Act unless the context clearly indicates to the contrary. Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where such a reference would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where such a reference would be appropriate, and vice versa.

ARTICLE IV

TITLE AND NATURE

The Condominium Project shall be known as San Bar Beach Condominium, Allegan County Subdivision Plan No. __. The architectural plans for all dwellings and other improvements to be constructed within the Project must be approved by the Township of Casco and thereafter will be filed with the Township of Casco. The improvements contained in the Condominium Project, including the number, boundaries, dimensions, and area of each unit, are set forth completely in the Condominium Subdivision Plan attached hereto as Exhibit B. The Condominium Project contains individual units to be used for residential purposes, and each unit has been designed and intended for separate ownership and use. Each owner in the Condominium Project shall have an exclusive right to occupy his unit and shall have undivided and inseparable rights to share with other owners the use and enjoyment of common elements.

ARTICLE V

COMMON ELEMENTS

The common elements of the Condominium Project and the respective responsibilities for maintenance, decoration, repair or replacement thereof are as follows:

A. **General Common Elements.** The general common elements are:

(1) Land. The land described in Article II hereof including the land lying below each unit.

(2) Improvements. All roads, sidewalks, parking, lawns, landscaping, recreational facilities and other improvements not identified as Limited Common Elements and not located within the boundaries of a condominium unit. Those structures and improvements that now or hereafter are located within the boundaries of a condominium unit shall be owned in their entirety by the owner of the unit in which they are located and shall not, unless otherwise expressly provided in the condominium documents, constitute common elements.

- (3) The telephone system throughout the Condominium Project not located within the boundaries of a unit.
- (4) The electrical system throughout the Condominium Project not located within the boundaries of a unit.
- (5) The water distribution system, storm water discharge and detention system and sanitary sewer system (if any) throughout the Condominium Project not located within the boundaries of a unit.
- (6) The gas line system throughout the Condominium Project not located within the boundaries of a unit.
- (7) Any television cable network or facilities that may from time to time be installed in the Condominium Project not located within the boundaries of a unit.
- (8) Such other elements of the Condominium Project not herein designated as general nor limited common elements which are not enclosed within the boundaries of any unit, and which are intended for common use or are necessary to the existence, upkeep and safety of the project.

Some or all of the utility lines, systems (including mains and service leads) and equipment and the cable television system described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility lines, systems and equipment and the cable television system shall be general common elements only to the extent of the owners' interest therein, if any, and Developer makes no warranty whatever with respect to the nature or extent of such interest, if any.

B. Limited Common Elements. The limited common elements (if any), as shown on Exhibit B, shall be appurtenant to the unit or units to which they are attached or which they service.

C. Upkeep of Common Elements and Units: Payment of Utility Bills. The cost of improvement, maintenance, repair and replacement of the general common elements (except the land lying below a unit) shall be borne by the Association, except to the extent of maintenance, repair or replacement due to the act or neglect of an owner or his agent, guest, invitee, family member or pet, for which such owner shall be wholly responsible. Except as otherwise provided herein or in the Condominium Bylaws, any damage caused to a unit or its contents by the maintenance or by repair activities of the Association or by the common elements shall be repaired at the expense of the Association.

The improvement, maintenance, repair and replacement of the common elements are subject to such written standards as may be established by the Board of Directors or its designee(s).

Each owner shall be responsible for payment of the utilities attributable to his unit and shall be responsible for the improvement, maintenance, repair and replacement of his unit, the limited common areas appurtenant to his unit and any structures and improvements located within the unit, including the general common land lying below his unit; the utilities within the unit; any driveway or sidewalk appurtenant to his unit and any landscaping which he may supply to his unit. The exterior appearance of all such structures, improvements and yard areas (to the extent visible from any other unit or common element), shall be subject at all times to the approval of the Association and to such reasonable aesthetic and maintenance standards as may be prescribed by the Association in duly adopted rules and regulations.

Each co-owner shall be responsible for constructing and maintaining, at his sole expense, a connection, within the boundaries of his unit, in accordance with all applicable governmental laws and regulations, to a public sewage disposal system approved by the Allegan County Department of Health or other agency having jurisdiction thereof.

Each co-owner shall be responsible for constructing and maintaining, at his sole expense, a connection, within the boundaries of his unit, in accordance with all applicable governmental laws and regulations, to a public water supply system approved by the Allegan County Department of Health or other agency having jurisdiction

thereof.

Any maintenance, repair or replacement (the cost of which is to be borne by the owner) may, if not performed by the owner, be performed by or under the direction of the Association and the cost may be assessed against the responsible owner in the manner provided herein and by law for the collection of regular assessments.

D. Use of Common Elements. No owner shall use his unit or the common elements in any manner inconsistent with the purposes of the Condominium Project or in any manner which will interfere with or impair the rights of any other owner in the use and enjoyment of his unit or the common elements.

ARTICLE VI

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

A. Description. Each unit in the Condominium Project is described in this paragraph with reference to the Condominium Subdivision Plan of San Bar Beach Condominium as surveyed by Mitchell Surveys, Inc., and attached hereto as Exhibit B. Each unit shall consist of all that space within the unit boundaries as shown in Exhibit B and delineated with heavy outlines, together with all appurtenances thereto.

B. Percentage of Value. The total value of the project is 100%. Based upon their market value, size and allocable expenses of maintenance, and considering that each unit benefits approximately equally from services provided by the Association and that the cost of services to each unit is approximately equal, each unit has been assigned a value of 8.33%. These percentages of value shall be determinative of the proportionate share of each unit in the common expenses and proceeds of administration, the value of such unit's vote at certain meetings of the Association of owners, and of such unit's undivided interest in the common elements (which is hereby allocated to each unit). The percentages of value allocated to the units may be changed only with the prior written approval of each holder of a first mortgage lien on any unit in the project and with the unanimous consent of all of the owners expressed in a duly recorded amendment to this Master Deed.

ARTICLE VII

EASEMENTS

A. Easements for Maintenance and Related Matters. 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 easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium. There shall be permanent easements to, through, over, under and across the Condominium Premises, including all units, (1) for the maintenance and repair (including replacement) of all common elements, which easements shall be administered by the Association, and (2) as may be reasonable for the installation and continuing maintenance and repair (including replacement) of all utilities in the Condominium Project, including, but not necessarily limited to, light, heat, power, sewer, water, storm water discharge and detention and communications, which utilities are sometimes collectively referred to in this Article VII as "utilities" or "utility services" which utilities shall be administered by the Association.

B. 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 easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium. No easement created under the Condominium Documents may be modified nor

obligations with respect thereto varied without the consent of each person benefitted thereby.

ARTICLE VIII

AMENDMENT

Except as otherwise expressly provided in this Master Deed, the Condominium Project shall not be terminated, vacated, revoked or abandoned except as provided in the Act, nor may any of the provisions of this Master Deed or Exhibit B be amended (but Exhibit A hereto may be amended as therein provided) except as follows:

A. (1) The Condominium Documents may be amended without the consent of owners or mortgagees for any purpose if the amendment does not materially alter or change the rights of an owner or mortgagee. Amendments modifying the types and sizes of unsold units and their appurtenant common elements, showing minor variances and modifications to a unit, correcting survey or other errors made in the Condominium Documents, or for the purpose of facilitating mortgage loan financing for existing or prospective owners and to enable the purchase or insurance of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans Administration, the Department of Housing and Urban Development, or by any other institutional participant in the secondary mortgage market which purchases or insures mortgages shall be examples of amendments which do not materially alter or change the rights of an owner or mortgagee.

(2) Except as hereinafter provided, this Master Deed, the Condominium Bylaws, and the Condominium Subdivision Plan may be amended, even if the amendment will materially alter or change the rights of the owners or mortgagees, with the consent of not less than two-thirds of the votes of the owners and mortgagees. A mortgagee shall have one (1) vote for each mortgage held.

(3) The method or formula used to determine the percentage of value of units in the Project for other than voting purposes, and any provisions relating to the ability or terms under which an owner may rent a unit, may not be modified without the consent of each affected owner and mortgagee. An owner's condominium unit dimensions may not be modified without the owner's consent.

(4) Provided, however, that in no case, unless (i) all of the first mortgagees and (ii) all owners of the individual condominium units, shall the Association be entitled to:

(a) By any act or omission seek to abandon or terminate the Condominium Project;

(b) Change the pro rata interest or obligations of any individual condominium unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each condominium unit and the common elements; or

(c) Partition or subdivide any condominium unit.

(5) Owners and mortgagees of record shall be notified in writing of proposed amendments not less than ten (10) days before the amendment is recorded at their address reflected on the condominium records.

B. (1) An amendment to this Master Deed shall not be effective until the amendment is recorded.

(2) A copy of the recorded amendment shall be delivered to each owner.

C. A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of a prescribed majority of owners

or based upon the Advisory Committee's decision, the costs of which shall be deemed expenses of administration.

ARTICLE IX

CONTROLLING LAW

The provisions of the Act, and of the other laws of the State of Michigan, shall be applicable to and govern this Master Deed and all activities related thereto.

IN WITNESS WHEREOF, the undersigned has executed this Master Deed as of the date first written above.

SAN BAR BEACH , A MICHIGAN CO-PARTNERSHIP

By: _____
Michael Amer, Managing Partner

WITNESSES:

STATE OF MICHIGAN]
] ss.
COUNTY OF VAN BUREN]

The foregoing instrument was acknowledged before me on _____, 2001, by Michael Amer, Managing Partner, on behalf of San Bar Beach, a Michigan co-partnership.

 , Notary Public
Van Buren County, Michigan
My commission expires: _____

Prepared by and return to:
J. Glenn Sperry
SPERRY & BOWMAN
317 Center Street
South Haven, MI 49090

081701

EXHIBIT A
CONDOMINIUM BYLAWS
OF
SAN BAR BEACH CONDOMINIUM
ARTICLE I
THE CONDOMINIUM

Section 1. Organization. San Bar Beach Condominium, a residential condominium located in the Township of Casco, Allegan County, Michigan (the "Condominium"), shall be administered by an association of co-owners (the "Association") which shall be organized as a nonprofit corporation under the laws of the State of Michigan. The Association will be responsible for the management, maintenance, operation and administration of the common elements, easements and, generally, the affairs of the Condominium in accordance with the Master Deed, these Bylaws, the Articles of Incorporation, Bylaws, Rules and Regulations of the Association, and the laws of the State of Michigan. 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.

Section 2. Compliance. All present and future co-owners (who shall be "members" of the Association as provided in Article II, Section 1, below; the terms "members" and "co-owners" are used interchangeably herein), mortgagees, tenants and all other persons who may in any manner use, enter upon or acquire any interest in the Condominium Premises, or any Condominium unit, shall be subject to and comply with the provisions of the Act, the Master Deed, these Condominium Bylaws, and the Articles of Incorporation, Bylaws, Rules and Regulations of the Association including, without limitation, any provision thereof pertaining to the use and operation of the Condominium Premises and the Condominium. The acceptance of a deed or conveyance, the taking of a mortgage, the execution of a lease, the act of occupying a unit or presence in the Condominium shall constitute an acceptance of the provisions of these documents and an agreement to comply therewith.

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

ARTICLE II
MEMBERSHIP AND VOTING

Section 1. Membership. Each co-owner of a Condominium unit, present and future, shall be a member of the Association during the term of such ownership, and no other person or entity shall be entitled to membership. Neither Association membership nor the share of a member in the Association fund and assets shall be assigned, pledged or transferred in any manner, except as an appurtenance to a Condominium unit, and any attempted assignment, pledge or transfer in violation of this provision shall be wholly void.

Section 2. Voting Rights. Except as limited in the Master Deed and in these Bylaws, the members owning each unit shall collectively be entitled to one vote when voting by number and one vote, the value of which shall equal 8.33% for all purposes.

Section 3. Persons Entitled to Vote. If one person owns a unit, he shall establish his membership in the Association and his right to vote by presenting evidence of his ownership. If more than one person owns a unit, or the unit is leased, all of the record owners of the unit shall sign and file with the Secretary of the Association a certificate designating the person entitled to exercise the unit's membership in the Association, to cast the vote for the unit and to receive all notices and other communications from the Association. Such certificate shall state the name

and address of the individual representative designated, the number or numbers of the unit or units owned, the name and address of the person or persons, firm, corporation, partnership, association, trust or other legal entity who is the co-owner thereof, and shall be signed and dated by all co-owners of record. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until a change occurs in the record ownership of the unit concerned.

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

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

ARTICLE III

MEETINGS AND QUORUM

Section 1. First Meeting of Members. The first meeting of the members of the Association may be convened only by the Board of Directors and may be called at any time upon ten (10) days' written notice to all members. In no event, however, shall the first meeting be held later than one hundred twenty (120) days after the first conveyance of land or equitable title to a Condominium unit to a co-owner. The Board of Directors may call meetings of members of the Association for informational or other appropriate purposes prior to the first meeting of members, but no such meeting shall be construed as the first meeting of members.

Section 2. Annual Meetings of Members. Following the first meeting of members, an annual meeting of the members shall be held in each year at the time and place specified in the Association Bylaws. At least ten (10) days prior to the date of an annual meeting, written notice of the time, place and purpose of such meeting shall be sent by first-class mail, postage prepaid, to each person entitled to vote at the meeting.

Section 3. Special Meetings of Members. It shall be the duty of the President to call a special meeting of the members upon a petition signed by 25% of the co-owners and presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof and shall be given at least ten (10) days prior to the date of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Quorum of Members. Unless otherwise provided herein, the presence, in person or by proxy, of fifty-one percent (51%) in number of the members entitled to vote shall constitute a quorum of members. If a quorum shall not be present at any meeting, the members present may adjourn the meeting for not more than thirty (30) days.

ARTICLE IV

ADMINISTRATION

Section 1. Board of Directors. The business, property and affairs of the Association shall be managed by a Board of Directors, all of whom shall serve without compensation and who must be members of the Association (except for the first Board of Directors, designated in the Articles of Incorporation of the Association). The number, term of office, manner of election, removal and replacement, meetings, quorum and voting requirements, and other

duties or provisions of or relating to directors, not inconsistent with the following, shall be provided by the Association Bylaws.

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

- (a) To manage and administer the affairs of and to the Condominium, all appurtenances thereto, and the common elements, property and easements thereof;
- (b) To levy and collect assessments against and from the members of the Association and to use the proceeds therefrom for the purposes of the Association, and to enforce assessments through liens and foreclosure proceedings where appropriate;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To restore, repair or rebuild the Condominium, or any portion thereof, after occurrence of casualty, and to negotiate on behalf of all of the members in connection with any taking of the Condominium, or any portion thereof, by eminent domain;
- (e) To contract for and employ, and to discharge, persons or business entities to assist in the management, operation, maintenance and administration of the Condominium;
- (f) To make reasonable rules and regulations governing the use and enjoyment of the Condominium by members and their tenants, guests, employees, invitees, families and pets and to enforce such rules and regulations by all legal methods, including, without limitation, imposing fines and late payment charges, or instituting eviction or legal proceedings;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, transfer, mortgage or lease (as landlord or tenant), or otherwise deal in any real or personal property, including, but not limited to, any Condominium unit, easements, rights-of-way, licenses or any other real property, whether or not contiguous to the Condominium, to benefit the members of the Association and to further any of the purposes of the Association;
- (h) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Association, and to secure the same by mortgage, pledge or other lien on Association property; provided, however, that any such action shall first be approved by the affirmative vote of more than two-thirds (2/3) of the Association members in number at a meeting of the members duly called;
- (i) To establish such committees as it deems necessary, convenient or desirable to appoint persons thereto, to administer 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 make rules and regulations or to enter into agreements with institutional lenders, or both, for the purpose of obtaining mortgage financing for members which is acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association or any other agency of the federal government, the State of Michigan, the County of Allegan, the Township of Casco or any other agency or unit of government;
- (k) To enforce the provisions of the Master Deed and Bylaws of the Condominium and of these Articles of Incorporation and such Bylaws, rules and regulations of this Association as may hereafter be adopted, and to sue on behalf of the members with respect to the Condominium;

(l) To do anything required of or permitted to it as administrator of said Condominium by the Condominium Master Deed or Bylaws or by Act No. 59 of the Public Acts of 1978, as amended by Act No. 538 of the Public Acts of 1982, and Act No. 113 of the Public Acts of 1983.

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

Provided, however, that neither the Board nor the Association shall, by act or omission, abandon, partition, subdivide, encumber, sell or transfer the common elements, or any of them, unless at least two-thirds (2/3) of the mortgagees (based upon one vote for each mortgage owned) and two-thirds (2/3) of the members in number have consented thereto. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the Condominium, shall not be deemed a transfer for these purposes.

Section 3. Managing Agent. The Board of Directors may employ, at a compensation established by it, a Managing Agent for the Condominium to perform such duties and services as the Board shall authorize, including, but not limited to, the powers and duties set forth in Section 2 of this Article. Any Director, or any related person or entity, may serve as Managing Agent if so appointed. If the Board employs a professional management agent for the Association, the Board shall notify each holder of a mortgage lien on any Condominium unit prior to terminating the employment of such professional management agent (or any successor thereto) and assuming self management.

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

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

Section 6. Indemnification of Officers and Directors. The Association shall indemnify every Association director and officer against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him as a consequence of his being made a party to or being threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of his being or having been a director or officer of the Association, except in such cases wherein he is adjudged guilty of willful and wanton misconduct or gross negligence in the performance of his duties or adjudged to have not acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and its members, and with respect to any criminal action or proceeding, he is adjudged to have had no reasonable cause to believe that his conduct was unlawful; provided that, if a director or officer claims reimbursement or indemnification hereunder based upon his settlement of a matter, he shall be indemnified only if the Board of Directors (with any director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interests of the Association and, if a majority of the members request it, such approval is based on an opinion of independent counsel supporting the propriety of such indemnification and reimbursement. The foregoing right of indemnification shall be in addition to and not exclusive

of all other rights such director or officer may have. The Board of Directors shall notify all members that it has approved an indemnification payment at least ten (10) days prior to making such payment.

ARTICLE V

OPERATION OF THE PROPERTY

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

Section 2. Costs and Receipts to be Common. All costs incurred by the Association to satisfy any liability arising within, or caused by or in connection with the common elements, or caused by or in connection with the administration of the Condominium, shall be expenses of administration, and all sums received as proceeds of, or pursuant to, any insurance policy carried by the Association securing the interests of the members against liabilities or losses arising within, caused by or connected with, the common elements or the administration of the Condominium shall be receipts of administration.

Section 3. Books of Account. The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts affecting the Condominium and its administration of the Condominium and which specify the operating expenses of the Condominium. Such books of account shall specify the maintenance and repair expenses of the common elements and any other expenses incurred on behalf of the Association and members. The members and their mortgagees may inspect the books of account during reasonable working hours on normal working days at a place the Association designates. The books of account shall be audited at least annually by qualified independent auditors, but such audit need not be a certified audit nor must the auditors be certified public accountants. The cost of such audit, and all accounting expenses, shall be an expense of administration. Any institutional holder of a mortgage lien on any Condominium unit who so requests shall be given a copy of the audit report within ninety (90) days following the end of the Association's fiscal year. At least once a year, the Association shall prepare and distribute to each member a statement of its financial condition, the contents of which shall be defined by the Association.

Section 4. Regular Assessments. The Board of Directors shall establish an annual budget in advance for each fiscal year for the Condominium, and such budget shall contain the Board's estimate of the funds required to defray the expenses of administration for the forthcoming year, as those items are defined by these Bylaws, and all other common expenses. The budget also shall allocate and assess all such common charges against all members in accordance with the percentage of value allocated to each unit by the Master Deed, without increase or decrease for the existence of any rights to the use of limited common elements appurtenant thereto. The common expenses shall consist, among other things, of such amounts as the Board may deem proper for the operation, management and maintenance of the Condominium property under the powers and duties delegated to it hereunder, and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating fund, for a reserve fund and for meeting any deficit in the common expense budget for any prior year. The Board shall advise each member in writing of the amount of common charges payable by him and shall furnish copies of each budget on which such common charges are based to all members, although failure to deliver a copy of the budget to each member shall not affect any member's liability for any existing or future assessments. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient: (a) to pay the operation and management costs of the Condominium, (b) to provide for maintenance, repair or replacement of existing common elements, (c) to provide additions to the common elements or (d) to provide for emergencies, the Board may increase the general assessments or levy such additional assessment or assessments, and apportion them, as it deems necessary. Members shall pay all assessments levied in accordance with this Section 4 in annual installments commencing with acquisition of title to a unit by any means. The first annual installment shall be pro-rated as of the date of acquisition of title.

Section 5. Special Assessments. Special assessments, in addition to those provided for in Section 4 above, may be levied by the Board of Directors from time to time, following approval by the members as hereinafter provided, to meet other needs, requirements or desires of the Association, including, but not limited to: (a) assessments for capital improvements or additions to the common elements; (b) assessments to purchase a unit upon foreclosure of a lien for assessments, as described in Section 6 hereof; or (c) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this Section 5 (but not including those assessments referred to in Section 4 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 two-thirds (2/3) of all members in number, which approval shall be granted only by a vote of the members taken at a meeting of the members called in accordance with the provisions of Article III hereof.

Section 6. Collection of Assessments. Each member, whether one or more persons, shall be and shall remain personally obligated for the payment of all assessments levied with regard to his unit during the time that he is the owner thereof, and no member 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. If any member defaults in paying the assessed common charges, interest at the maximum legal rate shall be charged on such assessment from the due date thereof and further penalties or proceedings may be instituted by the Board of Directors in its discretion. If such assessment, or any part thereof, is not paid on or before the due date established by the Board of Directors for such payment, then such payment shall be in default. The Board of Directors may, but need not, report such a default to any mortgagee of record. Any mortgagee of a Condominium unit may consider a default in the payment of any assessment a default in the payment of its mortgage. Unpaid assessments shall constitute a lien upon the unit prior to all other liens except tax liens and sums unpaid on a first mortgage of record. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of a lien that secures payment of assessments. Each member, and every other person, except a first mortgagee, who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement (in accordance with the provisions of Chapter 32 of the Michigan Revised Judicature Act, as amended). The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. The Association is hereby granted what is commonly known as a "power of sale". Each member and every other person, except a first mortgagee, who from time to time has any interest in the Condominium shall be deemed to have authorized and empowered the Association to sell or to cause to be sold at public auction the unit with respect to which the assessment is delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each member acknowledges that when he acquired title to his unit, he was notified of the provisions of this section and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject unit. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until ten (10) days have expired after the mailing, by certified mail, return receipt requested and postage prepaid, addressed to the delinquent member at his last known address, of a written notice that an assessment, or any part thereof, levied against his unit is delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. A written affidavit of an authorized representative of the Association that sets forth (a) the affiant's capacity to make the affidavit, (b) the statutory and other authority for the lien, (c) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (d) the legal description of the subject unit, and (e) the name of the member of record, shall accompany such written notice. Such affidavit shall be recorded in the Office of the Allegan County Register of Deeds prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of the mailing notice. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the representative of the delinquent member designated in Article II, Section 3, above, and shall inform such representative that he may request a judicial hearing by bringing suit against the Association. The expenses incurred in collecting unpaid assessments, including interest,

costs, reasonable 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 members in default and shall be secured by the lien on his unit. If any member defaults 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. In a judicial foreclosure action, the court may appoint a receiver to collect a reasonable rental for the unit from the member owning it or any persons claiming under him, and each member hereby covenants to the appointment of such a receiver. The Association may also stop furnishing any services to a member in default upon seven (7) days' written notice to such member of its intent to do so. A member in default on the payment of any assessment shall not be entitled to vote at any meeting of the Association so long as such default continues.

If the holder of a first mortgage on a Condominium unit obtains title to the unit by foreclosing the mortgage, accepting a deed in lieu of foreclosure or similar remedy, or any other remedy provided in the mortgage, such person, and its successors and assigns, or other purchaser at a foreclosure sale shall not be liable for unpaid assessments chargeable to the unit which became due prior to the acquisition of title to the unit by such person; provided, however, that such unpaid assessments shall be deemed to be common expenses collectible from all of the members, including such person, its successors and assigns, and that all assessments chargeable to the unit subsequent to the acquisition of title shall be the responsibility of such person as hereinbefore provided with respect to all members. When a member is in arrearage to the Association for assessments, the Association may give written notice of arrearage to any person occupying his unit under a lease or rental agreement, and such person, after receiving the notice, shall deduct from rental payments due the member the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not be a breach of the rental agreement or lease by the occupant. The Association may purchase a unit at any foreclosure sale hereunder.

Section 7. Maintenance and Repair. As provided in the Master Deed, the Association shall maintain and repair the general common elements. The costs thereof shall be charged to all the members as a common expense, unless necessitated by the negligence, misuse or neglect of a member, in which case such expense shall be charged to such member. The Association or its agent shall have access to each unit from time to time during reasonable working hours, upon notice to the occupant thereof, for the purpose of maintenance, repair or replacement of any of the common elements located therein or accessible therefrom. The Association or its agent shall also have access to each unit at all times without notice for making emergency repairs necessary to prevent damage to other units, the common elements, or both.

If any member fails to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such member for any necessary damage to his unit caused thereby in gaining such access, the costs of which damages shall be borne by such member. Unless otherwise provided herein or in the Master Deed, damage to a unit or its contents caused by the repair or maintenance activities of the Association, or by the common elements, shall be repaired at the expense of the Association.

All other maintenance and repair obligations shall, as provided in the Master Deed, rest on the individual member. Each member shall maintain his unit in a safe, clean and sanitary condition. Each member shall also use due care to avoid damaging any of the common elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in any unit which are appurtenant to or which may affect any other unit. Each member 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, his family, guests, pets, agents or invitees, unless such damages or costs are actually reimbursed from insurance carried by the Association, in which case there shall be no such responsibility (if reimbursement to the Association is excluded by virtue of a deductible provision, the responsible member shall bear the expense to the extent of the deductible amount, anything else in these Bylaws to the contrary notwithstanding). Any costs or damages to the Association that are herein or elsewhere in the Condominium Documents assigned to the individual member may be assessed to and collected from the responsible member in the manner provided for regular assessments in Article V, Section 4, hereof.

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

Section 9. Taxes. Subsequent to the year in which the Condominium is established, all special assessments and property taxes shall be assessed against the individual units and not upon the total property of the Condominium or any part thereof. Taxes and special assessments which have become a lien against the property of the Condominium in the year of its establishment (as provided in Section 131 of the Act) shall be expenses of administration and shall be paid by the Association. Each unit shall be assessed a percentage of the total bill for such taxes and assessments equal to the percentage of value allocated to it in the Master Deed, and the members owning those units shall reimburse the Association for their unit's share of such bill within ten (10) days after they have been tendered a statement therefor.

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

Section 11. Reserve for Major Repairs and Replacements. The budget shall establish an adequate reserve fund pursuant to §105 of the Condominium Act for maintenance, repair and replacement of the general common elements, which fund shall be financed by regular annual payments rather than by special assessments. The Association shall maintain a reserve fund for major repairs and replacement of common elements in an amount equal to at least ten percent (10%) of the Association's current annual budget on a noncumulative basis. Monies in the reserve fund shall be used for major repairs and replacement of common elements. **THE MINIMUM STANDARDS REQUIRED BY THIS SECTION MAY PROVE INADEQUATE FOR A PARTICULAR PROJECT.** The Association of members should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes.

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

ARTICLE VI

INSURANCE, REPAIR OR REPLACEMENT; CONDEMNATION; CONSTRUCTION LIENS

Section 1. Insurance. The Association shall carry fire and extended coverage, vandalism, malicious mischief and liability insurance, workmen's compensation insurance, if applicable, and such other insurance coverage as the Board may determine to be appropriate with respect to the ownership, use and maintenance of the common elements of the Condominium and the administration of Condominium affairs. Such insurance shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Association for the benefit of the Association, the members and their mortgagees, as their interests may appear, and provisions shall be made for the issuance of certificates of insurance with mortgagee endorsements to the mortgagees of members' units. It shall be each member's responsibility to obtain insurance coverage for the improvements to his unit and his personal property located within his unit or elsewhere in the Condominium and for his personal liability for occurrences within his unit and also for alternative living expenses. The Association shall have absolutely no responsibility for obtaining such coverage. The Association and all members shall use their best efforts to see that all property and liability insurance carried by the Association or any member shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any member or the Association, and, subject to the provisions of Article V, Section 8, hereof, the Association and each member hereby waive, each as to the other, any right of recovery for losses covered by insurance. The liability of carriers issuing insurance obtained by the Association shall not, unless otherwise required by law, be affected or diminished on account of any additional insurance carried by any member, and vice versa.

(b) All common elements of the Condominium shall be insured against fire and other perils covered by a standard extended coverage endorsement in an amount equal to the maximum insurable replacement value, as determined annually by the Board of Directors of the Association.

(c) Public liability insurance shall be carried in such limits as the Board may from time to time determine to be appropriate, and shall cover the Association, each member, director and officer thereof, and any managing agent.

(d) All premiums upon insurance policies purchased by the Association pursuant to these Bylaws shall be expenses of administration.

(e) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account, and distributed to the Association, the members and their mortgagees as their interests may appear; provided, however, whenever Section 3 of this Article requires the repair or reconstruction of the Condominium, any insurance proceeds received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such purpose. Hazard insurance proceeds shall never be used for any purpose other than for repair, replacement or reconstruction of the project unless all of the holders of mortgages on units, and all members, in the Condominium have given their prior written approval.

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

Section 2. Appointment of Association. Each member, by ownership of a unit in the Condominium, shall be deemed to appoint the Association as his true and lawful attorney-in- fact to act in connection with all matters concerning insurance pertinent to the Condominium, his unit and the common elements appurtenant thereto. 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 members and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such members and the Condominium as shall be necessary or convenient to accomplish the foregoing.

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

(a) If a common element is damaged, such property shall be rebuilt or repaired, unless the members unanimously vote that the Condominium shall be terminated and each holder of a mortgage lien on any Condominium unit has given its prior written approval of such termination.

(b) Any reconstruction or repair shall be performed substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as similar as possible to the condition existing prior to damage, unless the members and each holder of a mortgage lien on any Condominium unit shall unanimously decide otherwise.

(c) If the damage is only to a part of a unit which it is the responsibility of a member to maintain and repair, it shall be the responsibility of the member to repair such damage in accordance with the subsection (d) hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association. The Association promptly shall notify each holder of a mortgage lien on any of the Condominium units if any unit or any part of the common elements is substantially damaged or destroyed.

(d) Each member shall be responsible for the reconstruction and repair of his unit.

(e) The Association shall be responsible for the reconstruction and repair of the common elements, and for any incidental damage to a unit and the contents thereof caused by such common elements or the reconstruction or repair thereof. Immediately after a casualty occurs 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 return the damaged property to a condition as good as that existing before the damage.

(f) Any insurance proceeds received, whether by the Association or a member, shall be used for reconstruction or repair when reconstruction or repair is required by these Bylaws. If the insurance proceeds are not sufficient to pay 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 costs thereof are insufficient, assessments shall be made against all members for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. Such assessments shall be levied in the same manner as the regular annual assessments, as set forth in Article V, Section 4, hereof.

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

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

(b) If an entire unit is taken by eminent domain, the award for such taking shall be paid to the Association for the benefit of the owner of such unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the member and his mortgagee, they shall be divested of all interest in the Condominium. The undivided interest in the common elements belonging to the member whose unit has been taken shall thereafter appertain to the remaining units, including those restored or reconstructed under the provisions of this Section.

(c) If any condemnation award shall become payable to any member whose unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Association on behalf of such member and his mortgagee, as their interests may appear. If only a part of any unit is taken, the Association shall, if practical, use the award to rebuild the same to the extent necessary to make it habitable and remit the balance of the condemnation proceeds attributable to such unit to the owner and mortgagee thereof, as their interests may appear.

(d) If any portion of the Condominium other than any unit is taken, the condemnation proceeds relative to such taking shall be paid to the Association and the affirmative vote of more than fifty percent (50%) of the members in number at a meeting duly called shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate. If no such affirmative vote is obtained, such condemnation proceeds shall be remitted to the members and their respective mortgagees, as their interests may appear, in accordance with their respective percentages of value set forth in Article VI of the Master Deed.

(e) If the Condominium Project continues after a taking by eminent domain, then the remaining portion of the Condominium Project shall be re-surveyed and the Master Deed amended accordingly, and, if any unit shall have been taken, then Article VI of the Master Deed shall be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining members based upon a continuing value for the Condominium of one hundred percent (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 members, but only with the prior written approval of all holders of mortgage liens on individual units in the project.

(f) If any Condominium unit, 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 holder of a mortgage lien on any of the Condominium units.

(g) If the taking of a portion of a Condominium unit makes it impractical to rebuild the partially taken unit to make it habitable, then the entire undivided interest in the common elements appertaining to that Condominium unit shall thenceforth appertain to the remaining Condominium units, and shall be allocated to them in proportion to their respective undivided interests in the common elements. The remaining portion of that condominium unit shall thenceforth be a common element.

(h) Votes in the Association of members and liability for future expenses of administration appertaining to a Condominium unit taken or partially taken (as provided in subsection (g) hereof) by eminent domain shall thenceforth appertain to the remaining Condominium units, and shall be allocated to them in proportion to their relative voting strength by value in the Association.

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

(a) Except as provided below, a construction lien for work performed on a Condominium unit may attach only to the unit upon or for the benefit of which the work was performed.

(b) A construction lien for work authorized by the Association may attach to each unit only to the proportional extent that the member owning the unit is required to contribute to the expenses of administration as provided by the Condominium Documents.

(c) A construction lien may not arise or attach to a unit for work performed on the common elements not contracted for by the Developer or the Association.

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

Section 6. Notice to FHLMC. If any mortgage in the Condominium is held by the Federal Home Loan Mortgage corporation ("FHLMC"), then the Association shall give FHLMC written notice at such address as it may, from time to time, direct of any loss to or taking of the common elements of the Condominium, if the loss or taking exceeds Ten Thousand Dollars (\$10,000) in amount.

Section 7. Mortgagees. Nothing contained in the Condominium Documents shall be construed to give a Condominium unit owner, or any other party, priority over any rights of mortgagees of Condominium units pursuant to their mortgages in the case of a distribution to Condominium unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium units, common elements or both.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS; ENFORCEMENT

Section 1. Establishment of Restrictions. In order to provide for congenial occupancy of the Condominium, and for the protection of human life and the value of the units, the use of Condominium property shall be subject to the following limitations:

(a) No condominium unit shall be used for other than single-family residential purposes and the common elements shall be used only for purposes consistent with the use of single-family residences. Not more than one single family dwelling may be located on each unit. Home businesses are not permitted within the dwelling. Notwithstanding anything to the contrary herein, all use, occupancy and construction of units shall comply with the provisions of the Township of Casco or other applicable Zoning Ordinance and applicable construction standards.

(b) 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 members, nor shall any unreasonably noisy activity be carried on in any unit or on the common elements. No member owning any unit 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 insurance rate on the Condominium without the written approval of the Association. Each member who is the cause thereof shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition.

(c) The common elements shall not be used to store supplies, materials, personal property, trash nor refuse of any kind, except as provided in duly adopted Association rules and regulations. Trash receptacles shall be maintained in areas designated therefor at all times and shall not be permitted elsewhere on the common elements except for such short periods of time as may be reasonably necessary to permit the periodic collection of trash in accordance with any contract for trash collection maintained by the Association. In general, no activity shall be carried on nor condition maintained by a member, either in his unit or upon the common elements, which spoils the appearance of the Condominium.

(d) Landscaped areas, roads, parking areas and, in general, all of the general common elements, shall not be obstructed in any way nor shall they be used for purposes other than those for which they are reasonably and obviously intended. Recreational equipment, bicycles or beach chairs may not be left unattended on or about the common elements and should be properly stored.

(e) No member shall use, or permit any occupant, agent, employee, invitee, guest or member of his family to use, fireworks, or any firearms, air rifles, pellet guns, BB guns, bows and arrows or other similar dangerous weapons, projectiles or devices anywhere on or about the Condominium Premises.

(f) No animal shall be kept except common indoor household pets. Such pets may not 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 savage nor dangerous animal shall be kept. No such pets may be permitted to run loose upon the common elements. The Association may charge all co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article V, Section 4, of these Bylaws if 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. Any person who causes an animal to be brought or kept in the Condominium shall indemnify and hold harmless the Association for any damage, loss or liability which might accrue to the Association as a result of the presence of such animal in the Condominium, regardless of whether the animal's presence is permitted. No renter or guest may keep a dog of any size.

(g) No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobiles, snowmobile trailers or vehicles other than automobiles or light trucks may be parked or stored upon the premises of the Condominium, unless parked in an area specifically designated therefor by the Association. Co-owners, renters and guests shall park their automobiles or light trucks in the areas designated for parking. 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. No motorized vehicles or powerboats shall be permitted on the beach.

(h) No unsightly condition shall be maintained upon any balconies, porches, decks or yards and only furniture and equipment consistent with ordinary balcony, porch or deck use shall be permitted to remain there during seasons when such areas are reasonably in use.

(i) No co-owner shall subdivide his unit or grant any easement or right of way across his unit to any person (other than usual utility easements).

(j) Reasonable regulations consistent with the Act, the Master Deed and these Bylaws, concerning the use and management of the units and common elements may be made and amended from time to time by any Board of Directors of the Association, including the Board of Directors established in the Articles of Incorporation (and its successors). Copies of all such regulations and amendments thereto shall be furnished to all members and shall become effective ten (10) days after mailing or delivery thereof to the designated voting representative of each member. Any such regulation or amendment may be revoked at any time by the affirmative vote of fifty one percent (51%), or more of all members in number at any duly convened meeting of the Association, except that the members may not revoke any regulation or amendment prior to the first meeting of the Association.

Section 2. Construction Standards and Architectural Review. An Architectural and Environmental Review Board (Design Agent) will be established for the purpose of setting Criteria for Construction Standards and Review and for making recommendations to the Board of Directors on the merits of proposed construction on the premises. Once these criteria have been established, all plans for new exterior construction, additions, and remodeling of the exterior with the exception of ordinary maintenance and repair must be submitted to the Review Board for approval. Until then the procedures set forth in paragraph B below (Submittals) shall be followed.

(a) Construction Standards and Criteria.

The First Design Agent shall be appointed by the Board of Directors from its elected members, thereafter, the Design Agent shall be elected as such as a Member of the Board of Directors by the Association Members. The Design Agent shall assemble a committee of at least 2 other Association Members (the Review Board), of whom no more than 1 may be a member of the current Board of Directors. With the approval of the Board of Directors, the Design Agent may from time to time hire an outside professional to aid in the assembly of Criteria for Construction Standards. The following is the Scope of Work to be addressed by the Design Agent for submission to the Board of Directors; which shall then, upon review and approval, submit these Design Criteria to the Association Members. Upon approval by a 2/3 majority of the Association, these Design Criteria and Amendments thereto, shall be immediately effective and shall become Amendments to the Association Bylaws.

1. Unit Construction and Addition Plan Review For Approval

- a. Site Plan Review, Building Size and Set Backs
- b. Site Plan and Exterior Elevation Submissions and Approvals.
- 2. Unit Owner Construction After Approval
 - a. Permits and applicable Building Codes.
 - b. Insurance and Bond Requirements
 - c. Duration, Occupancy and Site Reclamation
- 3. Common Element Comprehensive Plan
 - a. Designated Parking Areas, Fences, and Paving.
 - b. Common Building and Beach Access Structures
 - c. Landscaping.

(b) Submittals.

In the absence of Construction Standards approved by the Association, a Unit owner wishing to receive a Notice to Proceed with Re-Construction Additions or Exterior Remodeling must submit the following to each Association member (1 submittal per unit), and if successfully approved by a 2/3 majority of the members, follow the procedures outlined in paragraph c below (with the exception of the first two sentences of paragraph c).

- 1. Site Plan. Locating any proposed encroachments into the Common Elements (including Limited) of any proposed structures. Copies of Exhibit B are preferred for this purpose. Site Plans not using the Survey should include any Unit adjacent or in opposition to the proposed work. In the absence of adjacent or opposing Unit, the Premises property line should be used.
- 2. Exterior Elevations. Exterior Elevations at 1/4" per 1'-0" scale of all 4 elevations of the Unit showing elevations from grade for each floor level, roof ridge, and roof pitch (inches in 12).
- 3. Vote. A letter accompanying the plans indicating "yea" or "nay" on the proposal. All votes are to be submitted to the Board for tallying.

(c) Approvals

All Construction Projects approved by the Board of Directors and its Design Agent must be submitted to a vote by the Association Members. Approval by the Association Members shall be a simple majority. A fee shall be paid by the Unit Owner as stated in the Association Bylaws covering all costs to the Association. No construction may commence until a Notice to Proceed is received from the Board. In the absence of Construction Standards approved by the Association, the Unit Owner must provide the following to the Board of Directors before receiving a Notice to Proceed. This Notice is valid for one year on Exterior Work, with no major exterior work done between Memorial Day and Labor Day.

- 1. Building Permits from all Government Authorities having jurisdiction.
- 2. Insurance Certificates from all Contractors and Subcontractors naming San Bar Beach Condominium Association as either Additional Insured or Certificate Holder with the following coverages:
 - i. Workman's Compensation in the Statutory Limits.
 - ii. General Liability Insurance providing limits for Bodily Injury with Personal Injury including its employees of \$500,000 each occurrence and \$500,000 aggregate; Property Damage \$500,000. each occurrence, \$500,000. aggregate. Policy must include Premises- Operations, Independent Contractors, Broad Form Property Damage, Contractual Liability, Products and Completed Operations coverages, XCU exclusions must be deleted.
 - iii. Comprehensive Automobile Liability on occurrence basis covering all Owned, Non Owned, and Hired Vehicles for limits of liability equal to those in (ii) above.
- 3. A Bond, Retainage Escrow or Promissory Note in an amount deemed sufficient by the Board of Directors to return the common elements to proper conditions after construction is complete. It is the Unit Owner's responsibility to return the property to such condition and to make sure that the property is kept clean during construction. Any expenses incurred by the Association in maintaining the property in an orderly manner will be recovered at 1.5 times

cost. The Board also reserves the right to levy fines as outlined in the Condominium Bylaws for repeated or egregious lack of clean-up or unsafe conditions. Unit Owner or his agent is to arrange for private debris removal at Owner's expense. Compliance with Government Regulations including OSHA are the responsibility of the Unit Owner.

(d). Appeal

A Unit Owner whose proposal is rejected in whole or in part, by the Board of Directors has the Right of Direct Appeal to the Association Membership as outlined in the Association Bylaws. Approval by the Association Members shall be a 2/3 majority. All distribution of Documents and costs shall be borne by the Unit Owner. If the Appeal is successful, paragraph C above (with the exception of its first two sentences) applies unless amended in the Association Bylaws.

Section 3. Enforcement. Failure to comply with any of the terms of the Act, the Master Deed, these Condominium Bylaws, the Articles of Incorporation, Bylaws or Rules and Regulations of the Association, shall be grounds for relief, which may include, without limitation, an action to recover sums due for such damages, injunctive relief, and any other remedy that may be appropriate to the nature of the breach. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by the Act, the Master Deed, these Bylaws, the Articles of Incorporation, Bylaws or Rules and Regulations of the Association, shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

ARTICLE VIII

APPROVAL OF LEASE

Section 1. Leases. No member shall lease less than an entire unit in the Condominium and no tenant of a unit shall be permitted to occupy a unit, until a signed copy of the San Bar Beach Condominium Cottage Lease/Rental Agreement (see Attached) has been filed with the Association Secretary, a copy of the San Bar Beach Rules and Regulations has been distributed to the Leaser/Renter and full payment of the rental fee has been paid to the Association Treasurer. The sublet of a leased/rented unit is not permitted. The Board may, except to the extent prohibited by law, require a security deposit from any proposed tenant of a residential unit as a condition to the approval of any lease.

Section 2. Non Co-owner Compliance.

(a) All non co-owner occupants shall comply with all of the terms and conditions of the Condominium Documents and the provisions of the Act.

(b) If the Association determines that a non co-owner occupant has failed to comply with the conditions of the Condominium Documents, or the provisions of the Act, the Association shall take the following action:

(i) The Association shall advise the appropriate member by certified mail of the alleged violation by a person occupying his unit.

(ii) The member shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach or advise the Association that a violation has not occurred.

(iii) If after fifteen (15) days the Association believes that the alleged breach has not been cured or may be repeated, it may institute on its behalf, an action for eviction against the non co-owner occupant and, simultaneously, for money damages against the member and non co-owner occupant for breach of the conditions of the Condominium Documents or of the Act. The relief set forth in this section may be by any appropriate proceeding. The Association may hold both the non co-owner occupant and the member liable for any damages caused to the Condominium.

ARTICLE IX

SALE OF UNIT

Section 1. Notification. Should an owner wish to sell his unit he shall first announce his intention and asking price, in writing, to the Condominium Association. When there is a bona fide purchaser, the Association must be notified, in writing, as to the name and address of the purchaser and the agreed upon purchase price and terms, and the seller must furnish the Association a copy of the proposed sales agreement.

Section 2. Right of First Refusal. Any proposed sales agreement shall provide the Association has the Right of First Refusal at the agreed purchase price and terms for 60 days from the Association's receipt of notification and that the sale cannot be completed prior to the expiration of the 60 day notification period without a 2/3 majority vote of the association members to waive their Right of First Refusal. If not waived, the Association must proceed to purchase the property at the agreed purchase price and terms within 60 days from the end of the 60 day notification period.

Section 3. Sales Fee. In the event of sale by an owner to someone other than the Association itself, there shall be a sales fee of 5% of the total sale price, payable to the Association upon execution of the closing documents of the sale (whether it be by land contract or otherwise). It shall also be part of said sales agreement that no transfer of ownership can be completed until the said 5% sales fee and all assessments, levies and penalties have been paid.

ARTICLE X

AMENDMENTS

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

Section 2. Meeting to be Held. If such an amendment is proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of the Condominium Documents.

Section 3. Vote Required. These Condominium Bylaws may be amended by an affirmative vote of two-thirds (2/3) of all members in number and two-thirds (2/3) of all mortgagees at any regular meeting, or at a special meeting called for such purpose. For purposes of such voting, each mortgagee shall have one (1) vote for each mortgage held.

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

Section 5. Amendments Concerning Leases. Provisions in these Bylaws relating to the ability or terms under which a member may rent his unit may not be modified and amended without the consent of each affected member and mortgagee.

Section 6. Effective Date. Any amendment to these Bylaws (but not the Association Bylaws) shall become effective upon the recording of such amendment in the Office of the Register of Deeds in the county where the Condominium is located. Without the prior written approval of all holders of mortgage liens on any unit in the Condominium, no amendment to these Bylaws shall become effective which alters or changes materially the rights of any co-owner or mortgagee.

Section 7. Costs of Amendment. Any person causing or requesting an amendment to these Condominium Bylaws shall be responsible for the costs and expenses of considering, adopting, preparing and recording such amendment; provided, however, that such costs and expenses relating to amendments adopted pursuant to Article IX, Section 3, or pursuant to a decision of the Advisory Committee shall be expenses of administration.

Section 8. Notices; Copies of Amendment. Members and mortgagees of record of Condominium units shall be notified of proposed amendments not less than ten (10) days before the amendment is recorded. A copy of each amendment to these Condominium Bylaws shall be furnished to every member after recording; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article or the Act 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 XI

DEFINITIONS

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

ARTICLE XII

REMEDIES FOR DEFAULT

Section 1. Relief Available. Any default by a member shall entitle the Association or another member or members to the following relief:

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

(b) In any proceeding arising because of an alleged default by any member, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees, (not limited to statutory fees) as may be determined by the Court, but in no event shall any member be entitled to recover such attorneys' fees.

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

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

Section 2. Failure to Enforce. The failure of the Association or of any member 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 member to enforce such right, provision, covenant or condition in the future.

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

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

ARTICLE XIII

ARBITRATION

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

The arbiter may be either an attorney acceptable to both parties or a panel of three (3) individuals, at least one (1) of whom shall be an attorney. The panel shall be composed of one (a) individual appointed by the member and one (1) individual appointed by the Board of Directors of the Association. These two panelists will then promptly agree on the third member of the panel. No member who is a natural person may appoint himself or a member of his household to the panel. No corporate member may appoint one of its directors, officers or employees to the panel. Neither may a member serve on behalf of the Board.

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

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

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

ARTICLE XIV

CONFLICTING PROVISIONS

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

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

081701

RETURN TO:
J. Glenn Sperry
Sperry & Bowman
P.O. Box 465
South Haven, MI 49090

**MICHIGAN DEPARTMENT OF COMMERCE -- CORPORATION AND
SECURITIES BUREAU**

Date Received

_____, 2001

Corporation Identification Number _____

(Nonprofit Domestic Corporations)

**ARTICLES OF INCORPORATION
OF
SAN BAR BEACH CONDOMINIUM ASSOCIATION**

These Articles of Incorporation are signed by the Incorporator for the purpose of forming a nonprofit corporation pursuant to the provisions of Act 162 of the Public Acts of 1982, as follows:

ARTICLE I

The name of the corporation is:

San Bar Beach Condominium Association

ARTICLE II

The purpose or purposes for which the corporation is organized are as follows:

- (a) To manage and administer the affairs of and to maintain a condominium, all appurtenances thereto, and the common elements, property and easements thereof (the "Condominium");

- (b) To levy and collect assessments against and from the members of the corporation and to use the proceeds therefrom for the purposes of the corporation, and to enforce assessments through liens and foreclosure proceedings where appropriate;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To restore, repair or rebuild the Condominium, or any portion thereof, after occurrence of casualty, and to negotiate on behalf of all of the members in connection with any taking of the Condominium, or any portion thereof, by eminent domain;
- (e) To contract for and employ, and to discharge, persons or business entities to assist in the management, operation, maintenance and administration of the Condominium;
- (f) To make reasonable rules and regulations governing the use and enjoyment of the Condominium by members and their tenants, guests, employees, invitees, families and pets and to enforce such rules and regulations by all legal methods, including, without limitation, imposing fines and late payment charges, or instituting eviction or legal proceedings;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, transfer, mortgage or lease (as landlord or tenant), or otherwise deal in any real or personal property, including, but not limited to, any Condominium unit, easements, rights-of-way, licenses or any other real property, whether or not contiguous to the Condominium, to benefit the members of the corporation and to further any of the purposes of the corporation;
- (h) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the corporation, and to secure the same by mortgage, pledge or other lien on the corporation property; provided, however, that any such action shall be subject to limitation in amount and to voter approval as provided in the Bylaws of the Condominium;
- (i) To enforce the provisions of the Master Deed and Bylaws of the Condominium and of these Articles of Incorporation and such Bylaws, rules and regulations of this corporation as may hereafter be adopted, and to sue on behalf of the Condominium or the members and to assert, defend or settle claims on behalf of the members with respect to the Condominium;
- (j) To do anything required of or permitted to it as administrator of said Condominium by the Condominium Master Deed or Bylaws or by Act No. 59 of the Public Acts of 1978, as amended by Act No. 538 of the Public Acts of 1982 and Act No. 113 of the Public Acts of 1983; and
- (k) In general, to enter into any kind of activity; to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of the Condominium and to the accomplishment of any of the purposes thereof not forbidden, and with all powers conferred upon nonprofit corporations by the laws of the State of Michigan.

ARTICLE III

Said corporation is organized upon a nonstock basis.

The amount of assets which said corporation possesses is: Real Property - None; Personal Property - None.

Said corporation is to be financed under the following general plan: Assessment of Members.

ARTICLE IV

Said corporation is organized on a membership basis.

ARTICLE V

The address of the initial registered office is:

317 Center St., South Haven, MI 49090

The name of the initial resident agent at the registered office is:

J. Glenn Sperry

ARTICLE VI

The name and address of the Incorporator is as follows:

J. Glenn Sperry
317 Center Street
South Haven, Michigan 49090

ARTICLE VII

The names and addresses of the directors who shall constitute the first board of directors of the corporation are as follows:

Michael Amer
Apartment 5-F
6334 N. Sheridan Rd.
Chicago, IL 60660

ARTICLE VIII

The term of this corporation shall be perpetual.

ARTICLE IX

The qualifications of members, the manner of their admission to membership in the corporation, the termination of membership and voting by members shall be as follows:

- (a) Each co-owner (including the Developer) of a Condominium unit shall be a member of the corporation, and no other person or entity shall be entitled to membership, except that the Incorporator shall be a member of the corporation until such time as the Developer becomes a member as hereinafter provided, at which time the Incorporator's membership shall terminate.

(b) Membership in the corporation (except with respect to any non co-owner incorporators, who shall cease to be members upon the qualification for membership of any co-owner) shall be established by the acquisition of legal or equitable title to a Condominium unit and by recording with the Register of Deeds in the county where the Condominium is located a deed or other instrument evidencing such title and the furnishing of evidence of same satisfactory to the corporation (except that the Developer of the Condominium shall become a member immediately upon establishing the Condominium), the new co-owner thereby becoming a member of the corporation, and the membership of the prior co-owner of such unit thereby being terminated.

(c) Neither membership nor the share of a member in the funds and assets of the corporation can be assigned, pledged or transferred in any manner, except as an appurtenance to a Condominium unit.

(d) Voting by members shall be in accordance with the provisions of the Bylaws of this corporation.

ARTICLE X

No contract or other transaction between this corporation and any other corporation, firm, or association shall be voidable by the fact that any one or more of the directors or officers of this corporation are interested in or are directors or officers of such other corporation, firm, or association, and any director or officer individually may be a party to or may be interested in any contract or transaction of the corporation; provided, that the contract or other transaction is fair and reasonable to the corporation when it is authorized, approved or ratified, and that the material facts as to such relationship or interest are disclosed or known to the board or committee at the time it authorized, approved, or ratified the contract or transaction by a vote sufficient for the purpose without counting the person who may be a director or officer of the corporation, and who is hereby relieved from any liability which might otherwise exist from contracting with the corporation for the benefit of himself or any firm, association or corporation in which he may be otherwise interested as set forth herein.

ARTICLE XI

When a compromise or arrangement or a plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them or between this corporation and its members, or any class of them, a court of equity jurisdiction within the state, on application of this corporation or of a creditor, or member of the corporation, or on application of a receiver appointed for the corporation, may order a meeting of the creditors or class of creditors or of the members or class of members to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing seventy-five percent (75%) in value of the creditors or class of creditors, or of the members or class of members to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all of the members or class of members and also on this corporation.

ARTICLE XII

Any action required or permitted to be taken at an annual or special meeting of members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all members entitled to vote thereon were present and voted. Prompt notice of the

taking of the corporate action without a meeting by less than unanimous written consent shall be given to members who have not consented in writing.

ARTICLE XIII

A volunteer director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for a breach of fiduciary duty as a director, except for liability:

- (a) For a breach of the director's duty of loyalty to the Corporation or its members;
- (b) For acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law;
- (c) For a violation of Section 551 (1) of the Michigan Nonprofit Corporation Act;
- (d) For any transaction from which the director derived an improper personal benefit; and
- (e) For an act or omission that is grossly negligent.

ARTICLE XIV

The Corporation assumes liability for all acts or omissions of a non-director volunteer occurring after the date at which these Articles are filed with the Michigan Department of Commerce, provided that all of the following conditions are met:

- 1. The volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority.
- 2. The volunteer was acting in good faith.
- 3. The volunteer's conduct did not amount to gross negligence nor willful and wanton misconduct.
- 4. The volunteer's conduct was not an intentional tort.
- 5. The volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed under Section 3135 of the Insurance Code of 1956.

ARTICLE XV

These Articles of Incorporation may be amended, altered, changed or repealed only by the affirmative vote of not less than seventy-five percent (75%) of the entire membership of the corporation; provided, that in no event shall any amendment make changes in the qualification for membership or the voting rights of members without the unanimous consent of the membership.

I, the Incorporator of the above-named corporation, hereby sign these Articles of Incorporation on this 21st day of August, 2001.

J. Glenn Sperry

082101

**SAN BAR BEACH CONDOMINIUM
PURCHASE AGREEMENT**

_____ ("Seller"), hereby agrees to sell and _____
_____ ("Purchaser") hereby agrees to purchase on the terms and subject
to the conditions set forth in this Agreement, Unit No. __ (the "Unit") at San Bar Beach Condominium (the
"Condominium"), a residential site condominium located in Allegan County, Michigan.

1. **Purchase Price.** The purchase price for the Unit, which is to be located as indicated by the designation
"Unit ____" on the site plan for San Bar Beach Condominium, which Purchaser acknowledges he has examined,
together with an undivided interest in the common elements appertaining thereto, shall be \$_____, payable as
indicated by "X" below (other unmarked terms of purchase do not apply):

CASH __ The full purchase price upon execution and delivery of a Warranty Deed;

NEW MTGE __ The full purchase price upon execution and delivery of a Warranty Deed, contingent upon
Purchaser's ability to obtain a standard first mortgage in the amount of \$_____ in accordance with the terms
and conditions set forth below; or

CONTRACT__ \$_____ upon execution and delivery of a Land Contract on Doubleday form #2020 wherein the
balance of \$_____ shall be payable in monthly installments of \$_____ or more including interest at __% per
annum, computed monthly, with interest to begin on agreed possession date and the first payment to become due 30
days after agreed possession date.

Exceptions and additional provisions: _____

To evidence his good faith, Purchaser has deposited with Seller the sum of \$_____. If the closing
contemplated hereby occurs, Purchaser's deposit shall be applied to the purchase price.

If Purchaser elects to finance under a mortgage, he shall make good faith application for a mortgage
commitment at the interest rate and service charge then being offered by the proposed lender to comparable borrowers
for comparable mortgages no later than three (3) days after this Agreement becomes binding upon him pursuant to
Section 4 below. If, after making all reasonable efforts, Purchaser fails, or is unable, to obtain a mortgage commitment
within 30 days (which period may be extended by Seller in writing) after this Agreement becomes binding upon him,
this Agreement shall be null and void; provided, however, that Seller may, but need not, assist in obtaining mortgage
financing for Purchaser on terms not less favorable than those above mentioned (or agree to accept a purchase money
mortgage on like terms) within a like time period, and Purchaser shall be obligated to accept and execute such
mortgage and pay the cost of obtaining it, in which case this Agreement shall remain in full force and effect. On or
before the thirtieth (30th) day after this Agreement becomes binding upon him, Purchaser agrees to advise Seller in
writing whether he has obtained a mortgage commitment. Seller shall be under no obligation to complete
construction of Purchaser's Unit until the mortgage contingency contained herein has been fulfilled or waived by
Purchases in writing. Purchaser agrees that, in addition to the purchase price above mentioned, he will be liable for
his proportionate share of the Association assessments for maintenance, repair, replacement and other expenses of
administration as outlined in the Condominium Bylaws of San Bar Beach Condominium.

2. **Plan and Purpose.** San Bar Beach Condominium Association has been established as a Michigan
nonprofit corporation for the purpose of administering the Condominium and operating and maintaining the
common elements of the Condominium. Each co-owner will be a member of the Association and will be subject to its
Bylaws and regulations. A representative of the person or persons owning each unit will be entitled to one (1) vote in
the affairs of the Association, the value of which shall equal the percentage allocated to the unit owned by such co-
owner in the Master Deed. Purchaser hereby agrees to abide by the terms, provisions, declarations, covenants and

restrictions contained in the Master Deed, Bylaws and Condominium Subdivision Plan of San Bar Beach Condominium, and the Articles of Incorporation, Bylaws, and Rules and Regulations, if any, of the Condominium Association (hereinafter collectively called the "Condominium Documents"), which are in compliance with the Michigan Condominium Act, as amended.

3. **Conveyance of Title.** Seller agrees to convey to Purchaser good and marketable title to the Unit by warranty deed, subject to: (1) easements, covenants, restrictions and building lines of record; (2) general real estate taxes for the year of conveyance; (3) liens and other matters over which Chicago Title Insurance Company, or its designee, agrees to insure; (4) all governmental limitations, acts of Purchaser and the Condominium Documents; and (5) all installments of any special or supplemental assessment that are not at the time of the conveyance due and payable. Purchaser agrees to consummate the purchase of the Unit from Seller within 10 days after Seller has notified Purchaser in writing that it is prepared to tender title and possession. Notwithstanding the previous provision, if a closing date has been inserted, the parties agree to close on or before such date. The closing date shall be _____, 19___. It is understood that Purchaser will, at the time title is conveyed to him, pay all mortgage costs and such other closing costs as are customarily paid by the purchasers of comparable real estate in this jurisdiction. Real estate taxes, current installments of special assessments, insurance premiums, condominium assessments, rents and any other items customarily prorated shall be prorated as of the closing date. Except for taxes and assessments for the year of establishment of the Condominium which shall be paid by the Association, taxes and assessments shall be prorated on a calendar year basis according to the last ascertainable tax bills. If taxes for the unit have not previously been separately assessed, then the tax on the unit shall be computed by multiplying that portion of the last ascertainable total tax bills allocated by the Seller to the property on which the Condominium is situated by the percentage of value assigned to the Purchaser's unit in the Master Deed.

An amount equal to the annual estimated maintenance assessment shall be paid by Purchaser to the Association at the time of closing, as a working capital deposit, and this payment shall not act as a credit against any future assessment (applicable to transfers to first co-owner only). Within a reasonable time after closing, Seller, at its expense, will furnish Purchaser with an owner's title insurance policy issued by Chicago Title Insurance Company in a face amount equal to the purchase price of the Unit, subject to the general printed exceptions contained in the policy and the title exceptions above stated. A commitment to issue this title insurance policy from The Title Office, Inc. will be delivered by Seller to Purchaser not less than five days before closing. This commitment shall be conclusive evidence of the title that is being conveyed to Purchaser. If the commitment shows a defect in Seller's title, Seller shall have 60 days to cure said defect. If Seller fails to clear its title within 60 days, then, at the option of Purchaser, this Agreement shall become null and void and all amounts deposited with Escrow Agent under this Agreement shall be returned to Purchaser.

4. **Assignment.** Seller may, in its sole discretion, release the obligations of Purchaser under this Agreement in the event Purchaser shall secure another purchaser who is satisfactory to Seller. This Agreement is not otherwise assignable by Purchaser.

5. **Default.** If the Purchaser shall default in any of his obligations under this Agreement and such default shall continue for 10 days following written notice from Seller, then, at the option of the Seller, all rights of Purchaser under this Agreement shall immediately terminate. If Purchaser's rights are terminated after this Agreement becomes binding upon him in accordance with Paragraph 4 above, any amount paid toward the purchase price may be retained by the Seller as liquidated damages; provided, however, that such liquidated damages shall in no event exceed ten percent (10%) of the total purchase price specified in Paragraph 1 hereof. In lieu of accepting such liquidated damages, Seller may pursue such other legal and equitable remedies as may be available to it, such as the right (which is hereby granted) to have this Agreement specifically enforced or to recover damages.

6. **Warranty.** THE UNIT IS SOLD "AS IS" WITH NO GUARANTY OR WARRANTY OF THE UNIT OR THE COMMON ELEMENTS OF THE CONDOMINIUM OF ANY KIND.

7. **Risk of Loss.** Until the closing, the Seller shall bear all risk of loss from fire and the elements.

8. **Oral Representations Not To Be Relied Upon.** This Agreement constitutes the entire agreement between the parties, and there are no other agreements, oral or written, relating to this transaction. No oral representations or statements shall be considered a part hereof. This Agreement may not be amended, modified nor changed except by written agreement signed by both Seller and Purchaser.

9. **Notices.** All notices required or permitted hereunder and all notices of change of address shall be in writing and shall be deemed sufficient if personally delivered or sent by ordinary first-class mail or by registered or certified mail, postage prepaid, addressed to the recipient party at the address shown below such party's signature to this Agreement. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

10. **Usage of Terms.** The pronouns and relative words herein used are written in the masculine and singular only. If the purchase is joint or by a woman or a business entity, such words shall be read as if written in plural or as appropriate in the circumstances.

11. **Partial Invalidity.** The invalidation of any portion of this Purchase Agreement shall not affect the validity of the remainder.

12. **Binding Effect.** This Agreement shall supersede any and all previous agreements between Seller and Purchaser with respect to the Unit and bind Seller and Purchaser, and their respective heirs, personal representatives, administrators, executors, assigns and successors.

This Agreement is executed by the parties on the __day of _____, 199_.

PURCHASER:

SELLER:

Address:

Telephone Number

041300

SAN BAR BEACH CONDOMINIUM ESCROW AGREEMENT

San Bar Beach, a Michigan co-partnership of Apartment 5 F, 6334 N. Sheridan Road, Chicago, IL 60660, the developer, and The Chicago Title Insurance Co. of 213 Hubbard St., Allegan MI 49010, the escrow agent, enter into this agreement on _____, 2001.

The developer intends to establish a residential condominium project known as San Bar Beach Condominium, in Casco Township, Allegan County, 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 written 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 written 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 defaults 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 and a certificate of occupancy is issued for the unit if required by local public ordinance, the escrow agent shall release to the developer all sums held in escrow under the agreement once the escrow agent has received a certificate signed by a licensed professional engineer or architect confirming
 - (1) that those portions of the phase of the project in which the purchaser's unit is located and

- which under the terms of the condominium documents "must be built," are substantially complete and that recreational facilities or other similar amenities and all similar common elements or improvements intended for common use, wherever located and which under the terms of the condominium documents "must be built," are substantially complete or
- (2) that, if the elements or facilities referred to in provision 3(c)(1) are not substantially complete, sufficient funds to finance substantial completion of such elements or facilities are being retained in escrow or that other adequate security has been arranged as provided.

For the purpose of provision 3(c)(1), the phase of the condominium project in which the purchaser's unit is located and other facilities shall be "substantially complete" when all utility mains and leads, major structural components of buildings, building exteriors, sidewalks, driveways, landscaping, and access roads that are designated in the condominium documents as "must be built" are substantially complete as evidenced by the type of certificates described in provision 4.

- d. **The release of funds escrowed for completion.** When the escrow agent is furnished with a certificate from a licensed professional architect or engineer evidencing substantial completion in accordance with the pertinent plans and specifications of a structure, an improvement, or a facility or an identifiable portion of an improvement for which funds or other security have been deposited in escrow, the escrow agent shall release the amount of the funds or other security specified by the issuer of the certificate as being attributable to the substantially completed items to the developer. However, if the amounts remaining in escrow after any partial release would be insufficient in the opinion of the issuer of the certificate to finance the substantial completion of the remaining incomplete items for which funds or other security have been deposited in escrow, the escrow agent shall release only the amount in escrow in excess of the estimated cost to substantially complete the remaining items to the developer. Notwithstanding any release of escrowed funds authorized or required under this agreement, the escrow agent may refuse to release escrowed funds if, in its judgment, it has sufficient cause to believe that the certificate confirming substantial completion or determining the amount necessary for substantial completion is fraudulent or without a factual basis.
- e. **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.
- f. **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.
- g. **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 San Bar Beach 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 San Bar Beach 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(g)(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 Allegan County Circuit Court naming the developer, The San Bar Beach 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. **Proof of occurrences.** The escrow agent may require reasonable proof of the occurrence of any of the events, actions, or conditions for releasing any sums held by it pursuant to this escrow agreement either to a purchaser or to the developer. Whenever the escrow agent is required by this agreement to confirm that any part of a facility, an element, a structure, or an improvement is substantially complete in accordance with the pertinent plans and specifications, it may base the confirmation entirely on the certificate of a licensed professional architect or engineer. Likewise, all estimates and determinations of the cost to substantially complete any incomplete elements, facilities, structures, and improvements for which escrowed funds are being specifically maintained under provision 3(d) shall be entirely made by a licensed professional engineer or architect, and the determination of all amounts to be retained or maintained in the escrow account for the completion of any such elements, facilities, improvements, or structures shall be entirely based on such determinations and estimates. The escrow agent is not obligated under this agreement to inspect any part of the project or to make any cost estimates or determinations. The escrow agent may rely entirely on certificates, determinations, and estimates as described above in retaining and releasing all escrowed funds under this agreement.
5. **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.
6. **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, correctness, 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.
7. **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.

SAN BAR BEACH, A CO-PARTNERSHIP

THE CHICAGO TITLE INSURANCE CO.

By: _____

By: _____

082701

**SAN BAR BEACH CONDOMINIUM
ASSOCIATION BYLAWS**

ARTICLE I

ADOPTION OF CONDOMINIUM BYLAWS

The Condominium Bylaws of San Bar Beach Condominium (the "Condominium Bylaws"), as attached to the Master Deed and recorded in Liber _____, Page _____ through _____, Allegan County Records, are hereby incorporated by reference and adopted in their entirety as a part of the Bylaws of this Corporation. The Corporation is therein and hereinafter referred to as the "Association".

ARTICLE II

MEETINGS

Section 1. Procedure. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors. Voting shall be as provided in the Condominium Bylaws. Meetings of the Association shall be conducted in accordance with Robert's Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Articles of Incorporation, these Bylaws, the Condominium Bylaws, the Master Deed or the laws of the State of Michigan.

Section 2. Meetings. The first meeting of members of the Association shall be held in accordance with Article III, Section 1, of the Condominium Bylaws. The date, time and place of the first meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each member. Thereafter, annual meetings of members of the Association shall be held on the second Saturday in August in each succeeding year at such time and place as shall be determined by the Board of Directors. At such meetings, there shall be elected by the ballot of the co-owners a Board of Directors in accordance with the requirements of Article III of these Bylaws and Article IV, Section 1 of the Condominium Bylaws. The members may also transact at annual meetings such other business of the Association as may properly come before them.

Section 3. Special Meetings. Special meetings of the members of the Association shall be held in accordance with the provisions of Article III, Section 4, of the Condominium Bylaws.

Section 4. Notice. It shall be the duty of the Secretary (or other Association officer designated by the President in the Secretary's absence) to serve a notice of each annual, special or other meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each member of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each member at the address shown in the notice requested to be filed with the Association by Article II, Section 3 of the Condominium Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 5. Adjournment. If any meeting of members cannot be held because a quorum, as defined in the Condominium Bylaws, is not in attendance, the members who are present may adjourn the meeting for not more than thirty (30) days.

Section 6. Attendance Via Conference Telephone or Similar Communications Equipment. A member may attend and participate in a meeting of members via a conference telephone or similar communications equipment by which all persons participating in the meeting may hear each other; provided that all participants are advised of the communications equipment and the names of the participants in the conference are divulged to all participants. Such participation by a member in a meeting shall constitute presence in person at the meeting.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number. The affairs of the Association shall be governed by a Board of not less than 3 or more than 5 Directors, all of whom, except for the directors appointed by the Developer, must be members of (or directors or officers or partners of members of) the Association. Notwithstanding the foregoing, the first Board of Directors designated in the Articles of Incorporation of the Association may consist of any persons including non-members. Directors shall serve without compensation. The number of directors shall be established by resolution of the members.

Section 2. Vacancies and Removal. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by vote of the members of the Association shall be filled by vote of the majority of remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association to act for the unexpired term of his predecessor (or for a full term if the predecessor's term would have expired at the time of such annual meeting).

At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by a majority of the co-owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the co-owners shall be given an opportunity to be heard at the meeting.

Section 3. Powers. The Board of Directors shall have the powers and duties set forth in the Condominium Bylaws.

Section 4. Initial Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days after its 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 5. Regular Meetings. Regular meeting 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 four (4) 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 or by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone or telecopier, 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 three Directors.

Section 7. 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 meeting of the Board shall be deemed a waiver of notice by him of the time and place thereof unless his appearance is for the purpose of protesting the holding of such meeting. 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 8. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business. If, at any meeting of the Board of Directors, there be less than a quorum present, the Directors present at a meeting may adjourn the meeting from time to time. 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, but no proxies shall be permitted.

Section 9. Bonding. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE IV

OFFICERS

Section 1. Designation. The officers of the Association shall be a President, Secretary and Treasurer, who shall all be members of 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 in whole or in part for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at 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 President of a corporation, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

Section 5. 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 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.

Section 6. Treasurer. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements, specifying the operating expenses clearly, 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. He shall ensure that expenditures for the maintenance and repair of common elements and any other expenses incurred by or in behalf of the Condominium are properly recorded. In accordance with Article V, Section 3, of the Condominium Bylaws, the Treasurer shall prepare and distribute to each member at least once per year the Association financial statement. Pursuant to Section 54 of the Act, this subsection is not subject to amendment.

Section 7. Other 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 V

SEAL

Section 1. Description. If so determined by the Board of Directors, the Association shall have a seal which shall have inscribed thereon the name of the Corporation, and the words (Corporate Seal" and "Michigan".

ARTICLE VI

FINANCE

Section 1. Handling. The finances of the Association shall be handled in accordance with the Condominium Bylaws.

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. Depository. The funds of the Association shall be deposited in such bank 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.

Section 4. Liability of members. The association and the board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under these bylaws. However, the liability of any co-owner arising out of any contract made by the directors; for other acts of the directors, officers, or committees; or out of the indemnity provisions of Article VII shall be limited to the proportion of the total liability equal to the percentage of value of the co-owner's unit. Every agreement made by the directors, officers, committees, or managing agent on behalf of the co-owners shall provide that the persons signing the agreement are acting only as agents for the co-owners and shall have no personal liability under the agreement (except as co-owners) and that each co-owner's liability under the agreement shall be limited to the proportion of the total liability incurred equal to the percentage of value of the co-owner's unit.

ARTICLE VII

INDEMNIFICATION

Section 1. Scope of indemnification. The corporation shall indemnify to the fullest extent authorized or permitted by the Michigan Nonprofit Corporation Act any person, estate, or personal representative who is made or threatened to be made a party to an action, suit, or proceeding (civil, criminal, administrative, or investigative) because the party is or was a director or an officer of the corporation or serves or served in any other enterprise at the request of the corporation. Parties who are not directors or officers of the corporation may be similarly indemnified for services rendered to the corporation or at the request of the corporation to the extent authorized at any time by the board of directors of the corporation. The provisions of this article shall apply to directors and officers who have ceased to render such service and shall benefit their heirs, personal representatives, executors, and administrators. The right of indemnification provided in this article shall not be exclusive, and the corporation may indemnify any person, by agreement or otherwise, on whatever conditions the board of directors of the corporation approves. Any agreement for the indemnification of a director, an officer, an employee, or another party may provide indemnification rights that are broader or otherwise different than those stated in the Michigan Nonprofit Corporation Act, unless such rights are otherwise prohibited by law.

Section 2. Authorization of indemnification. Any indemnification under this article (unless ordered by a court) shall be made by the corporation only after 10 days' written notice to all co-owners of the facts surrounding the request for indemnification, when authorized in the specific case on a determination that the indemnification of the director, officer, employee, or agent is proper in the circumstances because the party has met the applicable standard of conduct stated in this article. Such a determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the action, suit, or proceeding; (b) if such a

quorum is not obtainable or, even if it is obtainable, if a quorum of disinterested directors so directs, by independent legal counsel (who may be the regular counsel of the corporation) in a written opinion; or (c) by the members.

Section 3. Advancing expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in provision 1 of this article may be paid by the corporation in advance of the final disposition of the action, suit, or proceeding as authorized by the board of directors on receipt of an undertaking by or on behalf of the director, an officer, an employee, or an agent to repay the amount unless it is ultimately determined that the party is entitled to be indemnified by the corporation as authorized in this article.

Section 4. Insurance. The corporation may purchase and maintain insurance on behalf of any party who is or was a director, an officer, an employee, or an agent of the corporation or who is or was serving at the request of the corporation as a director, an officer, an employee, or an agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against the party and incurred by the party in such a capacity or arising out of the party's status as such, whether or not the corporation would have the power to indemnify the party against such liability under the provisions of this article.

Section 5. Mergers. For the purpose of this article, references to the corporation include all constituent corporations absorbed in a consolidation or merger, as well as the resulting or surviving corporation, so that any person who is or was a director, an officer, an employee, or an agent of such a constituent corporation or who is or was serving at the request of such a constituent corporation as a director, an officer, an employee, or an agent of another corporation, partnership, joint venture, trust, or other enterprise shall stand in the same position under the provisions of this article with respect to the resulting or surviving corporation as that party would if the party had served the resulting or surviving corporation in the same capacity.

ARTICLE VIII

AMENDMENTS

Section 1. Method. These Bylaws (but not the Condominium Bylaws) may be amended by the Association, at a duly constituted meeting for such purpose, by an affirmative vote of a simple majority of the members present in person or by proxy, as provided in the Condominium Bylaws.

Section 2. Proposed. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third or more in number of the members of the Association whether meeting as members or by instrument in writing signed by them.

Section 3. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of Article II, Section 3, of these Bylaws.

Section 4. Amendments Prior to Initial Meeting. Prior to the first meeting of members, these Bylaws may be amended only by the Board of Directors of the Association upon the motion of a Director, so long as such amendments shall not increase or decrease the benefits or obligations, or materially affect the rights, of any member of the Association.

Section 5. Effective Date. Any amendment to these Bylaws shall become effective upon adoption of the same in accordance with Section 1 or 4 of this Article VIII without approval by the State of Michigan and without recording in the office of the Register of Deeds.

Section 6. Distribution. A copy of each amendment to these Bylaws shall be furnished to every member of the Association after adoption, but failure to make such distribution shall not affect the validity of any amendment otherwise duly adopted.

ARTICLE IX

COMPLIANCE

These Bylaws are set forth to comply with the requirements of the Act, and with the duly recorded Master Deed of the Condominium and Exhibits A and B attached thereto. In case any of these Bylaws conflict with the provisions of the Act, or any other applicable law, or with the provisions of said Master Deed or the Exhibits thereto, the provisions of the Act, law and said Master Deed shall be controlling, as set forth in Article XIII of the Condominium Bylaws.

041200

**SAN BAR BEACH CONDOMINIUM
INSTRUCTION SHEET**

TO PURCHASER:

You are hereby advised that the Condominium Act provides as follows:

(A) At least nine business days before a condominium unit is conveyed or nine business days before the Purchase Agreement becomes a binding agreement, the developer shall have provided to the prospective purchaser copies of the following documents relative to the condominium project:

- (1) The recorded Master Deed including Condominium bylaws and Subdivision Plans;
- (2) An executed copy of Purchase Agreement;
- (3) A condominium Buyer's Handbook;
- (4) A Disclosure Statement;
- (5) Articles of Incorporation of the Condominium Association;
- (6) Condominium Association Bylaws; and
- (7) Condominium Escrow Agreement.

The calculation of the nine business day period shall include the day on which the above listed documents are received, if that day is a business day.

(B) This time limit may be waived in exceptional cases, by a purchaser who has been provided all of the aforementioned documents and waives in writing the purchaser's right to the protection provided by the advance review time. The form shall include an explanation of the right of withdrawal. This exemption may be revoked as to future sales by the administrator upon a finding of violation of the provisions of this act or rules promulgated under this act.

(C) The form signed by a purchaser, acknowledging receipt of the documents, is prima facie evidence that the documents were received and understood by purchaser. A separate instrument sheet, advising the co-owners of this section shall be provided to the co-owners contemporaneously with the documents required in subsection (A).

(D) In addition to other liabilities and penalties, a developer who violates this section is subject to Section 115 of the Condominium Act.

SAN BAR BEACH, A CO-PARTNERSHIP



SAN BAR BEACH CONDOMINIUM

**SAN BAR BEACH, A CO-PARTNERSHIP
APARTMENT 5F
6334 N. SHERIDAN ROAD
CHICAGO, IL 60660
(847) 570 - 2356**