

Savannah Lake Association

Bylaws

ARTICLE I Offices

1. **Principal Office.** The principal office of the corporation shall be at such place within the State of Michigan as the Board of Directors shall determine from time to time.
2. **Other Offices.** The corporation also may have offices at such other places as the Board of Directors from time to time determines or the business of the corporation requires.

ARTICLE II Voting

1. **Vote.** As stated in the Articles, Membership in the Corporation is limited to each condominium or homeowners' association established for the Development, initially limited to The Homes of Savannah Lakes Association (the "**Homes Association**") and The Village of Savannah Lakes Association (the "**Village Association**"). Subject to the Developer's right to amend this section following the creation of additional associations, the total number of votes shall be three, apportioned as follows: the Homes Association shall have two (2) votes, and the Village Association shall have one (1) vote. Greater voting rights are allocated to the Homes Association to compensate for The Homes of Savannah Lakes larger unit size, proximity to the recreational pond, and greater per-unit share of the Association assessments.

(a) **Developer's Reserved Right to Amend Voting Rights.** Developer retains the right to rename any of the condominium or homeowners' associations established for the Development, prior to or following their establishment. Developer reserves the option to create additional associations, and the right to amend the provisions of this Article II and Article IV, below, to change the total number of votes available and to re-apportion the voting rights among the associations accordingly.

2. **Eligibility to Vote.** No Member shall be entitled to vote at any meeting of the Association until Articles of Incorporation have been filed with the Michigan Department of Labor & Economic Growth, Bureau of Commercial Services, for that Member. The vote of each Member may be cast only by the individual representative designated by such Member in the notice required in Section 3 of this Article II below or by a proxy given by such individual representative.

3. **Definition of Voting Representative.** Each Member shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Member. Such notice shall state the name and address of the individual representative designated, and the number of votes held by the Member. The individual representative designated shall be an officer of that Member. Such notice shall be signed and dated by a duly authorized officer of the Member. The individual representative designated may be changed by the Member at any time by filing a new notice in the manner herein provided.

4. **Quorum.** The presence in person or by proxy of 70% of the available Votes shall constitute a quorum for holding a meeting of the Members of the Association, except for voting on questions specifically required by these Bylaws to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

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

6. **Majority.** A majority, except where otherwise provided in these Bylaws, shall consist of more than 50% of the qualified Votes present in person or by proxy (or written vote, if applicable) at a given meeting of the Members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority stated above of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the Members of the Association.

7. **Deadlock.** In any case in which a matter has been submitted to a vote, and the Members are deadlocked 50-50, then any of the deadlocked Members may submit the matter to binding arbitration in the following manner:

(a) **Notices; Appointment of Arbiters.** The party desiring such arbitration shall give written notice to that effect to the other party and shall in such notice appoint a person knowledgeable with respect to business management and operation. Within 15 days thereafter, the other party shall by written notice to the original party appoint a second person similarly qualified as the first arbiter. The arbiters thus appointed shall appoint a third disinterested person of recognized competence in such field, and such three arbiters shall, as promptly as possible, determine such matter; provided, however, that (i) if the second arbiter shall not have been appointed as aforesaid, the first arbiter shall proceed to determine such matter; and (ii) if the two arbiters appointed by the parties shall be unable to agree, within 15 days after the appointment of the second arbiter, upon the appointment of a third arbiter, they shall give written notice of such failure to agree to the parties. If the parties fail to agree upon the selection of such third arbiter within 15 days after the arbiters appointed by the parties give the notice aforesaid, then within 10 days thereafter either of the parties may upon written notice to the other party request that such appointment be made by the president of the American Arbitration Association (or any organization successor thereto) or, in his absence, refusal, failure or inability to act, apply for such appointment to the Circuit Court of the County of Ottawa, or to any other court having jurisdiction to exercise a function similar to such court.

Each party shall be entitled to present evidence and argument to the arbiters.

(b) **Determination by Arbiters.** The determination of a majority of the arbiters or the sole arbiter, as the case may be, shall, to the extent permitted by law, be conclusive upon the parties and judgment upon the same may be entered by any court having jurisdiction thereof. The arbiters shall give written notice to the Members stating their determination and shall furnish to each a copy of such determination signed by them.

(c) **Expenses.** Except as otherwise provided in these Bylaws, each party shall bear the cost and expenses of the arbiters selected by them, and the expense of the third arbiter shall be borne equally among the parties.

(d) **Substitution of Arbiters.** In the event of the failure, refusal or inability of any arbiter to act, a new arbiter shall be appointed in his stead, which appointment shall be made in the same manner as hereinbefore provided for the appointment of the arbiter so failing, refusing or unable to act.

ARTICLE III Meetings

1. **Place of Meeting.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Robert's Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the laws of the State of Michigan.

2. **Annual Meetings.** Annual meetings of Members of the Association shall be held before June 30 of each year, on such date and at such time and place as shall be determined by the Board of Directors. At such meetings there shall be an election, by ballot of the Members, of the Board of Directors in accordance with the requirements of Article IV of these Bylaws. The Members may also transact at annual meetings such other business of the Association as may properly come before them.

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

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

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

6. **Consent of Absentees.** The transactions at any meeting of Members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes of it. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

7. **Minutes; Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters stated in it. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV
Board of Directors

1. **Number and Qualification of Directors.** The Board of Directors shall be comprised of five directors. All directors must be directors or officers of The Homes Association or The Village Association. Directors shall serve without compensation.

2. **Election of Directors.** The Homes Association shall elect three of the five directors, and the Village Association shall elect two of the five directors at the annual meeting of members.

3. **Term of Office.** Each director shall hold office until the next annual meeting of Members and until the director's resignation or removal.

4. **Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association.

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

(a) To manage and administer the affairs of and to maintain the Corporation's Property and the Amenities.

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

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

(d) To rebuild improvements after casualty.

(e) To contract for and employ persons, firms, or corporations to assist in management, operation, maintenance and administration of the Amenities, including but not limited to snow plowing, trash removal service, pool maintenance, pool attendants, pond maintenance, and pond attendants.

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

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association.

(h) To make rules and regulations governing the use of the Amenities.

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

6. **Management Agent.** The Board of Directors may employ for the Association a professional management agent (which may include the developer of The Homes of Savannah Lakes, The Village of

Savannah Lakes, or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law required to be performed by or have the approval of the Board of Directors or the Members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the developer of The Homes of Savannah Lakes or The Village of Savannah Lakes, sponsor, or builder, in which the maximum term is greater than 3 years or which is not terminable by the Association upon 90 days written notice thereof to the other party.

7. **Vacancies.** Vacancies in the Board of Directors shall be filled by vote of the majority of the Members. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Members of the Association.

8. **Removal.** At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the unanimous vote of both of the Members and a successor may then and there be elected to fill any vacancy thus created.

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

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

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

12. **Waiver of Notice.** Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place unless the Director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. 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.

13. **Quorum.** At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 24 hours prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and

concurring in the minutes of the meeting, shall constitute the presence of such Director for purposes of determining a quorum.

14. **First Board of Directors.** The actions of the first Board of Directors of the Association or any successors selected or elected before the first election of non-developer Directors to the Board shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors.

ARTICLE V Officers

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

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

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

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

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

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.

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

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

ARTICLE VI
Finance

1. **Records.** The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the common areas and any other expenses incurred by or on behalf of the Association. The books, records and contracts concerning the administration and operation of the Amenities shall be available for examination by any of the Co-Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Member at least once each year a financial statement, the contents of which shall be defined by the Association.

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.

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

ARTICLE VII
Indemnification of Officers and Directors

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

ARTICLE VIII
Amendments

1. **By Developer.** These Bylaws may be amended by the Developer without approval from any other person pursuant to Developer's reserved rights to amend these Bylaws.

2. **Proposal.** Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors.

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

3. **Voting.** These Bylaws may be amended by the Members at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 75% of all Votes in number. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of 66-2/3% of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held. These Bylaws shall not be amended without the prior written consent of the Developer so long as the Developer continues to offer any unit for sale.

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

ARTICLE IX Definitions

All terms used in these Bylaws shall have the same meaning as set forth in the Association's Articles of Incorporation. A "**Co-Owner**" means any member of either of the Members, or any owner of a condominium unit in The Homes of Savannah Lakes or The Village of Savannah Lakes.

ARTICLE X Assessments

All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as stated in the Association's Articles of Incorporation and any independent easement agreement, maintenance agreement, or other agreement to which the Association is a party shall be levied by the Association against the Members in accordance with the following provisions:

1. **Determination of Assessments.** Assessments shall be determined in accordance with the following provisions:

(a) **Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Amenities and any other Association property, including a reasonable allowance for contingencies and reserves. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each member, who shall in turn deliver a copy to each Co-Owner, and the assessment of the year shall be established based upon the budget, although the failure to deliver a copy of the budget to each Co-Owner shall not affect or in any way diminish the liability of any member or Co-Owner for any existing or future assessments. Each member shall in turn incorporate the Association assessments as expenses of operation to be assessed against the Co-Owners who are members of that member. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Amenities and the other Association property, or in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary, so long as the resulting increases in assessments do not exceed \$5,000 in additional assessments to each member in any given year. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest

solely with the Board of Directors for the benefit of the Association and its members, and shall not be enforceable by any creditors of the Association or of its members.

(b) **Special Assessments.** Special assessments, in addition to those required in subparagraph (i) above, may be made by the Board of Directors from time to time and approved by the members to meet other requirements of the Association, including, but not limited to: (1) assessments for additions or repairs to the Amenities of a cost exceeding \$5,000 per year, or (2) assessments for any other appropriate purpose. Special assessments referred to in this subparagraph (but not including those assessments referred to in subparagraph 5(a)(i) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of the membership. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members and shall not be enforceable by any creditors of the Association or of the members.

2. **Apportionment of Assessments and Penalty for Default.** Unless otherwise provided in these Bylaws or any independent agreement signed by the Association, all assessments levied against the members to cover expenses of administration shall be apportioned among and paid by the Homes Association and the Village Association on the basis of the percentage of two (2) times the number of completed units in The Homes of Savannah Lakes and one (1) times the number of completed units in The Village of Savannah Lakes, in relation to the total number of completed units in both developments, the discrepancy owing to the larger size of units in The Homes of Savannah Lakes and greater voting rights of The Homes Association. As additional units are completed in each condominium project, the Association shall periodically adjust the percentages from time to time in order to maintain an equitable apportionment of costs and expenses. As an example, the Developer currently anticipates that The Homes of Savannah Lakes will eventually contain sixty-four (64) Units, and The Village of Savannah Lakes will eventually contain two hundred fifty-six (256) Units. If realized, this would result in an apportionment of 33.33% to the Homes Association and 66.67% to the Village Association (after doubling the number of completed units in The Homes of Savannah Lakes for purposes of this calculation).

Annual assessments as determined in accordance with Section 4(a)(i) above, shall be payable by the members and, derivatively, the non-Developer Co-Owners (except for units owned by Developer upon which a completed building has been erected and a certificate of occupancy has been issued, in which case the Developer shall also be assessed as a Co-Owner with respect to that unit only) in quarter-annual installments, or at such regular intervals as the Board shall from time to time determine.

The payment of an assessment shall be in default if the assessment, or any part of it, is not paid to the Association in full on or before the due date for the payment. Each installment in default for 10 or more days may bear interest from its initial due date at the rate of 7% per annum until each installment is paid in full. The Association may charge an administrative service charge equal to 5% of the delinquent payment for late payment of assessments in addition to interest. Regardless of the fact that a particular member receives the initial assessment, each Co-Owner (whether 1 or more persons) shall nevertheless be, and remain, personally liable for the payment of all assessments (including administrative service charges for late payment and costs of collection and enforcement of payment) pertinent to his unit which may be levied while such Co-Owner is the owner of it. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

3. **Waiver of Use or Abandonment of Unit.** No Co-Owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the easements or common areas of the Amenities or the Recreational Easement Parcel, or by the abandonment of his unit.

4. **Assessment Liens.** Sums assessed to a member and to its derivative Co-Owners by the Association that are unpaid together with interest on such sums, collection and late charges, advances made by the Association for taxes or other liens to protect its lien, attorneys fees, and penalties, constitute a lien upon the unit owned by the Co-Owner at the time of the assessment.

5. **Enforcement.**

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment, or by foreclosure of the lien that secures payment of assessments. In the event of default by any member or Co-Owner in the payment of any installment of the annual assessment levied against the member or, derivatively, the Co-Owner's unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any services to, and bar access to the Amenities of, a Co-Owner in default, including derivative Co-Owners of a member in default, upon 7 days written notice to such Co-Owner of its intention to do so. A Co-Owner in default shall not be entitled to utilize any of the easements or common areas of the Recreational Easement Parcel and a member in default shall not be entitled to vote at any meeting of the Association so long as such default continues. All of these remedies shall be cumulative and not alternative.

(b) **Foreclosure Proceedings.** Each Co-Owner shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments (including expenses of collection as described in subparagraph (iv) below) either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-Owner shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-Owner acknowledges that at the time of acquiring title to his unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject unit. The Co-Owner of a unit subject to foreclosure, and any purchaser, grantee, successor, or assignee of the Co-Owner's interest in the unit, is liable for assessments by the Association chargeable to the unit that become due before expiration of the period of redemption together with the expenses of collection described in paragraph (iv) below.

(c) **Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-Owner(s) at his or their last known address, a written notice that one or more installments of the annual assessment levied against the pertinent unit is or are delinquent and that the Association may invoke any of its remedies under this Agreement if the default is not cured within 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), (iv) the legal description of the subject unit(s), and (v) the name(s) of the Co-Owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the unit is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the above date of mailing. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it under this Agreement or under Michigan law. In the event the

Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-Owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

(d) **Expenses of Collection.** The expenses incurred in collecting unpaid assessments, including interest, collection and late charges, costs, actual attorney's fees (not limited to statutory fees), and advances for taxes or other liens paid by the Association to protect its lien shall be chargeable to the member and the derivative Co-Owner(s) in default and shall be secured by the liens on their units.

6. **Property Taxes and Special Assessments.** All property taxes and special assessments levied by any public taxing authority shall be assessed against the Members in accordance with these Bylaws.

7. **Personal Property Tax Assessment of Association Property.** The Association shall be assessed as the person or entity in possession of any tangible personal property owned by it, and personal property taxes based thereon shall be treated as expenses of administration.

ARTICLE XI Assessment of Fines

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

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

(a) **Notice.** Notice of the violation, including the Bylaw provision or rule violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-Owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-Owner at his last known address.

(b) **Opportunity to Defend.** The offending Co-Owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, or at any special meeting called to address the alleged violation prior to its next scheduled meeting, but in no event shall the Co-Owner be required to appear less than 10 days from the date of the notice.

(c) **Default.** Failure to respond to the notice of violation constitutes a default.

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

3. **Amounts.** Upon violation of any of the provisions of these Bylaws and after default of the offending Co-Owner or upon the decision of the Board as recited above, the following fines shall be levied:

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

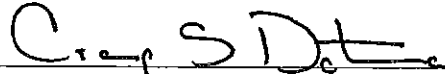
(b) **Second Violation.** One Hundred Dollar (\$100.00) fine.

(c) **Third Violation.** Two Hundred Dollar (\$200.00) fine.

(d) **Fourth and Subsequent Violations.** Five Hundred Dollar (\$500.00) fine.

4. **Collection.** The fines levied pursuant to Section 3 above shall be assessed against the Co-Owner and shall be due and payable on the first of the next following month. Failure to pay the fine will subject the Co-Owner to all liabilities set forth in these Bylaws.

I HEREBY CERTIFY that the foregoing Bylaws were adopted by the corporation on the 24th day of November, 2004.



Craig S. Datma
Secretary

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