

Condominium By--Laws

South Cove Condominium Bylaws
(Exhibit A to Master Deed of SouthCove)

Article I

Association of Co-Owners

Section 1. SOUTHCove, a residential and marina Condominium Project located in the City of New Buffalo, Berrien County, Michigan, shall be administered by an association of co-owners, which shall be a non-profit corporation, hereinafter called the "Association," organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operations, and administration of the common elements, easements, and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Condominium Bylaws referred to in the Master Deed and required by Section 53 of the Act and the Association Bylaws referred to in the Master Deed and provided for under the Michigan General Corporation Act.

Section 2. The share of a co-owner in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to his unit in the Condominium Project.

Section 3. All persons entering upon the Condominium Project and all those with an interest therein shall be subject to the provisions of the Condominium Documents.

Article II

Voting

Section 1. Except as limited in these Bylaws, the co-owner(s) shall collectively be entitled to one vote for each unit owned when voting by number, and one vote, the value of which shall equal the total of the percentages allocated to the units owned by such co-owner as set forth in Article V of the Master Deed, when voting by value. Voting shall be by value except in those instances when voting is specifically required to be both in value and in number.

Section 2. No co-owner shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a unit in the Condominium Project to the Association. The vote of each co-owner may only be cast by the individual representative designated by such co-owner in the notice required in Section 3 below or

by a proxy given by such individual representative: PROVIDED, HOWEVER, that no general proxy may be granted or voted.

Section 3. Each co-owner, other than an individual or individuals with simple private ownership (including co-ownership), shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the unit or units owned by the co-owner, and the name and address of each person, firm, corporation, partnership, association, trust, or other entity who is the co-owner. Such notice shall be signed and dated by the co-owner. The individual representative designated may be changed by the co-owner at any time by filing a new notice in the manner herein provided.

Section 4. The presence in person or by proxy in excess of fifty percent in value and in number of the co-owners qualified to vote shall constitute a quorum for holding a meeting of the co-owners of the Association, except for voting on questions specifically required herein to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Votes may be cast in person or by proxy or by writing duly 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 co-owners of the Association. Cumulative voting shall not be permitted.

Section 6. A majority, except where otherwise provided herein, shall consist of more than fifty percent (50%) in value of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the co-owners of the Association. Whenever provided specifically herein, and may require such majority to be one of both number and value of designated voting representatives present in person or by proxy, or by written ballot, if applicable, at a given meeting of the co-owners of the Association.

Article III Meetings

Section 1. Annual meetings and special meetings of the Association shall be held within a venue chosen by the Board of Directors and located within a radius of approximately 15 miles from South Cove as may be designated by the Board of Directors. Meetings of the Association shall be conducted either in person or by teleconference in accordance with

Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order, or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed), or the laws of the State of Michigan.

Section 2. The annual meetings of the co-owners of the Association shall be held on a date chosen by the Board of Directors during the months of June, July or August as may be designated by the Board of Directors. At such meeting there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Article IV of these Bylaws. The co-owners may also then transact such other business of the Association as may properly come before them.

Section 3. It shall be the duty of the President to call a special meeting of the co-owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the co-owners in value and in number presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. It shall be the duty of the Secretary (or any Association officer in the Secretary's absence) to cause notice to be given to each co-owner of record of each annual or special meeting of the co-owners, stating the purpose thereof as well as the time and place where it is to be held, at least ten (10) days but not more than sixty (60) days prior to such meeting in an appropriate method of contact used by the Association (paper mail, email, text, etc.) of a notice to each co-owner or to the representative of each co-owner 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.

Section 5. If any meeting of co-owners cannot be held because a quorum has not been met, the duly elected Board of Directors may adjourn the meeting to a time not less than seven (7) days from the time the original meeting was called. Notice of rescheduled meeting date shall be given as required by Section 3 above, except that such notice shall be given at least two (2) days prior to such meeting. At any such rescheduled meeting, which has been called for failure of a quorum at the originally scheduled meeting, the quorum requirement shall be reduced to thirty-five percent (35%) of all co-owners in value and in number.

Article IV Board of Directors

Section 1. The affairs of the Association shall be governed by a Board of Directors, all of whom must be co-owners of the Association. Directors shall serve without compensation. The Board will consist of seven (7) co-owners.

Section 2. At each Annual Meeting of the Association, either three (3) or four (4) directors shall be elected depending upon the number of directors whose terms expire. The term of office shall be two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting.

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

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

- (a) To manage and administer the affairs of and to maintain the Condominium Project and the common elements thereof, and, if necessary or desirable, to cooperate and contract with other condominium associations or similar persons or entities to arrange for cooperative maintenance and/or administration.
- (b) To collect assessments from the co-owners of the Association and to use the proceeds thereof for the purposes of the Association.
- (c) To carry insurance and to collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty.
- (e) To contract for and employ persons, firms, corporations, or other agents to assist in the management, operation, maintenance, and administration of the Condominium Project.
- (f) To acquire, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease any real or personal property (including 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 business of the Association, and to ensure the same by mortgage, pledge, or other lien, on property owned by the Association; PROVIDED, HOWEVER, that any such action shall also be approved by affirmative vote of more than sixty percent (60%) of all of the co-owners of the Association in value and in number.
- (h) To make rules and regulations in accordance with Article XII, Section 12 of these Bylaws.
- (i) To establish such committees, as it deems necessary, convenient, or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities, which are not by law or the Condominium Documents required to be performed by the Board.
- (j) To enforce the provisions of the Condominium Documents.

Section 5. The Board of Directors may employ for the Association a management agent or agency at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the co-owners of the Association.

- (a) To the extent that any contract is in effect (including a management contract), such contract may be voided by the Board of Directors of the Association of co-owners with or without cause upon thirty (30) days' notice to the agent or agency at any time before the expiration of said contract. Furthermore, if the termination is for cause, the Board of Directors has the option to void the aforementioned thirty (30) days' notice.

Section 6. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the co-owners 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 for the balance of the term of the director being replaced. This is intended to keep compliance with Article IV Section 2.

Section 7. At any annual or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) of all of the co-owners in value and number and a successor may be elected at the same meeting 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 8. 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 (2) such meetings shall be held during each calendar year. Written notice of regular meetings of the Board of Directors shall be given to each Director by an appropriate method of contact used by the Association (paper mail, email, text etc.) at least ten (10) days prior to the date named for such meeting.

Section 9. Special meetings of the Board of Directors may be called by the President with seven (7) days notice to each Director, by an appropriate method of contact used by the Association (paper mail, email, text, etc.) 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 request of one (1) Director.

Section 10. Before or at any meeting of the Board of Directors any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the

giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. 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 is less than a quorum present, the majority of those present may then adjourn the meeting to a subsequent time upon twenty-four (24) hours prior notice to all Directors. Any business which might have been transacted at the meeting as originally called may be transacted at the adjourned meeting.

Section 12. All of the actions (including, without limitation, the adoption of these Bylaws and any Rules and Regulations for the Association, and any undertakings or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association named in its Articles of Incorporation or any successors thereto elected by the Developer before the First Annual Meeting of Co-owners 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 co-owners of the Association at the first or any subsequent annual meetings of co-owners so long as such actions are within the scope of the powers and duties which may be exercised by any Board of Directors as provided in the Condominium Documents.

Article V Officers

Section 1. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer all of whom shall be members of the Board of Directors as remaining members who serve as members at large. The Directors may appoint such other officers as, in their judgment, may be necessary. Any two (2) offices, except that of President and Vice President, or President and Treasurer, may be held by one person.

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

Section 3. Upon an affirmative vote of majority of the co-owners of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any special meeting of the Board called for such purpose.

Section 4. The President shall be the chief executive officer of the Association. He shall preside at all meeting 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 co-owners 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. No person shall serve more than four consecutive years as President without unanimous consent of the board.

Section 5. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the co-owners of the Association.

Section 7. The Treasurer shall have responsibility for overseeing the Association funds and securities and shall be responsible for supervision of the keeping of full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall also be responsible for overseeing 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. The Treasurer may delegate all aspects of such activities to an authorized agent, employee, or officer of the Association so long as he maintains appropriate supervisory control thereover.

Section 8. 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

Section 1. The Association shall keep or cause to be kept detailed books of accounts showing all expenditures and receipts of administration which shall specify the maintenance and repair expense of the common elements and any other expenses incurred by or on behalf of the Association and the co-owners. Such accounts and all other Association records shall be open for inspection by the co-owners upon written request at a mutually agreed date, time, and location. The books of accounts shall be audited at least annually by qualified independent auditors; PROVIDED, HOWEVER, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. The costs of any such audit and any accounting expenses shall be

expenses of administration. The Association also shall maintain on its public website or electronic data file, current copies of the Master Deed for the Condominium Project, any amendments thereto, and all other condominium documents for 24/7 viewing by all coowners, prospective purchasers, and prospective mortgagees interested in the Condominium Project. A financial statement, as defined by the Association shall be distributed to each co-owner at least twice a year.

Section 2. The fiscal year of the Association shall be in compliance with IRS regulations.

Section 3. The funds of the Association shall be deposited in such bank(s) as may be designated by the Directors or the management agent for the Association and approved by the Treasurer, 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.

Article VII

Indemnification of Officers and Directors

Section 1. Every director and every 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 wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to 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 ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all co-owners thereof.

Article VIII
Assessments

Section 1. All costs incurred by the Association in satisfaction of any liability arising within, caused by or in connection with the common elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Condominium Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance carried by the Association securing the interests of the co-owners against liabilities or losses arising within, caused by, or connected with the common elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

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

- (a) 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 property operation, management, and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve for maintenance, repairs, and replacement of those common elements that must be replaced on a periodic basis must be established in the budget and must be funded by regular payments as set forth in Section 4 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a noncumulative basis. The minimum standard required by this Section may prove to be inadequate for a particular project. The Association of co-owners should carefully analyze their condominium project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each co-owner by an appropriate method of contact used by the Association (paper, mail, email, text, etc.) and the assessment for said year shall be established based upon said budget, although the delivery of a copy of the budget to each co-owner shall not affect the liability of any co-owner for any existing or future assessments. 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 for the following purposes: (1) to make up any deficit arising from operation and management of the Condominium, (2) to provide replacements of existing common elements, (3) to provide additions to the common elements not exceeding a total of \$5,000 annually, or (4) to meet an emergency.
- (b) Special Assessments, in addition to those required in (a) above may be made by the Board of Directors from time to time and approved by the co-owners as

hereinafter provided to meet other needs or requirements of the Association, including, but not limited to (1) assessments for capital improvements for additions of a cost exceeding \$1,000 per year total, (2) assessments to purchase a condominium unit upon foreclosure of the lien for assessments described in Section 6 hereof, (3) assessments for any other appropriate purposes not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 3(a) above which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all owners in value and in number.

Section 3. All assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners in accordance with the percentage of value assigned to each unit in Article V of the Master Deed as amended. Annual assessments as determined in accordance with Article VIII Section 3(a) above shall be payable from time to time as determined by the Board of Directors, commencing with acceptance of a deed to a unit or with acquisition of fee simple title to a unit by an other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear a minimum interest at the rate of ten percent (10%) per annum until paid in full or at a rate voted by a majority of the Board of Directors on specific properties up to the maximum rate allowed by usury laws on a case by case basis. In addition thereto, a reasonable late charge, as defined by the late fee policy in the Association Rules & Regulations, may be assessed for delinquencies to defray the added cost of administration resulting therefrom. Each co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments pertinent to his unit which may be levied while such co-owner is the owner thereof.

Section 4. No co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

Section 5. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. Each co-owner, and every other person who from time to time has any interest in the project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further each co-owner and every other person who from time to time has any interest in the project, shall be deemed to have authorized and empowered the

Association to sell or to cause to be sold the unit with respect to which the assessments(s) is or are delinquent and to receive, hold, and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each co-owner of a unit in the project acknowledges that at the time of acquiring title to such unit, he was notified of the provisions of this section and that he voluntarily, intelligently, and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject unit. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent co-owners(s) at his or their last known address, of a written notice that one or more installments of the assessment levied against the pertinent unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. (It is the responsibility of each owner and co-owner to notify the Association of any and all contact changes.) Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that set 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 fees, and future assessments), (iv) the legal description of the subject unit(s) and (v) the name(s) of the co-owners of record. Such affidavit shall be recorded in the Office of the Register of Deeds in the county in which the project is located prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of date of mailing as aforesaid. If the delinquency is not cured with 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 designated above and shall inform such representative that he may request a judicial hearing by bringing suit against the Association. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the co-owner in default and shall be secured by the lien on his unit. In the event of a default by any co-owner in the payment of any installment of the assessment levied against his unit, the Association shall have the right to declare all unpaid installments of the assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any services to a co-owner in default upon seven (7) days' written notice to such coowner of its intention to do so. A co-owner in default shall not be entitled to utilize any of the general common elements of the project and shall not be entitled to vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the unit from the coowner thereof or any persons claiming under him.

Section 6. Notwithstanding any other provision of the Condominium Documents, the holder of any first mortgage covering any unit the project which comes into possession of

the unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments of charges against the mortgages unit which accrue prior to the time such holder comes into possession of the unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all units including the mortgages unit). A purchaser or grantee of a unit shall be entitled to receive from the Association a written statement setting for the amount of unpaid assessments, if any, against the seller or grantor, and the purchaser or grantee shall not be liable for, nor shall the unit be conveyed or granted subject to a lien for any unpaid assessments against the seller or grantor in excess of the amount set forth in the written statement so furnished; PROVIDED, HOWEVER, that unless the purchaser or grantee requests such written sale or conveyance, the purchaser or grantee shall be liable for any unpaid assessments against the unit together with interest, costs and attorneys' fees incurred in the collection thereof.

Section 7. All property taxes and special assessment levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 8. A mechanic's lien otherwise arising under Act 179 of the Michigan Public Acts of 1891, as amended, shall be subject to Section 132 of the Act.

Article IX Arbitration

Section 1. Disputes, claims, or grievances arising out of or relating to the interpretation of the application of the Condominium Documents, or any disputes, claims, or grievances arising among or between co-owners and the Association shall, upon the election and written consent of the parties to any such disputes, claims, or grievances and written notice to the Association be submitted to arbitration and the parties thereto shall accept the arbitrator'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 any such arbitration.

Section 2. No co-owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims, or grievances.

Section 3. Election by co-owners or the Association to submit any such dispute, claim, or grievance to arbitration shall preclude such parties from litigating such dispute, claim, or grievance in the courts.

Article X
Insurance

Section 1. The Association shall carry fire and extended coverage, vandalism, and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use, and maintenance of the common elements of the Condominium Project, and such insurance, other than title 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, and the co-owners and their mortgages, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners. Each co-owner should obtain insurance coverage at his own expense upon his unit for everything within the drywall. Our Association insurance parallels its responsibility for the exterior & roof in to the primer coat of paint, and up to the subflooring. It shall be each co-owner's responsibility to obtain insurance coverage for his personal property (to include, but not limited to, furniture, electronics, and artwork) located within his unit or elsewhere on the Condominium Project and for his personal liability for occurrences within his unit or upon limited common elements appurtenant to his unit, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association and all co-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any co-owner or the Association. The Association may act in concert with other condominium associations or other appropriate entities to effect such combined coverages as may be economically desirable so long as adequate insurance in accordance with these provisions is obtained.

- (b) All common elements of the Condominium Project 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, including foundation and excavation costs as determined from time to time by the Board of Directors of the Association. In addition, all eligible common elements shall be insured under the National Flood Insurance Program in the lesser amount of the maximum insurable replacement cost of the maximum insurable amount under the Program or an acceptable alternate. Any improvements made by a co-owner within his unit may be covered by insurance obtained by and at the expense of said co-owner; PROVIDED, that if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto

shall be assessed to and borne solely by said co-owner and collected as part of the assessments against said co-owner under Article VIII hereof.

- (c) All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.
- (d) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, and the co-owners and their mortgagees as their interest may appear; PROVIDED, HOWEVER, whenever repair or reconstruction of the Condominium Project shall be required as provided in Article XI of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction.

Section 2. Each co-owner, by ownership of a unit in the Condominium Project, shall be deemed to appoint the Association or the management agent for the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance, and workmen's compensation insurance, if applicable, pertinent to the Condominium Project, his unit, and the common elements appurtenant thereto which such insurer as may, from time to time, provide such insurance for the Condominium Project without limitation on the generality of the foregoing, the Association or Agent as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute the same to the Association, the co-owners, and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such co-owner and the Condominium Project as shall be necessary or convenient to the accomplishment of the foregoing.

Article XI Reconstruction or Repair

Section 1. If any part of the Condominium Project shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

- (a) If the damaged property is a common element or a unit, the property shall be rebuilt or repaired if any unit in the Condominium Project is tenantable,

unless it is determined by a unanimous vote of all of the co-owners in the Condominium Project that the Condominium Project shall be terminated.

- (b) If the Condominium Project is so damaged that no unit is useable, the damaged property shall not be rebuilt and the Condominium Project shall be terminated, unless seventy-five percent (75%) or more of the co-owners in value and in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

Section 2. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the project to a condition as comparable as possible to the condition existing prior to damage unless the co-owners shall unanimously decide otherwise.

Section 3. The Association shall be responsible for the reconstruction, repair, and maintenance of the common elements and any incidental damage to a unit caused by the reconstruction, repair, or maintenance thereof. The Association shall not, however, be responsible for incidental damage caused by a common element to property other than common elements unless such damage is covered by insurance carried by the Association in which event the Association shall be responsible only to the extent of insurance proceeds for which it collects. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair, and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

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

- (a) In the event of any taking of an entire unit by eminent domain, the award for such taking shall be paid to the owner of such unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the owner and his mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any co-owner whose unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the co-owner and his mortgagee, as their interests may appear.
- (b) If there is any taking of any portion of the Condominium Project other than any unit the condemnation proceeds relative to such taking shall be paid to the

co-owners and their mortgagees in proportion to their respective interests in the common elements and the affirmative vote of more than fifty percent (50%) of the co-owners in value and in number shall determine whether to rebuild, repair, or replace the portion so taken or to take such other action as they deem appropriate.

- (c) In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining co-owners based upon the continuing value of the condominium of 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 co-owner.

Article XII Restrictions

Section 1. Restrictions on Use: Use of the property shall be in accordance with the following provisions:

- (a) Units. Each marina unit shall be used exclusively for the moorage of permitted vessels in accordance with the Condominium Documents, and shall be occupied, and the common elements appertaining thereto shall be used only by the unit owner, his or her family, employees, guests, or by authorized tenants and such tenants' family, employees, and guests. No unit may be used for the moorage of any commercial vessel or the conduct of commercial activity (except for the leasing thereof as permitted by the Condominium Documents).

Each residential unit shall be used exclusively for residential purposes in accordance with the Condominium Documents, and shall be occupied, and the common elements appertaining thereto shall be used only by the unit owner, his or her family, employees, guests, or by authorized tenants and such tenant's family employees, and guests. The Moorings office at 310 Oselka Drive is hereby authorized to continue use the unit as their office until such time as they choose to sell, at which time, it must revert to a residential unit.

- (b) Common Elements. The common elements shall only be used in accordance with the Condominium Documents and for the purposes for which they are intended, the furnishing and servicing of facilities for the enjoyment of the units by the occupants. No vessel may extend into the common element area without express permission of the Association.
- (c) Nuisances. No nuisances shall be allowed upon the property, nor any use or practice which interferes with the peaceful possession and proper use of the property by the unit owners. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate or any fire hazard allowed to exist. No waste of the common elements shall be permitted. No unit owner shall make or permit any use of his unit nor make or permit any use of the common elements which will cause the premiums for insurance on the property to be higher than the premiums generally applicable to non-commercial marinas, except to the extent that such other use shall be approved in advance in writing by the Association.
- (d) Lawful Use. No unlawful use shall be made of the property nor any part of it; and all valid laws, zoning ordinances, regulations and orders of all governmental authorities having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies relating to maintenance, modification, or repair of portions of the property shall be upon the same persons or persons who have the responsibility for the maintenance and repair of the portion of the property concerned.
- (e) Landscaping. Without the written approval of the Association no co-owner shall perform any landscaping, plant any trees, shrubs, or flowers, place any ornamental materials, cut any trees or remove or modify any natural vegetation upon the common elements except for the placement of decorative plants on the limited common element decks.
- (f) Rules and Regulations. Reasonable regulations consistent with the Master Deed and these Bylaws concerning the use of the common elements may be made and amended from time to time by any Board of Directors of the Association. Copies of all such regulations and amendments thereto shall be furnished to all co-owners or to the designated voting representative of each co-owner and published on the Association website, and shall become effective thirty (30) days after delivery to co-owners by an appropriate method of contact used by the Association (paper, mail, email, text, etc.) . Any such regulations or amendments may be revoked at any time by the affirmative vote of more than sixty percent (60%) of all co-owners in value and in number.

Section 2. Restrictions on Renting or Leasing: A co-owner desiring to rent or lease a condominium unit, shall disclose that fact in writing to the Association of co-owners at least twenty-one (21) days before leasing the condominium unit and shall supply the Association of co-owners with a copy of the exact lease form for its review for its compliance with the Condominium Documents. Tenants or non-co-owner occupants shall comply with all of the conditions of the Condominium Documents of the Condominium Project and City of New Buffalo ordinances; all leases and rental agreements shall so state. If the Association of co-owners determine that the tenant or non-co-owner occupant failed to comply with the conditions of the Condominium Documents, the Association of co-owners shall take the following action:

- (a) The Association of co-owners shall notify the co-owner by an appropriate method of contact used by the Association (paper, mail, email, text, etc.) followed by certified mail advising of the alleged violation by tenant.
- (b) The co-owner shall have 48 hours after notification to investigate and correct the alleged breach by the tenant or advise the Association of co-owners that a violation has not occurred.
- (c) If after 48 hours the Association of co-owners believes the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the co-owners on behalf of the Association of co-owners an action for eviction against the tenant or non-co-owner occupant for breach of the condition of the Condominium Documents. The relief set forth in this section may be by summary proceeding. The Association of co-owners may hold both the tenant and the co-owner liable for any damages and legal costs caused by the co-owner or tenant in connection with the condominium unit.

When a co-owner is in arrearage to the Association of co-owners for assessments, the Association of co-owners may give written notice of the arrearage to a tenant occupying a co-owner's condominium unit under a lease or rental agreement, and the tenant, after receiving the notice, shall deduct from rental payments due the co-owner the arrearage and future assessments as they fall due and pay them to the Association of co-owners. The deductions shall not be a breach of the rental agreement or lease by the tenant.

Article XIII

Maintenance, Alteration, and Improvements

Section 1. Units:

- (a) The Association shall be responsible for any dredging which may from time to time be required. The cost of dredging within a unit shall be assessed against the co-owner. Common area dredging shall be a maintenance cost of the Association. Each unit owner shall be responsible for keeping unit free of all litter, obstructions, and debris.

Section 2. Common Elements:

- (a) General Common Elements. The maintenance and operation of the general common elements shall be the responsibility and expense of the Association.
- (b) Limited Common Elements: The maintenance of the limited common elements shall be the responsibility of the Association in accordance with the provisions of Articles IV and V of the Master Deed.
- (c) Alteration and Improvement. Except as permitted in Article IV of the Master Deed, there shall be no alteration or further approval expressed in writing of the Board of Directors of the Association; and, except as permitted in Article IV of the Master Deed, no such alteration or improvement shall interfere with, or adversely affect, the rights of any unit owner without his prior consent, expressed in writing, or by vote at a meeting. The cost of any such work shall not be assessed against any bona fide lending institution which acquires title to any unit as a result of owning a mortgage upon a unit, unless said institutional owner shall approve the alteration or improvement, and this prohibition shall apply whether said title is acquired by deed from the mortgagor or through foreclosure proceedings. Except as permitted in Article VI of the Master Deed, there shall be no change in the share of, or the rights of, a unit owner with respect to the general common elements which are altered or further improved, whether or not the unit owner contributes to the cost thereof.

Section 3. Maintenance by Co-owner: Each co-owner shall maintain his unit in a safe clean, and sanitary condition. Each co-owner shall also use due care to avoid damaging any of the common elements including, but not limited to the cable, telephone, water, sewer, gas, plumbing, electrical or their utility conduits and systems, and any other elements in any unit which are appurtenant to or which may affect any other unit. Each co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by him or his family, guests, agents, or invitees, unless such damages or costs are covered by insurance carried by the Association, in which case there shall be no such responsibility (unless reimbursement to the Association is excluded by virtue to a deductible provision, in which case the responsible co-owner may be assessed for the damage to and collected from the responsible co-owner in the manner provided in Article VII hereof.)

Section 4. Maintenance by Association. The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a private condominium project for the benefit of the co-owners and all persons interested in the Condominium Project.

Section 5. Access to Units. The Association or its duly authorized agents shall have access to each unit and any limited common elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the co-owner thereof, as may be necessary for the maintenance, repair, or replacement of any of the common elements. The Association or its agents shall also have access to each unit and any limited common elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs or to prevent damage to the common elements or to another unit or in the case of a health or safety concern. It shall be the responsibility of each co-owner to provide the Association and its management agent means of access to his unit and any limited common elements appurtenant thereto during all periods of absence and in the event of failure of such co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such co-owner for any necessary damage to his unit and limited common elements appurtenant thereto caused thereby. The Association shall not have responsibility with respect to any modification or any consequence thereof made by a coowner even though the same may have been approved by the Association and the Developer. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Condominium Project. No access to a boat within a unit shall be allowed without permission of owner. The Association or its agents shall also have access to each boat within a unit and any limited common elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs or to prevent damage to the common elements or to another unit or in the case of a safety concern.

Article XIV Amendments

Section 1. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third (1/3) or more of co-owners in value and in number. of the Association.

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

Section 3. These Bylaws may be amended by the Association at any regular annual meeting or a special meeting called for such purpose, by affirmative vote in excess of 50% of all co-owners in value and in number provided the material rights of mortgagees, co-owners, and interested parties are not affected. Even if the amendment will materially

alter the rights of the co-owners, mortgagees, or other interested parties, the Bylaws may be amended for proper purpose with the a approval of 2/3rd vote of the co-owners in value and in number.

Section 4. At any meeting held to consider such amendment or amendments to these Bylaws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting providing such written vote is delivered to the Secretary of the Association at or prior to such meeting.

Section 5. Any amendment to these Bylaws shall become effective upon for and the recording of such amendment in the Office of the Register of Deeds for Berrien County, Michigan. A person causing or requesting an amendment to the Condominium Documents, shall be responsible for cost and expenses of the amendment except for amendments based on a vote of a prescribed majority of co-owners or based upon the advisory committee's decision, the costs of which are expenses of administration.

Section 7. 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 which is adopted in accordance with this article shall be binding upon the persons who have an interest in the project irrespective of whether such persons actually receive a copy of such amendment.

Article XV Compliance

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

Article XVI Definitions

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

Article XVII
Remedies for Default

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

- (a) Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include without intending to limit the same an action to recover sums due for damages. Injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association, or, if appropriate, by an aggrieved co-owner or co-owners.
- (b) In any proceeding arising because of an alleged default by any co-owner, the Association, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees (not limited to statutory fees), as may be determined by the Court, but in no event shall any co-owner be entitled to recover such attorneys' fees.
- (c) The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the common elements, limited or general, or into any unit, where reasonably necessary, and summarily remove and abate, at the expense of the co-owner in violation, any structure, thing, or condition existing or maintained contrary to the provisions of the Condominium Documents.

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

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

Section 4. Pursuant to the Act, any co-owner may maintain an action for injunctive relief or to compel enforcement and compliance with the terms and provisions of the Condominium Documents or the Act and may include in such action a request for money damages.

Article XVIII

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action, or any other matter or thing, may be assigned by it to any other entity. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to the acceptance of such powers and right and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer.

Article XIX Severability

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