

THE PARTRIDGE CREEK NORTH HOMEOWNERS ASSOCIATION

BY-LAWS

ARTICLE I

ADOPTION OF OTHER DOCUMENTS

SECTION 1. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS;

The Declaration of Covenants, Conditions and Restrictions for Partridge Creek North Subdivision, Township of Ypsilanti, Washtenaw County, Michigan, affecting property of Partridge Creek Associates, L.L.C., a Michigan limited liability company, recorded among the Washtenaw County Records, State of Michigan, as may be further amended from time to time as therein provided is hereby incorporated by reference and adopted in its entirety as part of the By-Laws of The Partridge Creek North Homeowners Association (hereinafter referred to as the "Association").

SECTION 2. ARTICLES OF INCORPORATION. The Articles of Incorporation of this Association filed with the Michigan Department of Commerce on July 10, 2000, are hereby incorporated by reference and adopted in their entirety as part of the By-Laws of this Association.

SECTION 3. DEFINITION OF TERMS. Capitalized terms used in these By-Laws and not otherwise defined herein, shall have the meanings ascribed to such terms in the Declaration.

SECTION 4. CONFLICT OF TERMS AND PROVISIONS. In the event there exists any conflict among the terms and provisions contained within the Declaration, the Articles of Incorporation or these By-Laws, the terms and provisions of the following documents, in their stated order of priority, shall control: (i) the Declaration; (ii) the Articles of Incorporation of this Association; and (iii) the By-Laws of this Association.

ARTICLE II

REGISTERED OFFICE

SECTION 1. REGISTERED OFFICE. The registered office of the Association shall be located at 36700 Woodward Avenue, Suite 105, in the City of Bloomfield Hills, County of Oakland, State of Michigan 48304, or at such other registered office as the Board of Directors of the Association may determine from time to time.

ARTICLE III

MEMBERS

SECTION 1. MEMBERSHIP. There shall be two classes of members: Class A Members and Class B Members (collectively referred to as the "Members").

(a) Class A Members. Every Owner of a Lot of record other than Developer shall be a Class A Member of the Association.

(b) Class B Members. Developer shall be the Class B Member. Class B Membership shall terminate as to any Lots owned by Developer at any time such Lot is sold and conveyed to an owner other than Developer.

(c) Membership Rights and Obligations. All membership rights and obligations shall be appurtenant to and may not be separated from ownership of any Lot. Where the Owner of a Lot is more than one (1) person or entity, said multiple owners shall be collectively one (1) Member, even though all of said co-owners shall be jointly and severally liable for the assessments levied against the Lot collectively owned by said co-owners, pursuant to Article V of the Declaration.

SECTION 2. PLACE OF MEETING. Meetings of the Members of the Association shall be held at a suitable place convenient to the Members as may be designated by the Board of Directors. Meetings of the Members of the Association shall be conducted in accordance with generally accepted rules of parliamentary procedure, when not otherwise in conflict with the Articles of Incorporation, these By-Laws or the laws of the State of Michigan.

SECTION 3. ANNUAL MEETING OF MEMBERS. The annual meeting of the Members, commencing with the year following the year in which the Class A Members of the Association elect the Directors of the Association in replacement of Developer, shall be held within one hundred twenty (120) days following the year end of the Association, on a day not a legal holiday, at 7:00 o'clock p.m., local Detroit time, or at such other time as shall be determined from time to time by the Board of Directors of the Association, unless the action to be taken at the annual meeting is taken by written consent, as provided in Section 8 below. At said meeting, the Members shall elect Directors and shall transact such other business as may be properly brought before the meeting. If the annual meeting is not held on the date designated therefor, the Board of Directors shall cause the meeting to be held as soon thereafter as convenient.

SECTION 4. NOTICE OF MEETING OF MEMBERS. Except as otherwise provided in the Nonprofit Corporation Act, Act 162 of the Public Acts of 1982, (hereinafter referred to as the "Act"), written notice of the time, place and purposes of a meeting of Members shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each Member of record entitled to vote at the meeting. When a meeting is adjourned to another time or place, it is not necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and at the adjourned meeting only such business is transacted as might have been transacted at the original meeting. However, if after the adjournment, the Board of Directors fixes a new record date for the adjourned meeting, a notice of adjourned meeting shall be given to each Member. If a Member attends a meeting of the Members, that Member waives any objection to (a) lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to the holding of the meeting or transacting business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when presented.

SECTION 5. SPECIAL MEETING OF MEMBERS. The Board of Directors of the Association, or the Members representing a majority of the total number of outstanding votes of all Class A and Class B Members of the Association may call a special meeting of the Members of the Association. The method by which such meeting may be called is as follows: Upon receipt of a specification in writing setting forth the date and objects of such proposed special meeting, signed by the Board of Directors, or by a majority of the Class A and Class B Members of the

Association, the Secretary of the Association shall prepare, sign and mail the notice requisite to such meeting.

SECTION 6. QUORUM OF MEMBERS.

(a) With respect to the meeting of Members held for the purpose of electing the Directors of the Association in replacement of Developer, the quorum for holding such meeting shall be the Members present in person or in proxy, and there shall be no requirement that a minimum number of Members be present.

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(b) The presence, in person or by proxy, of Members representing forty (40%) percent of the total number of outstanding votes of all Class A and Class B Members shall constitute a quorum for holding all other meetings of Members. The Members present in person or by proxy at such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than quorum. Whether or not a quorum is present, the meeting may be adjourned by a vote of the Members present.

SECTION 7. VOTE OF MEMBERS. Members of the Association shall have the following voting rights:

(a) **CLASS A MEMBERS.** Each Class A Member is entitled to one (1) vote on each matter submitted to a vote for each Lot owned by such Member, unless otherwise provided in the Articles of Incorporation. When more than one (1) person or entity holds an interest in any Lot or other portion of the Property (multiple ownership), all such persons shall constitute one (1) Class A Member, but in no event shall there be more than one (1) vote cast with respect to any such Lot. When more than one (1) person or entity holds an interest in such Lot, the vote for the Lot shall be exercised as the multiple Owners may, among themselves, agree, and they shall notify the Association in writing of the person entitled to exercise such vote. In the event any multiple Owners fail to provide such notice to the Association within thirty (30) days prior to the date set for a meeting, the Owner whose name first appears on record title shall be deemed to be the Member authorized to vote on behalf of all the multiple Owners and any vote cast in person or by proxy by said Owner, or the failure of said Owner to vote, shall be binding upon all such multiple Owners.

(b) **CLASS B MEMBER.** The Class B Member shall be entitled to three (3) votes for each Lot that Developer owns in the Partridge Creek North subdivision. Class B membership shall terminate as to any Lots owned by Developer at the time such Lot is sold and conveyed to an Owner other than Developer, which Owner shall thereafter be a Class A Member.

(c) **VOTING GENERALLY.** A Member may cast a vote orally or in writing. When an action is to be taken by vote of the Members, the action shall be authorized by a majority of the votes cast, unless the Articles of Incorporation or the Act require a greater plurality. Any Member may authorize any individual to attend any meeting on his or her behalf and give such individual a written proxy to vote on any matter submitted to a vote.

(d) **SEPARATE VOTE FOR MEMBERS OF THE ARCHITECTURAL CONTROL COMMITTEE.** Notwithstanding anything herein to the contrary, there shall be a separate vote for each position to be filled for each of the members of the Architectural Control Committee.

SECTION 8. CONSENT OF MEMBERS IN LIEU OF MEETING. Any action required or permitted by the Act to be taken at an annual or special meeting of Members may be taken without a meeting, without prior notice and without a vote, if all of the Members entitled to vote thereon consent thereto in writing. Any action required or permitted by the Act to be taken at any other meeting of Members may be taken without a meeting, without prior notice and without a vote, if consents in writing, setting forth the action so taken, are signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all Members entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to Members who have not consented in writing.

SECTION 9. EVIDENCE OF OWNERSHIP. No Owner may vote at any meeting of the Association until he or she has presented evidence of ownership to the Association.

SECTION 10. SPECIAL MEETING FOR PURPOSE OF ESTABLISHING SPECIAL ASSESSMENTS; QUORUM REQUIREMENTS. In accordance with Article V of the Declaration, special assessments shall not be levied unless first approved by sixty (60%) percent of the total combined Class A and Class B votes, cast in person or by proxy at a meeting of the Association Members duly called for such a purpose. Written notice of such meeting shall be sent by the Board of Directors to all Members at least thirty (30) days in advance of the meeting, which notice shall set forth the purpose of the meeting.

The quorum required for the first meeting called for the purpose of voting on a special assessment shall be at least ninety (90%) percent of all of the then authorized votes present, by person or by proxy. If the required quorum is not present at the first meeting called for the purpose of considering the special assessment, another meeting may be called for said purpose, which notice thereof to be given as provided for in this Section 10, and the required quorum at any such subsequent meeting shall be reduced to sixty (60%) percent of all of the then authorized votes present, provided that such second meeting is held within sixty (60) days from the date of the first meeting.

ARTICLE IV

COMMITTEES

SECTION 1. ARCHITECTURAL CONTROL COMMITTEE. The Declaration specifies the power granted or delegated to the Architectural Control Committee. The Architectural Control Committee shall consist of no less than three (3) Members and no more than five (5) Members to be appointed by Developer. The members of the Board of Directors may also serve as the Architectural Control Committee. Developer shall appoint and remove members of the Architectural Control Committee at its sole discretion until such time as Developer transfers to the Association its right to appoint and remove members of the Architectural Control Committee. Each member shall be a Class A Member of the Association or a person designated by the Class B Member and shall serve a term of one year and until his or her successor has been elected and has accepted such election. In the event that a Class A Member shall die, resign from the Committee, or no longer be a Member of the Association, the Board of Directors shall fill the vacancy so created by majority vote. The Class B Member may terminate the appointment of any person designated by the Class B Member and may fill the vacancy so created by appointment. Members of the Committee shall serve without compensation. The Architectural Control Committee may

adopt rules for the performance of its duties and the conduct of its meetings and may appoint one or more persons to act for it between meetings.

SECTION 2. FORMATION OF OTHER COMMITTEES. The Board of Directors of the Association may designate one (1) or more committees, in addition to the Architectural Control Committee, each committee to consist of one (1) or more individuals who are Directors of the Association. The Board of Directors of the Association may designate one (1) or more individuals as alternate members of any committee, who may replace an absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another Director of the Association to act at the meeting in the place of any such absent or disqualified individual. Any such committee shall exercise all the powers and authority of the Board of Directors of the Association in reference to the matter and in the manner set forth by the Board of Directors in the resolution creating such committee; provided, however, no such committee shall have the power or authority to (i) amend the Articles of Incorporation of the Association, (ii) recommend to the Members a dissolution of the Association, a revocation of a dissolution or a cessation of the Association, (iii) amend the By-Laws of the Association or (iv) fill vacancies in the Board of Directors. Any such committee, and each individual thereof, shall serve at the pleasure of the Board of Directors of the Association.

SECTION 3. REGULAR MEETINGS OF THE COMMITTEE. Regular meetings of any committee may be held without notice at such times and places as shall be determined from time to time by the members of said committee.

ARTICLE V

DIRECTORS

SECTION 1. BOARD OF DIRECTORS. The right to manage the affairs of the Association shall be exclusively vested in the Association's Board of Directors. Developer shall have the sole authority to appoint the members of the Board of Directors until ninety-five (95%) percent of the Lots within the Subdivision have been sold and conveyed by Developer, or until Developer relinquishes such right by written notice to the Association, whichever occurs first. At such time as Developer ceases to have the right to appoint the Board of Directors, the members of the Board of Directors shall be appointed at the annual meeting of the Members by majority vote of all Class A and Class B Members.

SECTION 2. NUMBER AND TERM OF DIRECTORS. Developer shall be the sole Director until such time as fee simple interest in one hundred (100%) percent of the Lots within the Subdivision have been sold and conveyed by Developer, or until such earlier time as Developer may elect, in its discretion. Thereafter, the Board of Directors shall consist of at least three (3) Members. At such time as Developer ceases to be the sole Director of the Association, the Members shall elect two (2) Directors to serve special terms of one (1) year each, and any additional Directors shall serve terms of two (2) years each. Thereafter, a Director shall hold office for two (2) years and until his or her successor is elected and qualified, or until his or her resignation or removal. All Directors must be Members or officers, partners, trustees or employees of Members that are entities.

SECTION 3. REMOVAL OF DIRECTORS. Each Director (other than Developer) shall serve on the Board of Directors until:

- (a) the expiration of such Director's term;
- (b) such Director tenders his or her resignation;
- (c) such Director is removed by the Members whose aggregate vote constitutes at least sixty-five (65%) percent of the total outstanding votes of all Members;
- (d) the death or mental incompetence of a Director; or
- (e) said Director (or his/her principal, if the Director is an agent of any Member) no longer holds an interest in any Lot.

Upon the occurrence of such resignation, removal, death, incompetence and/or withdrawal of a Director, a new Director shall be elected by the affirmative vote of the Members whose votes constitute a majority of all outstanding votes.

SECTION 4. POWERS AND DUTIES. The Board of Directors shall have all powers and duties necessary to administer the affairs of the Association in accordance with the Declaration, the Articles of Incorporation and these By-Laws.

SECTION 5. PLACE OF MEETINGS. All meetings of the Board of Directors shall be held at the registered office of the Association, or at such other place within the Counties of Oakland or Wayne, State of Michigan, as may be determined from time to time by the Board of Directors.

SECTION 6. REGULAR MEETINGS OF THE BOARD OF DIRECTORS. Regular meetings of the Board of Directors may be held without notice at such times and places as shall be determined from time to time by the Board of Directors.

SECTION 7. SPECIAL MEETINGS OF THE BOARD OF DIRECTORS. Special meetings of the Board of Directors may be called at any time by a majority of the persons then comprising the Board of Directors by providing notice of the time and place thereof to each Director not less than ten (10) days before the date such special meeting is to be held.

SECTION 8. QUORUM AND REQUIRED VOTE OF BOARD OF DIRECTORS. At all meetings of the Board of Directors, a majority of the members of the Board of Directors then in office shall constitute a quorum. The vote of the majority of Directors present at a meeting at which a quorum is present constitutes the action of the Board of Directors, unless a vote of a larger number is required by the Act, the Articles of Incorporation, the Declaration, or these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 9. CONSENT OF DIRECTORS IN LIEU OF MEETING. Action required or permitted to be taken pursuant to authorization voted at a meeting of the Board of Directors then in office, may be taken without a meeting if, before or after the action, all members of the Board of Directors then in office consent thereto in writing. The written consents shall be filed with the minutes of the proceedings of the Board of Directors. The consent has the same effect as a vote of the Board of Directors for all purposes.

SECTION 10. PARTICIPATION IN MEETING BY TELEPHONE. A Director may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in a meeting pursuant to this Section 10 constitutes presence in person at the meeting.

SECTION 11. WAIVER OF NOTICE. If a Director attends or participates in a meeting, the Director waives notice of the meeting, unless the Director at the beginning of the meeting, or upon his arrival, objects to the meeting or the transaction of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

ARTICLE VI

NOTICES

SECTION 1. NOTICE. Any notice or communication to any Director or Member which is required under any provision of the Act, the Declaration, the Articles of Incorporation or these By-Laws, must be given in writing, either by mail or land/air express courier service, addressed to such Director or Member, at the address designated by him or her for that purpose or, if none is designated, at his or her last known address. The notice or communication is given when deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States postal service or in an appropriate depository for such land/air express courier service. The mailing shall be by first class mail, except where otherwise provided in the Act. Notice may also be given orally in person or by telephone, telex, radiogram or cablegram, and such notice shall be deemed to be given when the recipient receives the notice personally, by telephone or when the notice, addressed as provided above, has been delivered to the company, or to the equipment transmitting such notice. The notice of meeting need not identify the business to be transacted at, nor the purpose of, a regular or special meeting of the Members except as provided by the Act, the Declaration, the Articles of Incorporation or these By-Laws.

SECTION 2. WAIVER OF NOTICE. When, under the Act or the Articles of Incorporation or these By-Laws, the Members of the Association or the Board of Directors may take action after notice to any person or after lapse of a prescribed period of time, the action may be taken without notice and without lapse of the applicable period of time, if at any time before or after the action is completed the person entitled to notice or to participate in the action to be taken or, in case of a Member, by his or her attorney-in-fact, submits a signed waiver of such requirements. The waiver of notice of the meeting need not identify the business to be transacted at, nor the purpose of, a regular or special meeting of the Board of Directors or Members, except as provided by the Act, the Declaration, the Articles of Incorporation or these By-Laws. Attendance of a person at a meeting constitutes a waiver of notice of such meeting, except when the person attends a 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.

ARTICLE VII

OFFICERS

SECTION 1. SELECTION. The Board of Directors, at a meeting called for such purpose, shall appoint a President, Secretary and a Treasurer. The Board of Directors may also elect or appoint one (1) or more Vice Presidents and such other officers, employees and/or agents as they shall deem necessary, which officers, employees and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. Two (2) or more offices may be held by the same person, who may also be a Director.

SECTION 2. TERM, REMOVAL AND VACANCIES. Each officer of the Association shall hold office for the term for which he or she is appointed and until his or her successor is appointed, or until his or her resignation or removal. The Board of Directors may remove any officer appointed by the Board of Directors with or without cause at any time. Any officer may resign by written notice to the Board of Directors. The Board of Directors may fill any vacancy occurring in any office.

SECTION 3. PRESIDENT. The President shall be the Chief Executive Officer of the Association and must also be a Director. The President shall preside over all meetings of the Board of Directors and of the Members of the Association. The President shall, in general, perform all duties incident to the office of President as may be prescribed by the Board of Directors.

SECTION 4. VICE PRESIDENTS. The Board of Directors may appoint one (1) or more Vice Presidents. A Vice President shall perform the duties and exercise the powers of the President during the absence or disability of the President. The Vice President shall perform such other duties as may be prescribed by the Board of Directors.

SECTION 5. SECRETARY. The Secretary shall attend all meetings of the Members and Board of Directors, and shall preserve in the books of the Association true minutes of the proceedings of all such meetings. The Secretary shall have charge of the Association's seal and shall have authority to affix the same to all instruments where its use is required or permitted. The Secretary shall give all notices required by the Act, these By-Laws or resolution and shall perform such other duties as may be prescribed by the Board of Directors.

SECTION 6. TREASURER. The Treasurer shall have custody of all Association funds and securities and shall keep in the Association's books full and accurate accounts of all receipts and disbursements. The Treasurer shall deposit all monies, securities and other valuable effects in the name of the Association in such depositories as may be designated for that purpose by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, whenever requested, an account of all transactions and of the financial condition of the Association. The Treasurer shall also perform such other duties as may be prescribed by the Board of Directors.

ARTICLE VIII

INDEMNIFICATION

SECTION 1. NON-DERIVATIVE ACTIONS. Subject to all of the other provisions of this Article VIII, the Association shall indemnify any person who was or is a party defendant (including counter defendants, third party defendants and cross defendants), or is threatened to

be made a party defendant (including counter defendants, third party defendants and cross defendants), to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, formal or informal (other than an action by or in the right of the Association), by reason of the fact that the person is or was a Director or officer of the Association, or, while serving as a Director or officer of the Association, is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses (including actual and reasonable attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with defending such action, suit, or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association or its Members, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the Association or its Members, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

SECTION 2. DERIVATIVE ACTIONS. Subject to all of the other provisions of this Article VIII, the Association shall indemnify any person who was or is a party defendant (including counter defendants, third party defendants and cross defendants), to or is threatened to be made a party defendant (including counter defendants, third party defendants and cross defendants), to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that the person is or was a Director or officer of the Association, or, while serving as a Director or officer of the Association, is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses (including actual and reasonable attorney fees) and amounts paid in settlement actually and reasonably incurred by the person in connection with defending the action or suit, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association or its Members. However, indemnification shall not be made for any claim, issue, or matter in which the person has been found liable to the Association unless and only to the extent that the court in which the action or suit was brought has determined on application that, despite the adjudication of liability but in view of all the circumstances of the case (and regardless of whether such officer or director has met the standards of conduct described above, i.e. "good faith," "best interests of the corporation" or "no reasonable cause to believe his or her conduct was unlawful"), the person is fairly and reasonably entitled to indemnification for the reasonable expenses incurred.

SECTION 3. EXPENSES OF SUCCESSFUL DEFENSE. Without limiting the foregoing indemnities in any way, to the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 and 2 of this Article VIII, or in defense of any claim, issue, or matter in the action, suit, or proceeding (and regardless of whether such officer or director has met the standards of conduct described above, i.e. "good faith," "best interests of the corporation" or "no reasonable cause to believe his or her conduct was unlawful"), the person shall be indemnified against actual and reasonable expenses (including attorney fees) incurred by the person in connection with the action, suit, or proceeding and an action, suit, or proceeding brought to enforce the mandatory indemnification provided in this Section 3.

SECTION 4. DEFINITION. For the purposes of Sections 1 and 2, "other enterprises" shall include employee benefit plans; "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and "serving at the request of the

Association" shall include any service as a Director, officer, employee, or agent of the Association that imposes duties on, or involves services by, the Director or officer with respect to an employee benefit plan, its participants, or its beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be considered to have acted in a manner "not opposed to the best interests of the Association or its Members" as referred to in Sections 1 and 2.

SECTION 5. CONTRACT RIGHT; LIMITATION ON INDEMNITY. The right to indemnification conferred in this Article VIII shall be a contract right, and shall apply to services of a Director or officer as an employee or agent of the Association as well as in the person's capacity as a Director or officer. Except as provided in Section 3 of this Article VIII, the Association shall have no obligations under this Article VIII to indemnify any person in connection with any proceeding, or part thereof, initiated by the person without authorization by the Board of Directors.

SECTION 6. DETERMINATION THAT INDEMNIFICATION IS PROPER. An indemnification under Sections 1 or 2 of this Article VIII (unless ordered by a court) shall be made by the Association only as authorized in the specific case (a) when it is determined that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in Sections 1 or 2, whichever is applicable, and (b) upon an evaluation of the reasonableness of expenses and amounts paid in settlement. The determination and evaluation shall be made in any of the following ways:

- (i) By a majority vote of a quorum of the Board of Directors consisting of Directors who are not parties or threatened to be made parties to the action, suit, or proceeding.
- (ii) If the quorum described in (i) above is not obtainable, then by majority vote of a committee consisting solely of two (2) or more Directors, duly designated by the Board of Directors, who are not at the time parties or threatened to be made parties to the action, suit, or proceeding.
- (iii) By independent legal counsel in a written opinion, which counsel shall be selected in one of the following ways: (A) by the Board of Directors or its committee in the manner prescribed in (i) or (ii) above; or (B) if a quorum of the Board of Directors cannot be obtained under (i) above and a committee cannot be designated under (ii) above, by the Board of Directors.
- (iv) By a majority of the Members.

SECTION 7. PROPORTIONATE INDEMNITY. If a person is entitled to indemnification under Sections 1 or 2 of this Article VIII for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement; but not for the total amount, the Association shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

SECTION 8. EXPENSE ADVANCE. The Association may pay or reimburse the reasonable expenses incurred by a person referred to in Sections 1 and 2 of this Article VIII who is a party or threatened to be made a party to an action, suit, or proceeding in advance of final disposition of the proceeding if all of the following apply: (a) the person furnishes the Association a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct set forth in Sections 1 or 2; (b) the person furnishes the Association a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct; and (c) a determination is made

that the facts then known to those making the determination would not preclude indemnification under Sections 1 or 2. The Association shall authorize any payment in the manner specified in Section 6. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but it need not be secured.

SECTION 9. NON-EXCLUSIVITY OF RIGHTS. The indemnification or advancement of expenses provided under this Article VIII is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the Association. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

SECTION 10. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE ASSOCIATION. The Association may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Association to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of Directors and officers of the Association.

SECTION 11. FORMER DIRECTORS AND OFFICERS. The indemnification provided in this Article VIII continues for a person who has ceased to be a Director or officer with respect to acts or omissions taken by them during their tenure as a Director or officer and after the date this Article VIII was adopted by the Association and shall inure to the benefit of the heirs, executors, and administrators of the person.

SECTION 12. INSURANCE. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have power to indemnify the person against the liability under these By-Laws or the laws of the State of Michigan.

SECTION 13. CHANGES IN MICHIGAN LAW. If there is any change in Michigan law applicable to the Association relating to the subject matter of this Article VIII, then the indemnification to which any person shall be entitled under this Article VIII shall be determined by the changed provisions, but only to the extent that the change permits the Association to provide broader indemnification rights than the provisions permitted the Association to provide before the change. Subject to Section 14, the Board of Directors may amend these By-Laws to conform to any such changed statutory provisions.

SECTION 14. AMENDMENT OR REPEAL OF THIS ARTICLE VIII. No amendment or repeal of this Article VIII shall apply to or have any effect on any Director or officer of the Association for or with respect to any acts or omissions of the Director or officer occurring before the amendment or repeal.

ARTICLE IX

GENERAL PROVISIONS

SECTION 1. BANK ACCOUNTS. The funds of the Association shall be deposited in such bank or banks as may be designated by the Board of Directors. All checks, drafts and orders of the payment of money shall be signed in the name of the Association in such manner and by such person or persons as the Board of Directors shall from time to time designate for that

purpose. The Association shall keep detailed books of accounts pertaining to the administration of the Association in accordance with generally accepted accounting principles. Such account shall be open for inspection by the Members upon written request and during reasonable business hours.

SECTION 2. CONTRACTS, CONVEYANCES, ETC. When the execution of any contract, conveyance or other instrument has been authorized without specification of the executing officers, the President may execute the same in the name and on behalf of the Association and may affix the Association's seal thereto. The Board of Directors shall have power to designate the officers and agents who shall have authority to execute any instrument on behalf of the Association.

SECTION 3. BOOKS AND RECORDS. The Association shall keep books and records of account and minutes of the proceedings of its Members and Board of Directors. The Association shall keep at its registered office records containing the names and addresses of all its Members. Any of such books, records or minutes may be in written form or in any other form capable of being converted into written form. The Association shall convert into written form without charge any such record not in such form, upon written request of a person entitled to inspect them.

SECTION 4. YEAR END. The year end of the Association shall be an annual period commencing on the date initially determined by the Board of Directors. The Association's year end may be changed by the Board of Directors in its discretion.

ARTICLE X AMENDMENTS

SECTION 1. AMENDMENTS. These By-Laws may be altered, amended or repealed or new By-Laws may be adopted, by Developer, without the consent of any Member, at any time prior to the date on which Developer withdraws as the sole Director of the Association. The power to alter, amend or repeal these By-Laws, and to adopt new By-Laws, shall be exclusively vested in Developer until such time as Developer withdraws as the sole Director of the Association. Thereafter, these By-Laws may be adopted by the Members of the Association, at a special meeting called for such purpose at which a quorum is present or represented, by the affirmative vote of the Members whose votes constitute sixty-five (65%) percent of the total votes of all the Members entitled to vote.