

NOWLAND ESTATES SUBDIVISION HOMEOWNERS ASSOCIATION

BYLAWS

ARTICLE I

PURPOSE

Nowland Estates Subdivision Homeowners Association, a Michigan nonprofit corporation, herein referred to as the "Association," is organized under the applicable laws of the State of Michigan for those specific and general purposes set forth in the Association's Articles of Incorporation. In furtherance of such purposes, the Association shall promote and maintain the safety, property values and general well being of the members of the Association and the property of the members located within the Nowland Estates Subdivision (the "Subdivision"), and shall provide maintenance services with respect to certain common areas within the Subdivision (the "Common Areas") to which reference is made in that certain declaration for Nowland Estates Subdivision ("Declaration"), known as "Declaration of Covenants and Restrictions," and recorded in Liber _____, Pages _____, inclusive, Wayne County Records. All terms used and not otherwise defined herein shall have the same meaning as set forth in the Declaration.

ARTICLE II

MEMBERS

Section 1. Eligibility. The corporation shall have two classes of membership, being Class A and Class B, as follows:

(a) Class A membership shall be voting, and the Declarant (as defined in the Declaration of Covenants and Restrictions for the Nowland Estates Subdivision) shall be the only Class A member;

(b) Each owner of a lot other than the Declarant shall be a Class B member;

(c) Class B membership shall be non-voting until the time specified in subsection (d) below, at which time all owners (including the Declarant) shall be entitled to vote on a one vote per lot basis (regardless of the number of owners of any such lot);

(d) The Declarant shall have the sole vote in the corporation, and the consequent right to appoint the Board of Directors of the corporation (the "Board"), until such time as 90% of the lots shall have occupied residences on them, or at such earlier time as may be designated in writing by the Declarant; and

(e) At such time as 90% of the lots shall have occupied residences on them or at such earlier time as shall have been designated in writing by the Declarant, Class B members of the corporation shall have the voting rights described in Subsection (d) above, and, thereafter, the Board shall be elected by the combined vote of the Class A and Class B members.

Section 2. Active Members. Notwithstanding Section 1 of this Article II, only eligible individuals who have currently paid any and all dues and/or assessments levied by the Association within the time periods for making such payments shall be considered active members of the Association. Only active members shall be eligible for election or appointment as directors or officers of the Association, or for membership on an Association committee. Only active members shall be entitled to vote on any matter coming before the Association for decision. As used herein, the term "member" means only an active member.

ARTICLE III

DUES AND ASSESSMENTS

Section 1. Dues and Assessments. The Board of Directors shall determine the amount of dues and/or assessments to be levied from time to time. The basis of the annual assessments, and the maximum amounts thereof, shall be as follows:

(a) until January 1st of the year immediately following the conveyance of the first Lot to an Owner other than the Declarant, the maximum annual assessment shall be Two Hundred Dollars (\$200.00) per Lot;

(b) from and after January 1st of the year immediately following the conveyance of the first Lot to an Owner other than Declarant, the maximum annual assessment may be increased by the Board to Three Hundred Dollars (\$300.00) per Lot, without a vote of the Owners;

(c) thereafter, the maximum annual assessment may be increased each year by the Board not more than ten percent (10%) above the maximum assessment for the prior year without a vote of the Owners (it being understood that the maximum annual assessment for any year may be increased by more than ten percent (10%) above the maximum assessment for the prior year upon the affirmative vote of two-thirds of the Owners voting in person, or by proxy, at a meeting duly called for that purpose); and

(d) the Board may, after consideration of the current fiscal needs of the corporation, fix the actual annual assessment for any year at an amount less than the maximum herein otherwise permitted.

In addition to the annual assessments provided for herein, the Association may levy special assessments applicable to any assessment year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement to the Common Areas; provided, however, that any such special assessment shall first be approved by two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose; and provided, further, that the Board of

Directors may levy a special assessment, if required, to pay costs incurred under the agreements described in Article VII of the Declaration, in which event, no vote of the Members shall be required.

All annual, special and deficiency assessments shall be fixed and established at the same rate for all lots.

Section 2. Notice of Dues and Assessments. The Board of Directors shall cause a notice of any dues and/or assessments of members to be delivered by first-class mail or by personal delivery. Except in the case of Association dues to be used for the general purpose of defraying costs incurred by the Association in the normal conduct of its business, the notice shall state the purpose of the levy and the method used to determine the amount of assessment.

Section 3. Payment of Dues and Assessments. The first annual assessment shall commence and be due for each Lot from the Owner within thirty (30) days after title is acquired by an Owner to such Lot except that with respect to Lots owned by the Declarant, the first annual assessment of such Lots shall commence as set forth in the Declaration. In the event of land contract or option sales by the Declarant, the land contract vendee or optionee shall be responsible for all assessments for the Lot sold on land contract or option from the date of the land contract or option. The amount of the annual assessment which shall be due for the first annual assessment shall be an amount which bears the same proportion to the annual assessment specified in Section 1 of this Article III as the remaining number of months in that year bears to twelve (12). The annual assessments for any year, after the first assessment year, shall become due and payable on the first day of January of each year; provided, however, that the Board of Directors, in its discretion may establish an installment program for payment of the annual, special or deficit assessments and may charge interest in connection therewith, but each such assessment shall be and become a lien on each Lot on January 1 of each year after the initial year.

Subject to the foregoing provisions, each member shall pay the amount of dues and/or assessments levied within the time period granted by the Board of Directors. The time period shall not be less than thirty (30) days from the date of notice, unless otherwise required by unavoidable circumstances. The Board of Directors shall maintain in the office of the Association a roster of the lots and assessments applicable thereto, which roster shall be open to inspection by any member at all reasonable times.

Section 4. Default in Payment. If dues and/or assessments are not paid within the required time period set by the Board of Directors, they shall be considered as being in default. A member whose dues and/or assessments are in default shall no longer be an active member of the Association and shall lose the privileges of active membership, as such privileges are set forth in Section 2 of Article II. The Board of Directors may foreclose the lien granted by the Declaration when a member is in default. If a director or officer of the Association loses the privileges of active membership, he or she shall immediately be relieved of the duties of such position. A member may again become an active member by paying to the Association all

assessments in default (including those levied while a member but not an active member), with interest at the highest rate permitted by law from thirty (30) days after the due date of each obligation in default, to the date of payment. If a member has been relieved of his or her position as a director or officer by virtue of a default hereunder, and such vacancy has not been filled, upon reinstatement as an active member such person shall again hold such position. If such vacancy has been filled, reinstatement as an active member shall not entitle such person to such prior position.

ARTICLE IV

VOTING

Section 1. Vote. Except as limited in these Bylaws, each member shall be entitled to one vote for each Lot owned. When more than one (1) person or entity holds an interest in any Lot ("multiple ownership"), all such persons shall be members 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 any Lot, such vote shall be exercised as the holders of such interests may, among themselves, agree and they shall so notify the Association in writing prior to any vote. Where a Lot is subject to multiple ownership, and the Lot Owners fail or refuse to notify the Association of such multiple ownership within fifteen (15) days of the date set for the meeting, then and in such event the oldest of the Lot Owners whose name appears on record title shall be deemed the member authorized to vote on behalf of all the multiple Lot Owners and any vote cast in person or by proxy by said Lot Owner or the failure of said Lot Owner to vote shall be binding and conclusive on all such multiple Lot Owners.

Notwithstanding the foregoing, no member, other than the Declarant, shall have the right to vote on Association matters and the Declarant shall have the exclusive right to appoint the Board of Directors of the Association, until the earlier to occur of: (a) such time as ninety (90%) percent of the Lots in the Subdivision have occupied residences located thereon, and (b) such time as the Declarant shall execute and deliver to the Association a written instrument executed by the Declarant specifically relinquishing such exclusive voting rights. From and after the earlier of such dates, each member shall be entitled to exercise one (1) vote for each Lot owned, the Board of Directors shall be elected by the members, and the Declarant shall have no further responsibilities with respect to the Association except for its responsibilities as a member of the Association so long as it remains a Lot Owner.

Section 2. Eligibility to Vote. No member shall be entitled to vote at any meeting of the Association until the member has presented evidence of ownership of a Lot in the Subdivision to the Association. The vote of each member may be cast only by the individual representative designated by such member in the notice required in Section 3 of this Article IV or by a proxy given by such individual representative.

Section 3. Designation of Voting Representative. Each member shall file a written notice with the Association designating the individual representative who shall vote at meetings

of the Association and receive all notices and other communications from the Association on behalf of such member. Such notice shall state the name and address of the individual representative designated, the street address of the Lot or Lots owned by the member, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the member. Such notice shall be signed and dated by the member. The individual representative designated may be changed by the member at any time by filing a new notice in the manner herein provided. At any meeting the filing of such written notice as a prerequisite to voting may be waived by the chairman of the meeting.

Section 4. Annual Meeting. There shall be an annual meeting of the members held as provided in Article V, Section 2 hereof. Other meetings shall be held as provided for in Article V hereof. Notice of the time, place and subject matter of all meetings shall be given by mailing the same to each individual representative designated by the respective members.

Section 5. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of more than one-half (1/2) of the active voting members of the Association shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Declaration, the Articles of Incorporation or these Bylaws to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting such 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 6. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 7. Majority. Unless otherwise required by law or by the Declaration, the Articles of Incorporation or these Bylaws, any action which could be authorized at a meeting of the members shall be authorized by an affirmative vote of more than fifty-one (51%) percent of the members. The foregoing statement and any other provision of the Declaration, the Articles of Incorporation or these Bylaws requiring the approval of a majority (or other stated percentage) of the members shall be construed to mean, unless otherwise specifically stated, a fifty-one (51%) percent (or other stated percentage) of the votes cast by active members present in person or by proxy (or written vote, if applicable) at a given meeting of the members duly called and held.

ARTICLE V

MEETINGS

Section 1. Place of Meeting. Meetings 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 Association shall be conducted in accordance with Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Declaration, Articles of Incorporation, these Bylaws, or the laws of the State of Michigan.

Section 2. Annual Meetings. Annual meetings of members of the Association shall be in the month of March each succeeding year (commencing the third Tuesday of March of the calendar year following the year in which the first annual meeting is held) on a date and at such time and place as shall be determined by the Board of Directors. At such meetings there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of these Bylaws. The members may also transact at annual meetings such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the members presented to the Secretary of the Association, but only after the first annual meeting has been held. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Quorum for Action Authorized Under Article III. Written notice of any meeting called for the purpose of taking any action authorized under Article III of these Bylaws shall be sent to all members entitled to vote not less than fifteen (15) days in advance of such meeting. At the first meeting so called, the presence at the meeting of the members, or of proxies, entitled to cast sixty percent (60%) of all votes of the Class A and Class B membership shall constitute a quorum. If the required quorum is not present at such meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the proceeding meeting provided that such subsequent meeting shall be held not less than sixty (60) days following the proceeding meeting at which a quorum was not present.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer designated by the President in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each member of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each member at the address shown in the notice required by Article IV, Section 3 of these Bylaws to be filed with the Association 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 6. Adjournment. If any meeting of members cannot be held because a quorum is not in attendance, the members who are present may adjourn the meeting to a time not less than ten (10) days from the time the original meeting was called, and notice of the meeting shall be provided as set forth in Section 5 of this Article V.

Section 7. Action Without Meeting. Any action which may be taken at a meeting of the members (except for the election or removal of directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 of this Article V for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of votes which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 8. Minutes; Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. Until such time as Declarant relinquishes the exclusive right to appoint the Board of Directors as provided in Article IV, Section 1 hereof, the Board of Directors shall consist of as many persons as Declarant may desire. After such date, however, the Board of Directors shall consist of at least five (5) and not more than fifteen (15) persons, all of whom must be members of the Association. Directors shall serve without compensation.

Section 2. Election of Directors; Terms. The first Board of Directors shall be selected by the Declarant and shall manage the affairs of the Association until the first annual meeting of the members of the Association. The successors to the first Board of Directors shall be elected at the first annual meeting of the members of the Association. The nominees who receive the highest number of votes shall be elected. Directors shall serve one (1) year terms, unless they sooner resign or are removed. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties normally enjoyed by directors of nonprofit corporations as more fully provided in the Michigan Nonprofit Corporation Act.

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

- (a) To levy and collect assessments against and from the members of the Association and to use the proceeds thereof for the purposes of the Association.
- (b) To carry insurance and collect and allocate the proceeds thereof.
- (c) To rebuild improvements after casualty.
- (d) To maintain the Common Areas and contract for and employ persons, firms, corporations or other agents to assist in the maintenance of the Common Areas.
- (e) To own, maintain, improve, operate and manage, and to buy, sell, convey, assign, mortgage or lease (as landlord or tenant) any real or personal property (including any Lot in the Subdivision) on behalf of the Association in furtherance of any of the purposes of the Association.
- (f) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall be subject to the approval of not less than two-thirds (2/3) of the members of the Association.
- (g) 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 Association and to delegate to such committees any functions or responsibilities which are not by law, the Declaration, Articles of Incorporation or these Bylaws required to be performed by the Board.
- (h) To enforce the provisions of the Declaration, Articles of Incorporation and these Bylaws.

Section 5. Vacancies. Vacancies in the Board of Directors which occur by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association.

Section 6. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than fifty (50%) percent of all of the active members and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal

quorum set forth in Article IV, Section 5. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Section 7. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director personally, by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon twenty-four (24) hours' prior written notice delivered to all directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such director for purposes of determining a quorum.

Section 12. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE VII

OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, a Secretary and a Treasurer, who shall be members of the Board of Directors. The directors may appoint such other officers as in their judgment may be necessary.

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

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

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

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

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

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

ARTICLE VIII

FINANCE

Section 1. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Board. The commencement date of the fiscal year shall be subject to change by the Board for accounting reasons or other good cause.

Section 2. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Board and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE IX

INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

ARTICLE X

AMENDMENTS

Section 1. Method. These Bylaws may be amended by the Association, at a duly constituted meeting, by the affirmative vote of ninety (90%) percent or more of the members.

Section 2. Proposed. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of a majority of the Directors or by one-third (1/3) or more in number of the active members of the Association whether meeting as active members or by instrument in writing signed by them.

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

Section 4. Distribution. A copy of each amendment to these Bylaws shall be furnished to every active member of the Association after adoption; provided, however, that any amendment adopted in accordance with this Article shall be binding upon all members irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XI

SEVERABILITY

In the event that any of the terms, provisions or covenants of these Bylaws 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.