

**MASTER DEED FOR**

**HERITAGE RIDGE**

(Act 59, Public Acts of 1978)  
as amended

Muskegon County Condominium Subdivision Plan No. \_\_\_\_\_

- (1) The Master Deed establishing Heritage Ridge, a condominium project.
- (2) Exhibit A to the Master Deed: Condominium By-Laws of Heritage Ridge.
- (3) Exhibit B to the Master Deed: Condominium Subdivision Plan for Heritage Ridge.
- (4) Exhibit C to the Master Deed: Legal Description of the Condominium.
- (5) Exhibit D to the Master Deed: Affidavit of Mailing of Notices required by Section 71 of the Michigan Condominium Act.
- (6) Exhibit E to the Master Deed: Agreement for the Establishment of a County Drain and County Drainage District Pursuant to Section 433 of Act No. 40 of the Public Acts of 1956, as Amended Establishing the "Heritage Ridge Drain" and the "Heritage Ridge Drain Drainage District".
- (7) Exhibit F to the Master Deed: Consent to Submission of Real Property to Condominium Project.

**No interest in real estate is being conveyed by this document.**

**No revenue stamps are required.**

Drafted by:  
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## MASTER DEED FOR

### HERITAGE RIDGE

(Act 59, Public Acts of 1978)  
as amended

This Master Deed is made and executed on the \_\_\_\_ day of \_\_\_\_\_, 2006, by TJN, LLC, of 13189 Acacia Drive, Grand Haven, Michigan, 49417 (the "Developer"), pursuant to the provisions of the Michigan Condominium Act, as amended.

#### RECITALS

A. Developer is engaged in developing a Site Condominium Project to be known as Heritage Ridge (the "Project"), according to development plans on file with the Township of Fruitland, Muskegon County, Michigan, on a parcel of land described in Article II.

B. The Developer desires, by recording this Master Deed together with the Condominium By-Laws attached as Exhibit A and the Condominium Subdivision Plan attached as Exhibit B (both of which are incorporated by reference as a part of the Master Deed), to establish the real property described in Exhibit C, together with the improvements located on such property, as a Site Condominium Project under the provisions of the Michigan Condominium Act, as amended (the "Act").

C. The Developer does, upon the recording of this Master Deed, establish Heritage Ridge as a Condominium Project under the Act and declares that the Condominium shall be held, conveyed, encumbered, leased, rented, occupied, improved or in any other manner utilized, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations contained in this Master Deed, all of which shall be deemed to run with the land and to be a burden upon and a benefit to the Developer, its successors and assigns, and to any persons acquiring or owning an interest in such real property, their grantees, successors, heirs, personal representatives and assigns. In furtherance of the establishment of the Condominium, it is provided as follows:

#### ARTICLE I

##### NATURE OF THE PROJECT

1.1 Condominium Project Description. The "Condominium Project" is a residential site condominium. The thirty (30) condominium building sites (the "Units"), which are intended to be developed in connection with this Project, including the number, boundaries, dimensions and area of each Unit, are shown on the Condominium Subdivision Plan which is attached hereto as Exhibit B. Each of the Units is capable of individual utilization by reason of having its own entrance from and exit to a general common element of the Project (Heritage Drive).

1.2 Co-owner Rights. Each Co-owner in the Condominium Project shall have an exclusive property right to his Unit and to the limited common elements which are appurtenant

to his Unit, and shall have an undivided right to share with other Co-owners in the ownership and use of the general common elements of the Condominium as described in this Master Deed.

## ARTICLE II

### LEGAL DESCRIPTION

2.1 Condominium Property. The land which is being submitted to condominium ownership in accordance with the provisions of the Act, is described as follows:

Part of the North 1/2 of the South 1/2 of the Southeast 1/4 of Section 19, Town 11 North, Range 17 West, Fruitland Township, Muskegon County, Michigan, described as commencing at the Southeast corner of Section 19, thence North 00°00'00" East 913.93 feet along the East line of Section 19, thence North 88°12'09" West 33.02 feet to the point of beginning of this description, thence North 88°12'09" West 360.00 feet, thence South 00°00'00" West 250.00 feet, thence North 88°12'09" West 2259.17 feet, thence North 00°19'05" East 660.70 feet along the North and South 1/4 line, thence South 88°16'12" East 2615.40 feet along the North line of the South 1/2 of the Southeast 1/4, thence South 00°00'00" West 413.89 feet to the point of beginning; subject to easements, restrictions, and rights-of-way of record. Containing 37.713 acres.

## ARTICLE III

### DEFINITIONS

3.1 Definitions. Certain terms are used in this Master Deed and in various other instruments such as the Articles of Incorporation, Association By-Laws and Rules and Regulations of the Heritage Ridge Association, a Michigan non-profit corporation, and various deeds, mortgages, land contracts, easements and other instruments affecting the establishment of, or transfer of, interests in the Condominium. As used in such documents, unless the context otherwise requires:

(a) Act. "Act" or "Condominium Act" means the Michigan Condominium Act, which is Act 59 of the Public Acts of 1978, as amended; MCLA 559.101, et. seq.

(b) Association. "Association" or "Association of Co-owners" means Heritage Ridge Association, the Michigan non-profit corporation of which all Co-owners shall be members, which shall administer, operate, manage and maintain the Condominium Project. Any action required of or permitted by the Association shall be exercisable by its Board of Directors, unless explicitly reserved to the members or Co-owners by the Condominium Documents or the statutes of the State of Michigan, and any reference to the Association in these documents, where appropriate, shall also be deemed a reference to its Board of Directors.

(c) Association By-Laws. "Association By-Laws" means the corporate By-Laws of the Association organized to manage, maintain and administer the Condominium.

(d) Common Elements. "Common Elements", where used without modification, means the portions of the Condominium other than the Condominium Units, including all general and limited common elements described in Article IV of this Master Deed.

(e) Condominium By-Laws. "Condominium By-Laws" means Exhibit A to this Master Deed, which are the By-Laws which describe the substantive rights and obligations of the Co-owners.

(f) Condominium Documents. "Condominium Documents" means this Master Deed with its exhibits, the Articles of Incorporation and By-Laws of the Association, the Rules and Regulations adopted by the Board of Directors and any other document which affects the rights and obligations of a Co-owner in the Condominium, all as amended from time-to-time.

(g) Condominium Premises. "Condominium Premises" means and includes the land described in Article II hereof and all easements, rights and appurtenances belonging to the Condominium Project, as described hereafter.

(h) Condominium Project. "Condominium Project" means Heritage Ridge, which is a condominium project established pursuant to the Act.

(i) Condominium Property. "Condominium Property" means the land described in Article II, as the same may be amended, together with all structures, improvements, easements, rights and appurtenances located on or belonging to such property.

(j) Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit B which is attached to this Master Deed.

(k) Condominium Unit. "Condominium Unit" or "Building Site" means a single residential building site which is designed and intended for separate ownership and use, as described in this Master Deed.

(l) Co-owner. "Co-owner" means the person, firm, corporation, partnership, association, trust or other legal entity or any combination of such entities which own legal or equitable title to the Condominium Unit in the Condominium Project, including the vendee of any land contract of purchase who is not in default under the contract. The term "Owner", wherever used, shall be synonymous with the term "Co-owner".

(m) Developer. "Developer" means TJN, LLC, who has made and executed this Master Deed, its successors and/or assigns.

(n) Development and Sales Period. "Development and Sales Period", for purposes of the Condominium Documents and the rights reserved by the Developer and its successors, shall be deemed to continue for as long as the Developer or its successors continue to own any Unit in the Condominium Project.

(o) General Common Elements. "General Common Elements" means those Common Elements of the Condominium Project described in section 4.1, which are for the use and enjoyment of all Co-owners in the Condominium Project.

(p) Limited Common Elements. "Limited Common Elements" means those Common Elements of the Condominium Project described in section 4.2, which are reserved for the exclusive use of the Co-owners of a specified Unit or Units.

(q) Master Deed. "Master Deed" means this instrument, together with the exhibits attached to it and all amendments which may be adopted in the future, by which the Condominium is being submitted to condominium ownership.

(r) Percentage of Value. "Percentage of Value" means the percentage assigned to each Unit by this Master Deed, which is determinative of the value of a Co-owner's vote at meetings of the Association when voting by value or by number and value, and the proportionate share of each Co-owner in the Common Elements of the Condominium Project.

(s) Project. "Project" or "Condominium" means Heritage Ridge, a residential site condominium development established in conformity with the provisions of the Act.

(t) Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors for the Association takes office pursuant to an election in which the votes that may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

3.2 Miscellaneous. Whenever any reference is made to one gender, it will be assumed to include any and all genders where such reference would be appropriate; similarly, whenever a reference is made to the singular, it will be assumed to include the plural where such reference would be appropriate.

## ARTICLE IV

### COMMON ELEMENTS

4.1 General Common Elements. The General Common Elements are:

(a) Land. The land described in Article II of this Master Deed, including easement interests of the Condominium provided to it for ingress, egress and utility installation over, across and through adjoining non-condominium properties and/or individual Units in the Project; except, however, that portion described in Section 5.2 as constituting a part of a Condominium Unit and any portion designated in Exhibit B as a Limited Common Element;

(b) Easements, Etc. The easement interests of the Condominium provided to it for ingress, egress and utility installation over, across and through adjoining non-condominium properties and/or individual Units in the Project;

- (c) Road Right-of-Way. The right-of-way for Heritage Drive, which is a private road;
- (d) Electrical. The electrical distribution system throughout the common areas of the Condominium Project, up to its point of connection at the boundary of the Units;
- (e) Gas. The natural gas line network and distribution system throughout the Condominium Project (excluding facilities which serve individual Units);
- (f) Storm Drainage. The storm water sewer system throughout the Condominium Project, which is incorporated into the Heritage Ridge Drain Drainage District;
- (g) Telephone. The telephone wiring system throughout the Condominium Project (excluding facilities which serve individual Units);
- (h) Telecommunications; Cable. The cable television and/or other telecommunications systems installed throughout the Condominium Project (excluding facilities which serve individual Units); and
- (i) Miscellaneous. All other Common Elements of the Condominium Project not designated as Limited Common Elements and not enclosed within the boundaries of a Condominium Unit, which are intended for common use or are necessary to the existence, upkeep or safety of the Condominium Project.

Some or all of the utility lines, equipment and systems (including mains and service leads) and the telecommunications systems described above may be owned by the local public authority or by the company that is providing the utility or telecommunication service. Accordingly, such utility and/or telecommunication lines, equipment and systems shall be General Common Elements only to the extent of the Co-owners' interest in them, if any, and the Developer makes no warranty whatsoever with respect to the nature or extent of such interest. Each Co-owner will be responsible for connecting utilities for his/her Unit to the distribution lines lying within the General Common Elements or utility easements at the Unit owner's sole expense.

4.2 Limited Common Elements. The Limited Common Elements are those Common Elements limited in use to the Owners of the Unit they abut or to which they appertain. The land extending downward from the lower vertical limit of any Unit, including utilities installed therein by the Owner of the Unit (up to the point of entry into the Unit), and the portion of any driveway, but not the ground or the land beneath the driveway, built in the area between the Unit and Heritage Drive, once built by the Owner of the adjoining Unit, shall be limited common elements appurtenant to the Unit they serve. Each Co-owner shall construct a driveway (as provided herein), between his Unit and Heritage Drive, and when built, the portion of the driveway built upon the area between the street and the Unit shall be a Limited Common Element. Other Limited Common Elements are:

(a) Delivery Boxes. The mail and/or paper box located on a Unit or permitted by the Association on the General Common Elements to serve the residence constructed on a Unit;

(b) Septic Systems. The septic tank and drain field (including distribution lines) located within or beneath Unit boundaries, and serving only the residence constructed on that Unit;

(c) Wells. The water well (including well shafts, pumps and distribution lines) located within or beneath Unit boundaries, and serving only the residence constructed on that Unit. Each Co-owner shall have the right to drill a water well into the ground beneath his Unit to a depth which is necessary to gain access to water for use for irrigation purposes only within the Unit, and when drilled a portion of such well which extends beneath the Owner's Unit shall be a Limited Common Element;

(d) Utility Service Lines. The pipes, ducts, wiring and conduits supplying service for electricity, gas, water, sewage, telephone, television and/or other utility or telecommunication services to or from a Unit up to and including the point of lateral connection with a General Common Element of the Project or utility line or system owned by the local public authority or company providing the service;

(e) Miscellaneous. Any other improvement designated as a Limited Common Element appurtenant to a particular Unit or Units in the Subdivision Plan attached as Exhibit B or in any future amendment to the Master Deed made by the Developer or the Association.

In the event that no specific assignment of all the Limited Common Elements described in this Section has been made in the Condominium Subdivision Plan, the Developer (during the Development and Sales Period) and the Association (after the Development and Sales Period has expired) reserve the right to designate each such space or improvement as a Limited Common Element appurtenant to a particular Unit by subsequent amendment or amendments to this Master Deed.

4.3 Maintenance Responsibilities. Responsibility for the decoration, maintenance, repair and replacement of the Common Elements will be as follows:

(a) Limited Common Elements. Each Co-owner shall be responsible for the routine cleaning, snow removal, maintenance, repair and replacement of the all Limited Common Elements appurtenant to his Unit.

(b) Unit Improvements. Unit owners shall also be responsible for the maintenance, repair and replacement of all the structures and improvements, and the maintenance and mowing of all yard areas situated within the boundaries of each Unit, including any portions which may extend beyond Unit boundaries up to the paved roadway (Heritage Drive). If any Co-owner elects, with the prior written consent of the Association, to construct or install any improvements within a Unit or on the Common Elements which increase the costs of maintenance, repair or replacement for which the Association is responsible, such increased

costs or expenses may, at the option of the Association, be specially assessed against such Unit or Units.

(c) Association Oversight. The exterior appearance of all structures, improvements and yard areas shall at all times be subject to the approval of the Association. In the event that the cleaning and decoration of such Common Elements by the responsible Co-owner does not conform to reasonable aesthetic and maintenance standards established by the Association, the Association will have the right to take such action as may be necessary to bring such Common Elements up to required standards and to charge all costs incurred to the Owner responsible for cleaning, decoration and maintenance.

(d) Other Common Elements. The Association shall bear the cost of maintaining, repairing and replacing all General Common Elements, except (a) to the extent of maintenance, repair or replacement due to acts or negligence of a Co-owner or the Owner's agents, guests or invitees, for which Co-owner shall be wholly responsible, unless, and to the extent, any such loss or damage is covered by insurance maintained by the Association; and (b) as provided in the next subsection.

(e) Driveway Extensions/Delivery Boxes. Except to the extent of maintenance, repair or replacement due to the act or neglect of another Co-owner or his agents, guests or invitees, for which such Co-owner shall be wholly responsible, each Co-owner shall bear the cost of installing, maintaining, repairing and replacing the paved portion of the driveway built between the Co-owner's Unit and Heritage Drive, and such cost of maintaining, repairing and replacing of the delivery box for mail and/or newspapers, if any, located within such area, and of installing and maintaining any landscaping within such area.

(f) Maintenance by the Association. In the event that a Co-owner fails, as required by this Master Deed, the By-Laws or any rules or regulations promulgated by the Association, to properly and adequately decorate, repair, replace or otherwise maintain his/her Unit, any structure or improvement located within the Unit, or any appurtenant Limited Common Element, the Association (and or the Developer during the Development and Sales Period) shall have the right, but not the obligation, to undertake such reasonably uniform, periodic exterior maintenance functions with respect to residences, yards or other improvements constructed or installed within a Unit boundary as it may deem appropriate (including without limitation painting or other decoration, lawn mowing, snow removal, tree trimming, and replacement of shrubbery and other plantings); provided, that the Association (or Developer) will in no event be obligated to repair or maintain such Common Elements or improvements. Failure of the Association (or Developer) to take any such action shall not be deemed a waiver of the Association's (or Developer's) right to take any such action at a future date.

(g) All costs incurred by the Association or the Developer in performing any maintenance functions which are the primary responsibility of the Co-owner shall be charged to such Co-owner on a reasonably uniform basis and collected in accordance with the assessment procedures established by the Condominium By-Laws. The lien for non-payment shall attach to any such charges as in all cases of regular assessments and may be enforced by the use of all means available to the Association under the Condominium Documents or by law for the

collection of regular assessments, including without limitation, legal action, foreclosure of the lien securing payment and the imposition of fines.

4.4 Power of Attorney. By acceptance of a deed, mortgage, land contract or other instrument of conveyance all Co-owners, mortgagees and other interested parties are deemed to have appointed the Developer (during the Development and Sales Period) and/or the Association (after the Development and Sales Period has expired), as their agent and attorney to act in connection with all matters concerning the Common Elements and their respective interests in the Common Elements. Without limiting the generality of the this appointment, the Developer (or Association) will have full power and authority to grant easements over, to sever or lease mineral interests and/or to convey title to the land or improvements constituting the General Common Elements or any part of them, to dedicate as public streets any parts of the General Common Elements, to amend the Condominium Documents for the purpose of assigning or reassigning the Limited Common Elements and in general to execute all documents and to do all things necessary or convenient to the exercise of such powers.

4.5 Assignment of Limited Common Elements. A Limited Common Element may be assigned or re-assigned, upon notice to any affected mortgagee, by written application to the Board of Directors of the Association by all Co-owners whose interest will be affected by the assignment. Upon receipt of such an application, the Board shall promptly prepare and execute an amendment to this Master Deed assigning or reassigning all rights and obligations with respect to the Limited Common Elements involved, and shall deliver the amendment to the Co-owners of the Units affected upon payment by them of all reasonable costs for the preparation and recording of the amendment.

4.6 Separability. Except as provided in this Master Deed, Condominium Units shall not be separable from their appurtenant Common Elements, and neither shall be used in any manner inconsistent with the purposes of the Condominium, or in any other way which might interfere with or impair the rights of other Co-owners in the use and enjoyment of their Units or their appurtenant Common Elements.

4.7 Use of Units and Common Elements.

(a) No Co-owner shall use his Unit or the Common Elements in any manner (i) inconsistent with the purposes of the Condominium Project or (ii) which would unreasonably interfere with or impair the rights of any other Co-owner in the use and enjoyment of his Unit or the Common Elements.

(b) No Co-owner shall be exempt from contributions toward the Expenses of Administration as defined in the Condominium Bylaws attached as Exhibit A, or the payment of assessments against his Unit by reason of non-use or waiver of use of the Common Elements or by the abandonment of his Unit.

## ARTICLE V

### ESTABLISHMENT AND MODIFICATION OF UNITS

5.1 Dedication. By executing and recording this Master Deed, the Developer establishes Heritage Ridge as a Condominium Project under the Act. Once established, the Condominium Project should be held, conveyed, encumbered, leased, occupied, improved and in every manner utilized, subject to: (i) the provisions of this Master Deed, and (ii) the Act. The provisions of this Master Deed shall run with the land included in the Condominium Project and bind the Developer; and all persons acquiring or owning an interest in the Condominium Project, or in the real estate dedicated to the Condominium Project, and their grantees, successors and assigns, heirs and personal representatives. The following provisions of this Master Deed have been set forth in furtherance of the establishment of the Condominium Project.

5.2 Description of Units. The boundary of each Condominium Unit in the Condominium is shown in the Condominium Subdivision Plan as surveyed by Milanowski & Englert Engineering & Surveying, Inc., and attached as Exhibit B. Site plans have been filed with the Township of Fruitland, Muskegon County, Michigan. The boundaries of each Unit have been shown in Exhibit B and delineated in heavy outlines, but do not include any General Common Elements contained therein.

5.3 Percentages of Value. The total value of the Condominium Project is one hundred percent (100%). All Units are hereby assigned an equal percentage of value because all Units are expected to have equal allocable expenses of maintenance. A Unit's percentage of value shall be determinative of its proportionate share of the common proceeds and Expenses of Administration, the value of its vote at certain meetings of the Association Co-owners, and of its undivided interest in the Common Elements.

5.4 Unit Modification. The number, size, style and/or location of Units or of any Limited Common Element appurtenant to a Unit may be modified from time to time by the Developer or its successors without the consent of any Co-owner, mortgagee or other interested person, so long as such modifications do not unreasonably impair or diminish the appearance of the Condominium or the view, privacy or other significant attribute of any Unit which adjoins or is proximate to the modified Unit or Limited Common Element; provided, that no Unit which has been sold or which is subject to a binding Purchase Agreement shall be modified without the consent of the Co-owner or Purchaser and the mortgagee of such Unit.

5.5 Conditions Precedent. Unless prior approval has been obtained from the title insurance company issuing policies to Unit purchasers, no Unit modified pursuant to Section 5.4 shall be conveyed until an amendment to the Master Deed reflecting all material changes has been recorded. All Co-owners, mortgagees of Units and other persons interested or to become interested in the Condominium from time to time shall be deemed to have unanimously consented to any such amendments, and to have granted a Power of Attorney to the Developer and its successors for such purpose which is similar in nature and effect to that described in section 4.4 of this Master Deed.

## ARTICLE VI

### EASEMENTS

6.1 Easements for Maintenance and Repair. In the event that any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to the shifting, settling or moving of a building, or due to survey errors or construction deviations, reciprocal easements shall exist for the maintenance of the encroachment for so long as the encroachment exists, and for the maintenance of the encroachment after rebuilding in the event of destruction. There shall also be permanent easements in favor of the Association (and/or the Developer during the Development and Sales Period) for the maintenance and repair of Common Elements for which the Association (or Developer) may from time to time be responsible or for which it may elect to assume responsibility, and there shall be easements to, through and over those portions of the land as may be reasonable for the installation, maintenance and repair of all utility services furnished to the Condominium. Public utilities or private utilities shall have access to the Common Elements and to the Units at such times as may be reasonable for the installation, repair or maintenance of such services.

6.2 Utility Easements. The front ten (10) feet of each Unit is subject to a private easement for installation of public or private utilities within the Condominium Project and as shown in Exhibit B.

6.3 Easements Retained by Developer.

(a) Easements. In addition to all other rights reserved to it hereunder, the Developer reserves for the benefit of itself, and its agents, employees, guests, invitees, independent contractors, successors and assigns, a perpetual easement for the unrestricted use of the Right-of-Way now or hereafter located in the Condominium Project for the purpose of (a) ingress to and egress from all or any portion of (i) the Condominium Premises; and (ii) any other land in the vicinity of the Condominium Project now owned or hereafter acquired by the Developer, (b) complying with any governmental regulation, or installing and servicing the roads, utilities, drains, and the flood plain areas as shown on the Condominium Subdivision Plan attached hereto as Exhibit B, or (c) for any other lawful purpose.

(b) Use of Facilities. The Developer, and its duly authorized agents, representatives and employees, may maintain offices and other facilities on the Condominium Premises and engage in any acts reasonably necessary to facilitate the development and sale of Units in the Condominium Project. In connection therewith, the Developer shall have full and free access to all common elements and unsold Units.

(c) Hook-Up of Utilities. The Developer reserves for the benefit of itself, and its agents, employees, independent contractors, successors and assigns, and for the benefit of any appropriate governmental entity or utility company, perpetual easements to enter upon and cross the Condominium Premises and lay pipes and cables and do all other things reasonably necessary to utilize, tap and tie into, and to construct, extend and enlarge, all utility services or systems now or hereafter located on the property described in Article II hereof to service all or any portion of the Condominium Premises, or any other property in the vicinity of the Condominium Project now owned or hereafter acquired by the Developer in furtherance of any lawful purpose.

6.4 Easements to Be Clear. No structures will be erected within any Unit which will interfere with the easement rights provided above. Any fences, paving or plantings which interfere with the easement purpose or the rights of ingress and egress provided above may be removed as necessary when installing or servicing the roads, utilities, or retention and drainage, and neither Developer nor the Association will have liability for such removal.

6.5 Drainage. The Condominium Project is part of a "433 Drainage District" as required by the Muskegon County Drain Commissioner. Attached as Exhibit E is the *Agreement for the Establishment of a County Drain and County Drainage District Pursuant to Section 433 of Act No. 40 of the Public Acts of 1956, as Amended.* A copy of the 433 Agreement is recorded in the Muskegon County Register of Deeds in Liber 3710 on Pages 409 through 423, inclusive.

There shall exist easements over some of the Units of the Condominium Project for the purpose of construction, maintenance and improvement of the storm water drainage and retention systems as designated on the Condominium Subdivision Plans attached as Exhibit B. The easements are granted in favor of the Heritage Ridge Drain Drainage District. Subject to approval of appropriate governmental entities, the Heritage Ridge Drain Drainage District shall have the right to assign, transfer or convey this easement to any other governmental entity. The Muskegon County Drain Commissioner, and his agents, contractors and designated representatives shall have the right of entry on, and to gain access to, the easement property.

No Unit owner shall disturb the grade or otherwise modify the areas within the easements in any way inconsistent with the drain. No Unit owner shall install, maintain, repair or replace landscaping materials located within the drain easement areas lying in such Unit owner's Unit in any way inconsistent with the use by the Heritage Ridge Drain Drainage District. All Unit owners shall release the Heritage Ridge Drain Drainage District and its successors, and assigns from any and all claims or damages in anyway arising from or incidental to the construction and maintenance of the drain, or otherwise arising from or incidental to the exercise by the Heritage Ridge Drain Drainage District of its rights under the easements, and all Unit owners covenant not to sue the Heritage Ridge Drain Drainage District for any such damages.

The easements for drainage are for the benefit of upland Units within the Condominium Project and any improper construction; development or grading that occurs within these easements may interfere with the drainage rights of the upland Units. Some easements for drainage are for the continuous passages of surface drainage and each Unit owner will be responsible for maintaining the surface drainage system across their Unit. No structure is permitted within any easement for drainage. This includes, but is not limited to, swimming pools, sheds, garages, patios, decks, fences, or other permanent structures or landscaping features that may interfere with surface drainage or maintenance of subsurface systems.

All costs associated with the maintenance and improvement of the storm drainage in the Heritage Ridge Drain Drainage District shall be borne by the Heritage Ridge Drain Drainage District and assessed to the Unit owners pursuant to Act No. 40 of the Public Acts of 1956, as amended.

Specific reference is made to Exhibit E attached to this Master Deed which sets forth specific requirements of the Muskegon County Drain Commissioner concerning the Condominium.

6.6 Utility Lines. All electric, gas, cable television and telephone lines shall be placed underground.

6.7 Termination of Easements. The Developer reserves the right to terminate and revoke any utility or other easement granted in this Master Deed at such time as the particular easement has become unnecessary and with appropriate governmental agency approval. This may occur, by way of example but not limitation, when a utility easement is relocated to coordinate further and future development of the Condominium Project or other projects located in the vicinity of the Condominium Project. No easement for a utility may be terminated or revoked unless and until all Units served by it are adequately served by an appropriate substitute or replacement utility on a shared maintenance basis. Any termination or revocation of any such easement shall be effected by the recordation of an appropriate amendment to this Master Deed in accordance with the requirements of the Act.

6.8 Easements of Record. The Condominium Premises are affected by easements of record. Without limiting the generality of the foregoing, the Condominium Premises and Units are burdened and benefited by the easements which are shown on the Condominium Subdivision Plan attached hereto as Exhibit B.

6.9 Financial Support of Easements. The Association shall financially support all easements described in this Article VI or otherwise pertaining to the Condominium Project, regardless of the rights of others to utilize such easements.

## ARTICLE VII

### AMENDMENT AND TERMINATION

7.1 Pre-conveyance Amendments. If there is no Co-owner other than the Developer, the Developer may unilaterally amend the Condominium Documents or, with the consent of any interested mortgagee, unilaterally terminate the Condominium. All documents reflecting such amendment or termination shall be recorded in the public records of Muskegon County, Michigan.

7.2 Post-conveyance Amendments. If there is a Co-owner other than the Developer, the recorded Condominium Documents may be amended for a proper purpose as follows:

(a) Non-Material Changes. The amendment may be made without the consent of any Co-owner or mortgagee if the amendment does not materially alter or change the rights of any Co-owner or mortgagee of a Unit in the Condominium, including, but not limited to: (i) amendments to modify the types and sizes of unsold Condominium Units and their appurtenant Limited Common Elements; (ii) amendments correcting survey or other errors in the Condominium Documents; or (iii) amendments for the purpose of facilitating conventional

mortgage loan financing for existing or prospective Co-owners, and enabling the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association and/or any other agency of the federal government or the State of Michigan.

(b) Material Changes. The amendment may be made, even if it will materially alter or change the rights of the Co-owners or mortgagees, with the consent of not less than two-thirds of the Co-owners and mortgagees; provided, that a Co-owner's Unit dimensions or Limited Common Elements may not be modified without his consent, nor may the formula used to determine Percentages of Value for the Condominium or provisions relating to the ability or terms under which a Unit may be rented be modified without the consent of the Developer and each affected Co-owner and mortgagee. Rights reserved by the Developer, including without limitation rights to amend for purposes of expansion, contraction and/or modification of Units, shall not be amended without the written consent of the Developer as long as the Developer or its successors continue to own or to offer for sale any Unit in the Condominium. For purposes of this sub-section, a mortgagee shall have one vote for each mortgage held.

(c) Compliance with Law. Amendments may be made by the Developer without the consent of Co-owners and mortgagees, even if the amendment will materially alter or change the rights of Co-owners and mortgagees, to achieve compliance with the Act or rules, interpretations or orders adopted by the Courts of this State pursuant to the Act, or with other federal, state or local laws, ordinances or regulations affecting the Condominium.

(d) Reserved Developer Rights. A material amendment may also be made unilaterally by the Developer without the consent of any Co-owner or mortgagee for the specific purpose(s) reserved by the Developer in this Master Deed. During the Development and Sales Period, this Master Deed and Exhibits A and B hereto shall not be amended nor shall provisions be modified in any way without the written consent of the Developer, its successors or assigns.

(e) Consolidating Master Deed. A Consolidating Master Deed or As-Built Amendment shall be prepared and recorded by the Developer as required by the Act when construction of the Condominium has been completed. Such documents may incorporate changes made by previous amendments, restate some or all of the provisions of this Master Deed and of the Exhibits attached, delete provisions or parts of provisions which benefit the Developer, which have been superseded or the effectiveness of which has expired, and make such further changes as do not materially affect the rights of Co-owners and mortgagees.

(f) Costs of Amendments. A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of the prescribed majority of Co-owners and mortgagees or based upon the Advisory Committee's decision, the costs of which are expenses of administration. The Co-owners and mortgagees of record shall be notified of proposed amendments under this Section not less than 10 days before the amendment is recorded.

7.3 Condominium Termination. If there is a Co-owner other than the Developer, the Condominium may be terminated only with consent of the Developer and not less than 80% of the Co-owners and mortgagees, in the following manner:

(a) Termination Agreement. Agreement of the required number of Co-owners and mortgagees to termination of the Condominium shall be evidenced by their execution of a Termination Agreement, and the termination shall become effective only when the Agreement has been recorded in the public records of Muskegon County, Michigan.

(b) Real Property Ownership. Upon recordation of an instrument terminating the Condominium, the property constituting the Condominium shall be owned by the Co-owners as tenants in common in proportion to their respective undivided interests in the Common Elements immediately before recordation. As long as the tenancy in common lasts, each Co-owner or his/her heirs, successors, or assigns shall have an exclusive right of occupancy of that portion of the property which formerly constituted their Condominium Unit.

(c) Association Assets. Upon recordation of an instrument terminating the Condominium, any rights the Co-owners may have to the assets of the Association shall be in proportion to their respective undivided interests in the Common Elements immediately before recordation, except that common profits shall be distributed in accordance with the Condominium Documents and the Act.

(d) Notice to Interested Parties. Notification of termination by first class mail shall be made to all parties interested in the Condominium, including escrow agents, land contract vendors, creditors, lien holders, and prospective purchasers who deposited funds. Proof of dissolution must also be submitted to the administrator.

## ARTICLE VIII

### ASSIGNMENT OF DEVELOPER RIGHTS

8.1 Right to Assign. Any or all of the rights and powers granted to are reserved by the Developer in the Condominium Documents or by law, including without limitation the power to approve or to disapprove any act, use or proposed action, may be assigned by the Developer to any other entity or person, including the Association. Any such assignment or transfer shall be made by appropriate instrument in writing, and shall be duly recorded in the office of the Muskegon County Register of Deeds.

THIS MASTER DEED has been executed by the Developer as of the day and year which appear on page two.

TJN, LLC



EXHIBIT A

CONDOMINIUM BY-LAWS

HERITAGE RIDGE

ARTICLE I

ASSOCIATION OF CO-OWNERS

1.1 Organization. Heritage Ridge, a residential site condominium project located in the Township of Fruitland, Muskegon County, Michigan (the "Project") consists of thirty (30) building sites (the "Units"). Upon recording of the Master Deed, the management, maintenance, operation and administration of the Project shall be administered by an Association of Co-owners organized as a non-profit corporation under the laws of the State of Michigan (the "Association"). The Association will be responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the Condominium in accordance with the Master Deed and By-Laws of the Condominium, the Articles of Incorporation, By-Laws, Rules and Regulations of the Association, and the laws of the State of Michigan.

1.2 Compliance. All present and future Co-owners mortgagees, lessees or other persons who may use the facilities of the Condominium in any manner shall be subject to and comply with the provisions of Act No. 59, P.A. 1978, as amended (the "Condominium Act" or the "Act"), the Master Deed and all amendments thereto, the Condominium Bylaws, and the Articles of Incorporation, Association By-Laws, and other Condominium Documents which pertain to the use and operation of the Condominium property. The acceptance of a deed of conveyance, the taking of a mortgage, entering into a lease for a Condominium Unit, or the act of occupancy of a Condominium Unit in the Project shall constitute an acceptance of the provisions of these instruments and an agreement to comply with such provisions.

1.3 Purpose of By-Laws. These By-Laws govern the general operation, maintenance, administration, use and occupancy of the Condominium, and all such activities shall be performed in accordance with the provisions hereof.

ARTICLE II

MEMBERSHIP AND VOTING

2.1 Membership. Each Co-owner of a Unit in the Project, present and future, shall be a *member* of the Association and no other person or entity will be entitled to membership. The share of a member in the funds and assets of the Association may be assigned, pledged or transferred only as an appurtenance to his Condominium Unit.

2.2 Voting Rights. Except as limited in the Master Deed and in these By-Laws, the Co-owners of each Unit shall collectively be entitled to one (1) vote when voting by number and one (1) vote, the value of which shall equal the total of the percentages assigned to the Unit or Units owned by him when voting by value. Voting shall be by number, except in those instances where voting is specifically required to be in both value and in number, and no cumulation of votes shall be permitted.

2.3 Eligibility to Vote. No Co-owner, other than the Developer, will be entitled to vote at any meeting of the Association until he has presented written evidence of ownership of a Condominium Unit in the Project, nor shall he be entitled to vote (except for elections pursuant to Section 3.4) prior to the Initial meeting of Members. The Developer shall be entitled to vote only those Units to which they still hold title and for which they are paying the monthly assessment then in effect at the date on which the vote is cast.

2.4 Designation of Voting Representative. The person entitled to cast the vote for the Unit and to receive all notices and other communications from the Association shall be designated by a certificate signed by all the record owners of the Unit and filed with the Secretary of the Association. Such certificate shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned, and the name and address of the person or persons, firm, corporation, partnership, association, trust or other legal entity who is the Unit owner. All certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned.

2.5 Proxies. Votes may be cast in person or by proxy. Proxies may be made by any designated voting representative who is unable to attend the meeting in person. Proxies will be valid only for the particular meeting designated and any adjournment of that meeting, and must be filed with the Association before the appointed time of the meeting.

2.6 Majority. At any meeting of members at which a quorum is present, 51% of the Co-owners entitled to vote and present in person or by proxy (or written vote, if applicable), shall constitute a majority for the approval of the matters presented to the meeting, except in those instances in which a majority exceeding a simple majority is required by these Bylaws, the Master Deed or by law.

## ARTICLE III

### MEETING AND QUORUM

3.1 First Meeting of Members. The first meeting of the members of the Association may be convened only by the Developer, and may be called at any time after two or more of the Units in the Project have been sold and the purchasers qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Co-owners of 70% of the total number of Units (21) or 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs, at which meeting the eligible Co-owners may vote for the election of directors of the Association. The Developer may call meetings of members of the

Association for informational or other appropriate purposes prior to the initial meeting, but no such informational meeting shall be construed as the initial meeting of members.

3.2 Annual Meeting of Members. After the first meeting has occurred, annual meetings of the members shall be held in each year on a date and at a time and place selected by the Board of Directors at least 20 days prior to the date of an annual meeting, written notice of the date, time, place and purpose of such meeting shall be mailed or delivered to each member entitled to vote at the meeting; provided, that not less than 30 days written notice shall be provided to each member of any proposed amendment to these By-Laws or to other Condominium Documents.

3.3 Advisory Committee. Within one year after the initial conveyance by the Developer of legal or equitable title to a Co-owner of a Unit in the Project, or within 120 days after conveyance of one-third of the total number of Units that may be created, whichever first occurs, two or more persons shall be selected by the Developer from among the non-developer Co-owners to serve as an Advisory Committee to the Board of Directors. The purpose of the Advisory Committee is to facilitate communication between the Developer-appointed Board of Directors and the non-developer Co-owners and to aid in the ultimate transition of control to the Owners. The members of the Advisory Committee shall serve for one year or until their successors are selected, and the Committee shall automatically cease to exist at the Transitional Control Date. The Board of Directors and the Advisory Committee shall meet with each other at such times as may be requested by the Advisory Committee; provided, however, that there shall be not more than two such meetings each year unless both parties agree.

3.4 Board Composition. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% of the Units that may be created, at least 1 director and not less than one-fourth of the Board of Directors of the Association shall be elected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units that may be created, not less than one-third of the Board of Directors shall be elected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created, and before conveyance of 90% of such Units, the non-developer Co-owners shall elect all directors on the Board except that the Developer shall have the right to designate at least one director as long as the Developer owns and offers for sale at least 10% of the Units in the Project or as long as 10 of the Units remain that may be created.

3.5 Owner Control. If 75% of the Units which may be created have not been conveyed within 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner, the non-developer Co-owners shall have the right to elect a number of members of the Board of Directors of the Association equal to the percentage of Units they hold, and the Developer will have the right to elect a number of members of the Board equal to the percentage of Units which are owned by the Developer and for which assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established. Application of this provision does not require a change in the size of the Board as designated in the corporate by-laws.

3.6 Mathematical Calculations. If the calculation of the percentage of members of the Board that the non-developer Co-owners have a right to elect, or the product of the number of

members of the Board multiplied by the percentage of Units held by the non-developer Co-owners results in a right of non-developer Co-owners to elect a fractional number of members of the Board, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number. After application of this formula, the Developer shall have the right to elect the remaining members of the Board. Application of this provision shall not eliminate the right of the Developer to designate at least one member as provided in section 3.4.

3.7 Quorum of Members. The presence in person or by proxy of thirty-five (35) percent of the Co-owners entitled to vote shall constitute a quorum of members. The written vote of any owner furnished at or prior to a meeting, at which meeting each owner 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.

## ARTICLE IV

### ADMINISTRATION

4.1 Board of Directors. The business, property and affairs of the Association shall be managed by a Board of Directors to be elected in the manner described in the Association By-Laws provided, that the directors designated in the Articles of Incorporation shall serve until such time as their successors have been duly elected and qualified at the initial meeting of members. All actions of the first Board of Directors designated in the Articles of Incorporation or any successors to such directors selected by the Developer before the initial meeting of members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors elected by the members of the Association, so long as such actions are within the scope of the powers and duties which may be exercised by a Board of Directors as provided in the Condominium Documents. A service contract or management contract entered into between the Association and the Developer or affiliates of the Developer shall be voidable by the Board of Directors on the Transitional Control Date or within ninety (90) days thereafter, and on thirty (30) days notice at any time thereafter for cause.

4.2 Power and Duties. The Board shall have all powers and duties necessary for the administration of the affairs of the Association, and may take all actions in support of such administration as are not prohibited by the Condominium Documents or specifically reserved to the members. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

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

(b) Development of an annual budget, and the determination, levy and collection of assessments required for the operation and affairs of the Condominium, and to use the proceeds for the purposes of the Association;

(c) Employment and dismissal of personnel as necessary for the efficient management and operation of the Condominium property;

- (d) Adoption and amendment of rules and regulations which are not inconsistent with the provisions of Article VIII of these Bylaws, governing the use of the Condominium property; such rules and regulations, as amended from time-to-time, shall affect the Co-owners and their tenants, guests, employees, and invitees concerning the use and enjoyment of the Condominium, and shall include the right to enforce such regulations by all legal methods, including, but not limited to, the imposition of fines and late payment charges, eviction proceedings or legal proceedings;
- (e) Opening bank accounts, borrowing money and issuing evidences of indebtedness in furtherance of the purposes of the Condominium, and designating signatories required for such purpose;
- (f) Obtaining insurance for Condominium property, the premiums of which shall be an expense of administration, and to collect and allocate the proceeds;
- (g) Authorizing the execution of contracts, deeds of conveyance, easements and rights-of-way affecting any real or personal property of the Condominium on behalf of the Co-owners;
- (h) Making repairs, additions and improvements to, or alterations of, the Condominium property, and repairs to and restoration of the property in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or are a result of condemnation or eminent domain proceedings;
- (i) Asserting, defending or settling claims on behalf of all Co-owners in connection with the common elements of the Project and, upon written notice to all Co-owners, instituting actions on behalf of and against the Co-owners in the name of the Association;
- (j) To establish new committees as it considers 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 of Directors;
- (k) Such further duties as may be imposed by resolution of the members of the Association or which may be required by the Condominium Documents or the Act; and
- (l) In general, to enter into any kind of activity; to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of the Condominium and to the accomplishment of any of the purposes thereof not forbidden, and with all powers conferred upon nonprofit corporations by the laws of the State of Michigan.

4.3 Books of Account. The Association shall keep books and records containing a detailed account of the expenditures and receipts of administration, which will specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and its members. Such accounts shall be open for inspection by

the Co-owners and their mortgagees during reasonable working hours. The Association shall also prepare and distribute a financial statement to each Co-owner at least once a year, the contents of which will be defined by the Association. The books and records shall be reviewed annually and audited at such times as required by the Board of Directors by qualified independent accountants (who need not be certified public accountants), and the cost of such review or audit shall be an expense of administration.

4.4 Maintenance and Repair. All maintenance of and repair to a Condominium Unit, other than maintenance of and repair to any General Common Element located within the Unit, shall be made by the Co-owner of such Unit. Any Co-owner who desires to make repairs to a Common Element or structural modifications to his Unit must first obtain the written consent of the Association, and shall be responsible for all damages to other Units or to the Common Elements resulting from such repairs or from his failure to effect such maintenance and repairs.

All maintenance of, repair to and replacement for the General Common Elements, whether located inside or outside the Units, and to Limited Common Elements to the extent required by the Master Deed, shall be made by the Association and shall be charged to all the Co-owners as a common expense unless necessitated by the negligence, misuse or neglect of a particular Co-owner, in which case the expense shall be charged to such Co-owner individually. The Association or its agent shall have access to each Unit from time to time during reasonable working hours, upon notice to the occupant, for the purpose of maintenance, repair or replacement of any of the Common Elements located within are accessible only from a Unit. The Association or its agents shall also have access to each Unit at all times without notice for making emergency repairs necessary to prevent damage to other Units, the Common Elements or both.

4.5 Reserve Fund. The Association shall maintain a reserve fund, to be used for major repairs and replacement of the Common Elements, as provided by Section 105 of the Act. Such fund shall be established in the minimum amount required on or before the Transitional Control Date, and shall, to the extent possible, be maintained at a level which is equal to or greater than 10 or the then current annual budget of the Association on a noncumulative basis. The minimum reserve standard required by this section may prove to be inadequate, and the Board should carefully analyze the Project from time to time in order to determine if a greater amount should be set aside or if additional reserve funds shall be established for other purposes.

4.6 Construction Liens. A construction lien arising as a result of work performed on a Condominium Unit or on an appurtenant Limited Common Element shall attach only to the Unit upon which the work was performed, and a lien for work authorized by the Developer or principal contractor shall attach only to Condominium Units owned by the Developer at the time of recording the statement of account and lien. A construction lien for work authorized by the Association shall attach to each Unit only to the proportionate extent that the Co-owner of such Unit is required to contribute to the expenses of administration. No construction lien shall arise or attach to a Condominium Unit for work performed on the General Common Elements not contracted by the Association or the Developer.

4.7 Managing Agent. The Board may employ a Management Company or Managing Agent at a compensation established by the Board to perform such duties and services as the

Board shall authorize, including, but not limited to, the powers and duties described in Section 4.2. The Developer or any person or entity related to the Developer may serve as Managing Agent if so appointed.

4.8 Officers. The Association By-Laws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of officers of the Association and may contain any other provisions pertinent to officers of the Association not inconsistent with these Bylaws. Officers may be compensated, but only upon the affirmative vote of sixty (60%) percent or more of all Co-owners.

4.9 Indemnification. All directors and officers of the Association shall be entitled to indemnification against costs and expenses incurred as a result of actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on behalf of the Association upon 10 days notice to all Co-owners, in the manner and to the extent provided by the Association By-Laws. In the event that no judicial determination as to indemnification has been made, an opinion of independent counsel as to the propriety of indemnification shall be obtained if a majority of Co-owners vote to procure such an opinion.

## ARTICLE V

### ASSESSMENTS

5.1 Administrative Expenses. The Association shall be assessed as the entity in possession of any tangible personal property of the Condominium owned or possessed in common, and personal property taxes levied on such property shall be treated as expenses of administration. All costs incurred by the Association in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Project shall be expenses of administration, and all sums received as proceeds of, or pursuant to any policy of insurance 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 such Common Elements shall be receipts of administration.

5.2 Determination of Assessments. Assessments will be determined in accordance with the following provisions:

(a) Initial Budget. The Board of Directors of the Association shall establish an initial budget in advance for each fiscal year, which budget will project all expenses for the coming year that may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. The annual assessment to be levied against each Unit in the Project shall then be determined on the basis of the budget. A copy of the budget will be delivered to each Co-owner, although the failure to deliver such a copy to each Co-owner will not affect or in any way diminish the liability of a Co-owner for any existing or future assessment.

(b) Budget Adjustments. Should the Board of Directors determine at any time, in its sole discretion, that the initial assessments levied are insufficient: (1) to pay the costs of operation and maintenance of the Common Elements; (2) to provide for the replacement of

existing Common Elements; (3) to provide for additions to the Common Elements not exceeding \$1,500 or \$50 per Unit annually, whichever is less; or (4) to respond to an emergency or unforeseen development; the Board will have the authority to increase the initial assessment or to levy such additional assessments as it deems to be necessary for such purpose(s). The discretionary authority of the Board of Directors to levy additional assessments will rest solely with the Board of Directors for the benefit of the Association and its members, and will not be enforceable by any creditors of the Association.

(c) Special Assessments. Special assessments, in excess of those permitted by subsections (a) and (b), may be made by the Board of Directors from time to time with the approval of the Co-owners as provided in this subsection to meet other needs or requirements of the Association, including but not limited to: (i) assessments for additions to the Common Elements costing more than \$7,500 in any year; (ii) assessments to purchase a Unit upon foreclosure of the lien described in Section 5.5; or (iii) assessments for any other appropriate purpose not specifically described. Special assessments referred to in this subsection (but not including those assessments referred to in subsections (a) and (b), which will be levied in the sole discretion of the Board of Directors) will not be levied without the prior approval of sixty (60%) percent or more of all Co-owners. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and its members and will not be enforceable by any creditors of the Association.

5.3 Apportionment of Assessments. The base assessment levied against the Unit owners to cover expenses of administration shall be apportioned among and paid by the Co-owners on an equal basis, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments determined in accordance with Section 5.2(a) will be payable by Co-owners in twelve (12) equal monthly installments, commencing with the acceptance of a deed to, or a land contract vendee's interest in a Unit, or with the acquisition of title to a Unit by any other means. The payment of an assessment will be in default if the assessment, or any part of it, is not received by the Association in full on or before the due date assigned by rule or regulation of the Association.

5.4 Expenses of Administration. The expenses of administration shall consist, among other things, of such amounts as the Board may deem proper for the operation and maintenance of the Condominium property under the powers and duties delegated to it and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating reserve, for a reserve for replacement and for meeting any deficit in the common expense for any prior year; provided, that any reserves established by the Board prior to the initial meeting of members shall be subject to approval by such members at the initial meeting. The Board shall advise each Co-owner in writing of the amount of common charges payable by him and shall furnish copies of each budget on which such common charges are based to all Co-owners.

5.5 Collection of Assessment. Each Co-owner shall be obligated for the payment of all assessments levied upon his Unit during the time that he is the Owner of the Unit, and 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.

(a) Legal Remedies. In the event of default by any Co-owner in paying the assessed common charges, the Board may declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. In addition, the Board may impose reasonable fines or charge interest at the legal rate on such assessments from and after the due date. Unpaid assessments shall constitute a lien on the Unit prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid upon a first mortgage of record recorded prior to the recording of any notice of lien by the Association, and the Association may enforce the collection of all sums due by suit at law for a money judgment or by foreclosure of the liens securing payment in the manner provided by Section 108 of the Act. In an action for foreclosure, a receiver may be appointed and reasonable rental for the Unit may be collected from the Co-owner or anyone claiming under him, and all expenses incurred in collection, including interest, costs and actual attorney's fees, and any advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default.

(b) Sale of Unit. Upon the sale or conveyance of a Condominium Unit, all unpaid assessments against the Unit shall be paid out of the sale price by the purchaser in preference over any other assessment or charge except as otherwise provided by the Condominium Documents or by the Act. A purchaser or grantee may request a written statement from the Association as to the amount of unpaid assessments levied against the Unit being sold or conveyed and such purchaser or grantee shall not be liable for, nor shall the Unit sold or conveyed be subject to a lien for any unpaid assessments in excess of the amount described in such written statement. Unless the purchaser or grantee requests a written statement from the Association at least 5 days before sale as provided in the Act, however, the purchaser or grantee shall be liable for any unpaid assessments against the Unit together with interest, costs, and attorneys fees incurred in collection of the assessments.

(c) Self-Help. The Association may enter upon the common elements, limited or general, to remove and abate any condition, or may discontinue the furnishing of services to a Co-owner in default under any of the provisions of the Condominium Documents upon 7 days written notice to such Co-owner of its intent to do so.

Entry upon Limited Common Elements may only be effected, without prior notice to the Co-owner, in the event of an emergency situation requiring immediate action.

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 the default continues; provided, that this provision shall not operate to deprive any Owner of ingress and egress to and from his Unit.

(d) Application of Payments. Money received by the Association in payment of assessments in default shall be applied in the following manner; first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such assessments; and third, to installments of assessments in default in order of their due dates.

5.6 Financial Responsibility Of the Developer. The Developer of the Condominium, although a member of the Association, will not be responsible for the payment of either general or special assessments levied by the Association, except as follows:

(a) Pre-Turnover Expenses. During the time that the Developer controls the Association, it will be its responsibility to keep the books balanced, and to avoid any deficit in operating expenses. At the time of the initial meeting of members, the Developer will be liable for the funding of any continuing Association deficit incurred prior to the Transitional Control Date.

(b) Post-Turnover Expenses. After the Transitional Control Date has occurred, the Developer will be responsible for the payment of regular monthly assessments or of special assessments on Units which remain titled in Developer.

Until substantial completion has occurred, however, the Developer may be assessed by the Association for actual costs, if any, incurred by the Association which are directly attributable to the Units being constructed by the Developer, together with a reasonable share of costs of administration which indirectly benefit the Developer (other than costs attributable to the maintenance of dwelling homes), based on the ratio of completed Units owned by the Developer from time to time to the number of completed Units owned and/or occupied by non-Developer owners.

(c) Exempted Transactions. The Developer will not be responsible for the payment of any portion of any general or special assessment which is levied for deferred maintenance, reserves for replacement or capital improvements or additions, except with respect to Units which have been substantially completed. In no event will the Developer be liable for any assessment levied in whole or in part to finance litigation or other claims against the Developer, any cost of investigating and/or preparing such litigation or claim, or any similar related costs.

(d) Act to Govern. As long as the Developer owns one or more of the Units in the Project, it shall be subject to the provisions of the Condominium Documents and of the Act.

## ARTICLE VI

### TAXES, INSURANCE AND REPAIR

6.1 Real Property Taxes. Real property taxes and special assessments shall be levied against the individual Units and not against the total property of the Project, except for the year in which the Project was established subsequent to the tax day. Taxes and assessments which

become a lien against the Condominium property in any such year shall be expenses of administration and shall be assessed against the Units located on the land with respect to which the tax or assessment was levied in proportion to the percentage of value assigned to each Unit. Real property Taxes and assessments levied in any year in which the property existed as an established Project on the tax day shall be assessed against the individual Units only, even if a subsequent vacation of the Project has occurred.

Taxes for real property improvements to a specific Unit shall be assessed against that Unit description only, and each Unit shall be treated as a separate, single parcel of real property for purposes of property tax and special assessment. No Unit shall be combined with any other Unit or Units, and no assessment of any fraction of a Unit or combination of any Unit with other Units or fractions shall be made, nor shall any division or split of the assessment or Taxes of a single Unit be made whether the Unit be owned separately or in common.

6.2 Insurance Coverage. The Association shall be appointed as Attorney-in-Fact for each Co-owner to act in connection with insurance matters and shall be required to obtain and maintain, to the extent appropriate: casualty insurance with extended coverage, vandalism and malicious mischief endorsements; liability insurance (including director's and officer's liability coverage if deemed advisable and worker's compensation insurance pertinent to the ownership, use and maintenance of the Common Elements of the Project. All insurance shall be purchased by the Board of Directors for the benefit of the Association, the Co-owners, the mortgagees and the Developer, as their interests may appear. Such insurance, other than title insurance, shall be carried and administered according to the following provisions:

(a) Co-owner Responsibilities. Each Co-owner will be responsible for obtaining casualty insurance coverage at his own expense with respect to the residential building and all other improvements constructed or located within the perimeters of his Condominium Unit, and for the Limited Common Elements appurtenant to his Unit. It shall also be each Co-owner's responsibility to obtain insurance coverage for the personal property located within his Unit or elsewhere on the Condominium, for personal liability for occurrences within his Unit or on the Limited Common Elements appurtenant to his Unit, and for alternative living expenses in the event of fire or other casualty causing temporary loss of his residence. The Association and all Co-owners shall use their best efforts to see that property and liability insurance carried by the Association or any Co-owner contains appropriate provisions concerning waiver of the right of subrogation as to any claims against any Co-owner or the Association.

(b) Common Element Insurance. The General Common Elements of the Condominium Project shall be insured by the Association against claims regarding damage to

persons or property to the extent deemed applicable and appropriate, in an amount to be determined annually by the Board of Directors. The Association shall not be responsible in any way for maintaining insurance with respect to the Limited Common Elements, the Units themselves or any improvements located within the Units.

Any improvements made by the Co-owner within his Unit subsequent to closing shall be covered by insurance obtained by and at the expense of the Co-owner; provided that, if the Association elects to include owner improvements under its insurance coverage, any additional premium costs to the Association attributable to such owner improvements will be assessed to and paid entirely by the Co-owner and collected as a part of the assessments levied against such owner as provided in these Bylaws.

(c) Fidelity Insurance. The Association may obtain, if desired, fidelity coverage to protect against dishonest acts by its officers, directors, trustees and employees and all others who are responsible for handling funds of the Association.

(d) Power of Attorney. The Board of Directors is irrevocably appointed as the agent for each Co-owner, each mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Condominium Property to adjust and settle all claims arising under insurance policies purchased by the Board and to execute and deliver releases upon the payment of claims.

(e) Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages, costs and judgments, including actual attorneys' fees, which any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within an individual Co-owners Unit or appurtenant Limited Common Elements. This provision shall not be construed to give an insurer any subrogation right or other right or claim against an individual Co-owner, the Developer or the Association.

(f) Premium Expenses. Except as otherwise provided, all premiums upon insurance purchased by the Association pursuant to these By-Laws shall be expenses of administration.

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

(a) If the damaged property is a General or Limited Common Element, a Unit or a residence located within a Unit, the property should be rebuilt or repaired if a residence located within any Unit in the Condominium is tenable, unless the Condominium Project is terminated in accordance with Article VIII of the Master Deed.

(b) If the Condominium is so damaged that no residence located within any Unit is tenable, damaged property shall not be rebuilt and the Condominium shall be terminated, unless at least two-thirds (2/3) of the first mortgagees and two-thirds (2/3) of the Co-owners in

value and in number agree to reconstruction by a vote or in writing within ninety (90) days after the destruction.

(c) Any reconstruction or repairs shall be performed substantially in accordance with the Master Deed and the plans and specifications for the Condominium Project, and for a residence within any Unit, substantially in accordance with the plans and specifications previously approved by the Association or Developer for that Unit to a condition as comparable as possible to the condition existing prior to damage unless two-thirds (2/3) of the Co-owners and two-thirds (2/3) of the first mortgagees agree otherwise by a vote or in writing.

(d) If the damage is only to a Unit, to a structure or improvement located within a Unit, to a Limited Common Element appurtenant to a Unit, or to landscaping or a mail box located adjoining a Unit, it shall be the responsibility of the Co-owner of the Unit to repair such damage in accordance with the provisions hereof. In all other cases, except as provided hereafter, the responsibility for reconstruction and repair shall be that of the Association.

(e) Each Co-owner shall be responsible for the reconstruction and repair of his Unit, all structures or improvements, including landscaping, with Limited Common Elements appurtenant to his Unit, and the landscaping and mail box located adjacent thereto.

(f) Except as otherwise provided herein, the Association shall be responsible for the reconstruction and repair of the General Common Elements. The Association shall receive all insurance proceeds and be responsible for all reconstruction and repair activity to the extent of such proceeds. Immediately after casualty occurs causing damage to property for which the Association has the responsibility of repair and reconstruction, the Association shall obtain liable and detailed estimates of the cost to return the damaged property to a condition as good as that existing before the damage.

(g) Any proceeds of casualty insurance for which the Association paid the premium, whether received by the Association or a Co-owner, shall be for the reconstruction or repair when reconstruction or repair is required by these By-Laws. If the proceeds of insurance are not sufficient to pay 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 cost 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. Such assessment shall be levied in the same manner as the assessments described in Article V hereof.

(h) If damage within the Condominium impairs the appearance of the Condominium, the Association or the Co-owner responsible for the reconstruction and repair of the damage will proceed with the repair, reconstruction or replacement of the damaged item without delay, and will complete such repair, reconstruction or replacement within six (6) months after the date of the occurrence which caused the damage.

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

(a) Units and limited Common Elements. In the event of any taking of all or any portion of a Condominium Unit or any appurtenant Limited Common Element, the award for such taking shall be paid to the Co-owner of the Unit and the mortgagee of the Unit, as their interests may appear. In the event of a taking of a Co-owner's entire Unit by eminent domain, the Co-owner and his mortgagee shall, after acceptance of the condemnation award, be divested of all interest in the Condominium Project.

(b) General Common Elements. In the event of any taking of all or any portion of the General Common elements, the condemnation proceeds relative to such taking shall be paid to the Co-owners and the mortgagees in proportion to their respective interests in the Common Elements, and the affirmative vote of two-thirds or more of the Co-owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(c) Amendment to Master Deed. In the event the Condominium Project continues after taking by eminent domain, the remaining portion of the Condominium Property shall be resurveyed and the Master Deed and Subdivision Plan shall be amended accordingly. In addition, if any Unit shall have been taken, 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 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution by or specific approval by any Co-owner.

(d) Notice to Mortgagees. In the event any Unit in the Condominium, the Common Elements or any portion of them is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall notify each holder of a first mortgage lien on any of the Units in the Condominium.

(e) Inconsistent Provisions. To the extent not inconsistent with the provisions of this section, Section 133 of the Act shall control upon any taking by eminent domain.

## ARTICLE VII

### CONSTRUCTION REQUIREMENTS

7.1 Purpose of Requirements; Design Standards. Neighborhood design standards, when properly implemented, convey quality, value and stability to home owners. The standards which follow are intended to promote consistency of architecture and landscape design. The implementation of these standards plays a direct role in developing a neighborhood and in preserving real estate values.

7.2 Review Committee. An Architectural Review Committee (the "Review Committee") has been established by the Developer of Heritage Ridge. The mission of such a Review Committee is to ensure that all plans submitted for review meet the criteria established

in the design standards. The design standards for the Project as implemented by the Review Committee will provide sufficient control to ensure compatibility with the overall neighborhood image. The procedures to be used by the Review committee and the fees to be charges for plan review shall be established by the Association from time-to-time.

7.3 Architectural Review. No building, structure or other improvements shall be constructed within the perimeters of a Condominium Unit or elsewhere on the Condominium Premises, nor shall any exterior modification be made to any existing building, structure or improvement, unless plans and specifications containing such detail as the Association may reasonably require have first been approved in writing by the Review Committee. The Review Committee shall have the right to refuse or to approve any plans or specifications, color and/or material applications, grading plans, or building location plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing on such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site on which it is proposed to be constructed, the proposed location of the improvement within the Unit, the location of structures within adjoining Units and the degree of harmony with the Condominium as a whole.

7.4 Approval of Contractor. All buildings and residential dwellings shall be constructed only by residential home builders licensed by the State of Michigan and approved in writing by the Review Committee. If building construction is intended to commence within three (3) months after the date of plan approval, the name of the proposed residential builder must be submitted at the same time as the plans and specifications described in Section 7.3. If construction is to be delayed beyond three (3) months, the name of the proposed residential builder must be submitted for approval at least sixty (60) days prior to the commencement of construction. In its approval process, the Committee may take into consideration the qualifications of the proposed builder along with his reputation in the community before deciding whether or not he will be approved for participation in the Project. Construction of all other improvements, including recreational amenities, must also be done by contractors approved in writing by the Review Committee.

7.5 Specific Requirements. All approvals required by this Article shall comply with the following requirements:

(a) Construction Materials. The exterior of the front elevation of each residence shall be finished with 40% or greater brick, cedar or composite cedar, vinyl shake, cultured stone or other approved materials.

(b) Size and Space Requirements. All residences hereafter constructed must conform to the following size and location requirements:

(1) Area Minimums. No one story residence will be constructed with a fully enclosed floor area of less than one thousand six hundred (1600) square feet and two-story, one and one-half story, bi-level or tri-level residences shall have a minimum fully enclosed floor area of two thousand (2000) square feet, and including one thousand two hundred (1200) square feet on the ground floor.

(2) General. All square footage determinations will exclude basements, garages, decks, and open porches. The Developer may specify the number of levels that residences within specific Units will be permitted to have to preserve the view from other Units or to maintain a harmonious pattern of development in the construction of residences within the Units. The height of any building will not be more than is permitted by applicable zoning laws and ordinances.

(c) Garages. Garages, which will be for use only by the occupants of the residence to which they are appurtenant, must be attached to the residence and constructed in accordance with the approved plans. Each residence must have one garage capable of garaging at least two (2) standard size automobiles. No garage will be placed, erected or maintained within any Unit except for use in connection with a residence within that Unit.

(d) Accessory Buildings. No accessory buildings may be constructed in the front yard of any Unit. In addition to a garage, a detached accessory building may be constructed on any Unit, provided that the exterior appearance of the accessory building shall be the same as the residence, that such building shall have a maximum size of 888 square feet, and that any such accessory buildings must fully comply with the regulations of the Fruitland Township Zoning Ordinance.

(e) Driveways and Paving. All driveways shall be at least ten (10) feet in width. All driveways, driveway approaches, turn around areas, and off street parking areas shall be surfaced with concrete, asphalt or brick pavement and shall match into the edge of the finished asphalt surface of the private road.

(f) Clearing of Sites; Trees. No Unit shall be clear cut in order to create a building site. Plans for lot clearing shall be submitted to the Review Committee for approval, along with construction plans. It is the intent of this provision that healthy trees in the side and rear yards of the Unit shall be retained, if they have a diameter of at least 8 inches at the 4-5 foot mark, and provided that removal of the trees is not necessary for construction of the septic system, well, driveway and structures within the Unit.

(g) No Cut; Buffer Zone. Certain portions of various Units are identified in the Exhibit B drawings as being subject to a 25 foot wide "no cut" buffer zone. Any Unit Owner subject to such a restriction shall not cut any trees or other vegetation within such area which generally must be left in a natural state. The only trees or other vegetation which may be removed from this area are trees and other vegetation which is diseased, dead, or storm damaged.

(h) Greenbelt Area; Units 1 and 30. A 20 foot wide greenbelt has been identified in the Exhibit B drawings over Units 1 and 30. The unit owners of Units 1 and 30 shall generally maintain the evergreen trees within the greenbelt area in order to provide a buffer between the Condominium and Nestrom Road.

(i) Lawn Care and Landscaping. Each Unit owner may leave portions of his Unit in a planned natural state. All grass outside of natural areas, however, shall be mowed at least two times each month during the growing season, and in no event shall a Unit owner permit his grass to be higher than six (6) inches.

(j) Trash Containers and Pick Up. All trash containers shall be kept inside the garage or other fully enclosed area except for short periods of time reasonably necessary to permit collection.

(k) Pools and Tennis Courts. Swimming pools and tennis courts will be permitted only with prior written approval of the Review Committee, and may be limited or prohibited if the Committee, in its sole discretion, determines that construction requires the removal of a significant number of trees or otherwise adversely affects the appearance of the Unit or of the Project.

(l) Fences and Hedges. Fences or hedgers of an approved design may be used to enclose service areas, patios, swimming pools or other areas requiring privacy. If a fence, hedge, screen, shed or other addition is desired, appropriate plans must be submitted to the Review Committee for approval prior to construction. No front yard fences shall be permitted.

(m) Solar Panels and Satellite Dishes. No solar panel or satellite dish may be installed on any Unit until the type, design, size and location has been approved in writing by the Review Committee. In making its determination, the Review Committee may consider the type, design, size, location and manner of enclosure, as well as the impact on aesthetic appearance and lines of visibility with respect to adjoining Units. Solar panels will be permitted if they are not visible from Heritage Drive.

(n) Interference with Traffic. No trees, plantings, fencing or other improvements on any Unit will be placed where they may obstruct visibility at or near street intersections.

(o) Soil from Excavation. All excess soil to be removed from any of the Units in the course of grading or excavating will, at the option of the Developer, become the property of the Developer. All such soil shall be placed by the Owner or his contractor at such location within the Project as the Developer may designate, without cost to the Developer.

7.6 Codes and Ordinances; Township Enforcement. In addition to the Construction Requirements contained in this Article, all buildings and other structures must comply with applicable building, mechanical, electrical and plumbing codes of Fruitland Township, Muskegon County, Michigan, which are in effect at the time the building or structure is erected.

7.7 Reserved Developer Rights. The purpose of this Article is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and its provisions shall be binding upon both the Association and upon all Co-owners in the Project. During the Development and Sales Period, the Developer may construct dwellings or other improvements on the Condominium Premises without the necessity of prior consent from the Association, its Architectural Review Committee or any other person or entity, subject only to the express limitations contained in the Condominium Documents; provided, however, that all such dwellings and improvements shall, in the reasonable judgment of the Developer or its architect, be architecturally compatible with the structures and improvements constructed elsewhere on the Condominium Property.

7.8 Permitted Variance. The Architectural Review Committee may, upon a showing of practical difficulty or other good cause, grant variances from the requirements of this section, but only to the extent and in such a manner as do not violate the spirit and intent of such requirements.

7.9 Completion of Construction, Stabilization of Soil and Landscaping. Construction once commenced within any Unit must be completed within twelve (12) months from the date of commencement, and within that period the soil within the Unit, and the Frontage Area appurtenant to the Unit, must be completely stabilized by grading and seeding of a lawn or other ground cover growth so as to prevent any soil blow area or soil erosion; provided that this provision shall neither prevent nor prohibit any owner from maintaining open areas for the planting of trees, shrubbery or a flower garden, but any such open area shall be controlled so as to prevent blowing or erosion of soil therefrom. The landscape of all Units shall be preserved in its natural state, insofar as practicable, by minimizing tree and soil removal, and any grade changes shall generally conform to the general appearance of neighboring developed areas. A Unit owner also must obtain a soil erosion and sedimentation control permit from the County of Muskegon if required.

7.10 Drainage. As set forth in the Master Deed, the Condominium Project is part of and subject to the terms and conditions of the Heritage Ridge Drain Drainage District. All conditions noted within the 433 District document shall be included as a part of these By-Laws.

During the final grading and landscaping, the Unit owner shall take care to ensure that the installation of fences, plantings, trees and shrubs do not interfere with or concentrate the flow of surface drainage. No changes will be made in the grading of any Unit areas used as drainage swales which would later affect surface run-off drainage patterns without the prior written consent of the Muskegon County Drain Commission.

Water from such sources as eaves troughs and footing drains shall be directed in such a manner as to not impact neighboring land, Units or streets. Laundry facilities or other similar features shall not be connected to a footing drain or pump system discharging to footing laterals and the storm sewer system. Laundry facilities and interior sump pumps must be drained to the sewage disposal system.

## ARTICLE VIII

### USE AND OCCUPANCY RESTRICTIONS

8.1 Purpose of Restrictions. In order to provide for the harmonious occupancy of Units in the Condominium Project, and to protect the value of the Units for all of the Co-owners, use of Condominium Property shall be subject to the limitations and restrictions contained in this Article.

8.2 Property Subject to Use and Occupancy Restrictions. All of the Units in Heritage Ridge are and shall remain subject to these restrictions.

8.3 Use and Occupancy Restrictions.

(a) Residential Use. Condominium Units shall be used exclusively for residential occupancy, and no Unit or appurtenant Common Element shall be used for any purpose other than that of a single family residence or purposes incidental to single family residential use. Home occupations conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence, which do not generate unreasonable traffic by members of the general public and do not change the residential character of the building, are expressly declared to be incidental to primary residential use. Home occupations are subject to the provisions of the Fruitland Township Zoning Ordinance. No building intended for other business uses, and no apartment house, rooming house, day care facility, foster care residence or other commercial structure or use of any kind shall be erected, placed or permitted in any Unit.

(b) Home Occupations. Although all Units are to be used only for single-family residential purposes, nonetheless home occupations will be considered part of a single-family residential use if, and only if, the home occupation is conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence, which use is clearly incidental and secondary to the use of the residence for dwelling purposes and does not change the character thereof. To qualify as a home occupation, there must be (a) no sign or display that indicates from the exterior that the residence is being utilized in whole or in part for any purpose other than that of a dwelling; (b) no person employed other than a member of the immediate family residing within the Unit; (c) no mechanical or electrical equipment used, other than personal computers and other office-type equipment; and (d) no material increase in vehicular or pedestrian traffic to and from the Unit as a result of the home occupation over the amount of traffic normally associated with a Unit used solely for dwelling purposes.

(c) Flood Plain Area. Portions of certain Units are within the 100 year floodplain area shown in Exhibit B. The Unit owner shall not disturb any property within the flood plain or erect any structures or improvements within such area without written approval or a permit from the Muskegon County Drain Commissioner and/or MDEQ.

(d) Wetlands. No wetlands were identified within the boundaries of the Condominium Project, as described in Exhibit C, according to a study prepared by JF New and reported to Developer by correspondence dated February 17, 2005.

(e) Driveway Access; Units 1 and 30. Driveway access to Units 1 and 30, which also have frontage on Nestrom Road, is limited to Heritage Drive only.

(f) Setback Requirement; Units 1 and 30. Units 1 and 30 are subject to a 100 foot setback requirement from the Nestrom Road right-of-way. No building or structure shall be erected within this setback area.

(g) Heritage Drive Maintenance. As stated in the Master Deed and as depicted in the drawings attached to the Master Deed as Exhibit B, Heritage Drive is a private road which provides access to the Units and to a public road – Nestrom Road. Developer will construct Heritage Drive in accordance with construction plans submitted to governmental authorities. It is the desire of the local governmental unit, Fruitland Township, that adequate provisions are made which assure that Heritage Drive will be regularly maintained, repaired and snowplowed in order to ensure safe travel and at all times to ensure for payment of the costs related to maintenance, repair, and snowplowing.

Heritage Drive is a general common element of the Condominium as provided in the Master Deed, thus all Unit Owners have the right to use the roadway for ingress and egress to their Condominium Units. Responsibility for maintenance, repair, and snowplowing for Heritage Drive is vested in the Association of Co-owners which will contract for necessary services. These By-Laws establish a procedure for assessment of condominium fees and charges against all Units which include the cost of maintenance, repair, snow removal, and reconstruction of Heritage Drive.

It is further understood that Fruitland Township reserves the right to enforce the obligations under this section of these By-Laws in the event that the Association does not meet its obligations hereunder. This includes an authorization to the Township or its agents or employees to inspect, maintain, construct, or reconstruct, and otherwise enforce the provisions of these By-Laws, provided that the Township must provide adequate notice to the Association of any claims that these requirements are not being met and providing for a reasonable time for the Association to comply with or to dispute any such claim. It is recognized that the Township is not required to take any such action, however if costs are incurred by the Township in enforcing the terms of this paragraph, including all maintenance of Heritage Drive, such costs including but not limited to maintenance and repair costs, legal fees, engineering fees, and any related costs and fees, shall be reimbursed by the Unit Owners through the Association within thirty (30) days after the Association receives an invoice from the Township. If the Township seeks to enforce this paragraph and the claims are not sustained as disputed, then the Association shall be permitted to recover its costs related to such issues.

As set forth in the applicable Fruitland Township ordinance, any costs incurred by the Township pursuant to this paragraph shall be a lien on the Units within the Condominium and shall be enforceable in accordance with the procedures contained in Act No. 94 of the Public Acts of 1933, as amended. Any such charges that are delinquent for six (6) months or more may be certified to the Township Treasurer, who shall then enter the lien on the next tax roll against the Units and the costs shall be collected and the lien shall be enforced in the same manner as the collection of taxes assessed upon the tax roll and the enforcement of the lien for taxes. In addition to any other lawful enforcement action, Fruitland Township shall have all other remedies authorized by Act No. 94 of the Public Acts of 1933, as amended.

Because Heritage Drive is private in nature, the Township shall incur no liability for any loss, damage, injury, or casualty to person or property arising out of the construction, maintenance, or use of Heritage Drive.

(h) Animals and Pets. Except for domestic pets such as household dogs, cats, birds, and fish, an owner may not keep, raise, or breed animals, livestock or poultry of any kind on any Unit. An owner may have no more than two (2) dogs and two (2) cats. Pit bull dogs and other dangerous animals are not permitted in the Condominium. No pets may be kept, raised or bred on any Unit for commercial purposes. Domestic pets shall have such care and restraint so as not to be obnoxious or offensive on account of odor, noise or unsanitary conditions. No household pets shall be permitted to run loose. Fenced dog runs adjacent to the rear of a garage will be allowed only upon approval in writing by the Developer or the Association.

(i) Antennae. No owner may install within his Unit a satellite dish (larger than two (2) feet in diameter) or television antenna unless approved in writing by the Developer or the Association.

(j) Automobiles. No more than two (2) automobiles or other vehicles customarily used for transportation purposes shall be kept outside a closed garage on a Limited Common Element driveway or elsewhere on the Condominium Property by those persons residing in any Unit; provided, that no automobiles or other vehicles which are not in operating condition shall be permitted at any time. No commercial vehicles or trucks shall be parked in or about the Condominium except for the making of deliveries or pick-ups in the normal course of business.

(k) Clippings and Leaves. The dumping of lawn clippings and leaves, or the burning of the same within the front yard setbacks of the Condominium Property is prohibited.

(l) Common Elements. The General Common Elements shall not be used for the storage of supplies or personal property (except for such short periods of time as may be reasonably necessary to permit periodic collection of trash). No vehicles shall be parked on or along the private drive(s), and Owners and residents shall not use or obstruct any guest parking areas which may be located on the Common Elements of the Project without the prior consent of the Association. In general, no activity shall be carried on nor condition maintained by any Co-owner either in his Unit or upon the Common Elements which despoils the appearance of the Condominium.

(m) Exterior Alterations. No Co-owner shall make any alterations, additions or improvements to any General Common Element, nor make changes to the exterior appearance or structural members of his Unit or Limited Common Elements without the prior written approval of the Association or its Architectural Review Committee. The Association shall not approve any alterations or structural modifications which would jeopardize or impair the soundness, safety or appearance of the Project. Exterior changes which require prior approval include, but are not limited to, the erection of antennas, lights, aerials, flag poles and satellite dishes. No Co-owner shall in any way restrict access to any utility line or other area that must be accessible to service the common elements or which affects an Association responsibility in any way.

(n) Firewood Storage. All firewood must be neatly stacked and shall be covered only with brown or dark green tarps.

(o) Fireworks and Weapons. No Co-owner shall use, or permit the use by any occupant, agent, tenant, invitee, guest or member of his family of any firearms, illegal fireworks or other dangerous weapons, projectiles or devices anywhere on or about the Condominium Property.

(p) Furniture; Equipment. No item of furniture, equipment, or any other large movable item shall be kept within any Unit outside a building, except lawn furniture or picnic tables, provided the same are kept in neat and good condition. All other items such as lawnmowers, snowmobiles, ATVs and similar items shall be stored within a garage or approved outbuilding.

(q) Hunting. No owner shall engage in or permit hunting in any form anywhere within the Condominium Premises.

(r) Insurance Risks. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property, and nothing shall be done or kept in any Unit or on the Common Elements which will increase the rate of insurance for the Project without the prior written consent of the Association. No Co-owner shall permit anything to be done or kept in his Unit or elsewhere on the Common Elements which will result in the cancellation of insurance on any part of the Common Elements, or which would be In violation of any law.

(s) Lawn Care and Landscaping. All lawns shall be kept free from weeds, underbrush, and other unsightly growths.

(t) Nuisances. No nuisances shall be permitted on the Condominium Property nor shall any use or practice be permitted which is a source of annoyance to, or which interferes with the peaceful possession or proper use of the Project by its residents. The Common Elements shall not be used in whole or in part for the storage of rubbish or trash, nor for the storage of any property or thing that may cause the Condominium Property to appear in an unclean or untidy condition. No substance or material shall be kept in any Unit or on any Common Element that will emit foul or obnoxious odors, or that will cause excessive noise which will or might disturb the peace, quiet, comfort or serenity of the occupants of surrounding Units. No unsightly objects will be allowed to be placed or suffered to remain anywhere within a Unit or an area appurtenant thereto, and if such objects or refuse piles or the like are maintained in such areas, then the Developer or the Association may enter the Unit or adjacent areas and remove the same and such entry will not constitute a trespass. The owner of the Unit will reimburse the Developer or Association for all costs of such removal.

(u) Personal Property. No Co-owner shall display, hang or store any clothing, sheets, blankets, laundry or similar articles the outside of the dwelling constructed on his Unit, or which may be visible from the outside of the dwelling on his Unit (other than draperies or curtains, blinds or shades of a customary nature and appearance which shall be lined or colored in a neutral shade facing the exterior), or paint or decorate or adorn the outside of the dwelling

on his Unit, or install any CB, short wave, satellite dish or other radio or telecommunications antenna, window air-conditioning Unit, snap-in window dividers, awning or other equipment, fixtures or items of any kind, without the prior written permission of the Association. The above restrictions shall not be construed to prohibit a Co-owner from placing and maintaining outdoor furniture and decorative foliage of a customary nature and appearance on a sun room, patio or porch which is a limited Common Element appurtenant to his Unit; provided, that no such furniture or other personal property shall be stored on any open patio or porch which is visible from another Unit or from the Common Elements of the Project during the winter season.

(v) Recreation and Commercial Vehicles. No mobile home, van trailer, tent, shack, garage, accessory building, outbuilding or other structure of a temporary character shall be erected, occupied or used at any time without the prior written consent of the Association. No recreational vehicles, boats or trailers shall be parked or stored in any garage if such Storage would prevent full closure of the garage door, or elsewhere on the Condominium Property without the written approval of the Association, unless such storage shall be for a period of less than seven (7) days. No snowmobile, all-terrain vehicle or other motorized recreational vehicle shall be operated on the Condominium Property. Electric powered vehicles, such as golf carts, however are permitted. No maintenance or repair shall be performed on any boat or vehicle except within a garage or accessory building where totally isolated from public view.

(w) Rental of Residences. No residence erected upon any Unit or any portion of a Unit may be rented for a term of less than six (6) months, and no transient tenants may be accommodated in any building for any purpose whatsoever.

(x) Signs. No signs or other advertising devices shall be displayed from any residence or on any Unit which are visible from the exterior of the Unit or from the Common Elements without written permission from the Association, other than "For Sale" signs.

(y) Solar Panels. Solar panels shall not be visible from Heritage Drive.

8.4 Rules of Conduct. Additional rules and regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of Condominium Units and Common Elements, limited and general, may be promulgated and amended by the Board. Copies of such rules and regulations must be furnished by the Board to each Co-owner at least 10 days prior to their effective date, and may be revoked at any time by the affirmative vote of 60% or more of all Co-owners.

8.5 Remedies on Breach. In addition to the remedies granted by section 5.5 for the collection of assessments the Association shall have the right, in the event of a violation of the restrictions on use and occupancy imposed by section 8.3, to enter the Unit and to remove or correct the cause of the violation. Such entry will not constitute a trespass, and the Co-owner of the Unit will reimburse the Association for all costs of the removal or correction. Failure to enforce any of the restrictions contained in this Article will not constitute a waiver of the right of the Association to enforce such restrictions in the future.

8.6 Co-owner Enforcement. An aggrieved Co-owner will also be entitled to compel enforcement of the Condominium Documents by action for injunctive relief and/or damages against the Association, its officers or another Co-owner in the Project.

8.7 Reserved Rights of Developer. The restrictions contained in this Article shall not apply to the commercial activities of the Developer during the Development and Sale Period, or of the Association in the exercise of the powers and purposes contained in these Bylaws and in the Articles of Incorporation, as they may be amended from time to time. The Developer shall also have the right to maintain a sales office, advertising display signs, storage areas and reasonable parking incident to its sales efforts and construction activities and such access to, from and over the Condominium Property as may be reasonable to enable development and sale of the entire Project.

8.8 Enforcement of Bylaws. The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a private residential community, used and occupied for the benefit of the Co-owners and all other persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligations to maintain, repair, replace and landscape in a manner consistent with the maintenance of such standards, the Developer, or any person to whom it may assign this right may, at its option, elect to maintain, repair and/or replace any Common Elements or to do any landscaping required by these bylaws and to charge the cost to the Association as an expense of administration. The Developer shall have the right to enforce these bylaws throughout the Development and Sales Period, which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any prohibited activity.

8.9 Assignment and Succession. Any or all of the rights granted to or reserved by the Developer in the Condominium Documents or by law, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate instrument in writing, signed by the Developer and recorded in the public records of Muskegon County, Michigan. Upon such qualification, the assignee will have the same rights and powers as those granted to or reserved by the Developer in the Condominium Documents.

## ARTICLE IX

### MORTGAGES

9.1 Notice to Association. Any Co-owner who mortgages a Condominium Unit shall notify the Association of the name and address of the mortgagee and furnish a copy of the Mortgage to the Association, and the Association will maintain a record of such mortgages. Such information relating to mortgagees will be made available to the Developer or its successors as needed for the purpose of obtaining consent from, or giving notice to mortgagees concerning amendments to the Master Deed or other actions requiring consent or notice to mortgagees under the Condominium Documents or the Act.

9.2 Insurance. The Association shall notify each mortgagee appearing in such record of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief with the amounts of such coverage.

9.3 Rights of Mortgagees. Except as otherwise required by applicable law or regulation which is binding on the parties, the holder of a first mortgage of record on a Condominium Unit will be granted the following rights:

(a) Inspection and Notice. Upon written request to the Association, a mortgagee will be entitled to: (i) inspect the books and records relating to the Project on reasonable notice during normal business hours; (ii) receive a copy of the annual financial statement which is distributed to Owners; (iii) notice of any default by its mortgagor in the performance of the mortgagor's obligations which is not cured within 30 days; and (iv) notice of all meetings of the Association and its right to designate a representative to attend such meetings.

(b) Exemption from Restrictions. A mortgagee which comes into possession of a Condominium Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, shall be exempt from any option, right of first refusal or other restriction on the sale or rental of the mortgaged Unit, including but not limited to, restrictions on the posting of signs pertaining to the sale or rental of the Unit.

(c) Past Due Assessments. A mortgagee which comes into possession of a Condominium Unit pursuant to the remedies provided in the mortgage, or by deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments charged to all Units including the mortgaged Unit).

9.4 Additional Notification. When notice is to be given to a Mortgagee, the Board of Directors shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages of Units in the Condominium if the Board of Directors has notice of such participation.

## ARTICLE X

### TRANSFER BY DEED

10.1 Unrestricted Transfers. An individual Co-owner may, without restriction under these Bylaws, sell, give, devise or otherwise transfer his Unit, or any interest in the Unit.

10.2 Notice to Association. Whenever a Co-owner shall sell, give, devise or otherwise transfer his Unit or any interest therein, the Co-owner shall give written notice to the Association within five (5) days after consummating the transfer. Such notice shall be accompanied by a copy of the sales agreement, deed or other documents effecting the transfer.

## ARTICLE XI

## ARBITRATION

11.1 Submission to Arbitration. Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, Bylaws or other Condominium Documents, and any disputes, claims or grievances arising among or between Co-owners or between such Owners and the Association may, upon the election and written consent of the parties to the dispute, claim or grievance, and written notice to the Association be submitted to arbitration and the parties there to shall accept the arbitrator's decision and/or award as final and binding. The Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time, shall be applicable to all such arbitration.

11.2 Disputes Involving the Developer. A contract to settle by arbitration may also be executed by the Developer and any claimant with respect to any claim against the Developer that might be the subject of a civil action, provided that:

(a) Purchaser's Option. At the exclusive option of a Purchaser or Co-owner in the Project, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim involves an amount less than \$2,500.00 and arises out of or relates to a purchase agreement, Condominium Unit or the Project.

(b) Association's Option. At the exclusive option of the Association of Co-owners, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Project, if the amount of the claim is \$10,000.00 or less.

11.3 Preservation of Rights. Election by any Co-owner or by the Association to submit any dispute, claim or grievance to arbitration shall preclude such party from litigating the dispute, claim or grievance in the courts. Except as provided in this Article, however, all interested parties shall be entitled to petition the courts to resolve any dispute, claim or grievance in the absence of an election to arbitrate.

## ARTICLE XII

### PUBLIC HEALTH REQUIREMENTS

12.1 The following provisions are mandated by the Muskegon County Health Department pertaining to sewage disposal systems and drinking water supplies:

(a) All building sites within this site condominium shall be reserved for single family residential homes.

(b) All dwellings shall be served by a sewage disposal system. During the initial development of Heritage Ridge, private septic tanks and drain fields constructed in compliance with the regulations of the Muskegon County Health Department shall be installed. Permits for the installation of all sewage disposal systems shall be obtained from the Muskegon

County Health Department, Environmental Health Division, prior to any construction and/or installation taking place on any Unit within this site Condominium.

12.2 Drinking Water Supplies.

(a) All drinking water supply wells shall be completed to provide a minimum of 50 feet of casing in submergence, and be located a minimum of 50 feet from all components of the sewage disposal system, including septic tanks and absorption systems.

(b) A protected area for the non-application of lawn fertilizer and other chemicals must extend in a radius of 50 feet from each drinking water well.

(c) Well Construction Advisory. Purchasers of units in this site condominium are advised that the possibility to site wells on Lots 14 through 30 is limited due to steep slopes on portions of these units. In order to install a drinking water well, a well driller must be able to stabilize the drilling equipment on a relatively level surface. Water supply wells require occasional maintenance, so there must be room to bring the drilling equipment to the well after the dwelling and other structures are built. Therefore, the 15 foot side yard setback from well installation access shall be maintained clear of built obstacles that would prohibit a drill rig from accessing the side and rear of the lot. Prior to issuing permits, applicants will have to demonstrate that the proposed well location is accessible, and will remain that way into perpetuity.

12.3 On-Site Sewage Systems.

(a) Each sewage disposal system shall include two 1000 gallon septic tanks connected in series, and will discharge to a sewage absorption field approved by the health officer.

(b) An area adjacent to, and equal in size to the original sewage absorption field shall be held in reserve for a replacement system.

(c) Placement of the sewage disposal systems and wells shall be according to the site plan on file at Muskegon County Health Department (revision date 8/15/2006).

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 Definitions. All terms used in these Bylaws will have the same meaning assigned by the Master Deed to which the Bylaws are attached as an exhibit, or as defined in the Act.

13.2 Severability. In the event that any of the terms, provisions, or covenants of these Bylaws or of any Condominium Document are held to be partially or wholly invalid or

unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair 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.

13.3 Notices. Notices provided for in the Act, Master Deed or By-Laws shall be in writing, and shall be addressed to the Association at its registered office in the State of Michigan, or to any Co-owner at the address contained in the deed of conveyance, or at such other address as may subsequently be provided.

The Association may designate a different address for notices to it by giving written notice of such change of address to all Co-owners. Any Co-owner may designate a different address for notices to him or her by giving written notice to the Association.

Notices addressed as above shall be deemed delivered when mailed by United States mail with postage prepaid, or when delivered in person.

13.4 Amendment. These By-Laws may be amended, altered, changed, added to or repealed only in the manner prescribed by Article VIII of the Master Deed of Heritage Ridge.

13.5 Conflicting Provisions. In the event of a conflict between the Act (or other laws of the State of Michigan) and any Condominium Document, the Act (or other laws of the State of Michigan) shall govern; in the event of a conflict between the provisions of any one or more of the Condominium Documents themselves, the following order of priority shall be applied and the provisions of the document having the highest priority shall

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