

**FIRST AMENDED CONSOLIDATED
MASTER DEED
THE RESERVE AT KNOLLWOOD
A RESIDENTIAL SITE CONDOMINIUM**

THIS CONSOLIDATED MASTER DEED has been executed as of July 19, 2005, as amended by First Amendment to Master Deed of the Reserve at Knollwood, a Residential Site Condominium filed in the Office of the Cass County Register of Deeds on September 15, 1997, at Liber 642, pages 1043 through 1076, inclusive, as amended by Second Amendment to Master Deed of the Reserve at Knollwood, a Residential Site Condominium filed in the Office of the Cass County Register of Deeds on May 20, 1999, at Liber 700, pages 1240 through 1261, and as amended by Third Amendment to Master Deed of the Reserve at Knollwood, a Residential Site Condominium filed in the Office of the Cass County Register of Deeds on June 7, 2001, at Liber 772, pages 609 through 636, inclusive, and as amended by Fourth Amendment to Master Deed of the Reserve at Knollwood, a Residential Site Condominium filed in the Office of the Cass County Register of Deeds on September 12, 2002, at Liber 830, pages 1520 through 1558, inclusive, and as amended by Fifth Amendment to Master Deed of the Reserve at Knollwood, a Residential Site Condominium filed in the Office of the Cass County Register of Deeds on October 31, 2005, at Liber 923, pages 1878 through 1962, inclusive, on behalf of ADAMS ROAD DEVELOPMENT CORP., an Indiana Corporation, whose address is 51013 Gumwood Road, Granger, Indiana 46530 (the “Developer”), pursuant to the provisions of the Michigan Condominium Act, as amended.

RECITALS

A. Adams Road Development Corp. desires to establish the real property described in Article III below, and all appurtenances to it, together with all improvements at any time located upon that property, as a condominium project under the Act.

B. Adams Road Development Corp. has prepared and executed this Master Deed, together with the Condominium By-Laws attached hereto as Exhibit A and the Condominium Subdivision Plan attached hereto as Exhibit B, to accomplish this purpose.

ARTICLE I

DEFINITIONS

When used in any of the Condominium Documents or in any other instrument pertaining to the Condominium Project or the creation or transfer of any interest in it, the following terms shall carry the definitions which follow them unless the context clearly indicates to the contrary:

(a) “**Act**” means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

(b) “**Association**” means Knollwood Reserve, Inc., a not-for-profit corporation organized under the laws of the State of Michigan, of which all Owners shall be members and which shall administer, operate, manage, and maintain the Condominium Project. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless explicitly reserved to the Owners by the Condominium Documents or the laws of the State of Michigan, and any reference to the Association shall, where appropriate, also constitute a reference to its Board of Directors. “Architectural Control Committee” shall mean the Committee appointed under Condominium By-Laws Article V “Operation of the Property” Section 8 “Use Restrictions” paragraph a. “Architectural Control Committee”.

(c) “**Association By-Laws**” means the corporate By-Laws, if any, adopted from time to time.

(d) “**Common Elements**”, where used without modification, means both the general and limited common elements, as defined in Article V hereof.

(e) “**Condominium By-Laws**” means Exhibit A hereto.

(f) “**Condominium Documents**” mean and include this Master Deed, Exhibits A and B hereto, and the Articles of Incorporation, By-Laws, and the Rules and Regulations, if any, of the Association.

(g) “**Condominium Premises**” mean and include the land described in Article III hereof, and all easements, rights, and appurtenances belonging to the Condominium Project, as described below.

(h) “**Condominium Project**” or “**Project**” means The Reserve at Knollwood, which is a condominium project established pursuant to the Act.

(i) “**Condominium Subdivision Plan**” means Exhibit B hereto.

(j) “**Condominium Unit**” or “**Unit**” each means that portion of the Condominium Project designed and intended for separate ownership and use, as described in Article VI hereof and on Exhibit B hereto.

(k) “**Developer**” means Adams Road Development Corp., and its respective successors and assigns. The Developer of the Project owns the real property dedicated to the Project and will develop the Project.

(l) “**Master Deed**” means this Master Deed, including Exhibits A and B hereto, both of which are incorporated by reference and made a part hereof and including any subsequent amendments thereto.

(m) “**Owner**” means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof who owns legal or equitable title to a condominium Unit **or a combination of abutting Units** (including land contract vendees not in default under the terms of their land contracts) within the condominium Project, and, therefore, is an Owner of the Association.

Terms not defined herein, but defined in the Act, shall carry the meanings given them in the Act unless the context clearly indicates to the contrary. Whenever any reference is made to one gender, the same shall include a reference to any and all genders where such a reference would be appropriate; similarly, whenever a reference is made to the singular, a reference shall also be included to the plural where such a reference would be appropriate, and vice versa.

ARTICLE II

DEDICATION

By executing and recording this Master Deed, the Developer establishes Knollwood Reserve as a condominium project under the Act. Once established, the Condominium Project shall 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, assigns, heirs, and personal representatives. The remainder of this Master Deed has been set forth in furtherance of the establishment of the Condominium Project.

ARTICLE III

LEGAL DESCRIPTION

The land which is dedicated to the Condominium Project established hereby is legally described as follows:

A part of the East Half of Fractional Section 19, Town 8 South, Range 16 West, and part of the West Half of Fractional Section 20, Town 8 South, Range 16 West, in Milton Township, Cass County, Michigan, more particularly described as follows:

Beginning at the Northwest corner of said Fractional Section 20, which point is also at the Northeast corner of said Fractional Section 19; thence North 89° 58' 17" East along the North line of said Section 20 a distance of 1021.63 feet (recorded 62 rods); thence South 00° 05' 07" West a distance of 33.00 feet; thence South 89° 58' 17" West a distance of 941.73 feet; thence Southwesterly a distance of 39.20 feet along an arc to the left, having a radius of 25.00 feet and subtended by a chord having a bearing of South 45° 03' 10" West and a length of 35.31 feet; thence South 00° 08' 02" West a distance of 55.15 feet; thence Southerly a distance of 61.37 feet along an arc to the right, having a radius of 111.00 feet and subtended by a chord having a bearing of South 15° 58' 20" West and a length of 60.59 feet; thence Southerly a distance of 38.00 feet along an arc to the left, having a radius of 100.00 feet and subtended by a chord having a bearing of South 20° 55' 28" West and a length of 37.77 feet; thence Southwesterly a distance of 159.48 feet along an arc to the right, having a radius of 533.00 feet and subtended by a chord having a bearing of South 18° 36' 35" West and a length of 158.88 feet; thence East a distance of 236.46 feet; thence North 60° 41' 42" East a distance of 133.39 feet; thence North 00° 38' 38" West a distance of 259.04 feet; thence North 89° 58' 17" East a distance of 697.84 feet; thence South 00° 05' 07" West a distance of 1288.15 feet to the South line of the North 80 rods of said West Half of Fractional Section 20; thence South 89° 59' 14" East along said South line a distance of 137.48 feet; thence South 01° 05' 09" East a distance of 414.69 feet; thence North 87° 02' 37" East a distance of 244.00 feet; thence North 80° 00' 31" East a distance of 398.05 feet; thence North 85° 13' 01" East a distance of 225.28 feet; thence South 15° 40' 53" West a distance of 183.64 feet; thence South 44° 14' 28" West a distance of 258.83 feet; thence South 73° 52' 02" West a distance of 566.93 feet; thence South 01° 36' 29" West a distance of 76.16 feet; thence South 87° 43' 38" West a distance of 828.11 feet; thence South 00° 23' 34" East a distance of 98.96 feet; thence South 71° 26' 06" East a distance of 530.35 feet; thence South 73° 23' 56" East a distance of 251.56 feet; thence South 00° 12' 32" West a distance of 222.74 feet to a point on the South line of said West Half of Fractional Section 20; thence South 89° 20' 36" West along the line common to the States of Michigan and Indiana a distance of 1167.48 feet to the Southwest corner of said Fractional Section 20 and also being the Southeast corner of said Fractional Section 19, which point being also South 00° 03' 38" West a distance of 2839.39 feet of said point of beginning; thence South 89° 22' 28" West along the line common to the States of Michigan and Indiana a distance of 2637.98 feet to the Southwest corner of said East Half of Fractional Section 19; thence North 00° 09' 37" West along the West line of said East Half of Fractional Section 19 a distance of 327.90 feet to the Southeast corner of Lot 3 of Groff Acres according to the plat thereof, recorded in Liber 1-J, Page 320, Cass County records; thence South 89° 25' 43" West along the South line of said Lot 3 a distance of 485.48 feet to the Southwest corner of said Lot 3; thence North 00° 23' 03" East along the West line of said Lot 3 a distance of 164.07 feet to the Northwest corner of said Lot 3; thence North 89° 25' 43" East along the North line of said Lot 3 a distance of 483.92 feet to the Northeast corner of said Lot 3 and the West line of said East Half of Fractional Section 19; thence North 00° 09' 37" West along said West line a distance of 398.22 feet; thence North 89° 33' 54" East a distance of 1320.65 feet to the East line of the West Half of said East Half of Fractional Section 19; thence North 00° 03' 04" West along said East line a distance of 1706.65 feet; thence East a distance of 333.34 feet; thence South 00° 03' 04" East a distance of 261.35 feet; thence East a distance of 166.67 feet; thence North 00° 03' 04" West a distance of 261.35 feet; thence East a distance of 333.44 feet; thence North 00° 03' 04" West a distance of 261.35 feet to the North line of said East Half of Fractional

Section 19; thence East along said North line a distance of 490.94 feet to the point of beginning. Subject to the rights of the public on Redfield Road.

Together with and subject to easements, restrictions, and governmental limitations of record, and easements as set forth on the Condominium Subdivision Plan attached as Exhibit B hereto or as declared and reserved in Article VII below.

ARTICLE IV

TITLE AND NATURE

The Condominium Project shall be known as The Reserve at Knollwood, a residential site condominium, Cass County Subdivision Plan No. 4. Such architectural plans and specifications as may exist for the Condominium Project will be filed with the township of Milton, Cass County, Michigan. The improvements contained in the Condominium Project, including the number, boundaries, dimensions, and area of each Unit, are set forth in the Condominium Subdivision Plan attached hereto as Exhibit B. The Condominium Project contains two types of individual Units to be used as building sites for single family homes, as follows:

- a. Units 1, 3-29, 32, 35-53, 54-71, 73-83, 84-94, 95-106, 108-110 and 136 include building sites, landscape areas, and lawns to be maintained by the Unit Owner under separate ownership and use.
- b. Units 111-121 and 123-135, are designated Villa Units to include building sites, landscape areas, and lawns to be maintained by the Association at the expense of the Villa Unit Owners. In addition, Units 123 through 135 are located adjacent to Forest Lake and shall bear the cost of maintenance and shall have the exclusive use and access.

Each Unit has been designated and is intended for separate ownership and use, as evidenced by each Unit having direct access to a common element of the Condominium Project. Each Owner in the Condominium Project shall enjoy the exclusive right to occupy his Unit and shall have undivided and inseparable rights to share with Owners the use and enjoyment of the general common elements.

ARTICLE V

COMMON ELEMENTS

A. **General Common Elements.** The general common elements are:

(1) The real property described in Article III hereof, excluding those portions within the boundaries of any Condominium Unit as described in Article VI.A. hereof and shown on Exhibit B hereto, but including easement interests of the Condominium in the property within the boundary of any Unit, provided, however, that:

(a) Each Owner shall have the right to drill a water well into the earth beneath his or her Unit as deep as is necessary to gain access to water for use within the Unit and when drilled the portion of such well as extends beneath his or her Unit shall be, as provided in Subsection B below, a limited common element; and

(b) Within the boundary of a Unit, each Owner shall have the right to install a decentralized or individual waste system into the earth beneath the Unit pursuant to approval for use by the Cass County Health Department and when installed that portion of such waste system shall be, as provided in Subsection B below, a limited common element;

(2) All roads and utility rights-of-way and sight distance at intersections as indicated on the Condominium Subdivision Plan (“Right-of-Way”), including the roads built within the Right-of-Way but excluding all portions of driveways built upon the unpaved portion of Right-of-Way by any Owners, provided, however, that each Owner shall

have the right to build a driveway and place a mailbox upon the unpaved portion of the Right-of-Way adjoining his or her Unit ("Frontage Area"), and when built, the portion of the driveway, but not the ground beneath it, built upon the Frontage Area shall be as provided in Subsection B below, a limited common element;

(3) The main electrical distribution system throughout the Condominium Project located within the Right-of-Way (excluding facilities which serve individual Units);

(4) The telephone wiring system throughout the Condominium Project located within the Right-of-Way (excluding facilities which serve individual Units);

(5) The storm water sewer system and retention areas throughout the Condominium Project, except that portion lying within a Unit boundary, which shall be a limited common element;

(6) The gas distribution network throughout the Condominium Project located within the Right-of-Way (excluding facilities which serve individual Units);

(7) Any cable television wiring throughout the Condominium Project located within the Right-of-Way (excluding facilities which serve individual Units);

(8) The Retention, Landscape and Recreation and Protective Screening Areas as shown on Exhibit B at the Indiana/Michigan entry on the South line of the Condominium Subdivision Plan; and the Ironwood Road Right-of-Way entry located on the West line of the Condominium Subdivision Plan; and the Redfield Road Right-of-Way located along the North line of the Condominium Subdivision Plan;

(9) The Recreation Area as depicted on the Condominium Subdivision Plan;

(10) Such other elements of the Condominium Project not herein designated as common elements which are not enclosed within the boundaries of a Unit and which are intended for common use or necessary to the existence, upkeep, and safety of the Condominium Project as a whole.

Some or all of the utility lines, systems, and equipment described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly such utility lines, systems, and equipment shall be general common elements only to the extent of the Owner's interest therein, if any, and Developer makes no warranty whatever with respect to the nature or extent of such interest. Each Owner will be responsible for connecting the utilities for his or her Unit to the distribution lines lying within the Right-of-Way at his or her sole expense, which installation shall be located underground.

B. Limited Common Elements.

Limited common elements are those areas directly associated, abutting or adjoining a Unit to which they appertain. The portion of any well extending beneath any Unit, once drilled by the Owner, the intersectional sight distance easement for clear view purposes and street signage at intersections shall be limited common elements appurtenant to the Units they serve.

In addition, the storm water sewer system and utility system (a/k/a "Drainage/Retention Easement), lying within the boundary of any Unit as shown on Exhibit B is a limited common element solely for the purpose of effecting the disposal of storm water within the Condominium.

In addition, the Conservation Easement Area within Units 76 through 80 as shown on Exhibit B are limited common elements of said Units to be maintained in a natural condition.

C. Upkeep of Common Elements.

The respective responsibilities for the maintenance, decoration, repair, and replacement of the common elements are as follows:

(1) The Association, as a whole, shall bear the cost of maintaining, repairing, and replacing the limited common elements except (a) to the extent of maintenance, repair, or replacement due to the act or neglect of an Owner or his agent, guest, or invitee, for which such 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 subsection (4) of this section.

(2) The Owners of the Villa Units (Units 111-121 and 123-135) shall bear the joint cost of maintaining landscaping, lawn areas, and the exterior grounds associated with the Villa Units. Each Owner of the Villa Units shall install or replace landscaping within the provisions of this Master Deed. Units 123 through 135 shall bear the cost of maintaining Forest Lake.

(3) Each Individual Unit Owner (Units 1, 3-29, 32, 35-53, 54-71, 73-83, 84-94, 95-106, 108-110, and 136) shall bear the cost of installing and maintaining landscaping within the Frontage Area adjoining his or her Unit; installing, maintaining, repairing, and replacing the portion of the driveway built upon the Frontage Area; and of installing, maintaining, repairing, and replacing the mailbox located within the Frontage Area. On all other Units the frontage area between the paved street and the Unit is for access, lighting or mail delivery.

(4) Except for Villa Units and to the extent maintenance, repair, or replacement arises due to the act or neglect of another Owner or his agent, guest, or invitee, for which such Owner shall be wholly responsible, the cost of maintaining, repairing, and replacing all improvements, including landscaping, within the boundaries of a Unit, and the cost of meeting the obligations set forth in Subsection (3) of this Section, will be borne by the Owner of the Unit. The appearance of all buildings, garages, patios, decks, porches (whether open or screened), landscaping, and all other improvements within a Unit will, at all times, be subject to the approval of the Association, except that the Association may not disapprove the appearance of an improvement maintained as constructed with the approval of the Architectural Control Committee or changes of a non-material nature which does not significantly change the topography or alter the structural integrity of any improvements.

Any maintenance, repair, or replacement obligation to be borne by an Owner may, if not performed by the Owner, be performed by or under the direction of the Association, with the cost assessed against the responsible Owner. The Association shall not, in such case, be responsible for incidental damage to the Unit or any improvement or property located within the boundaries of the Unit of the Owner who failed to fulfill his obligations.

D. Residual Damage to Units.

Unless provided otherwise in this Master Deed or in the Condominium By-Laws, damage to a Unit, or any improvement or property located within the boundaries of the Unit, caused by the repair, replacement or maintenance activities of the Association of those common elements which must be maintained by the Association shall be repaired at the expense of the Association.

E. Use of Units and Common Elements.

(1) No Owner shall use his or her Unit or the common elements in any manner (i) inconsistent with the purposes of the Condominium Project or (ii) which will unreasonably interfere with or impair the rights of any other Owner in the use and enjoyment of his or her Unit or the common elements.

(2) No Owner shall be exempt from contributing toward Expenses of Administration (as defined in the Condominium By-Laws) or from the payment of assessments against his or her Unit by reason of non-use or waiver of use of the common elements or by the abandonment of his or her Unit.

ARTICLE VI

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

A. Description.

The Condominium Project shall be known as Reserve at Knollwood Condominium, Cass County Subdivision Plan No. 4. The architectural plans for the Condominium Project as prepared by Abonmarche Consultants, Inc., Engineers, of 95 W. Main Street, Benton Harbor, Michigan, and attached hereto as Exhibit "B", have been filed with and approved by the Township of Milton, Cass County, Michigan. The improvements contained in the Condominium Project, including the number, boundaries, dimensions and area of each Unit, are set forth completely in the Condominium Subdivision Plan attached hereto as Exhibit B. Each building site in the Condominium Project contains an individual Unit to be used for residential purposes, and each Unit has been designed and intended for separate ownership and use. The Condominium Project also contains adjoining Units, under common ownership, that so long as occupied by a single residence, shall pay a single assessment and be entitled to one vote. Each Unit has been designed and is intended for separate ownership and use, as evidenced by each Unit having direct access to a common element of the Condominium Project. Each Owner shall enjoy the exclusive right to occupy his or her Unit and shall have undivided and inseparable rights to share with other Owners the use and enjoyment of general common elements.

B. Percentage of Value.

The total value of the project is one hundred (100%) percent and the percentage thereof assigned to the Units shall be allocated and assigned to Units held pursuant to individual ownership as follows:

- a. All Units within the condominium shall share equally in all common element maintenance, repair, replacement, or other costs and expenses for the general benefit of the Condominium.
- b. The Villa Units (Units 111-121 and 123-135) shall share equally in the landscape, lawn care, private drive snow removal, and other expenses, charges, or replacement expense incurred and benefiting the Villa Units. In addition, Units 123 through 135 shall bear equally the expense of maintenance of Forest Lake. These shall constitute separate sub-budgets of the Association subject to approval by majority vote of the affected Unit Owners.
- c. There is no material basis for allocating an unequal portion of maintenance costs or other expenses of administration to Owners who hold title to adjoining Units, and occupy one of the Units as the Owner's residence. In the event an Owner of adjoining Units should sell, transfer or convey a portion of his or her Units, then such division shall result in a change in the actual percentage of value attributable to all Units.

Annually, the Board of Directors shall determine, as of December 31st of each year, the total number of Units under separate Ownership. The percentages of value shall be spread on an equal basis so that each Unit under individual Ownership shall equally pay the costs and expenses of administration and shall be determined by dividing said costs and expenses by the number of Units in the Project existing as of December 31st of each year, which figure shall be known as the percentage of value. The percentage of value of the Units shall determine the proportionate share of each Owner in the costs and expenses of administration of the Association.

The total number of Units, as determined each year by the Board of Directors, shall represent each Owners right to vote at certain meetings of the Association of Owners and of their undivided interest in the common elements.

ARTICLE VII

EASEMENTS

A. Easements for Maintenance and Related Matters.

If all or any portion of a common element encroaches upon a Unit due to survey errors, construction deviations, reconstruction, replacement, renovation or repair, an easement shall exist for the maintenance of the encroachment for so long as the encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction. Perpetual easements shall also exist to, through, over, under, and across the Condominium Premises, including all Units, for the maintenance, repair, or replacement of common elements, which easements shall be administered by the Association, and as may be appropriate, for the installation, inspection, maintenance, repair, and replacement by the responsible governmental entity or utility company of all utilities in the Condominium Project, including, but not necessarily limited to light, heat, power, and communications. The Association may grant such easements, licenses, and rights-of-way over, under, and across the Condominium Premises for utility purposes, access purposes, or other lawful purposes as may be necessary for connecting a Unit to a utility, or for the benefit of the Condominium Project.

B. Termination of Easements.

The Association 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. 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.

C. Financial Support of Easements.

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

ARTICLE VIII

ALTERATIONS

A. Boundary Relocations.

If Owners owning adjoining Units desire to relocate the boundaries between those Units, the Board of Directors of the Association shall, upon written application of the Owners, accompanied by the written approval of all mortgagees of record of the adjoining Units, forthwith prepare or cause to be prepared and recorded with the Cass County, Register of Deeds an amendment to this Master Deed duly relocating the boundaries.

ARTICLE IX

AMENDMENT

Except as otherwise expressly provided in this Master Deed, the Condominium Project shall not be terminated, vacated, revoked or abandoned except as provided in the Act, nor may any of the provisions of this Master Deed, including Exhibits A and B, or any other Condominium Documents be amended, except as follows, or as provided in the Condominium Document sought to be amended.

A. Methods and Conditions.

(1) The Condominium Documents may be amended by written action of two-thirds of the Board of Directors without the consent of Owners or mortgagees for any purpose if the amendment does not materially alter or change the rights of an Owner or mortgagee. The Association of Owners (and the Board, to the extent permitted by the Condominium or Association By-Laws), hereby expressly reserve the right to amend the Condominium Documents for

such a purpose. Amendments which do not materially alter or change the rights of an Owner or mortgagee include, but are not limited to, amendments modifying the types and sizes of unimproved Units and their appurtenant common elements, correcting survey or other errors made in the Condominium Documents, or for the purpose of facilitating mortgage loan financing for existing or prospective Owners and to enable the purchase of insurance of such mortgage loans by any institutional participant in the secondary mortgage market which purchases or insures mortgages.

(2) This Master Deed, the Condominium By-Laws (subject to the restrictions set forth in Article X thereof), and the Condominium Subdivision Plan may be amended, even if the amendment will materially alter or change the rights of the Owners or mortgagees by an affirmative vote of two-thirds of the votes of the Owners and two-thirds of the first mortgagees. An Owner will have one vote for each Unit assessed for maintenance costs and other expenses of administration. A mortgagee shall have one vote for each first mortgage held. The required votes may be achieved by written consents or by votes at any regular annual meeting or a special meeting called for such purpose, or a combination of votes and consents.

(3) The method or formula used to determine the percentage of value of Units in the Project for other than voting purposes, and any provisions relating to the ability or terms under which an Owner may rent a Unit, may not be modified without the consent of each affected Owner and mortgagee. An Owner's condominium Unit dimensions or appurtenant limited common elements, if any, may not be modified without the Owner's consent.

(4) In no case, unless (i) all of the first mortgagees and (ii) all Owners, have given their prior written approval, shall the Association be entitled to by any act or omission seek to abandon or terminate the Condominium Project.

(5) Owners and mortgagees of record shall be notified in writing at their address reflected on the Condominium records of proposed amendments not less than 10 days before the amendment is recorded.

B. Recording.

(1) An amendment to this Master Deed shall not be effective until the amendment is recorded with the Cass County Register of Deeds.

(2) A copy of the recorded amendment shall be delivered to each Owner.

C. **Costs.** An Owner 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 a prescribed majority of Owners, or based upon Article VIII, Section 1 of the Condominium By-Laws, the costs of which shall be deemed expenses of administration.

ARTICLE X

CONTROLLING LAW

The provisions of the Act, and of the other laws of the State of Michigan and of the United States, shall be applicable to and govern this Master Deed and all activities related hereto.

IN WITNESS WHEREOF, the undersigned have executed this First Amended Consolidated Master Deed as of the date first written above.

Knollwood Reserve, Inc.

By: _____
Kelly Sweeney

Its: President

STATE OF MICHIGAN)
) SS
COUNTY OF Berrien)

On this 17th day of July, A.D. 2009, before me a Notary Public in and for said County, personally appeared Kelly Sweeney, to me personally known, who, being by me duly sworn, did say that he is the President of Knollwood Reserve, Inc., the Corporation named in the foregoing instrument, and that said instrument was signed in behalf of said Corporation by authority of its Board of Directors; and said Kelly Sweeney, acknowledged said instrument to be the free act and deed of said Corporation.

Michael M. Bell, Notary Public
Berrien County, Michigan
My Commission expires: 9/16/14
Acting in Berrien County

PREPARED BY:
Michael M. Bell, Esq.
400 East Front Street, Suite G
Buchanan, Michigan 49107

EXHIBIT "A"

**CONDOMINIUM BY-LAWS OF
KNOLLWOOD RESERVE**

ARTICLE I

CONDOMINIUM PROJECT

Section 1. Organization. The Reserve at Knollwood, a Residential Site Condominium Project located in Milton Township, Cass County, Michigan, shall be administered by an Association organized as a non-profit corporation under the laws of the State of Michigan.

Section 2. Compliance. All present and future Owners, mortgagees, lessees or other persons who may use, enter upon or acquire any interest in the Condominium in any manner shall be subject to and comply with the provisions of Act 59 of Michigan Public Acts of 1978, as amended, the Master Deed and Condominium By-Laws, and the Articles of Incorporation, By-Laws and Rules and Regulations adopted by the Association which pertain to the use and operation of the Condominium Project; provided, that in the event of a conflict between the provisions of the statute and any other document referred to herein, the provisions of the statute will govern. The acceptance of a deed or conveyance, the taking of a mortgage, the execution of a lease or the act of occupying a Unit in the Project shall constitute an acceptance of the provisions of these instruments and an agreement to comply with the terms and provisions thereof.

ARTICLE II

MEMBERSHIP AND VOTING

Section 1. Membership. Each Owner of a Condominium Unit in the project, present and future, shall be a member of the Association and no other person or entity shall be entitled to membership. The share of an Owner in the funds and assets of the Association may be assigned, pledged or transferred only as an appurtenance to his or her Unit in the Condominium.

Section 2. Voting Rights. Except as limited in the Master Deed and in these By-Laws, the Owner or Owners of any Unit or adjoining Units, as determined by the Board to pay a single assessment, shall be entitled to one vote for that Unit. It shall be the responsibility of the Owners of any Unit to determine how that one vote ascribed to that Unit shall be applied on any issue requiring a vote.

Section 3. Owners Entitled to Vote. If a Unit is owned by one person and is subject to payment of maintenance costs and other expenses of administration, then the right to vote shall be established by the presentation of evidence of ownership of that Unit. If a Unit is owned by more than one person, 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 of 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 which is the Owner thereof. All certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the Unit.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and must be filed with the Association before the appointed time of the meeting.

Section 5. Majority. At any meeting of Owners at which a quorum is present, 51% of the Units represented at the meeting shall constitute a majority for the approval of the matters presented to the meeting, except as might otherwise be required herein, by the Master Deed or by law.

ARTICLE III

MEETINGS AND QUORUM

Section 1. Initial Meeting of Owners. The first meeting of the Owners of the Association was held by the Developer on September 28, 2004.

Section 2. Annual Meeting of Owners. Following the first meeting of Owners, an annual meeting of the Owners shall be held in each year at the time and place specified by the Board of Directors. At least thirty (30) days prior to the date of an annual meeting, written notice of the time, place and purpose of such meeting shall be mailed to each Owner entitled to vote at the meeting.

Section 3. Special Meetings of Owners. It shall be the duty of the President to call a special meeting of the Owners upon a petition signed by five (5) of the Owners and presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof and shall be given at least ten (10) days prior to the date of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Quorum of Owners. Thirty (30%) percent of the Owners entitled to vote that are present or appearing by proxy at any meeting of Owners shall constitute a quorum of Owners. The Owners present may adjourn the meeting from time to time.

ARTICLE IV

ADMINISTRATION

Section 1. Board of Directors. The business property and affairs of the Association shall be managed by a seven (7) member Board of Directors, each of whom must be an Owner and at least one of whom must be a Villa Unit Owner and at least one of whom must not be a Villa Unit Owner. The entire Board of Directors was elected or appointed at the first meeting of the Owners of the Association held September 28, 2004, three (3) elected for terms of three (3) years, two (2) elected for terms of two (2) years, and two (2) for terms of one (1) year. Thereafter, all Directors shall be elected by the Owners for three-year terms; provided, no Owner may serve more than two (2) consecutive three-year terms. Notwithstanding the foregoing, the Directors may appoint an Owner to complete the term of any vacancy created by the death, resignation or removal of a member of the Board.

Quorum of the Board. Five (5) members present shall constitute a quorum of the Board at any meeting. A vote of a majority of all of the Directors shall be required to bind the Association to any action taken.

Section 2. Powers and Duties. The Board shall have all powers and duties necessary for the administration of the affairs of the Condominium. 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) To levy and collect assessments against and from the Owners of the Association and to use the proceeds therefrom for the purposes of the Association, and to enforce assessments through liens and foreclosure proceedings where, in the judgment of the Directors, appropriate;

- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To restore, repair or rebuild the common elements of the Condominium, or any portion thereof and any improvements located thereon, after the occurrence of a casualty and to negotiate on behalf of Owners in connection with the taking of the Condominium, or any portion thereof, by eminent domain;
- (e) To contract for and employ, supervise, and to discharge, persons or business entities to assist in the management, operation, maintenance, and administration of the Condominium;
- (f) To make reasonable rules and regulations affecting Owners and their tenants, guests, employees and invitees concerning the use and enjoyment of the Condominium and 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;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, license, rent, or lease (as Landlord or Tenant) any real or personal property, including, but not limited to, any common elements or Unit in the Condominium, easements, rights-of-way or licenses or any other real property, whether or not contiguous to the Condominium, for the purpose of generating revenues, providing benefit to the Owners of the Association or in furtherance of any other appropriate purposes of the Association;
- (h) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association.
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto, for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium documents required to be performed by the Board;
- (j) To enforce the provisions of the Master Deed and By-Laws of the Condominium, and the Articles of Incorporation and such By-Laws, rules and regulations of the Association as may hereafter be adopted, and to take to arbitration or to sue on behalf of the condominium or the Owners and to assert, defend or settle claims on behalf of the Owners with respect to the Condominium;
- (k) To do anything required of or permitted to it as administrator of said Condominium by the Condominium Master Deed or By-Laws or the Michigan Condominium Act, as amended;
- (l) To provide services to Owners;
- (m) 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. Provided, however, neither the Board nor the Association shall, by act or omission, abandon, partition, subdivide, encumber, sell or transfer the common elements, or any of them, unless at least two-thirds (2/3) of the first mortgages (based upon one (1) vote for each mortgage owned) and two-thirds (2/3) of the Owners on number and value have consented thereto. The Board may, however, grant easements for public utilities or other public purposes consistent with the intended use of the common elements by the Condominium, and no such grant shall be deemed a transfer for the purposes hereof.

Section 3. Books of Account. The Association shall cause to be kept detailed books of accounts showing all expenditures and receipts affecting the Condominium project and its administration. The books shall also specify the maintenance and repair expenses of the Common Elements and any other operating repair expenses incurred by or on behalf of the Association and its Owners. Such accounts shall be open for inspection by the Owners during reasonable working hours at a place to be designated by the Association. The Association may employ a certified public accountant for the purpose of an annual review or audit, which need not be certified, of the books and records of the Association. The cost of such examination shall be an expense of administration. Financial statements shall be provided to Owners at least annually.

Section 4. Administrative Expenses. All costs incurred by the Association in satisfaction of any liability arising out of, caused by or connected with the Common Elements or the administration of the Condominium shall be expenses of administration, and all sums received as proceeds of, or pursuant to, any policy of insurance against liabilities or losses arising out of, caused by or connected with the Common Elements or the administration thereof shall be receipts of administration.

Section 5. Managing Agent. The Board may employ for the Condominium a 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 listed in Section 2 of this Article. The Developer or any person or entity related thereto may serve as Managing Agent if so appointed.

Section 6. Indemnification of Directors. No Director of the Association shall be personally liable to the Association or its Owners for monetary damages for breach of the Director's fiduciary duty. However, this Section 6 shall not eliminate or limit the liability of a Director for any breach of duty, act or omission for which the elimination or limitation of liability is not permitted by the Michigan Non-Profit Association Act, as amended from time to time. No amendment, alteration, modification or repeal of this Section 6 shall have any effect on the liability of any Director of the Association with respect to any act or omission of such Director occurring prior to such amendment, alteration, modification or repeal.

Directors of the Association shall be indemnified as of right to the fullest extent now or hereafter permitted by law in connection with any actual or threatened civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the Association, the individual or otherwise) arising out of his or her service as a Director or in any other capacity to the Association, or to another organization at the request of the Association. Persons who are not Directors of the Association may be similarly indemnified in respect of such service to the extent authorized at any time by the Board of Directors of the Association. The Association may purchase and maintain insurance to protect itself and any such Director or other person against any liability asserted against them and incurred by them in respect of such service whether or not the Association would have the power to indemnify them against such liability by law or under the provisions of this paragraph. The provisions of this section shall be applicable to actions, suits or proceedings, whether arising from acts or omissions occurring before or after the adoption hereof, and to Directors and other persons who have ceased to render such service, and shall inure to the benefit of the heirs and personal representatives of the Directors, and other persons referred to in this paragraph.

Section 7. Appointment of Officers. The Board of Directors at its first meeting after the annual meeting of Owners, or as soon as practicable after the election of Directors in each year, shall appoint a Chairman of the Board, a President, a Secretary and a Treasurer. The Board of Directors may also appoint one or more Vice Presidents, or other officers designated as officers by the Board. Each officer other than the Secretary must be an Owner. The dismissal of an officer, the appointment of an officer to fill the office of one who has been dismissed or has ceased for any reason to be an officer, the appointment of any additional officers, and the change of an officer to a different or additional officers, may be made by the Board of Directors at any later meeting. Any two (2) or more offices may be filled by the same person. The Board may assign such duties and authority as it shall deem appropriate. There shall be no limit as to the number of terms for which an officer may be elected or appointed.

A. Chairman of the Board - The Chairman shall be a member of the Board of Directors, elected by the Board of Directors and eligible to vote on all issues before the Board. The Chairman shall chair all meetings of the membership or Owners and the Board of Directors; provided, however, in the absence of the Chairman, the Treasurer or any other Board member shall chair said meeting.

B. President - The President shall be appointed by the Board and serve at the pleasure of the Board. The President must be an Owner and shall be the chief officer of the organization, and shall be present at meetings of the Board of Directors. The President shall be a member ex officio of all committees. The President shall communicate to the Board such matters and make such suggestions as may tend to promote the welfare of the Association, and shall perform such other duties as are necessarily incident to the office.

C. Secretary - The Secretary shall be appointed by the Board and serve at the pleasure of the Board. The Secretary need not be an Owner. The Secretary or his/her designee shall give notice of and attend all meetings of the Association and all committees and to make provision for the keeping of a record of all proceedings. The Secretary shall maintain a record of all correspondence and carry into execution all orders, votes and resolutions not otherwise assigned. The Secretary shall keep a list of the Owners of the Association. The Secretary shall prepare, with the concurrence of the Treasurer, an annual report of the transactions and condition of the Association.

D. Treasurer - The Treasurer shall be appointed by the Board and serve at the pleasure of the Board. The Treasurer shall keep an account of all monies received and expended for use of the Association, and shall make disbursements authorized by the Board of Directors and shall make a report at the annual meeting or when called upon by the Chairman. Funds may be drawn only on the signature of the Treasurer or another member of the Board of Directors with signature authority.

Section 8. No Simultaneous Service. Two or more members of the same household may not serve simultaneously as an Officer, member of the Board of Directors or the Architectural Control Committee, or any combination thereof.

ARTICLE V

OPERATION OF THE PROPERTY

Section 1. Personal Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Owners and personal property taxes thereon shall be treated as expenses of administration.

Section 2. Assessments. The Board shall from time to time, and at least annually, adopt a budget for the Condominium which shall include the estimated funds required to defray common expenses for which the Association has responsibility for the next ensuing year, the common element expenses of Villa Units, including a reasonable allowance for contingencies and reserves, and shall allocate and assess such common charges against all Owners according to their respective interests on an annual basis. All assessments levied against the Owners to cover expenses of administration shall be apportioned among and paid by the Owners according to their Unit as determined by the Board. The common expenses shall consist, among other things, of such amounts as the Board may deem proper for the operation and maintenance of the Condominium Project under the powers and duties delegated to it hereunder, and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating reserve, for a reserve fund for major repairs and replacement of Common Elements and for meeting any deficit in the common expense for any prior year. The Villa Unit common element expenses may include, without limitation, amounts for landscaping, lawn care, snow removal, lawn maintenance, a general operating reserve, a reserve fund for major repairs and for meeting any deficit in the common expenses for any prior year. The Board shall advise each 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 Owners.

Section 3. Reserve Fund. The Association shall maintain a reserve fund for major repairs and replacement of Common Elements. The reserve fund shall, at a minimum, be equal to 10% of the Association's current annual budget on a non-cumulative basis. The reserve fund shall only be used for major repairs and replacements of the Common Elements. The minimum standard required by this section may prove to be inadequate for a particular project. The Association should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes.

The minimum amount of funds as budgeted must be set aside by the date on which an Association takes office pursuant to an election in which the votes that may be cast by non-Developer Owners exceed the votes that may be cast by the Developer ("Transitional Control Date"). The Developer shall be liable for any deficiency in the minimum required annual budget amount at the Transitional Control Date.

Section 4. Collection of Assessments. Except as provided in Section 5, Owners shall be obligated for the payment of all monthly, quarterly, annual or such other assessments as the Board of Directors may deem from time to time levied with regard to the Unit so owned and Common Elements so enjoyed during the time of ownership and enjoyment thereof, and no Owner may be exempted from liability for contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of the Unit. In the event of default by any Owner in paying the assessed common charges, interest at 15% per annum (or the highest legal rate, whichever is lower) shall be charged on such assessment from the due date thereof. Unpaid assessments shall constitute a lien on the Unit prior to all other liens except tax liens and the Association may enforce the collection thereof by suit at law for a money judgment or by foreclosure of the liens securing payment in the same manner that real estate mortgages may be foreclosed by action under Michigan law. In an action for foreclosure, a reasonable rental for the Unit may be collected from the Owner thereof or anyone claiming under him, and all expenses incurred in collection, including interest, costs and attorney's fees, and any advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Owner in default. An Owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues.

Section 5. Obligations of the Developer. Until such time as the regular annual assessments paid by Owners other than the Developer shall be sufficient to support the total costs of administration (excluding reserves), the Developer shall pay the balance of such administrative costs on account of the Units owned by it.

After the time at which the regular assessments, as set by the Board, and paid by Owners other than the Developer, are sufficient to support the costs of administration (excluding reserves), the Developer shall be assessed by the Association for (i) actual current expenses of administration actually incurred by the Association from time to time which are directly related to Units owned by the Developer, and (ii) a pro-rata share of expenses of administration incurred by the Association from time to time and which relate to costs and expenses which are not related directly to ownership and use of a Unit, such as legal and accounting fees, liability insurance and maintenance of roadways. In no event shall the Developer be responsible for payment of any assessments for or with respect to deferred maintenance, reserves for replacement, reserves for contingencies, capital improvements or other special assessments, except with respect to Units owned by it.

In no event shall the Developer be liable for any assessment levied in whole or in part purchase a Unit from the Developer or to finance litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar related costs.

Section 6. Maintenance and Repair. The Association shall maintain and repair the General Common Elements and the Limited Common Elements, except to the extent expressly provided to the contrary in the Master Deed. The costs thereof shall be charged to all the Owners as common expenses, unless necessitated by the negligence, misuse or neglect of an Owner in which case such expenses shall be charged to such Owner. The Association shall have no obligation to maintain driveways, utilities, water and septic lines and facilities located within the Units. The Association or its agent shall have access to each Unit from time to time for the purpose of maintenance, repair or replacement of any of the Common Elements located therein or accessible therefrom.

All other maintenance and repair obligations shall rest on the individual Owner. Each Owner shall maintain his Unit in a safe, clean and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, cable television, natural gas, electric or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, his family, guests, agents or invitees, unless such damages or costs are actually reimbursed from insurance carried by the Association, in which case there shall not be such responsibility. If reimbursement to the Association is excluded by virtue of a deductible provision, the responsible Owner shall bear the expense to the extent of the deductible amount, anything else in these By-Laws to the contrary notwithstanding. Any costs or damages to the Association that are herein or elsewhere in the Condominium Documents assigned to the individual Owner may be assessed to and collected from the responsible Owner in the manner provided for regular assessments in Article V, Section 4, hereof.

The Association shall not be liable for the decoration, maintenance, repair or replacement of any portion of any Unit; provided, however, that no construction, replacement, material repair or renovation of any structure shall be undertaken by an Owner without the express written approval of the Association or of the Architectural Control Committee appointed by the Board of Directors for such a purpose.

Section 7. Taxes. Subsequent to the year in which the Condominium Project is established, all special assessments and property taxes shall be assessed against the individual Units and not upon the total property of the Project or any part thereof. Taxes and special assessments which have become a lien against the property of the Condominium Project in the year of its establishment shall be an expense of administration and shall be paid by Owners provided by Section 1 of this Article. The value assessed for property tax purposes against each Unit shall bear the same relation to the assessment against the entire Project as the percentage of value assigned to each individual Unit bears to the total value of the Project. Property taxes and assessments on Common Elements shall likewise be assessed to each Unit.

Section 8. Use Restrictions. The use of Condominium property shall be subject to the following limitations:

a. **Architectural Control Committee.** In order to maintain harmonious structural design, no building for the principal use of residential dwelling or any other structure may be erected on any Unit, unless and until the plans and specifications therefor have been approved in writing by the Architectural Control Committee. There is hereby created the Architectural Control Committee (the "Committee") which shall consist of three (3) Owners appointed by the Board, who shall serve until they are removed by the Board, have died or have resigned; provided, no Owner may serve more than two consecutive three-year terms. In the event of any vacancy on the Committee, the Board shall appoint a replacement. The Committee shall have the authority to approve all plans and specifications for all structures to be erected in the subdivision. No construction of any structure shall be commenced until the Committee shall have issued its written approval. Except as otherwise provided by these By-Laws, the decision of the Committee shall be by a majority vote.

Actions and decisions by the Committee shall be considered as advisory only and shall not be binding on the Association until adopted or otherwise ratified by the written action of the Board.

b. (i) **Land and Use and Building Type.** No dwelling shall be erected, altered, placed or permitted to remain on any Unit other than one single-family dwelling not to exceed two and one-half (2-1/2) stories in height and a private garage for not more than three (3) cars; exceptions may be made to this section only if they are unanimously approved in writing by the Architectural Control Committee.

(ii) **Home Occupations.** No Unit or Units shall be used for any purpose other than as a single-family residence, except that a home occupation, defined as follows, may be permitted: any use conducted entirely within the residence dwelling and participated in solely by an Owner of the immediate family residing in said residence, which use is clearly incidental and secondary to the use of the dwelling for dwelling purposes and does not change the character thereof and in connection with which there is: a) No sign or display that will indicate from the exterior that the building is being utilized in whole or in part for any purpose other than that of a dwelling; b) No commodity sold upon the premises; c) No person is employed other than a member of the immediate family residing on the premises; and d) No non-office type mechanical or electrical equipment is used; provided that, in no event shall a barber shop, styling salon, massage parlor, beauty parlor, tea room, fortune-telling parlor, animal hospital, or any form of animal care or treatment such as dog trimming, be construed as a home occupation.

c. **Architectural Control.** No building or other structure shall be erected, constructed, placed, maintained, or altered on any Unit, nor shall the natural topography or drainage of any Unit be altered, until the construction plans for the structure or for the topographical alterations have been approved in writing by the Architectural Control Committee. The plans must show floor plan, quality of construction, materials, outside colors to be used, harmony of external design with existing structures and location with respect to lot lines, topography and finish grade elevations. Two (2) sets of complete plans must be submitted. One (1) will be retained in the Developer's Office and one will be returned to the builder. The Committee's approval or disapproval as required in these covenants shall be in writing. No structure of any kind which does not comply fully with such approved plans shall be erected, constructed, placed or maintained upon any Unit, and no changes or deviations in or from such plans as approved shall be made without the Committee's prior written consent. Neither the Developer, the Architectural Control Committee, nor any Owner thereof, nor any of their respective heirs, personal representatives, successors or assigns, shall be liable to anyone by reason of any mistake in judgment, negligence, or nonfeasance arising out of or relating to the approval or disapproval or failure to approve any plans so submitted, nor shall they, or any of them, be responsible or liable for any structural defects in such plans or in any building or structure erected according to such plans or any drainage problems resulting therefrom. Every person and entity who submits plans to the Architectural Control Committee agrees, by submission of such plans, that he or it will not bring any action or suit against the Committee or the Developer to recover any damages or to require the Committee or the Developer to take, or refrain from taking, any action. Neither the submission of any complete sets of plans to the Developer's office for review by the Architectural Control Committee, nor the approval thereof by that Committee, shall be deemed to guarantee or require the actual construction of the building or structure therein described, and no adjacent Unit Owner may claim any reliance upon the submission and/or approval of any such plans or the buildings or structures described therein.

d. **Dwelling Size.**

(i) **General Restrictions.** No dwelling shall be permitted on any Unit with a living floor area of the main structure, exclusive of one-story porches and garages, of less than the following number of square feet for the following types of dwellings. Such minimum square footage will be the following:

<u>Type of Home</u>	<u>Minimum Square Footage</u>
Ranch Style	2,200 square feet
2 Story	2,400 square feet
1-1/2 Story, Bi-level and Tri-level	2,500 square feet (permitted only on specified terrain)

EXCEPT THAT, in the Reserve at Knollwood, Units 24 through

37, the minimum square footage shall be as follows:

<u>Type of Home</u>	<u>Minimum Square Footage</u>
Ranch Style	2,400 square feet
2 Story	2,800 square feet
1-1/2 Story, Bi-Level and Tri-Level	2,900 square feet (permitted only specified terrain)

The Villa Units (Units 111-121 and 123-135), the minimum square footage shall be as follows:

<u>Type of Home</u>	<u>Minimum Square Footage</u>
Ranch Style	1,800 square feet
1-1/2 Story	1,800 square feet (80% on first floor)

(ii) **Garages.** All dwellings must have a full-size attached garage which is capable of storing at least two (2) automobiles.

(iii) **Off-street Parking.** All dwellings must have an off-street parking area capable of accommodating at least two (2) automobiles. No over-night parking shall be permitted on the road right-of-way of the Reserve.

e. **Building Location.** No building shall be located on any Unit nearer to the right-of-way line than the minimum building set back lines as established from time to time by the Milton Township Zoning Ordinance. The Architectural Control Committee may review and approve all building locations and set back requirements; provided, it shall be the duty of the Owner to assure compliance. For the purposes of this covenant, eaves, steps and open porches shall not be considered as a part of the building; provided, however, that this shall not be construed so as to permit any portion of a building on a Unit to be located nearer than the minimum set forth in the Milton Township Ordinance. Owners of adjoining Units shall treat the outside perimeter as the Unit line.

f. **Protective Screening.** Protective screening areas are established as shown on Schedule B and are noted as “limited common elements”. Except as otherwise provided herein regarding street intersections under “Sight Distance at Intersections”, plantings shall be retained and maintained throughout the entire length of such areas by the Owner or Owners of the Units at their own expense to form an effective screen for the protection of the residential area. No building or structure, except a screen fence or landscaping or wall or utilities or drainage facilities, shall be placed or permitted to remain in such areas. No vehicular access over the area shall be permitted except for the purpose of installation and maintenance of screening, utilities and drainage facilities. In addition, no screen planting over thirty-six (36) inches high shall be permitted between the building setback line and front Unit line on all Units.

g. **Fencing.** The only fencing permitted shall be a split rail (two [2] rails or less, not to exceed four [4] feet high) or a privacy fence around an immediate patio of not more than six (6) feet in height or pool enclosures as may be required by law. Any fencing of a privacy or security nature shall be landscaped to conceal the mesh or screen, all of which must conform to present architectural standards as set by the style of home thereon built and be approved by the Architectural Control Committee in writing, unless a variance from this fence requirement shall have been approved in writing by the Architectural Control Committee.

h. **Nuisance.** No noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereon which may become an annoyance or nuisance in the neighborhood.

i. **Prohibited Structures and Recreational Equipment.** No trailer, modular home, manufactured home, pre-built home, basement, tent, shack, garage, barn, outbuilding or any structure of a temporary character shall be moved onto, assembled or constructed on any Unit and used at any time as a residence, either temporarily or permanently.

No permanent or temporary structure of any type other than a residence may be placed on a Unit or attached to any surface of a Unit or to any tree, bush or other portion of the landscaping on any Unit without the prior written approval of the Board, which structures shall include, but not limited to, basketball hoops or backboards.

No athletic equipment or other paraphernalia, equipment or similar article of any type or nature may be left on a Villa Unit for longer than a period of twenty-four (24) hours without the prior written approval of the Board, which equipment and paraphernalia shall include, but not limited to, basketball hoops or backboards, trampolines, swings, decorative tires, plastic flamingoes and nets.

j. **Tennis Courts and Pools.** No tennis courts or above ground pools shall be permitted.

k. **Detached Buildings.** The construction and placement of any detached storage or pet shelter structures to be used for the storage of lawn tools, toys, swimming pool apparatus, or any other personal property or for the shelter of pets must be of a quality construction and must be maintained in attractive and neat appearance and blend with the established home and be submitted to the Architectural Control Committee for approval before beginning construction. The Architectural Control Committee shall have the authority to require protective screening around these structures. Approval for the construction of the structure must be obtained from the Architectural Control Committee as provided for in paragraph c hereof.

l. **Driveways and Chimneys.** No stone or cinder driveways shall be permitted. All driveways are to be a minimum of twelve (12) feet wide and must be constructed of asphalt, brick or concrete. If constructed of asphalt, the depth of the asphalt shall be at least three (3) inches thick. If constructed of concrete, the driveway shall be at least four (4) inches thick. Units 3 through 8 shall access only onto Covington Bluff Court. Circular drives in front of homes (if any) may be a minimum of eight (8) feet wide. All fireplace chimneys shall be of masonry construction.

m. **Signs.** No sign or any kind shall be displayed to the public view on any Unit except one sign of not more than five (5) square feet advertising the property for sale or rent, or a sign of any dimension used by a builder to advertise the property during the construction and sales period. There is reserved to the Developer, its successors and assigns, the right to construct signs as they desire in order to foster the promotion and effect sales of Units or structures in said development.

n. **Livestock and Poultry.** No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Unit, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes and are not permitted to become a neighborhood nuisance or hazard in any manner.

o. **Garbage and Refuse Disposal.** No Unit shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All containers or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. There shall be no burning of garbage or refuse.

p. **Sight Distance at Intersections.** No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Unit within the triangular area formed by the street property lines and a line connecting them at points thirty (30) feet from the intersection of the street lines; or, in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight-line limitations shall apply on any Unit within ten (10) feet from the intersection of a street property line with the edge of a driveway. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

q. **Completion Date.** Construction of any structure must be completed within a period of one (1) year from the date of commencement of construction, or thereafter completely removed. The open areas of each Unit hold important scenic value. The goal of the development is protection of the rural landscape with its many vistas and open spaces. Preservation of trees, bushes, and natural vegetation is encouraged. Site contour changes and landscaping shall be approved by the Architectural Control Committee and shall be completed within one hundred fifty (150) days after the structure is completed or occupied as a home, whichever is earlier.

r. **Developer's Option to Repurchase.** In the event that a residential dwelling meeting the requirements of these restrictions is not completed on any Unit within a period of two (2) years from the date on which such Unit is conveyed by the Developer to the purchaser thereof, unless such two (2) year period is extended by a written instrument duly executed by the Developer, the Developer shall thereupon have the right during the ensuing twelve (12) month period commencing on the second anniversary date of such conveyance to repurchase such Unit from the current Owner of such Unit, free and clear of all liens and encumbrances except current property taxes which shall be prorated to the date of closing, at the same price at which the Developer sold such Unit to the original purchaser thereof, without payment of interest or any other charges, upon the Developer serving written notice upon the current Owner of such Unit of the Developer's intention to exercise its option and effect such repurchase, notwithstanding whether the current Owner of such Unit was also the original purchaser thereof. The closing of such repurchase shall take place at the Developer's office not later than thirty (30) days from the date of the giving of such written notice to the current Owner of such Unit, who shall take such actions and shall execute such documents, including a Warranty Deed to such Unit, as the attorneys for the Developer shall deem reasonably necessary to convey good title to such Unit to the Developer, free and clear of all liens and encumbrances as aforesaid.

s. **Fuel Storage Tanks.** No oil or other fuel storage tanks, exceeding fifteen (15) gallons, shall be installed or permitted either above or underground or concealed within the main structure of the dwelling, basement or attached garage. All fuel storage tanks shall be approved containers, designed and intended for storage of inflammable materials.

t. **Unit Division.** There shall be no subdivision of any Unit by an Owner for the purpose of building an additional dwelling, except as provided by Article IX, Section A(1) of the Master Deed.

u. **Lighting.** A dusk to dawn light (or gas light) of the type approved by the Architectural Control Committee shall be installed by the builder of Unit Owner on each Unit in front of the front building setback line. If electric, post lights shall be equipped with automatic operators (electric eye) to provide light from sundown to dawn.

v. **Recreational and Commercial Vehicles.** Use of snowmobiles on the property is prohibited and any users thereof will be subject to penalty as assessed by the Board. No recreational or commercial vehicles of any type or nature, including but not limited to campers, trailers, trucks, boats, all-terrain vehicles or any other recreational or commercial vehicle of any type or nature may be kept in

open areas on the property, whether such open areas are on or off the Unit of an Owner, including but not limited to the parking of any such vehicles in streets, driveways or other locations anywhere on the property, its Common Areas and its streets and roads.

w. **Utilities and Television Antennas.** All public utility services on any Unit, including but not limited to electric, gas and telephone service, and cable television, shall be located underground, and shall not be visible. No outside above-ground television, satellite dish exceeding 18 inches, A.M., F.M., or short wave radio antennas of any type, unless properly hidden from view at the discretion of the Architectural Control Committee, shall be erected or maintained on any Unit or structures in this Condominium.

x. **Septic Systems.** A sanitary septic tank shall be installed at the Unit Owner's expense for each dwelling erected in the Condominium. Such septic tank shall be of a type and construction and so located on the individual Unit as approved in writing by the Cass County Health Department or other appropriate regulatory agency. No other sanitary provision or device for sewage disposal shall be installed or permitted to remain in the Condominium unless approved by the Architectural Control Committee.

y. **Fires.** No fire shall be permitted to burn upon any street or roadway in this Condominium.

z. **Golf Course Frontage.** No fence, wall, hedge, bushes, shrubbery or plantings exceeding thirty-six (36") inches nor any buildings or other structures or things which obstruct the sight lines shall be placed or permitted within an area forty (40) feet from the Unit frontage along that portion of each Unit abutting Knollwood Country Club. It is the intent and purpose of this restriction to allow for landscaping and plantings that allow and enhance clear sight lines and view for those contiguous Units which abut the Country Club. Landscaping shall be approved by the Architectural Control Committee within the golf course frontage area as designated.

aa. **Villa Unit restrictions** (Units 123-135). The following supplemental use restrictions shall apply to the Villa Units as follows:

1. **DEFINITIONS:**

(a) **Lake Unit** - Any Unit designated for use as a single family residence which contains thereon any frontage on Forest Lake in this Condominium. The boundary of each such Unit shall be presumed to extend to the water's edge of Forest Lake.

(b) **Lake** - Forest Lake, which is located abutting portions of Units 123 through 135, inclusive.

(c) **Shoreline Area** - that portion of a lake Unit consisting of the land lying between the current water line of Forest Lake on such lake Unit and a line parallel to and approximately fifteen (15) feet uphill from said current water line.

2. **PERMITTED STRUCTURES ON SHORELINE AREAS.** A pier, dock or other structure may be erected, altered, placed, or permitted on the shoreline area and/or be extended into Forest Lake, after the same has been unanimously approved in writing by the Architectural Control Committee and two-thirds (2/3) of the Lake Unit Owners.

3. **EASEMENTS.**

Reservation of Easement in Developer for Operation of Lakes. The Developer reserves to itself, and its successors and assigns, such an easement upon, over, across, and through each of the lake Units as is necessary in connection with managing, operating, maintaining, and improving Forest Lake, including dredging such lake, until such

time as the Developer conveys said easement to Knollwood Reserve, Inc., whereupon said easement shall be reserved to the Association and its successors and assigns.

4. **SHORELINE AREAS.**

(a) **Exclusive use.** The shoreline area of any lake Unit shall be used exclusively by the Owner of such lake Unit, the members of his or her family residing in his or her household and his or her invitees. No other persons are authorized to utilize such shoreline area, except as provided in Paragraph 3 hereof.

(b) **Lake Units.** No fence whatsoever shall be permitted within thirty (30) feet of the then current water line of Forest Lake on any lake Unit.

5. **LAKES - USES AND MAINTENANCE.**

(a) **Exclusive Use in Common.** Forest Lake shall be used exclusively and in common by the Owners of the Villa Units 123 through 135 in this condominium, and by members of their families residing in their households and invitees. No other person shall have any right to use such lake.

(b) **Permitted Uses.** The permitted uses for which Forest Lake may be used by the persons entitled to use such lake are the following, subject to such rules and regulations, including the hours for such permitted uses, as shall be established by the Developer until such time as the Developer assigns such responsibility to Knollwood Reserve, Inc., and thereafter by that Association: fishing; ice skating; and ice fishing, but no ice fishing shanties or other structures shall be allowed on the surface of the ice at any time.

(c) **Prohibited Uses.** All uses not specifically permitted in Subparagraph (b) above are prohibited, including but not limited to the following: swimming, any boating whatsoever, including ice boating; snowmobiling; as a location for rafts or floats, whether anchored or free-floating; as a water source for lawn irrigation systems; and as a cooling or heating source for a heat pump with a closed loop system.

(d) **Maintenance.** Forest Lake shall be kept free of debris and maintained in a reasonably clean condition by the Developer until such time as the Developer assigns such responsibility to Knollwood Reserve, Inc., and specifically Units 123 through 135.

(e) **Scope of Maintenance.** Maintenance of Forest Lake shall include providing such aeration and chemical treatments as are necessary to retard stagnation, maintaining the water level and quality within acceptable variances, controlling weed and algae growth, and stocking the lake with fish to the extent determined by the Developer in its sole discretion until such time as the Developer assigns such responsibility to Knollwood Reserve, Inc., and specifically Units 123 through 135.

Section 9. Easements and Utilities. In order to comply with government regulations on drainage, roads, perimeter fencing, and utilities, and so that the Board may plan and install flood water drainage systems, roads, fences, and utilities in a manner that will best enhance the appearance of Knollwood Reserve, all Units shall be subject to the following:

(a) **Easements.** The Board hereby reserves all easements for roads, utilities, drainage, as shown on the Condominium Subdivision Plan, attached as Exhibit B to the Master Deed, or as provided in the Master Deed, and full rights of ingress and egress for the Board and the Board's agents, employees, and assigns over any part of the Units for the purpose of installing and servicing the roads, utilities, or drains for which the easements are reserved.

(b) **Easements to be Clear.** No structures will be erected within any Unit which will interfere with the rights of ingress and egress provided in paragraph 9(a) above. Any fences, paving or plantings which interfere with the rights

of ingress and egress provided in paragraph 9(a) may be removed as necessary when installing or servicing the roads, utilities, or drains, and neither the Board nor the Board's agents will have liability for such removal.

(c) **Drainage.** No changes will be made in the grading of any areas used as drainage swales which would alter surface runoff drainage patterns without the prior written consent of the Board.

Section 10. Leases.

(a) **Notice of Lease.** An Owner, including the Developer, intending to lease a Unit, shall disclose that fact in writing to the Board at least 10 days before presenting a lease form to the prospective tenant and, at the same time, shall supply the Association with a copy of the lease form. No Unit shall be leased for a period of less than 90 days without the prior written consent of the Board.

(b) **Terms of Lease.** Non-Owner occupants of a Unit shall comply with all the conditions of the condominium documents of the project, and all lease and rental agreements must require such compliance.

(c) **Remedies of Association.** If the Board determines that any Non-Owner occupant has failed to comply with any conditions of the condominium documents, the Board may take the following action:

(1) Notice. The Association shall notify the Owner of the Unit by certified mail advising of the alleged violation by the Non-Owner occupant.

(2) Investigation. The Owner will have 15 days after receipt of the Notice to investigate and correct the alleged breach by the Non-Owner occupant or to advise the Association that a violation has not occurred.

(3) Legal action. If, after 15 days, the Board believes that the alleged breach has not been cured or may be repeated, it may institute an action for eviction against the Non-Owner occupant and a simultaneous action for money damages (in the same or in a separate action) against both the Owner and the Non-Owner occupant for breach of the conditions of the condominium documents. The relief provided for in this section may be by summary proceeding. The Association may hold both the Non-Owner occupant and the Owner liable for any damages to the common elements caused by the Owner or Non-Owner occupant in connection with the Unit or the project.

(d) **Liability for Assessments.** If a Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a Non-Owner occupant occupying the Owner's Unit under a lease or rental agreement and the Non-Owner occupant, after receiving such notice, shall deduct from rental payments due the Owner the full arrearage, and future assessments as they fall due, and pay them to the Association. Such deductions shall not be a breach of the lease agreement by the Non-Owner occupant.

Section 11. Enforcement. Failure to comply with any of the terms of the Master Deed, these By-Laws, the corporate Articles of Incorporation, By-Laws and the duly adopted Rules and Regulations of the Association shall be grounds for such relief as may be appropriate to the nature of such breach, which remedies may include an action to recover sums due for damages and/or an action for injunctive relief. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by the Master Deed, these By-Laws, the Articles of Incorporation, By-Laws or duly adopted Rules and Regulations of the Association shall not constitute a waiver of the rights of the Association to enforce its appropriate remedies that might be necessary as a consequence of such breach.

ARTICLE VI

INSURANCE, REPAIR OR REPLACEMENT; CONDEMNATION; CONSTRUCTION LIENS

Section 1. Insurance. The Association shall carry fire and extended coverage, vandalism and malicious mischief and public liability insurance, and worker's compensation insurance, if applicable, pertinent to the ownership use and maintenance of the Common Elements of the Condominium Project, and such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Association for the benefit of the Association, the Owners, the mortgagees and the Developer, as their interests may appear. Each Owner, at his own expense, must obtain insurance against fire and other hazards for his Unit and all structures and other improvements located thereon. The Association shall have absolutely no responsibility for obtaining such coverage. It shall be each Owner's responsibility to obtain insurance coverage for his personal property located on or within his Unit or elsewhere on or within the Condominium and for his personal liability for occurrences on or within his Unit or upon Limited Common Elements appurtenant to his Unit. The Association shall have absolutely no responsibility for obtaining such coverage. The Association and all Owners shall use their best efforts to see that all property and liability insurance carried by the Association or any Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Owner or the Association.

(b) Eligible Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the Board of Directors of the Association.

(c) All premiums upon insurance purchases by the Association pursuant to these By-Laws shall be expenses of administration.

(d) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, and the Owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium is required by Section 3 of this Article, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction unless all of the holders of first mortgages on Units in the Project have given their prior written approval.

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

Section 3. Reconstruction or Repair. If any part of the Condominium property shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(a) If the damaged property is a Common Element, the property shall be rebuilt or repaired, unless it is determined by a majority vote of all of the Owners in the Condominium that said Common Element need not be rebuilt or repaired.

(b) If the damaged property is a Unit, the Unit shall be rebuilt or repaired, unless the Owner elects to remove the damaged structure. In either event, the repair or removal shall be completed within one hundred fifty (150) days of the date of loss or damage unless extended by the Architectural Control Committee.

Section 4. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Project to a condition as comparable as possible to that existing prior to damage unless two-thirds (2/3) of the Owners shall decide otherwise, and such reconstruction or repair shall be performed in accordance with current fire and building code standards.

Section 5. Each Owner shall be responsible for the prompt reconstruction, repair and maintenance of all improvements and structures on or within his Unit except as provided in Section 6 below. All such work shall be performed in accordance with current fire and building code standards and these Condominium Documents. Each Owner shall be responsible for the reconstruction, repair or maintenance of the dwelling, other structures and improvements, walks, driveways, parking areas and utilities (including but not limited to water, telephone, electric and septic lines and facilities) located within each Owner's Unit. Any such work performed in these areas must be approved by the Architectural Control Committee. If any other portion of a Unit is covered by insurance held by the Association for the benefit of the Owner, the Owner shall be entitled to receive the proceeds of insurance relative thereto and if there is a mortgagee endorsement, the proceeds shall be payable to the Owner and the mortgagee jointly. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each holder of a first mortgage lien on any of the Units in the Condominium.

Section 6. The Association shall be responsible for the reconstruction, repair and maintenance of the Common and Limited Elements and any incidental damage to a Unit caused by such Common or Limited Elements or the reconstruction, repair or maintenance thereof. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates for the cost to replace the damaged property to a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair.

Section 7. Section 133 of the Act and the following provisions shall control upon any taking by eminent domain:

(a) In the event of any taking of an entire Unit by eminent domain, the award for such taking shall be paid to the Owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the Owner and his or her mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any Owner whose Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Owner and his or her mortgagee, as their interest may appear.

(b) If there is any taking of any portion of the Condominium other than any Unit the condemnation proceeds relative to such taking shall be paid to the Owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than fifty percent (50%) of the 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) In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be re-surveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Owners based upon the continuing value of the Condominium of one hundred percent (100%). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Owner.

(d) In the event any Unit in the Condominium, or any portion thereof, or the Common Elements or any portion thereof, 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 so notify each holder of a first mortgage lien on any of the Units in the Condominium.

Section 8. Nothing contained in the Condominium Documents shall be construed to give a Condominium Unit Owner, or any other party, priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Condominium Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VII

MORTGAGES

Section 1. Notice of Mortgage. Any Owner who mortgages a Condominium Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Units". At the written request of a mortgagee of any such Unit, the mortgagee shall be entitled to: (a) inspect the books and records relating to the Project during normal business hours, upon reasonable notice; (b) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Owners; and (c) receive written notice of all meeting of the Association and be permitted to designate a representative to attend all such meetings. Failure, however, of the Association to provide any of the foregoing to a mortgagee who has so requested the same shall not affect the validity of any action or decision which is related thereto.

Section 2. Notice of Default. The Association, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid common charges or other defaults by the Owner of the mortgaged Unit, and shall furnish the individual mortgagees with complete information on all insurance carried by the Association.

ARTICLE VIII

AMENDMENTS

Section 1. Proposal. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon the vote of a majority of the Directors or by one-third (1/3) or more in number of the Owners by an instrument in writing signed by them.

Section 2. Meeting to be Held. If such an amendment is proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of the Condominium Documents.

Section 3. Vote Required. These Condominium By-Laws may be amended by an affirmative vote of two-thirds (2/3) of all Owners and two-thirds (2/3) of all mortgagees at any regular meeting, or at a special meeting called for such purpose. For purposes of such voting, each mortgagee shall have one (1) vote for each first mortgage held.

Section 4. Effective Date. Any amendment to these By-Laws shall become effective upon the recording of such amendment in the office of the Register of Deeds in the county where the Condominium is located.

Section 5. Costs of Amendment. Any person causing or requesting an amendment to these Condominium By-Laws shall be responsible for the cost and expenses of considering, adopting, preparing and recording such amendment.

Section 6. Notice; Copies of Amendment. Owners and mortgagees of record of Condominium Units shall be notified of proposed amendments not less than ten (10) days before the amendment is recorded. A copy of each

amendment to these Condominium By-Laws shall be furnished to every Owner after recording; provided, however, that any amendment to these By-Laws that are adopted in accordance with this Article or the Act shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE IX

DEFINITIONS

This Master Deed and By-Laws are intended to be gender neutral in all respects. The pronouns and relative words herein shall be read as if written in plural, feminine, or neuter respectively.

ARTICLE X

REMEDIES FOR DEFAULT

Section 1. Arbitration.

(a) **Submission to Arbitration.** Any dispute, claim, or complaint arising out of or relating to the interpretation or application of the Master Deed, By-Laws, or other condominium documents, and any disputes, claims, or complaint arising among or between Owners or between 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 at Niles, Michigan. The parties shall accept the arbitrator's decision and/or award as final and binding. The Real Estate Industry arbitration rules of the American Arbitration Association, as amended and in effect from time to time, shall be applicable to all such arbitrations.

(b) **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:

(1) Purchaser's option. At the exclusive option of a purchaser or 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 and arises out of or relates to a purchase agreement, Unit, or the project.

(2) Association's option. At the exclusive option of the Association of 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 or less.

(c) **Preservation of Rights.** Election by any Owner or by the Association to submit any dispute, claim, or complaint to arbitration shall preclude that party from litigating the dispute, claim, or complaint in the courts. Except as provided in this section, however, all interested parties shall be entitled to petition the courts to resolve any dispute, claim, or complaint in the absence of an election to arbitrate.

Section 2. Relief Available. Any default by an Owner shall entitle the Association or another Owner or Owners to the following relief:

(a) Failure to comply with any of the terms or conditions of the Condominium Documents shall grant to the Association all rights of action or rights of relief as provided by the Act including, but not limited to, those set forth under Sections 106, 107, 108 and 159, or any combination thereof.

(b) In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Owner be entitled to recover such attorneys' fees.

(c) Such other reasonable remedies as provided in the rules and regulations promulgated by the Board of Directors, including without limitation, the levying fines against Owners after notice and opportunity for hearing, as provided in the Association for rules and regulations, and the imposition of late charges for nonpayment of assessments.

(d) The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter, where reasonably necessary, upon the Limited or General Common Elements.

Section 3. Lien. Assessments, together with interest as set by the Board, collection and late charges, advances made by the Association for taxes or other liens to protect its lien, attorneys fees, and fines, constitute a lien upon the Unit or Units of the Owner before any other lien except tax liens in favor of any state or federal taxing authority or sums unpaid on first Mortgages of record, recorded prior to Notice of Lien as provided herein. The lien may be foreclosed by an action or by advertisement by the Association in the name of the Condominium project on behalf of the other Owners. A foreclosure shall be in the same manner as a foreclosure under the laws relating to foreclosure of real estate mortgages by advertisement or judicial action except that the Association is entitled to reasonable interest, expenses, costs, and attorney fees for foreclosure by advertisement or judicial action. The redemption period for a foreclosure is six (6) months from the date of sale unless the property is abandoned, in which event the redemption period is one (1) month from the date of sale.

Section 4. Failure to Enforce. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

Section 5. Rights Cumulative. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

ARTICLE XI

SEVERABILITY

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

ARTICLE XII

CONFLICTING PROVISIONS

In the event of a conflict between the provisions of the Act (or other laws of the State of Michigan) and this Consolidated Master Deed, any Condominium Documents, the Act (or other laws of the State of Michigan) shall govern. In the event of any conflict between the provisions of any one or more Condominium Documents, the following order of priority shall prevail and the provisions of the Condominium Document having the highest priority shall govern:

- (1) The Consolidated Master Deed, including the By-Laws and Condominium Subdivision Plan;
- (2) The Rules and Regulations of the Association.

These By-Laws of the Reserve at Knollwood, a Residential Condominium Project, were adopted and amended by its Developer, Adams Road Development Corp., and approved, with further amendment by the Board of Directors of Knollwood Reserve, Inc., the Owner Association.

The Condominium Subdivision Plan, Exhibit "B" to the Consolidated Master Deed, is not being amended in any form or fashion and the version recorded on November 10, 2005 with the Consolidated Master Deed at Liber 924, Page 1406 is hereby ratified and confirmed.

Knollwood Reserve, Inc.

By: _____
Kelly Sweeney

Its: President