

COLONIAL ACRES PHASE V

BY-LAWS

AND

ARTICLES OF INCORPORATION

BY-LAWS
OF
COLONIAL ACRES COOPERATIVE PHASE V, INC.

ARTICLE I
MEMBERSHIP

Section 1. Classes of Membership. The Corporation is organized upon a non-stock basis. There are two classes of membership, Regular and Special, which are defined in the Articles of Incorporation. Installment purchasers of Certificates of Membership are subject to all obligations of and, while not in default, enjoy all benefits of Regular member-occupants.

Section 2. Rights and Privileges. Each Regular member-occupant ("Member") while in good standing shall enjoy all rights and privileges set forth in the Articles of Incorporation, these By-Laws and the Rules and Regulations properly adopted by the Directors of the Corporation. Such rights and privileges shall include, but are not limited to, the use of all common facilities, the right to peacefully occupy and enjoy the townhouse apartment unit incident to the Member's Certificate (whether purchased outright or on an installment basis), and the right to the benefit of any and all written representations and warranties given to the Corporation by the developer of the townhouse units and by the Landlord under the Corporation's land lease. Each Member in good standing shall be entitled to the strict enforcement by the Special Member and by the officers and Directors of the Corporation of his rights and privileges and of the obligations of the other Members.

Section 3. Requirements for Regular Membership. In addition to those requirements for Regular membership specifically set forth in the Articles of Incorporation of the Corporation, there are established the following additional requirements under the authority of Article VIII(m) of such Articles:

- (a) The prospective purchaser shall, by offer to purchase or other appropriate written instrument, evidence his willingness to abide by all of the provisions of the Articles of Incorporation, these By-Laws, and the Rules and Regulations of the Corporation;
- (b) He shall demonstrate his financial ability to perform those obligations incident to membership in the Corporation including his ability to

satisfy any unpaid portion of an installment purchase contract related to his Certificate of Membership;

- ✓ (c) He shall demonstrate prior to the purchase of such certificate a reasonable compatibility with other Members of the Corporation;
- (d) Prior to occupancy of his unit, he shall pay all sums required of him for his Certificate of Membership or shall execute or assume an installment purchase contract for such certificate and pay any sums required;
- (e) Prior to occupancy, he shall assume all responsibilities to the Corporation for maintenance charges and he shall agree to pay such charges as revised from time to time by the Board of Directors; and he shall create any escrow or deposit fund required by the Corporation or other entity with respect to the use or occupancy of his dwelling unit;
- (f) Subsequent to the execution of all written documents required by the Corporation, he shall lawfully take and maintain possession of the dwelling unit assigned to him.

Section 4. Joint Ownership of Single Certificate. Individuals who are husband and wife, one of whom is a Qualified Person, or two individuals not husband and wife but members of a family, one of whom is a Qualified Person, may jointly apply for and (upon approval by the Special Member or the Board of Directors of the Corporation, either of which may impose reasonable conditions which must be satisfied prior to such approval becoming final) be admitted as Members as owners in common or as joint tenants with full rights of survivorship, but in either case such joint or common owners shall be limited to one (1) vote upon the affairs of the Corporation. In such cases their obligations and rights with respect to the Corporation shall be joint and several.

In the event of a membership held under a joint tenancy with full rights of survivorship, upon the death of one of the joint tenants, all rights and obligations of membership shall apply to and be inherent in the survivors, provided such survivor (or one of the survivors) otherwise is a Qualified Person and meets all qualifications of membership; except that if a surviving joint tenant is the spouse of a deceased joint tenant, and said deceased joint tenant and the surviving spouse occupied the

dwelling unit represented by the membership, then the minimum age requirement for membership shall not apply to such surviving spouse until such spouses's remarriage or cohabitation.

Joint or common Members who desire to sever such relationship may apply to the Corporation for discharge of further responsibility by the withdrawing Member for obligations to the Corporation. The continuing Member shall be required to meet all of the requirements for membership and shall submit to the Corporation a current financial statement or statements demonstrating his financial capability to fulfill the obligations of membership and to satisfy any then existing obligation under an installment purchase contract for a Certificate of Membership. Upon approval of the Board of Directors of the Corporation (which may impose reasonable conditions which must be met before such approval becomes final), and with the concurrence of any assignee of any installment purchase contract, the withdrawing Member may be relieved of further liability to the Corporation.

Section 5. Termination of Membership. A Member may withdraw from membership by written notice delivered to the Special Member or to the officers of the Corporation. No such withdrawal shall be effective nor shall any obligation or liability to the Corporation be discontinued until such time as the Member's Certificate of Membership has been effectively transferred to a successor Member, to the Corporation or to the Special Member; and the Corporation shall have a lien upon the Certificate of Membership for all charges, expenses and obligations of the withdrawing Member until their payment or until they are effectively assumed by a successor Member.

Section 6. Special Member. The composition, powers, duties, rights and responsibilities of the Special Member of the Corporation are set forth or inferred in the Articles of Incorporation and are specified or inferred in these By-Laws. The designation of a successor Special Member shall be in writing and shall be filed with the Secretary of the Corporation, whether such designation be by a Special Member during his lifetime or by the developer (as defined in the Articles of Incorporation) in the event a Special Member has failed to file such a designation during his lifetime.

Section 7. Inspection of Records. Any Member shall be entitled to inspect the books of account and membership and other records of the Corporation at the offices of the Corporation at any reasonable time during regular business hours.

Section 8. Limited Liability. As provided by law, Members shall not be liable for any debts or obligations of the Corporation and shall not be subject to assessment except for assessments required by the Corporation for maintenance charges, ground rents, taxes and those other items set forth in the

Articles of Incorporation. No Regular Member shall be liable for the obligations or liabilities of the Special Member, the developer or the Landlord under the Corporation's land lease.

Section 9. Miscellaneous. Wherever throughout these By-Laws benefits or obligations are conferred or imposed upon "Members", such term shall include any installment purchaser of a Certificate of Membership, and the suspension of rights of Members in default to the Corporation shall be applied to defaults by such installment purchasers under their purchase contracts as well.

ARTICLE II

MEETINGS OF MEMBERS

Section 1. Annual Meeting. The annual meeting of Members shall be held on the first Thursday in September at 8:00 p.m. in each year beginning in the year following the end of the first fiscal year of the Corporation. Such meeting shall be held at the principal office of the Corporation or at such other place as the Board of Directors may determine. Such meeting shall be for the purpose of electing Directors of the Corporation when permitted by the Articles of Incorporation and for the transaction of any other business within the power of the Members. An alternative date and/or time may be set by a vote of two-thirds of the members of the Board of Directors.

Section 2. Special Meetings. ~~Special meetings of the Members shall be called by the President; or upon the request of the Special Member; or upon the receipt by the President of a petition signed by twenty percent (20%) of the Members.~~ Any such resolution, request, or petition shall state the purpose or purposes for which the meeting is to be called, and the business transacted at any such meeting shall be limited to the purpose or purposes stated in the notice thereof.

Section 3. Notice of Meeting. The Secretary shall serve on each Member personally or by regular mail a notice of each annual or special meeting which shall set forth the time and place of the meeting and, in the case of a special meeting, the purpose thereof. Notices sent by mail shall be addressed to the Members so being served at the address appearing on the membership book of the Corporation. Whether delivered personally or by mail, such notices shall be served at least three (3) days and not more than thirty (30) days prior to the meeting. If the notice is mailed, it shall be deemed timely served if delivered to the U. S. Postal Service not less than five (5) days prior to the meeting. The Secretary shall note the manner in which such notice was served on each Member upon an appropriate proof of service sworn to by him before a notary public.

Attendance of a person at a meeting of Members, in person or by proxy, constitutes a waiver of notice of the meeting, except when a shareholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. Twenty percent (20%) of the Members shall constitute a quorum at any membership meeting, with the Members present at a duly convened meeting continuing to do business until adjournment notwithstanding the withdrawal of some Members, leaving fewer than a quorum present. If a quorum is lacking at any meeting, the President may, and upon the request of the Board of Directors shall, call an adjourned meeting to be held after due notice within the time limitations of Section 3 of this Article has been given. At such adjourned meeting ten percent (10%) of the Members shall constitute a quorum.

Section 5. Voting. Each Member shall be entitled to one (1) vote upon any matter presented to the membership for decision. Votes may be cast by mail or in person; if a Member, having cast his vote by mail, attends the meeting in person, he may not vote at the meeting. The double envelope system of mailing votes shall be used by Members wishing to cast their ballots by mail so as to determine who has voted by mail while preserving the secrecy of such vote. Except as otherwise provided by law, the Articles of Incorporation or these By-Laws, all matters voted upon shall be decided by a majority of the Regular Members who vote thereon. Only those persons who are Members of record on the date set for the meeting shall be entitled to vote.

Section 6. Matters to be Considered. Among the matters which Members may consider and vote upon at a meeting are the following:

- (a) The election of Directors;
- (b) The removal from office of a Director or an officer (but not including the Special Member) whether with or without cause;
- (c) Amendment of By-Laws or adoption or amendment of Rules and Regulations;
- (d) Suspension or expulsion of any Member for the commission of any act or for the omission of any required act which commission or omission is in violation of the Articles of Incorporation, the By-Laws or the established Rules and Regulations.

These matters are intended to be specific, but not all-inclusive examples.

Section 7. Delinquent Members. In the event that a Member becomes past due in any of his obligations to the Corporation or in any obligation under an installment purchase contract for his Certificate of Membership, the Board of Directors may cause notice to be sent to him that he will not be permitted to vote until his delinquency is remedied. Such Member shall not be entitled to vote thereafter until such delinquency has been corrected and he shall not be counted in the numerator or denominator of the fraction used to determine the percentage present at a meeting for quorum purposes.

Section 8. Proxies. Every person entitled to vote shall have the right to do so either in person or by an agent authorized by a written proxy executed by such person and filed with the Secretary of the Corporation at or before the meeting at which it is intended to be used. No such proxy shall be valid after the expiration of one (1) year from the date of its execution. Any proxy duly executed shall be deemed not to have been revoked and to be in full force and effect and, in the absence of any limitation to the contrary contained in the proxy, it shall extend to all Members' meetings, unless and until an instrument revoking said proxy or a duly executed proxy bearing a later date is filed with the Secretary of the Corporation. A proxy shall be deemed sufficient if it appears on its face to confer the requisite authority and is signed by the Member; no witnesses to the execution of any proxy shall be required. Notwithstanding that a valid proxy may be outstanding, except in the case of an irrevocable proxy coupled with an interest which shall state that it is irrevocable on its face, the powers of the proxy holder or holders shall be suspended if the person or persons executing such proxy shall be present at the meeting and elect to vote in person.

Section 9. Voting by Certain Members. Certificates held by an administrator, executor, guardian, conservator, receiver, trustee, or other fiduciary may be voted by him, either in person or by proxy, without a transfer of such certificates into his name, provided the Corporation is furnished satisfactory proof of the authority of such person to vote such certificate. No such fiduciary shall be entitled to vote such certificate if the beneficiaries of such fiduciary relationship would not be entitled to vote such certificate if such beneficiaries held such certificate directly.

A Member whose certificate is pledged shall be entitled to vote such certificate unless in the transfer the pledgor has expressly empowered the pledgee to vote such certificate and had

the same indicated on the books of the Corporation, in which case only the pledgee or his proxy may represent and vote such certificate.

A certificate held by two or more persons as joint tenants or as tenants in common may be voted only by the Qualified Person if only one of the certificate holders is such. If more than one of the certificate holders is a Qualified Person, the written agreement, if any, which governs the manner in which the certificate shall be voted controls if presented at the meeting. If no such agreement is presented at the meeting, the majority in interest of the qualified joint tenants or qualified tenants in common present shall control the manner of voting. If there is no such majority, the vote represented by the certificate shall be divided among the qualified joint or qualified common owners in accord with their interests in the certificates.

Certificates held by the Corporation shall not be voted, directly or indirectly, at any meeting or for any purpose. ✓

ARTICLE III

CERTIFICATES

Section 1. Form. The Corporation, through its Board of Directors or its Special Member, shall adopt a form of Certificate of Membership which shall be issued to each Member and which shall evidence the Member's right while not in default to the peaceful use and occupancy of the dwelling unit represented by the certificate. Such certificate shall be signed by the President or Vice President, the Secretary and/or by the Special Member and shall be transferred only by recording such transfer on the books of the Corporation.

Section 2. Form of Installment Purchase Contract. The Corporation, through its Board of Directors or its Special Member, shall adopt a form of Installment Purchase Contract of a Certificate of Membership which shall be issued to those persons purchasing their memberships on an installment basis. Such contracts shall entitle the holders thereof while not in default to the peaceful use and occupancy of a dwelling unit selected by the purchaser. Such contracts shall be signed by the President or Vice President, the Secretary and/or by the Special Member. Certificates of Membership shall be prepared for such purchasers, numbered and signed, but the Corporation shall not deliver such certificates to the purchaser until the purchaser has fully performed his installment contract. The Corporation may deliver such certificate to its assignee of the installment contract who shall be obligated under such assignment to deliver the certificate to the purchaser upon full performance by him of the installment contract. The contract may be transferred only by recording such transfer on the books of the Corporation.

Section 3. Transfer Books. The Corporation shall at all times maintain transfer books in which all Members shall be listed, together with the Member's address, date of birth, telephone number, status as certifietae holders or installment contract holders, and the names of those "family" members (as defined in the Articles of Incorporation) who are occupying a dwelling unit with the Member. ✓

Section 4. Lien. The Corporation shall have a lien upon all Certificates of Membership and upon all installment purchase contracts for such certificates for all debts of Members to it or its assignees (by reason of assignment of such installment purchase contracts or otherwise). In the event of the withdrawal, expulsion or removal of a Member, or in the event of a sale of a certificate or contract by the Member, the certificate shall not be transferred and a new certificate shall not be issued nor shall an installment purchase contract be transferred unless and until any and all unpaid installment payments and assessed charges due to the Corporation and its assignees have been paid in full.

Section 5. Legend on Certificates and Contracts. Each Certificate of Membership and each installment purchase contract shall have endorsed thereon a legend stating that transfer thereof is restricted by the Articles of Incorporation, the By-Laws and the Rules and Regulations of the Corporation.

Section 6. Lost Certificates or Contracts. Upon presentation to the Corporation of a proper affidavit attesting the loss, destruction or mutilation of any certificate or contract, the Board of Directors may direct the issuance of a new certificate or contract to replace the certificate or contract so alleged to be lost, destroyed or mutilated. The Board of Directors may require as a condition precedent to the issuance of a new certificate or contract any or all of the following:

- (a) Additional evidence of the loss, destruction or mutilation claim;
- (b) Advertisement of the loss in such manner as the Board of Directors may direct or approve;
- (c) A bond or agreement of indemnity in such form and amount, with or without such sureties as the Board of Directors may approve; or
- (d) The order of approval of a Court.

The Corporation may recognize the person in whose name the new certificate or contract, or any certificate or contract thereafter, is issued as the owner thereof for all purposes until the

owner of the original certificate or contract shall enjoin the Corporation and the holder of any new certificate or contract, or any certificate or contract issued in exchange or substitution therefor, from so acting.

ARTICLE IV

TRANSFER, SALE AND RECOVERY OF CERTIFICATES OR CONTRACTS

Section 1. Death of a Member. In the event of the death of the holder of a certificate or an installment purchase contract, it shall be the obligation of his surviving joint or common member, or his heirs, successors or administrators to forthwith and promptly meet any and all obligations and indebtedness owed by him to the Corporation and to meet such obligations as further accrue prior to the effective transfer of the certificate or contract. If the dwelling unit of the deceased Member is occupied at the time of his death by a person who is a Qualified Person as defined in the Articles of Incorporation and meets the additional requirements of membership of these By-Laws, and if all obligations of the deceased Member to the Corporation and under any installment purchase contract have been satisfied, then the Corporation shall issue a new certificate to such person, if such person is otherwise entitled to the ownership of such certificate by operation of law or by order or other determination of a Court. Upon a failure to meet such obligations within one hundred twenty (120) days after the death of the Member, the Corporation may move forthwith for the recovery and sale of such certificate or contract. The Corporation is authorized to proceed to the sale of such certificate or contract at the best market price then obtainable directly or through any licensed real estate broker, and upon such sale is empowered to deduct from the net proceeds of such sale any and all accrued debts, installment payments, maintenance charges, ground rents, taxes and any other amounts owed by the deceased Member with respect to his certificate or contract. If the Corporation has been unable to obtain from the heirs, successors or personal representatives such certificate for the purposes of sale, it may issue a new certificate for such purpose, thereby cancelling the former certificate. Any excess of the net proceeds over such deductible amounts shall be paid to the estate or other successors-in-interest of the deceased Member. Any excess of such deductible amounts over the net proceeds of the sale shall remain a debt of the decedent's estate and may be enforced against such estate or the successor-in-interest of such certificate or contract. The Corporation may, but shall not be required to, withhold the enforcement of lien rights during the pendency of probate proceedings with respect to the estate of the deceased Member.

Section 2. Transfer of Membership During Lifetime. If any Member or his successor-in-interest desires to sell his certificate or his installment purchase contract, he may do so only under the following conditions:

- (a) He may sell his certificate or contract to the Corporation or to the Special Member in direct negotiations with them if they are so willing. Such negotiations may occur whether or not the Member is then in default. Neither the Corporation nor the Special Member need meet any particular requirements in order to purchase such certificate or contract except that if the Special Member is to occupy the dwelling unit represented by such certificate or contract, he must satisfy all of the requirements applicable to a Regular Member;
- (b) He may sell his certificate or contract to others, but only after first meeting the following requirements:
 - (1) He shall first notify the Corporation in writing and at the office of the Corporation of his intention to sell and the proposed price and terms of sale;
 - (2) The Corporation shall have the right to purchase the certificate at such price and terms for thirty (30) days after it has been so notified, and if, during such period, the Corporation declines or neglects to purchase such certificate or contract, the Special Member shall have such right.
 - (3) After such period has expired, and if the Corporation or Special Member has not purchased such certificate or contract, the Member shall have one hundred eighty (180) days within which to complete the sale without again notifying the Corporation of the proposed sale; however, if within such one hundred eighty (180) day period there shall be any change from the price or terms of the proposed sale, the Member shall again notify the Corporation in the same manner as above, and the Corporation or the Special Member shall have ten (10) days from the date of such notification to purchase such certificate or contract upon such new terms.

- (4) The prospective purchaser from the selling Member must demonstrate to the Corporation and the Special Member his ability to meet the definition of a Qualified Person as defined in the Articles of Incorporation and these By-Laws. To this end, he shall meet with the Special Member and any membership committee of the Corporation and submit those statements and agreements required of a new Member and shall, in writing delivered to the Corporation, for its benefit, expressly undertake all of the obligations of membership. He shall also demonstrate that as between the selling Member and himself, proper arrangements have been made for the satisfaction of all outstanding obligations of the selling Member to the Corporation or under his installment purchase contract, if any. Should any prospective purchaser be deemed, for any reason, to be ineligible for membership, the Corporation shall notify the selling Member and the purchaser of such fact together with a written statement of the reasons for such ineligibility;
- (5) Upon satisfaction of all of the above requirements, the Corporation shall so notify the selling Member and the purchaser and, subject to the satisfaction of the obligations of the selling Member to the Corporation and to the closing of the sale between the selling Member and the purchaser, shall accept the purchaser as a Member. In furtherance thereof, in order to fully inform the purchaser of the selling Member's obligations, the Corporation shall deliver to the purchaser a complete statement of the status of the selling Member's accounts with the Corporation, indicating the extent of any default therein; the consent of the selling Member to such disclosure is given by reason of such Member's receipt of a Certificate of Membership or of an installment purchase contract therefor.
- (6) Upon the completion of the sale of any certificate or contract and the satisfaction or assumption of all obligations to the Corporation, the selling Member shall be released from any further financial responsibility to the Corporation. Upon thereafter taking possession of his dwelling unit the

New Member shall be entitled to a transfer of the certificate or contract on the books of the Corporation.

- (7) Should a selling Member offer his certificate or contract to the Corporation under this Section 2(b) at a price or upon terms deemed by the Board of Directors or the Special Member to be unrealistic in light of market conditions, such certificate or contract shall be appraised as provided in the Articles of Incorporation. Whether the appraisal value tends to support the selling Member's offering price or not, the Corporation shall, in any event, have a right of first refusal. The Corporation may, in its sole discretion, then offer to purchase such certificate or contract at the appraised value on terms of cash within thirty (30) days after receipt of the results of the appraisal. The Member may reject such offer and withdraw from any sales effort, but in such event the entire cost of the appraisal shall be borne by the Member. However, should the price and terms of sale offered by the Member prove to be the market value and conditions as determined by the appraisal, the entire cost of the appraisal shall be borne by the persons claiming that such value or conditions are unrealistic whether such person be the Corporation through its Board of Directors or the Special Member. The period of first refusal by the Corporation or the Special Member shall run from the date of the receipt by the selling Member of the results of the appraisal. In determining the value of a certificate or contract, the appraisal shall be based on the then current market value of the underlying dwelling unit as such, including, among others, the value of the rights incident thereto in the common areas.

Section 3. Recovery of Certificate or Contract and Possession by Corporation - Default in Monetary Obligations. In the event of (a) any default by a Member under an installment purchase contract for a Certificate of Membership or (b) the failure of a member for thirty (30) consecutive days to pay any assessment, charge, rental or similar amount, then the Board of Directors shall initiate proceedings to terminate such Member's membership and recover his certificate or contract, as follows:

- (a) Within fifteen (15) days of the receipt of written notification of a default under a contract or at any time after the running of such thirty (30) day period, whichever is applicable, or if both are applicable, whichever shall first occur, the President or the Special Member shall call a meeting of the Board of Directors [for which the Directors and the defaulting Member shall be given not less than five (5) days written notice] for the purpose of determining the continuing existence of any default and the imposition of the remedies hereinafter provided. At such meeting there shall be a full, fair and open hearing at which the defaulting Member shall have the right to be represented by legal counsel and to take testimony. Should the Board of Directors determine that the default persists, such Board shall adopt a resolution forthwith suspending the furnishing of utilities to the extent allowed by law and within the control of the Corporation, suspending the enjoyment of all common facilities, and suspending the enjoyment of his rights and privileges as a Member of the Corporation, including the right to vote on corporate matters. Such resolution shall also provide that should such default continue for an additional period of two (2) months, such Member shall be expelled and any and all legal or equitable remedies necessary to recover possession of the dwelling unit and the certificate or contract shall and may be employed in the interim [although such remedies would not be effective until the expiration of such two (2) month period]. The defaulting Member may cure such default by full payment of all accrued charges, fees and installment payments, including those accrued since the date of such resolution, and by the full payment of the attorney fees and court costs of the Corporation incident to any action necessitated by such default.
- (b) During such two (2) month period, it shall be the obligation of the Corporation acting through its Directors and/or Special Member (and, if necessary with respect to an installment purchase contract, by joining with the assignee of any such contract) to institute any legal proceedings required to evict, expel, put out, foreclose or otherwise terminate the membership of the defaulting Member, obtain possession of his dwelling unit, recover his certificate or contract and otherwise terminate all of the privileges of membership in the Corporation. Such proceedings may include, but

are not limited to, proceedings in claim and delivery, summary proceedings, foreclosure or any other proceedings permitted by law.

- (c) If the Corporation is unable to obtain from such defaulting Member, after the above procedures have been followed, the applicable certificates for the purpose of sale, the Corporation may issue a new certificate for such purposes, thereby cancelling the former certificate.

Section 4. Recovery of Certificate or Contract and Possession by Corporation - Violation of Articles of Incorporation, By-Laws, Etc. The suspension or termination of the rights of a Member in a certificate or a contract may occur as a result of the expulsion of such Member for his failure, refusal or neglect to abide by the provisions of the Articles of Incorporation, these By-Laws or those Rules and Regulations adopted by the Corporation, or for his willful destruction or conversion of the property of the Corporation, or for the willful commission of any nuisance, whether any of such acts be done by the Member or any other resident of his dwelling unit. The procedure for such suspension or termination shall be as follows:

- (a) The Special Member and/or the Board of Directors shall first send a letter to such Member giving such Member ten (10) days within which to cease the prohibited practice (such as permitting a non-family member to reside in the dwelling unit) or to act in conformity with such requirements, to restore any damage done to the property of the Corporation or others and to remedy any nuisance. Such letter shall specify in detail the nature of the complaint against the Member.
- (b) Should such Member fail, neglect or refuse to take the action required by such letter within such ten (10) day period, the President or the Special Member shall call a meeting of the Board of Directors (for which the Directors and the defaulting Member shall be given not less than five (5) days written notice) for the purpose of determining the existence of the matter complained of and the imposition of the remedies hereinafter provided. At such meeting there shall be a full, fair and open hearing at which the Member shall have the right to be represented by legal counsel and to take testimony.
- (c) Should the Board of Directors determine that the allegations of the complaint are true and are of substance, the Board of Directors shall first

attempt to obtain voluntary compliance with the remedy demanded in the letter previously sent to the Member. If such voluntary compliance cannot be obtained, the Board of Directors may at such hearing or at any adjourned or subsequent hearing for which the member has been given at least three (3) days notice, (1) institute legal proceedings to compel compliance, the legal expenses and costs of which being borne by the Member if the Corporation prevails, or (2) call for a special meeting of the Members of the Corporation for the purpose of expelling the Member from membership. Such special meeting shall be held not less than twenty (20) days after the date the Board of Directors determines that such meeting shall be held. At such meeting the Member shall again have the right to be represented by legal counsel and to take testimony. A simple majority of those Members voting at such meeting shall be sufficient to expel the Member. A Member may not vote on any matter involving his own expulsion from the Corporation. Such expulsion shall be effective not less than thirty (30) days, nor more than forty-five (45) days, from the date the vote of such expulsion is taken, and the date of such expulsion shall be set forth in the resolution expelling the Member.

- (d) The expelled Member shall forthwith surrender to the Corporation his certificate or contract and shall sell such certificate or contract. Upon his failure, neglect or refusal to do so, the Corporation shall issue a new certificate and the prior certificate shall thereby be cancelled and the Corporation shall proceed to the sale thereof, and shall deduct from the proceeds thereof the costs of sale, any accrued and unpaid amounts due from such Member (including amounts due under any installment purchase contract), the costs of repair or replacement of any property by the Corporation or by the assignee of any installment purchase contract which has joined the Corporation in such legal proceedings. The Corporation and/or the Special Member may institute any proceedings permitted by law to recover or cancel the certificate or contract, to recover possession of the dwelling unit and otherwise terminate all of the privileges of membership in the Corporation.
- (e) At any time, the Corporation and/or the Special Member may enter in any court of competent jurisdiction a motion or other pleading requesting

the granting of a temporary restraining order or preliminary or permanent injunction restraining the actions of a Member which are deemed by the Corporation or the Special Member to present an immediate danger to the safety and well-being of the Members of the Corporation or others, or to the protection or preservation of the property of the Corporation, its Members or others. Each Member of the Corporation is deemed to consent to the granting of any such order or injunction.

ARTICLE V

DIRECTORS

Section 1. Number and Qualification. The initial number of Directors shall be three (3) and shall be named by the Incorporator. At such time as the Corporation has issued eighty percent (80%) of the Certificates of Membership to be issued by it, or at such earlier time as determined by the Special Member as provided in Article XIII(f) of the Articles of Incorporation, the Members shall elect five (5) Regular Members to the Board and they, together with the Special Member, shall thereafter constitute the full Board of Directors of the Corporation. Each elected Director must be a Regular Member (i.e. he may not be simply a resident of the dwelling unit of a Member). Each elected Director must be from a different court or cluster of buildings.

Section 2. Term of Office. Elected Directors of the Corporation shall be elected by its Members at each annual meeting and shall hold office for a term of one (1) year or until their successors are elected and qualified; an elected Director's term, however, shall automatically terminate upon his ceasing to be a Member in good standing of the Corporation. A Director may serve any number of terms of office.

Section 3. Removal of Directors. Any one or more of the elected Directors may be removed with or without cause at any time by vote of the majority of the entire membership of the Corporation, at any regular meeting or any special meeting called for that purpose, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at such meeting.

Section 4. Election. Two (2) weeks prior to the annual meeting, the Secretary shall provide each Member with a list of the current Directors indicating those who do not wish to stand for re-election. The Secretary shall also provide a ballot to each Member in good standing indicating those Members who wish to be considered for the position of Director. Additional nominations may be made from the floor, and for such nominations the

Secretary shall provide blank spaces on the ballots. Only Members in good standing may be nominated and placed on the ballot. At any meeting, each Member in good standing shall be entitled to cast one (1) vote for each of the Directors' positions to be filled. There shall not be cumulative voting. Election shall be by ballot. The candidates for Directors receiving the highest number of votes shall be declared elected, provided that in the event more than one Member would be elected from a particular court or cluster of buildings, only the Member from that court or cluster receiving the highest number of votes shall be elected. In the case of any tie vote, the decision as to who is to be elected shall be made by lot. The President shall appoint a Member in good standing not a candidate for election to count the votes. The Secretary or another Member in good standing not a candidate for election, who shall be appointed by the President, shall be present at the counting of the votes.

Section 5. Vacancies. In the event of any vacancy in the Board of Directors for any reason other than the removal of a Director by the Members, the Directors then in office may fill such vacancy until the next annual meeting of the Members or until a special meeting of the Members is called for the purpose of filling the vacancy. In the event the vacancy occurs prior to the time the Regular Members are entitled to elect Directors, the vacancy shall be filled by appointment by the Special Member.

Section 6. Compensation. No compensation shall be paid to Directors for their services as such. The validity of any contract or other transaction between the Corporation and any Regular Member, Special Member or officer or Director, shall not be affected by the fact that such Regular Member, Special Member, officer or Director has a pecuniary interest in said contract, direct or indirect, either individually, as partner, joint venturer, stockholder, officer, Director or employee of another corporation with whom this Corporation is engaged in business; provided, however, that such interest shall be fully disclosed in writing prior to the entering of any such contract and prior to any action by the Corporation thereon. No such interested person shall vote in any capacity whatever upon letting of such contract or contracts. It is understood that until the first Board of Directors containing Regular members is elected, the Special Member will be entering into contracts with himself or entities in which he has a pecuniary interest. Such contracts shall be fully effective without the necessity of written disclosure, which would be redundant, and each person becoming a Regular Member ratifies such contracts by his consenting to become a Regular Member.

Section 7. Meetings, Notice and Quorum. The Board of Directors shall hold regular meetings at such times and places as are designated by the Board by resolution. Special meetings may

be called by the President, and special meetings shall be called by the President at the request of the Special Member or at the request of any two of the elected Directors who are Regular Members. No notice is required for regular meetings. Not less than five (5) days notice in writing shall be given for all special meetings unless such notice is waived by all of the Directors either before, at or after such meeting. The notice of the special meeting shall specify the business to be conducted at such meeting. No business may be transacted at a special meeting other than the business referred to in the notice unless the conduct of such additional business is unanimously consented to by all of the Directors then in office. The Special Member and a majority of the Regular Member Directors then in office shall constitute a quorum at any meeting during the period when the Special Member is not acting, under the Articles of Incorporation, in strictly an advisory capacity. During that time when the Special Member is acting only in an advisory capacity, a quorum shall consist of a majority of the Regular Member Directors then in office. Official action of the Board of Directors shall be by a majority vote of those Directors present at the meeting, subject to the right of veto, if any, of the Special Member. All official actions of the Board shall be preserved in the written records of the Corporation.

Section 8. Organizational Meeting. Within ten (10) days subsequent to the first election of Directors by the Members and within ten (10) days subsequent to each annual meeting thereafter, the Directors shall meet. No notice to the Directors shall be necessary for such meeting if the date thereof is designated by the President at the meeting at which the Directors have been elected. If such designation is not made., at least one (1) day written notice shall be required. In either event, such business as may come before such meeting may be transacted without regard to the specification thereof in any notice.

Section 9. Powers. All of the powers of the Corporation not expressly reserved to or conferred upon the Members or the Special Member by statute, the Articles of Incorporation or these By-Laws shall be vested in the Board of Directors of this Corporation which shall control and manage its business and affairs unless expressly provided otherwise. Although such Board may create a membership committee for the prospective Members, such committee may only recommend to the Board its disposition of such applications, and the final decision on such application shall be made by the Board.

ARTICLE VI

MANAGEMENT BY SPECIAL MEMBER

Article V 2.(c) of the Articles of Incorporation provides for the management of the affairs of the Corporation until the occurrence of certain events specified therein. Until such time (or otherwise if the Special Member resumes such authority as provided by the Articles of Incorporation) the Special Member has authority to sign Certificates of Membership and installment purchase contracts on behalf of the Corporation, enter into contracts for maintenance and otherwise on behalf of the Corporation; formulate budgets for capital and other expenditures of the Corporation, issue annual reports, open bank accounts for the Corporation and make deposits and draw checks or drafts against such accounts or make withdrawals therefrom and, in general, carry on the financial affairs of the Corporation. The Special Member shall, however, account for such financial affairs to the members of the Corporation and shall maintain adequate records in furtherance thereof.

ARTICLE VII

OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, a Secretary, and a Treasurer, and if desired, a Chairman of the Board, one or more Vice-Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accord with the provisions of Section 3 of this Article VII. Two (2) or more offices may be held by the same person but an officer may not execute, acknowledge or verify an instrument in more than one (1) capacity, if the instrument is required by law, the Articles of Incorporation, or By-Laws to be executed, acknowledged or verified by two (2) or more officers. Except when the powers of the Special Member are simply advisory under the Articles of Incorporation, such Special Member shall have the right to veto the actions of the officers.

Section 2. Election. The officers of the Corporation shall be elected by the Board, and each shall hold his office until he resigns, until he is removed or otherwise disqualified to serve, or until his successor is elected and qualified.

Section 3. Subordinate Officers and Agents. The Board may also appoint such other officers and agents as they may deem necessary for the transaction of the business of the Corporation. All officers and agents shall respectively have such authority and perform such duties in the management of the property and affairs of the Corporation as may be designated by the Board.

Without limitation of any right of an officer or agent to recover damages for breach of contract, the Board may remove any officer or agent, with or without cause.

Section 4. Removal and Resignation. Any officer or agent may be removed by a majority of the whole Board at the time in office at any regular or special Board meeting.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board in the manner prescribed in these By-Laws for regular appointments to such office.

Section 6. President. The President shall, subject to the control of the Board and the Special Member when acting in other than a purely advisory capacity, have general supervision, direction and control of the business and affairs of the Corporation. He shall preside at all Members' meetings and shall have the general powers and duties of management usually vested in the office of President of a corporation; shall see that all orders and resolutions of the Board are carried into effect; and he shall have such other powers and duties as may be prescribed by the Board or these By-Laws.

Section 7. Vice-Presidents. In the event of the President's absence, disability, or refusal to act, the Vice-Presidents, if more than one, in order of their rank as fixed by the Board or, if not ranked, the Vice-President designated by the Board shall perform all the duties of and shall be subject to all the restrictions upon the President. The Vice-Presidents shall have such other powers and authority and shall perform such other duties as from time to time may be prescribed for them respectively by the Board or these By-Laws.

Section 8. The Treasurer. The Treasurer shall, subject to the direction of the Board, have custody and keep account of all money, funds, securities, and property of the Corporation, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation.

Section 9. Secretary. The Secretary shall attend all shareholders' meetings and all Board meetings and shall keep or cause to be kept, in his custody at the principal or registered office of the Corporation in the State of Michigan or such other place as the Board may order, a book recording the minutes of all

Board and Members' meetings setting forth: the place, date, and hour of holding; whether regular or special, and, if special, how authorized; the notice thereof given; the names of those present at the Board meetings; the number of Members present or represented at Members' meetings; and the proceedings thereof.

The Secretary shall keep or cause to be kept at the registered office of the Corporation in the State of Michigan, a membership register or a list showing the names of the Members and their addresses; the number and date of certificates or contracts issued for the same; and the number and date of cancellation of every certificate or contract surrendered for cancellation.

The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board, affix the same or cause the same to be affixed to any instrument requiring it, and when so affixed, the seal shall be attested by his or her signature. If the Corporation does not possess a corporate seal, the signature of the Secretary, or other officer designated by the Board, shall be legally sufficient and possess the same power and authority as a corporate seal.

The Secretary shall give or cause to be given notice of all Board and Members' meetings required by these By-Laws or by law, and shall perform such other duties and have such other authorities as are delegated to him or her by the Board.

Section 10. Assistant Secretary. In the event of the Secretary's absence or disability, any Assistant Secretary, if one is appointed by the Board, shall act as Secretary in all respects. The Assistant Secretaries shall exercise such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board, the President, the Secretary, or these By-Laws.

ARTICLE VIII

EXECUTION OF INSTRUMENTS, ACCOUNTS, ETC.

Section 1. Bank Accounts. Each bank account of the Corporation shall be established and continued only by order of the Board or by the Special Member.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by the Special Member or by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 3. Contracts, Conveyances, etc. The Board may authorize any officer or officers, agent or agents, to enter into any contract, to execute and deliver any instrument, or to acknowledge any instrument required by law to be acknowledged in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances but the appointment of any person other than an officer to acknowledge an instrument required by law to be acknowledged should be made by instrument in writing. When the Board authorizes the execution of a contract or of any other instrument in the name of and on behalf of the Corporation, without specifying the executing officers, the President or Vice-President, and the Secretary or Treasurer may execute the same. These restrictions shall not apply to the Special Member when he is acting for the Corporation in a capacity other than one which is purely advisory under the Articles of Incorporation.

Section 4. Annual Report. The Corporation shall cause a financial report of the Corporation for the preceding fiscal year to be made and distributed to each Member thereof on or before one (1) week prior to the annual Members' meeting. The report shall include the Corporation's statement of receipts and disbursements and its year-end balance sheet.

Section 5. Review of Accounts. At the close of each fiscal year of the Corporation, the financial records of the Corporation shall be reviewed, at the option of the Board of Directors, either by an independent accountant or firm thereof or by a committee of Members of the Corporation selected by the Board and approved at a meeting of the Members. Copies of the report of such accountant or of the committee shall be furnished to each Member of the Corporation at the same time the financial statements of the Corporation are presented to the Members.

Section 6. Employees and Independent Contractors. It shall be the responsibility of the Special Member initially and the elected Board of Directors thereafter to engage such employees and independent contractors as are required to discharge the responsibility of the Corporation to its Members.

ARTICLE IX

DISSOLUTION

Section 1. Trustee. In the event the Regular Members, with the consent of the Special Member, vote to dissolve the Corporation in a manner which satisfies the requirements of the Articles of Incorporation, then the Members shall, at the special meeting adopting the plan of dissolution, designate three Members to act as Trustees, who shall receive the property of the Corporation subject to its liabilities and, within the time set forth in the

plan of dissolution or any extension thereof, liquidate the corporate assets, discharge its debts and distribute any remaining assets in accord with the plan of dissolution.

Section 2. Protection of Landlord. A plan of dissolution shall become effective only if a successor tenant to the Corporation under its land lease has been approved by the Landlord thereunder, and the dissolution will become final only after such successor tenant has in writing assumed all obligations of the Corporation thereunder and the Corporation has been discharged therefrom by the Landlord.

Section 3. Continuing Obligations of Members. The fact of dissolution shall not impair the obligation of any Member to meet land lease rentals, to make installment purchase contract payments or to satisfy any other obligation resulting from his membership in the Corporation or his purchase of such membership until such time as said member is specifically relieved of such obligations by the obligee or his assignee. It shall be an additional duty of the Trustee hereinbefore appointed to collect payments against such obligations and to disburse said payments as required by the Articles of Incorporation, these By-Laws and those contracts of the Corporation or its Members.

ARTICLE X

INITIAL RULES AND REGULATIONS

Section 1. Pets or Other Animals. Any Member upon initially occupying his dwelling unit may bring with him one (1) pet (which shall be a dog, cat or caged bird) owned by him or his family. Upon the death of such pet, it shall not be replaced. No Member who does not at the time of first occupying his dwelling unit bring a pet with him shall thereafter acquire or maintain a pet in his dwelling unit. Any pet permitted hereunder shall be controlled by the Member so that excess noise is not generated and such pet does not run loose. Such Member shall be responsible for the proper conduct of such animal and for the removal of feces from the common areas of the Corporation. Should any plant, shrub or other property of the Corporation be destroyed or damaged by such pet, the Member owning or maintaining such pet shall repair or replace such item. Failure to conform to such restrictions may be grounds for action by the Board of Directors requiring the removal or disposition of such pet; and in certain instances may be grounds for suspension or expulsion of the Member for violation or disregard of the Rules and Regulations of the Corporation. In any event, each Member agrees, by acceptance of his Certificate of Membership or by acceptance of his installment purchase contract to abide by any requirements of the Board of Directors to remove or dispose of such animal.

Section 2. Disposition of Property. No Member shall sell, transfer, dispose of or assign any item of personal property contained within the dwelling unit of the Member and owned by the Corporation or which is an integral part of the dwelling unit of such Member unless arrangements are made for replacement thereof with similar items of equal value.

Section 3. Peaceful Use. Although it is not the intention of the Corporation to limit the enjoyment of a dwelling unit or any common areas by a Member, the residents of his dwelling unit or his guests, breaches of the peace, rowdyism and excessive noise, the disturbing of neighborhood families and violations of the laws or ordinances of the United States, the State of Michigan or any other lawful authority are prohibited.

Section 4. Guests. Members or regular residents of their dwelling units may entertain guests of any age on a temporary basis but such guests must be in the company of a Member or a regular resident of his dwelling unit at all times while using the recreational facilities of the Corporation. A Member shall be held responsible for the conduct of his guests or the guests of regular residents of his household and such Member shall be liable for any infractions of these Rules and Regulations by such guests as if the Member had committed the infractions himself.

Section 5. Enforcement. In addition to the remedies available to the Corporation under Article IV, Section 4 of these By-Laws, the Board of Directors may warn or reprimand a Member who has violated any of the provisions of the Articles of Incorporation, these By-Laws and any further Rules and Regulations adopted by the Corporation or suspend the use of common facilities for not to exceed thirty (30) days. If a Member is found to have violated such provisions more than three (3) times in any one-year period, the Board of Directors shall consider whether proceedings under Article IV, Section 4 of these By-Laws should be brought.

Section 6. Additional Rules and Regulations. Additional Rules and Regulations may be adopted by the Board of Directors or the Members as the needs of the Corporation require. If such Rules and Regulations are adopted in accord with the manner for amending these By-Laws, such additional Rules and Regulations may, but need not, become a part of these By-Laws. Such additional Rules and Regulations whether or not becoming part of the By-Laws and whether adopted by the Board or the Members, shall nevertheless be enforced by the Corporation in the manner above provided.

ARTICLE XI

AMENDMENTS

These By-Laws may be amended or revoked by a vote of the majority of the Members of the Corporation at any duly called meeting, or by action of the Board of Directors, provided that the notice of such meeting, whether annual or special, shall set forth in detail the amendment or revocation to be acted upon. No amendment of these By-Laws shall amend the rights, duties, obligations or benefits of the Special Member without his consent thereto in writing. The original By-Laws are properly adopted by the Board of Directors.

ARTICLE XII

INCONSISTENCY

Section 1. Whenever in these By-Laws words, including pronouns, are used in any particular gender, they shall be read and construed in the masculine, feminine or neuter, whenever they would so apply, and whenever other words, including pronouns, are used in the singular or plural, they shall be read and construed in the plural or singular, respectively, wherever they would so apply.

Section 2. Where appropriate, capitalized terms shall be construed in the same manner as such terms are otherwise defined in other applicable documents, including the Articles of Incorporation and the lease between the Corporation and Colonial-Hunt Club Land Company.

CERTIFICATE OF SECRETARY

The undersigned certifies that:

- (1) Edward Tompkins is the duly elected and acting Secretary of Colonial Acres Cooperative Phase V, Inc.
- (2) The foregoing By-Laws constitute the original By-Laws of said Corporation as duly adopted at the first meeting of the Board of Directors thereof duly held on the _____ day of _____, 1984.

RECEIVED

JUN 18 1984

MICHIGAN DEPT. OF COMMERCE

719 186

FILED

JUN 26 1984

ARTICLES OF INCORPORATION

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

These Articles of Incorporation are signed and acknowledged by the incorporator for the purpose of forming a non-profit corporation under the provisions of Act 162, Public Acts of 1982, and Act 327, Public Acts of 1931, as amended, as follows:

ARTICLE I

The name of the corporation is Colonial Acres Cooperative Phase V, Inc.

ARTICLE II

The purpose or purposes for which this corporation is formed are as follows:

A. To provide housing for lease, sale or resale on a cooperative-membership basis for the use, occupancy and enjoyment of families whose eligible member-occupant has attained the age of fifty (50) years and whose resident family members, if any, are at least seventeen (17) years of age, with the object of providing a quiet, restful atmosphere for the mature, the semi-retired and the elderly.

B. To construct, operate, maintain, and improve dwelling units and facilities incidental thereto upon property leased for a period of ninety-nine (99) years; and from time to time to repair, modernize or reconstruct the dwelling units and incidental facilities as the same may require; and

C. To borrow money and issue evidence of indebtedness in the furtherance of any and all objects of its business; to secure the same by mortgage, trust deed, pledge or lien or by any other lawful security device.

D. To enter into and carry out contracts of any kind (including, but not limited to, ground leases) necessary to, in connection with, or incidental to the accomplishment of any one or more of the purposes of the corporation.

E. To issue certificates of membership and occupancy at such consideration and under such terms as determined by the Board of Directors.

F. To exercise options as provided in Articles of Incorporation, By-Laws and/or certificates of membership and occupancy to repurchase the certificates of membership and occupancy of

deceased or departing member-occupants; or in the alternative to assign the option above set forth to the special member, to the development corporation and/or to the landlord of the corporation, their successors, or assigns.

G. To resell any and all certificates of membership and occupancy acquired by the exercise of any such option.

H. To cure by any and all legal and equitable remedies the defaults of any member-occupants, their personal representatives, successors, or assigns and/or the violations by any such member-occupant or occupants, their tenants, family, personal representatives, successors or assigns of any provision of these Articles, or the By-Laws of the corporation or of any rules or regulations adopted from time to time by the membership and/or the Directors of the corporation.

I. To do any and all other things which are necessary or appropriate for the operation of a non-profit cooperative housing corporation, including, by way of example and not limitation, the eviction of such members from their units, and the foreclosure of the corporation's lien on a certificate of membership and occupancy.

J. The mode of procedure and manner of operation shall be in accordance with Sections 98 through 109 of the General Corporation Law. ARTICLE III

The location of the first registered office of the corporation is 61725 Eleven Mile Road, South Lyon, Michigan 48178.

The post office address of the first registered office is 61725 Eleven Mile Road, South Lyon, Michigan 48178.

ARTICLE IV

The name of the first registered agent is: James W. Pelky.

ARTICLE V

membership

The corporation is organized on a non-stock basis. There shall be two (2) classes of membership: Regular and Special. Installment purchasers of certificates of Regular membership and occupancy shall be subject to all obligations of and, while not in default, enjoy all benefits of Regular member-occupants.

1 (a) Regular certificates of membership and occupancy are to be issued only to Qualified Persons. Such certificates shall entitle any member-occupant, not in default to the corporation, to use, occupy and enjoy the dwelling unit specified in such certificate. Each certificate of membership and occupancy shall be issued to either one Qualified Person of any family purchasing and occupying a dwelling unit; or to husband and wife as joint tenants with full rights of survivorship, one of whom is a Qualified Person; or to one or more persons, one of whom is a

Qualified Person, not husband and wife but members of a family, as tenants in common or joint tenants with full rights of survivorship. Each certificate of membership and occupancy shall be entitled to only one (1) vote, regardless of the number of names appearing thereon, at any membership meeting of the corporation.

(b) In the case of ownership as joint tenants or as tenants in common in which a named person is not a Qualified Person, such non-qualifying person shall not be entitled to vote at any meeting of the membership of the corporation nor to occupy any seat as a director of the corporation nor to occupy a dwelling unit except as a member of the family of a Qualified Person occupying the dwelling unit on a regular basis.

(c) If a person who is not a Qualified Person becomes entitled to the ownership of a certificate of membership and occupancy by reason of the death of a person who is a Qualified Person, such non-qualified person shall not be entitled to vote at any meeting of the membership of the corporation, nor to occupy any seat as a director of the corporation nor to occupy a dwelling unit except as a member of the family of a Qualified Person occupying the dwelling unit on a regular basis.

(d) For purposes of this Agreement, a "Qualified Person" is a person who has attained the age of fifty (50) years and whose resident family members have attained the age of seventeen (17) years.

(e) The term "family" as used herein shall include the spouse of a Qualified Person; and only the parents, grandparents, brothers, sisters, aunts and uncles of the Qualified Person or his/her spouse, and the spouses of such classes; and only the children, grandchildren, nephews or neices of the Qualified Person or his/her spouse, but not the spouses of such classes.

2 (a) There shall be one (1) special member of the corporation who shall pay to the corporation the sum of FIFTY (\$50.00) DOLLARS which shall constitute full payment for such special membership. Such special membership shall be transferable in any manner during the life of the special member or at his death to persons designated by such special member to fulfill the functions, discharge the responsibilities and enjoy the rights of such special member. There shall be no special qualifications as to age, families or otherwise as to such special member, but he or she shall not be entitled to the rights and privileges of a regular member-occupant of the corporation unless all qualifications therefor are met. In the event of the death or disability of a special member who has not previously designated his successor, the development company (as hereinafter defined) shall designate a successor.

(b) The initial special member of the corporation is James W. Pelky.

(c) Until the occurrence of all of the events otherwise described herein, it shall be the function of the special member of the corporation to regulate all aspects of the financial affairs of the corporation; and to supervise, direct and restrict rentals, sales, charges, capital structure, maintenance programming, enforcement of sales contracts and installment contracts of certificates of membership and occupancy, enforcement of payment of maintenance charges of member-occupants, ground lease requirements, and maintenance of cash reserves. After the election of the Board of Directors by the member-occupants and until such time as all certificates of membership and occupancy have been sold, the special member shall have a complete veto power over any action of the Board of Directors. After such time, the special member shall exercise advisory responsibilities only; provided, however, that such special member shall re-assume full responsibility for and authority over the financial affairs of the corporation at such time and so long as the corporation is in default under its ground lease.

or

ARTICLE VI

CORPORATE ASSETS

The assets of the corporation are as follows:

(a) Real Estate:

A ninety-nine (99) year leasehold interest in real property in the City of South Lyon, Oakland County, Michigan described as Parcels 1, 2 and 3 on Schedule A attached hereto.

Value attributed to such leasehold: None. ✓

(b) Personal Property:

A number of townhouse buildings to be constructed, each containing six (6) dwelling units and one or more buildings containing recreational and/or maintenance facilities.

Any and all privately owned streets, walkways, retention ponds or basins or right to the use thereof, underground improvements consisting of water, sanitary and storm sewers and public utilities, not otherwise owned by either the utility companies or by any governmental body to which such underground or surface improvements may have been dedicated.

Rights to the use by member-occupants and their invitees of certain common areas of certain other cooperative corporations on adjacent land, subject to the use by the member-occupants of such other corporations and their invitees of common areas of this corporation.

Value attributed to such improvements and rights: None.

ARTICLE VII

METHOD OF DEVELOPMENT

The property of the corporation shall be developed in the following manner:

(a) The development company, Centaur Contractors, Inc., a corporation controlled by the special member, will construct and sell to the corporation approximately 99 buildings consisting of six (6) townhouse apartment units per building together with recreational facilities and appurtenant common areas and underground services and facilities, streets and the like, at prices to be determined solely by the development company. ✓

(b) The corporation will sell certificates of membership and occupancy to Qualified Persons at prices fixed by the development company such that no gain or loss will be realized by the corporation. Each certificate of membership and occupancy will entitle the Qualified Member to the use and occupancy of a particular dwelling unit, and to the use of recreational facilities and common areas.

(c) Unless otherwise determined by the special member, all certificates of membership and occupancy shall be sold for cash. In the event installment purchases are permitted, no more than eighty (80%) percent of the cost of a certificate may be financed. Installment purchasers shall receive Regular certificates of membership and occupancy upon full payment therefor.

(d) Upon the completion of the development of the property of the corporation, the total outstanding mortgage indebtedness upon all development, including townhouse apartment units, amenities, underground improvements, and utilities shall not exceed in the aggregate the total of the then outstanding installment purchase contracts (if any).

(e) During the course of construction and prior to the sale of all certificates of membership and occupancy of all dwelling units therein, the outstanding construction indebtedness may exceed the installment purchase contracts of certificates of membership and occupancy then outstanding but may not exceed eighty percent (80%) of the sales value of dwelling units which

are under construction or which are completed but unsold. A dwelling unit shall not be deemed to be under construction for this purpose merely because foundations have been completed.

Legal ?

(f) All sums received by the corporation from the original sale of certificates of membership and occupancy (whether as downpayment, total payment or installment payments upon such certificates) shall be forthwith remitted by the corporation to the development company. Any and all installment purchase contracts for certificates of membership and occupancy shall immediately, upon the execution and receipt of the same by the corporation, be assigned to the development company without recourse to this corporation and this corporation shall be given full credit by the development company against the purchase price of all improvements to the extent of the payment of all cash and assignment of installment purchase contracts.

(g) Under no circumstances shall any member-occupant not in default be responsible for the installment payment indebtedness of any member-occupant who is in default. The obligation of this corporation to the development company shall be limited, in the case of default by any installment purchase member-occupant, to payment by this corporation to the development company of the installment payments of any defaulting purchaser from the fund created therefor which fund may be used for this purpose in toto to satisfy the obligations of any one or more defaulting purchasers. In turn, however, and as a further proviso, it shall be the obligation of the development company to repay each and every such advance from such special fund so received by it within a period of eighteen (18) months from the date of payment of any one (1) or more advances so made by this corporation to the development company so that such installment payment account shall ultimately be restored in full. This provision and the fund created therefor is to permit this corporation, acting independently or in concert with the development company and/or the lessor under the corporation's ground lease (herein called the "landlord"), to take all necessary measures to expel and remove any defaulting installment member-occupant from membership in this corporation and to remove and to put out from his/her dwelling unit any such member so in default, and to replace such expelled and removed member-occupant with a qualified successor member-occupant as is provided otherwise in these Articles and/or in the By-Laws of the corporation.

Corp collects installment financing provided by developer

(h) The landlord and/or the development company will obtain all the necessary development, construction and permanent financing from its or their own resources and/or from a first mortgage loan upon assets consisting of the land owned by the landlord and the assets of the corporation, the lease and bill of sale being expressly subordinated for this purpose.