

**AMENDED BY-LAWS
OF
ARROWHEAD ASSOCIATION**

ARTICLE I

NAME AND LOCATION

The name of this Corporation is ARROWHEAD ASSOCIATION, hereinafter referred to as the “Association.”

ARTICLE II

DEFINITIONS

Section 1. “Association” shall mean and refer to the ARROWHEAD ASSOCIATION, a Michigan Non-Profit Corporation, its successors and assigns.

Section 2. “Owner” shall mean and refer to the record Owner of the fee simple title to a lot, whether one or more persons or entities, including land contract purchasers, but excluding those having such interest merely as security for the performance of an obligation. When more than one person or entity has an interest in the fee title of a lot, the interest of all such persons collectively shall be that of a single Owner.

Section 3. “Common Area” shall mean those areas of Land, if any, shown on a recorded Plat of the Subdivision (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, and shall include such additions of land as may hereafter be brought within the jurisdiction of the Association.

Section 4. “Lot” shall mean and refer to any numbered lot shown on any recorded Plat of the Arrowhead Subdivision(s), excepting therefrom any Common Areas so designated.

Section 5. “Restrictions” shall mean and refer to the Covenants, Conditions, and Restrictions, as recorded in Liber 640, Pages 938 through 955, inclusive, Grand Traverse County Records, and any and all amendments thereto, as recorded in the office of the Grand Traverse County Register of Deeds, State of Michigan.

Section 6. “Member” shall mean and refer to those persons entitled to membership in the Association, as provided in these By-Laws.

ARTICLE III

PROPERTY RIGHTS

Section 1. Every Owner shall have a right and easement of enjoyment in any Common Area, which shall be appurtenant to and shall pass with the title to every lot, whether or not specifically set forth in the deed of conveyance of said lot, subject to the following provisions:

A. the right of the Association to charge reasonable admission and other fees for the use of any improvement situated upon the Common Area;

B. the right of the Association to suspend the voting rights and the right to use the Common Areas by an Owner for any period during which any assessment against the Owner's lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of any published rules and regulations; and

C. the Common Area may be used for only those forms of activity approved by the majority of the lots, each lot having only one vote. No change shall be permitted to the Common Area which would alter the storm water and surface water retention and storage facilities constructed thereon without the express approval of the Township of Acme. Nothing in this paragraph, however, shall be construed to create an obligation to construct any improvements by the Association or the Company.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a lot in the Subdivision shall be a mandatory Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons collectively shall be Members, and the vote for each such Lot shall be exercised as they determine, provided that in no event shall more than one vote be cast with respect to any one Lot.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the administration of the Association shall constitute expenditures affecting the administration. Assessments shall be levied by the Association against each Owner. Assessments shall be used exclusively for the purpose of promoting health, safety, and welfare of the Owners of Lots in the Subdivision, including, but not limited to, the payment(s) of taxes and insurance, maintenance, repair and/or replacement of improvements of the Common Area and additions thereto, including the Subdivision entrance, walks, and for the cost of labor, equipment, materials, management, and supervision for and in connection with any Common Areas and the Association itself.

Section 2. Assessments shall be determined in accordance with the following provisions:

A. The Board of Directors of the Association may establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management, and maintenance, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs, and replacement shall be established in the budget and must be funded by regular payments. The Board shall carefully analyze all factors to determine what amount should be set aside for a reserve fund. Upon adoption of an annual budget by the Board of

Directors, copies of said budget shall be mailed to each Member, although the delivery of a copy of the budget to each Member shall not affect the liability of any Member for any existing or future assessments.

B. Should the Board of Directors at any time determine, that the assessments levied are or may prove to be insufficient:

1. to provide for the costs of operation and management of the Association;
2. to provide replacements or repairs of any Common Areas; or
3. to provide for costs in the event of emergencies;

the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it deems necessary.

C. Special assessments, in addition to those required above, may be made by the Board of Directors from time to time and approved by the Members. Special assessments referred to in this paragraph shall not be levied without the prior approval of more than sixty percent (60%) of all Members in value and in number.

Section 3. All assessments levied against the Members to cover expenses of administration shall be apportioned equally to all Lots. Annual assessments, as determined in accordance with this Article, shall be payable by Members commencing with acquisition of legal or equitable title to a Lot. The Assessment shall be paid by the Owners on a annual or quarterly basis.

Section 4. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full within 15 days after the due date for such payment. Assessments in default shall bear interest at the rate of seven percent (7%) per annum or the maximum rate allowed by law, whichever is greater, until paid in full. Each Member (whether one or more persons) shall be and remain personally liable for the payment of all assessments pertinent to his parcel or lot which may be levied while such Member is the owner thereof.

Section 5. No Member may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any Common Areas or by the abandonment of property subject to the Road Maintenance Agreement.

Section 6. Collection of Dues. All remedies discussed herein are cumulative and nothing herein shall limit the Association's right to use any legal means and remedy available against delinquent Owners.

A. Suit at Law or Equity. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of a lien that secures payment of assessments. Each Member, and every other person who, from time to time, has any interest in the property subject to the Road Maintenance Agreement and/or Declaration, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement, and further, to have authorized and empowered the Association to sell or to cause to be sold the parcel or lot with respect to which the assessment(s) is or are delinquent and to receive, hold, and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Notwithstanding anything to the

contrary, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by First Class Mail, postage prepaid, addressed to the delinquent Member(s) at his or their last known address, a written notice that one or more installments of the annual assessment levied against the pertinent parcel or lot is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be in recordable form, executed by an authorized representative of the Association and shall set forth the following: (1) the name of the Member of record thereof; (2) the legal description of the Property to which the notice applies; and (3) the amounts due the Association at the date of notice, exclusive of interest, costs, attorney fees, and future assessments. The notice shall be recorded in the office of the Register of Deeds prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. A receiver may be appointed in an action for foreclosure of the assessment lien, and to lease the Property and to collect and apply the rental therefrom. The Member is subject to foreclosure under this section, and any purchaser, grantee, successor, or assignee of the Member's interest is liable for assessments by the Association that become due before expiration of the period of redemption, together with interest, advances made by the Association for taxes or other liens to protect its lien, costs, and attorney fees incurred in their collection.

- B. Other Remedies. In the event of default by any Member in the payment of any installment of the annual assessment levied against his parcel or lot, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable.
- C. Costs. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney fees (not limited to statutory fees), and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Member in default and shall be secured by the lien on his parcel or lot(s). The Board may also adopt an administrative fee that relates to the increased cost of the association in the collection of delinquent dues.

Section 7. The purchaser of any property Lot may request a statement of the Association as to the outstanding amount of any unpaid assessments. Upon receipt of a written request to the Association, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such parcel or lot shall be deemed satisfied, provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such parcel or lot shall render any unpaid assessments, and the lien securing same, fully enforceable against such purchaser.

Section 8. Upon the sale or conveyance of a Member's Lot, all unpaid assessments against the Lot shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except: (a) amounts due the State of Michigan or any subdivision thereof for taxes or special assessments due and unpaid on the parcel or lot; or (b) payments due under first mortgages having priority thereto. Any purchaser or grantee who fails to request a written statement from the Association as provided herein, at least five (5) days before the sale, or arrange for the payment of any unpaid assessments against the Lot at the closing of the Lot purchase if such a statement was requested, shall be liable for any

unpaid assessments against the Lot, together with interest, costs, and attorney's fees incurred in connection with the collection thereof.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to mortgage foreclosure proceedings or a judgment of foreclosure, shall extinguish the lien of such assessments as to payments which became due prior to such foreclosure sale, but shall not relieve such Lot from liability for any future assessments thereafter becoming due, or from a lien thereafter created. Nothing herein shall be interpreted to limit the personal liability of Owners to pay post foreclosure.

ARTICLE VI

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within forty-five (45) days from one year from the date of incorporation of the Association. Thereafter, any meetings of members of the Association shall be held at such time and place as shall be determined by the Board of Directors.

Section 2. Special Meetings. It shall be the duty of the President to call any special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the members presented to the Secretary of the Association. Notice of any special meeting shall state the time and the place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Each Member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Such notice shall specify the place, day, and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. If the business of any meeting shall involve any change in the basis or maximum amount of the annual assessment set forth in Article V of the Declaration, or any special assessments therein authorized, notice of such meeting shall be given or sent as therein provided.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, thirty (30%) percent of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Restrictions, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting. The quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. Notice of subsequent meetings shall be held more than 45 days following the preceding meeting.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE VI - A

RESTRICTIONS

Section 1. Rental. Members may not rent their lot or any improvements thereon for any purpose whatsoever.

ARTICLE VII

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) Owners who must be Members of the Association. Directors shall serve without compensation.

Section 2. Term of Office. At the first annual meeting, and at each annual meeting thereafter, the members of the Association entitled to vote shall elect all five (5) Directors for a term of one (1) year. A Director shall hold office for the term for which he is elected and until his successor is elected and qualified, or until his resignation or removal.

Section 3. Removal. At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by majority of the Members and a successor may then and there be elected to fill the vacancy thus created.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by the vote of the majority of the remaining Directors, even though they may constitute less than a quorum. In the event that there are no remaining Directors, the Association shall fill vacancies. Each person, so elected, shall be a Director until a successor is elected.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VIII

MEETINGS OF DIRECTORS

Section 1. Place of Meeting. The Directors may hold their meetings in such place or places within this State as a majority of the Board of Directors may from time to time determine. Such meetings may be held by conference call if agreed to by the majority of the Board.

Section 2. Meetings. Meetings of the Board of Directors may be called at any time by the president or the secretary or by a majority of the Board of Directors. The Directors shall be notified in writing of the time, place, and purpose of all meetings of the Board at least three (3) days prior to the date scheduled for said meeting, with the exception of the annual meeting of the Board of Directors, for which no notice shall be provided, and which shall be held immediately after the annual meeting of the members. Attendance of a Director at a meeting constitutes a waiver of notice of said meeting, except where the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 3 . Quorum. A majority of the Members of the Board then in office constitutes a quorum for the transaction of business. The vote of the majority of members present at a meeting at which a quorum is present constitutes the action of the Board, provided that amendment of the By-Laws by the Board of Directors requires the vote of not less than a majority of the members of the Board then in office.

Section 4. Action Without a Meeting. Any action which might be taken at a meeting of the Board may be taken without a meeting if before or after the said action all members of the Board consent thereto in writing. The written consents shall be filed with the Minutes of the proceedings of the Board. The consent has the same effect as a vote of the Board for all purposes.

ARTICLE IX

POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power in addition to any and all powers confined by Statute, to:

- A. Adopt and publish rules and regulations governing the use of the Common Area(s) and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- B. Suspend the voting rights and right to use of any Common Areas of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of the published rules and regulations;
- C. Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, and the Restrictions;
- D. Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be sent from three (3) consecutive scheduled meetings of the Board of Directors; and
- E. To delegate to the appropriate officers the carrying out of its policies and directives.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- A. Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
- B. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
- C. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate

states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

- D. Procure and maintain adequate liability and hazard insurance on property owned by the Association; and
- E. Cause the Common Area(s) to be improved, maintained, and preserved, as is more fully defined in the Declaration.

ARTICLE X

OFFICERS

Section 1. The principal officers of the Association shall be a president, who shall be a member of the Board of Directors, a vice-president, secretary and a treasurer. Directors may appoint an assistant treasurer and an assistant secretary and such other officers as, in their judgment, may be necessary. Any two offices, except that of president and vice-president, may be held by one person.

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

Section 3. Upon affirmative vote of the majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association. He shall have all of the general powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may, in his discretion, deem appropriate to assist in the conduct of the affairs of the Association.

Section 5. The vice-president shall take the place of the president and perform his duties whenever the president shall be absent and unable to act. If neither the president nor the vice-president is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The vice-president shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Directors.

Section 6. The secretary shall keep the minutes of all the meetings of the Board of Directors and the minutes of all the meetings of the members of the Association; he shall have charge of the books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the secretary.

Section 7. The treasurer shall have responsibilities for the Association's funds and securities and shall be responsible for keeping full and accurate account of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories, as made, from time to time, be designated by the Board of Directors.

Section 8. The officers shall have other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

Section 9. Any of the following officers, President, Vice-President, Secretary, or Treasurer may sign any contracts of the Association unless otherwise provided by the Board of Directors.

ARTICLE XI

FINANCE

Section 1. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses, if any, and any other expenses incurred by or on behalf of the Association and the Members. Such accounts and all other Association records shall be open for inspection by the Members and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Member at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors, provided, however, that such auditors need not be certified public accountants, nor does such audit need to be a certified audit. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 2. The fiscal year of the Corporation shall be an annual period commencing on such date as may be initially determined by the directors. The commencement date of the fiscal year shall be subject to change by the directors for accounting reasons or other good cause.

Section 3. The funds of the Corporation shall be deposited in such bank as may be designated by the Board of Directors and shall be withdrawn only upon the check or order of such officers, employees, or agents as are designated by resolution of the Board of Directors from time to time.

ARTICLE XII

COMMITTEES

The Board of Directors may appoint such committees as deemed appropriate in carrying out its purposes.

ARTICLE XIII

PROXIES

Section 1. At all meetings of members, each member entitled to vote may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his Lot.

ARTICLE XIV

CORPORATE SEAL

No seal shall be required to be adopted as the corporate seal of this Association for the regular conduct of its business. In the event a seal should be required for any transaction, then any blank corporate seal may be utilized as the seal for this Association.

ARTICLE XV

AMENDMENTS

Section 1. These Bylaws may be amended by the Association at a duly constituted meeting for such purpose, by affirmative vote of a simple majority of the Members present in person, by proxy or by written vote.

Section 2. Amendment to these By-laws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the directors or by one-third (1/3) or more in number of the members of the Association or by an instrument in writing signed by them.

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

Section 4. Any amendment to these Bylaws shall become effective upon adoption of the same in accordance with this Article.

Section 5. A copy of each amendment to these Bylaws shall be furnished to every member of the Association after adoption.

Section 6. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in case of any conflict between any Declaration of Restrictions (as defined herein); Declaration of Covenants and Restrictions; and these By-Laws, the Declaration of Covenants and Restrictions recorded in Liber 550, Pages 645 through 668 and any Amendments to said documents shall control.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and every officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason

of his being or having been a director or officer of the Corporation, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, provided that, in the event of any claim for reimbursement or indemnification hereunder, based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification of which it has approved, the Board of Directors shall notify all Members thereof.

ARTICLE XVIII

COMPLIANCE

These By-laws are set forth to comply with the requirements of Act 162 of the Public Acts of Michigan of 1982, as amended. In the event any of these By-laws conflict with the provisions of said statute, the provisions of the statute shall control.