

NORTHVILLE COLONY ESTATES ASSOCIATION, INC

BY-LAWS

Version 3
January, 2003

ARTICLE I – DESCRIPTION

These By-Laws are set forth to regulate the conduct of business within Northville Colony Estates Association, Inc., herein called the "Association". It shall be a non-profit Michigan Corporation. Its mailing address shall be Post Office Box 144, Northville, Michigan 48167.

ARTICLE II -- PURPOSES

The purposes for which the Association is formed are as follows:

- 1) To exercise all of the powers of the Lot Owners' Association as described and set forth in the various declarations of restrictions applicable to members of the Association.
- 2) To supervise and maintain the Parcels described as Out lot A of Northville Colony Estates, a subdivision of part of the Southeast One Quarter of Section 14, Town 1 South, Range 8 East, Northville Township, Wayne County, Michigan, the plat whereof has been recorded in Liber 90 of Plats, Pages 45 to 46, Wayne County Records, pursuant to Building and Use Restrictions recorded in Liber 16628, Page 250; #2 recorded in Liber 18001, Page 840, Register #F-687436, Wayne County Records.
- 3) To promote the welfare of Its members by maintaining and beautifying the subdivision in which its members are located, by enforcing building and use Restrictions, by representing its members before governmental boards or bodies, by promoting social and recreational activities and by engaging in such other activities as are incidental thereto and not forbidden by the laws of the State of Michigan and with all the powers conferred upon corporations by the laws of the State of Michigan.

ARTICLE III -- MEMBERSHIP

1) Definition of Membership: The owners of a lot or lots in Northville Colony Estates, which is located in the Southeast One Quarter of Section 14, Town 1 South, Range 8 East, Northville Township, Wayne County, Michigan, shall be the members of the Association. Membership in said Association shall be mandatory for each owner in Northville Colony Estates and/or their successors and assigns.

A member shall be defined as every person or entity who or which is a record owner of a fee or undivided fee interest, in any lot included within the purview of this Association, but not including owners who have sold their interest under executory land contract. During such time as such land contract is in force, the land contract vendee shall be considered to be the member of the Association.

2) Voting Rights of Membership: One vote shall be assigned to each home site. This single vote is independent of the number of platted lots contained therein, or the number of owners of the property. Thus each household shall be entitled to cast one vote.

ARTICLE IV -- FINANCES

1) Fiscal Year: - The Fiscal Year of the Association shall begin August 1 and end July 31 of the following year.

2) Maintenance Fund: - Each member, as defined in Section 1 of Article III, must pay to the Association the annual per lot maintenance charge, which charge shall become due and payable annually on the first day of January in each year. Annual per lot maintenance charges, including those from prior years, not paid by January 31 in each year shall be

subject to a one percent per month, compounded monthly, finance fee beginning January 31 of the following year. In no case will a resident be required to pay dues for years prior to the year of closing on the house.

The annual maintenance charge shall be Eighty Dollars (\$80.00) per year. This charge may be adjusted from year to year as the need of the property may, in the judgment of the Board of Directors, require. The annual maintenance charge can be raised only upon a majority vote of the Board of Directors of the Association. This vote may occur only at a duly noticed Annual Meeting of the Association. In no event, however, shall the charge be raised over Eighty Dollars (\$80.00) per lot, except by the approval and consent in writing of Seventy-Five percent (75%) of the members of the Association. Approval shall make any such additional maintenance charge binding upon all members of the Association.

The maintenance fund shall be used for such of the following purposes as the Board of Directors shall determine necessary and advisable:

- For improving, maintaining, and purchasing new equipment for Out lot A (Park) of Northville Colony Estates, and entrance ways included within the Association;
- for planting trees and shrubbery and the care thereof,
- for collecting and disposing of garbage, ashes and rubbish in the park or entrance ways;
- for removing grass or weeds in the park and subdivision entrance ways;
- for constructing, purchasing, maintaining or operating any community service or for doing other things necessary or advisable in the opinion of the Board of Directors for keeping the property neat or in good order;
- for expenses incident to the administration of plans and to the enforcement of building restrictions, conditions, obligations, reservations, rights, powers and charges as applicable to the subdivision;
- for the expenses of operating the Association, including postage, rental of meeting quarters, legal fees, insurance coverage for the Association and members of the Board of Directors for acts done within the scope of their duties as members of the Board of Directors of the Association, filing and franchise fees and other expenses necessary or incidental to the operation of a corporation.

Expenditures for new equipment or improvements, in excess of Fifty Dollars (\$50), but less than One Thousand Dollars (\$1000) per expenditure, shall be approved by a majority of a quorum of the Board of Directors. Expenditures for new equipment or improvements in excess of One Thousand Dollars (\$1000) shall be approved by a majority of eligible voters attending either a regular or special meeting. Written notice of the proposed expenditure in excess of One Thousand Dollars (\$1000) must be given to the members in the notice as required by these By-Laws, of the regular or special meeting. Regular and necessary maintenance is not subject to the above limitations.

Total annual expenditures for new equipment or improvements shall not exceed Association cash assets minus projected annual maintenance costs. Expenditures of any type may in no way jeopardize the good financial standing of the Association.

3) Special Assessments: Special assessments may be levied by the Board of Directors for the purpose of activities within the general powers of the Association, but not within the specific purposes, for which the maintenance fund may be used, including, but not limited to, indemnification of members of the Board of Directors as described in Article VI. No special assessments shall be levied against the members of the Association without having the approval of at least Two-Thirds (2/3) of the eligible voters attending either a regular or special meeting. In no case shall special assessments exceed Two Hundred Dollars (\$200) in any one fiscal year.

4) Liens: The annual maintenance charge and any special assessments of the Association shall be a lien and encumbrance of the land with respect to which the charges are made. A certification in writing issued by the Treasurer of the Association shall be given on demand to any member liable for said charges setting forth the status of all unpaid charges. The Association shall have the power and right in its own name to take and prosecute all suits, legal, equitable or otherwise, which may, in the opinion of the Board of Directors, be necessary or advisable for the collection of such charges and to take such other steps as it deems expedient to impose said lien upon said land. Any member in arrears for any maintenance fee or special assessment shall also be liable for the costs and expenses (including attorneys' fees) of the Association to collect such unpaid amounts. Such costs and expenses shall also be a lien and encumbrance on the land with respect to which the costs and expenses are incurred.

5) Failure to Pay Fees or Assessments: Any members who shall be Ninety (90) days or more In default in the payment of the annual maintenance charge or In the payment of any special assessments shall not be members in good

standing and shall not be entitled to vote at any meeting of the Association, nor to hold office In the Association, nor be a member of any committee, until all such delinquencies have been paid.

6) Loans: No loans for any purpose whatsoever may be secured in the name of, or on behalf of, the Association.

7) Monetary Fines for Violations of Restrictions Requirements: A system of monetary fines shall be implemented, based on violations of rules stated in the Restrictions. Fines not to exceed \$100 annually may be assessed to any homeowner who is in persistent violations of an item in the Restrictions. Assessment of fines will be based on a majority vote of the Board of Directors, and will only be implemented following written notification, and reasonable time given to remedy the violation in question. Fines may be reissued annually if the owner is continually in noncompliance. Fines are payable by Dec 31 of the year of issue. Late fines will be charged an annual interest fee at market rates.

Priority of payment: Monies received by the Board will be attributed in the following priority:

- 1) Fines.
- 2) Legal fees incurred by the Board, as pertain to enforcing payment of monies owed the Association.
- 3) Special assessment.
- 4) Annual maintenance fee.

ARTICLE V -- MEMBERS MEETINGS

1) Annual Meeting: An Annual Meeting of the Association shall be held during the month of September each year. Written notice of the time, place, and purposes of the Annual Meeting of the Association shall be given not less than Ten (10) but not more than Sixty (60) days to each member of record entitled to vote at the meeting. Such notice may be by mail or included by being prominently displayed in the Association Newsletter, delivered by hand or mailed.

2) Order of Business at Annual Meeting: The order of business at the Annual Meeting of the members shall be as follows:

- (a) Roll call
- (b) Reading of notice
- (c) Reading of minutes of last preceding meeting
- (d) Report of President
- (e) Report of Secretary
- (f) Report of Treasurer
- (g) Reports from Committee Chairpersons
- (h) Election of Directors
- (i) Transaction of old business
- (j) Transaction of new business
- (k) Adjournment

Provided that, in the absence of any objection, the presiding officer may vary the order of business at his or her discretion.

3) Special Members' Meetings: A special meeting of the members may be called at any time, by the President, or by a majority of the Board of Directors or upon the request of Fifty (50) eligible voters, when submitted in writing to the Secretary.

4) Notice of Special Meetings of Members: At least Fourteen (14) days prior to the date of any special meeting, written notice of the time and place of such meeting shall be delivered to each residence. The notice of a special meeting shall state the matters to be considered. No action may be taken on any matter not set forth in the notice of special meeting.

5) Meeting Attendance: Attendance of a member at any meeting of the Association constitutes waiver of notice of the meeting, except when the member 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.

6) Quorum: Twenty-Five (25) eligible voters shall constitute a quorum for the transaction of business at any membership meeting. Once a quorum is established, the members present at such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. Whether or not there is a quorum, the meeting may be adjourned by a vote of the members present.

7) Minutes: Summarized minutes of all regular and special meetings of the membership and of the Board of Directors shall be distributed to all members at least Two (2) times annually. A complete set of minutes will be available for review by any member upon request.

ARTICLE VI -- BOARD OF DIRECTORS

1) Number and Terms of Directors: The business, property and affairs of the Association shall be managed by a Board of Directors composed of Seven (7) persons. The Directors shall be elected by a majority vote of a quorum of members at a regular or special meeting called for that purpose. Directors shall be elected to fill expiring places on the Board for full Two (2) year terms.

2) Vacancies: Vacancies on the Board of Directors shall be filled by appointment made by the remaining Directors. Each person so appointed shall serve for the remainder of the term of the Director replaced. In the event that a replacement cannot be found within a reasonable time, an officer may assume the role of any non-officer position.

3) Action by Unanimous Written Consent: If and when all the Directors shall severally or collectively unanimously consent in writing to any action to be taken by the Association, such action shall be as valid corporate action as though it has been authorized at a meeting of the Board of Directors.

4) Power to Elect Officers: The Board of Directors shall select four officers: a PRESIDENT, a VICE PRESIDENT, a SECRETARY, a TREASURER, all from members of the Board of Directors. Said Officers shall hold their respective offices for a period of One (1) year or until their respective successors are so selected and qualify.

5) Power to Appoint Other Officers and Agents: The Board shall have the power to appoint such other officers and agents as the Board may deem necessary for the transaction of the business of the Association.

6) Meetings of the Board of Directors: Meetings of the Board of Directors shall be held, at such times and places, as the majority of the Board of Directors determines is necessary to transact the business of the Association. Special meetings of the Board of Directors may be called at any time by the President or Secretary, or by a majority of the Board of Directors. Directors shall be notified verbally or in writing of the time and place of the special meeting at least Three (3) days prior thereto. Any Director shall, however, be deemed to have waived such notice by attendance at any meeting, unless a Director 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.

7) Quorum: Four (4) of the Board of Directors shall constitute a quorum for the transaction of business.

8) Compensation: No Director or Officer, except the Secretary and Treasurer, shall receive any salary or compensation for his or her services to the Association (except the indemnification of Directors and Officers, by insurance or otherwise, as provided in this Article VI, Sections 9, 10, 11, 12 and 13), unless otherwise specially ordered by the Board of Directors or by these By-Laws, and approved by Two-Thirds (2/3) of the eligible voters, in person, at a regular or special meeting of the membership. In consideration of services rendered, the Secretary and Treasurer shall receive a compensation equal to the amount of the annual maintenance charge.

9) Indemnification of Directors and Officers: The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact the person is or was a Director, Officer, Employee or Agent of the corporation against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association or its members, and with respect to any criminal action or proceeding, had no reasonable cause to believe that the conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of

itself create a presumption that the person did not act in good faith and in a manner which the person reasonably believed could be in or not disposed of the best interest of the Association or its members and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

10) Indemnification of Directors and Officers: The Association shall indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending, or completed action or suit, by or in the right of the Association to procure a judgment in its favor by reason of the fact that the person was or is a Director, Officer, Employee, or Agent of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best Interest of the Association or its members and except that no indemnification shall be made in respect to any claim, issue, or matter as to which such person shall have been judged to be liable for negligence or misconduct in the performance of a duty to the Association unless and only to the extent that the Court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all circumstances that the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court shall deem proper.

11) Indemnification of Directors and Officers: The Association shall indemnify any person who is or was a party to or is threatened to be made a party to any pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (including an action by or in the right of the Association) by reason of the fact that the person is or was a Director, Officer, Employee, or Agent of the Association against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith, to the extent the person has been successful on the merits or otherwise. If any such person has been only partially successful on the merits or otherwise, the person shall be indemnified against expenses as stated above to the extent the person has been successful.

12) Authorization of Indemnification: Any indemnification under Sections 9, 10 or 11 (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, Officer, Employee, or Agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Sections 9 or 10. Such determination shall be made in any of the following ways:

- (a) By the Board by majority vote of a quorum consisting of Directors who are not parties to such action, suit, or proceeding; or
- (b) If such quorum is not obtainable, or even if obtainable, a majority of a quorum of disinterested Directors so direct, by independent legal counsel in a written opinion; or
- (c) By a majority vote of members attending and entitled to vote at a regular or special meeting.

13) Payment of Expenses Prior to Authorization: Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Sections 9, 10, or 11 may be paid by the Association in advance of the final disposition of such suit, action, or proceeding in the manner authorized in Section 12 upon receipt of an undertaking by or on behalf of the Director, Officer, Employee or Agent to repay such amount unless it shall ultimately be determined that the person is entitled to be indemnified by the Association.

14) Insurance: The Board of Directors may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, Employee, or Agent of the Association against any liability asserted against the person and incurred by the person in such capacity or arising out of the person's status as such, whether or not the Association has the power to indemnify the person against such liability in Sections 9, 10, or 11 of these By-Laws.

ARTICLE VII -- OFFICERS

1) Terms: Officers shall hold their respective offices for a period of One (1) year or until their respective successors are so selected and qualify.

2) President: The President shall be the chief executive officer of the Association. He or she shall preside over all meetings of the Board and of the members. He or she shall have general and active supervision of the business of the Association subject, however, to the right of the Board of Directors to delegate any specific power except such as may

be by statute exclusively conferred upon the President, to any other Officer or Director of the Association. The President shall be ex-officio a member of all committees.

3) Vice President: In case the office of President shall become vacant by death, resignation or otherwise, or in case of the absence of the President or disability to discharge the duties of the office, such duties shall, for the time being, devolve upon the Vice President. Normally, the Vice President shall do and perform such acts as the Board of Directors may, from time to time, authorize him or her to do.

4) Secretary: The Secretary shall attend all meetings of the members and of the Board of Directors and shall preserve in books of the Association true minutes of the proceedings of all such meetings. He or she shall give all notices required by statute, these By-Laws or Board of Directors' resolution. The Secretary shall perform such other duties as may be delegated to him or her by the Board of Directors.

5) Treasurer: The Treasurer shall have custody of all corporate funds and shall keep in books belonging to the Association full and accurate accounts of all receipts and disbursements. He or she shall deposit all moneys in the name of the Association in such depositories as may be designated for that purpose by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Board of Directors, at meetings of the Board, and at the Annual Meeting of the members an account of the financial condition of the Association. The Association shall acquire a Treasurer's bond to insure the faithful performance of his or her duties. All checks paying out Association funds shall be signed by the Treasurer and countersigned by another member of the Board of Directors designated as an authorized signatory for such purpose. At the close of each fiscal year the Treasurer shall prepare and sign an annual financial report, covering the fiscal year then ending.

ARTICLE VIII -- COMMITTEES

Committees as required to conduct the business of the Association may be appointed by, and report to, the Board of Directors. Subject to the approval of the Board of Directors, the President shall have the authority to appoint Committee Chairpersons.

A resident other than a member of the Board may be a member of no more than Two (2) committees at one time. The Association President is an ex-officio member of all committees. Residents must be Association members in good standing (ref.: Article IV, Section 5) in order to be on a committee. A Committee Chairperson may not chair more than Three (3) committees at the same time.

ARTICLE IX -- AMENDMENTS

These By-Laws may be amended, altered, changed, added to or repealed by the affirmative vote of Two-Thirds (2/3) of votes cast, either in person at any regular or special meeting, or in writing via a written and signed Ballot sheet, if notice of the proposed amendment, alteration, change, addition or repeal be contained in the notice of the meeting, and delivered to each household not less than 14 days prior to the vote.

Furthermore, no amendments may be made to these By-Laws which would contradict, restrict, or otherwise conflict with any of the matters contained in Restriction recorded for the subdivision included within the jurisdiction of this Association.

ARTICLE X -- RECALL

The holder of any elective office, whether or not succeeding thereto by appointment or otherwise, may be removed from office at any meeting of the members. Notice of the proposed removal shall be included in the notice of the meeting as required by these By-Laws. Removal shall be made upon an affirmative vote, by roll call, of the majority of a quorum of members.

END OF DOCUMENT.