

**STONEWATER
HOMEOWNERS ASSOCIATION**

BYLAWS

ARTICLE 1

PURPOSE

Stonewater Homeowners Association, a Michigan nonprofit corporation, herein referred to as the "Association," is organized under the applicable laws of the State of Michigan for those specific and general purposes set forth in the Association's Article of Incorporation. In furtherance of such purposes, the Association shall promote and maintain the common areas located within the Stonewater Subdivision (the "Subdivision"), and shall provide maintenance services with respect to said common areas within the Subdivision (the "Common Areas") to which reference is made in that certain Declaration of Covenants and Restrictions recorded in Wayne County Records, as amended. All terms used and not otherwise defined herein shall have the same meaning as set forth in the Declaration.

ARTICLE II

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Lot Owner shall be a Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment hereunder. Optionees or land contract vendees of Declarant shall not be Members of the Association, but shall be fully responsible for all assessments and charges imposed hereunder against the Lots purchased. No Lot Owner, whether one or more persons, shall have more than one (1) membership per Lot owned. In the event a Lot Owner is more than one person entity, votes and rights of use and enjoyments shall be as provided herein.

Section 2. Voting Rights. Each Member shall be entitled to one (1) vote for each Lot owned. When more than one person or entity holds an interest in any Lot ("multiple ownership"), all such persons shall be Members but in no event shall there be more than one vote cast with respect to any such Lot. When more than one person or entity holds an interest in any Lot, such vote shall be exercised as the holders of such interests may, among themselves, agree and they shall so notify the Association in writing prior to any vote. Where a Lot is subject to multiple ownership, and the Lot Owners fail or refuse to notify the Association of the manner in which the multiple owners shall exercise their single vote within fifteen (15) days of the date set for the meeting, then and in such event the Lot Owner whose name first appears on record title shall be deemed the Member authorized to vote on behalf of all the multiple Lot Owners and any

vote cast in person or by proxy by said Lot Owner or the failure of said Lot Owner to vote shall be binding and conclusive on all multiple Lot Owners.

Notwithstanding the foregoing, no Member, other than Declarant, shall have the right to vote on Association matters, and the Declarant shall have the exclusive right to appoint the Board of Directors of the Association, and to amend the Declaration, all in Declarant's sole and absolute discretion, until the earlier to occur of: (a) such time as Declarant has sold, closed and conveyed title to not less than ninety-five percent (95%) of the total of the Lots in the Subdivision and the lots in any other actual or proposed subdivision which has been or which might thereafter be combined with or annexed to the Subdivision pursuant to the Declaration; and (b) such time as Declarant shall execute and deliver to the Association a written instrument executed by Declarant specifically relinquishing such exclusive voting rights. For the purposes of this paragraph, a sale and conveyance shall be deemed to have occurred only when a lot and home have been sold for occupancy. From and after the earlier of such dates, the Board of Directors shall be elected by the Members, and the Declarant shall have no further responsibilities with respect to the Association except for its responsibilities as a Member of the Association so long as it remains a Lot Owner.

Section 3. Active Members. Notwithstanding Section 1 of this Article II, only eligible individuals who have currently paid any and all dues and/or assessments levied by the Association within the time periods for making such payments shall be considered active members of the Association. Only active members shall be eligible for election or appointment as directors or officers of the Association, or for membership on an Association committee. Only active members shall be entitled to vote on any matter coming before the Association for decision. As used herein, the term "member" means only an active member.

ARTICLE III

DUES AND ASSESSMENTS

Section 1. Annual Assessments. Until January 1 of the year immediately following The first conveyance of Declarant of a Lot to a Lot Owner who is a Member of the Association, the minimum annual assessment shall be Five Hundred Dollars (\$500.00) per Lot.

(a) From and after January 1 of the year immediately following the first conveyance by Declarant of a Lot to a Lot owners who is a Member of the Association, the maximum annual assessment may be increased or decreased annually as may be determined by the Board of Directors of the Association (the "Board of Directors). Notwithstanding the foregoing, in no event shall the annual assessment be increased during any calendar year by more than twenty-five percent (25%) of the annual assessment levied in the preceding calendar year except with the written consent of the Declarant or, after conveyance of ninety-five (95%) of the Lots in the Subdivision and the lots in any other actual or proposed subdivision which has or may in the future be combined with or annexed to the Subdivision, by a vote of two-third (2/3) of each of

the Members of the Association who are voting in person or by proxy, at a meeting duly called for this purpose.

(b) In the event the Board of Directors does not or cannot agree on any change from and after January 1 of the year immediately following the first conveyance of a Lot to a Lot owner who is a Member of the Association, then and in such event the annual assessment shall continue at the rate of Five Hundred Dollars (\$500.00) per Lot, or such other annual rate hereafter established by Declarant pursuant to these Bylaws; provided, however, that in the event of any annual deficit, the Board of Directors of the Association shall assess each Lot pro rate annually to pay any such deficits.

Section 2. Special Assessments. In addition to the annual assessments provided for herein, the Association may levy special assessments applicable to an assessment year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement to a Common Area, provided, however, that any such special assessment shall first be approved by two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose and who have the right to use the Common Area as provided elsewhere herein.

Section 3. Uniform Assessment Rate. All annual, special and deficiency assessments shall be fixed and established at the same rate for all Lots except to the extent the Declarant establishes Limited Common Areas, the costs and expenses of which shall be assessed only to the lot Owners having use rights in the Limited common areas.

Section 4. Charges for Compliance with Ordinances, Laws, Rules or Regulations and Street Cleaning. Each Lot, during and immediately after construction of any Structure on the Lot, is subject to such charges as are necessary to defray the cost of street cleaning and to pay any other costs imposed by the Township or any other governmental entity on the Declarant or the Subdivision that are directly or indirectly related to construction activities on Lots in the Subdivision. Any cost imposed by the Township or any other governmental entity on the Declarant or the Subdivision that directly or indirectly relates to the construction activities on one or more Lots shall be assessed against, and shall be payable by, the Lot Owners (or land contract or option purchasers form Declarant) of the Lots which the costs are attributable.

Section 5. Effect of Non-Payment of Assessments or Charges, Personal Obligation or the Lot Owner and Liens and Remedies of the Association. In the event any assessment or charge is not paid on the due date then such assessment or charge shall become delinquent and a lien therefor shall thereupon arise and shall, together with interest thereon and costs of collection therefor (as hereinafter provided), be and become a continuing lien on such Lot until paid in full, and such lien shall be binding upon the Lot, the Lot Owner thereof and his or her heirs, personal representatives, successors and assigns. Such assessments and charges shall also be a personal obligation and debt of each Lot Owner and shall be binding upon each Lot Owner and remain the Lot Owner's obligation and debt for the statutory period. Any prospective successor or assign in or to title may obtain from the Association a written statement as to any unpaid assessments and

charges on such Lot and such statement shall be binding upon the Association. In the event the assessment is not paid in full within thirty (30) days after delinquency, the assessment shall bear interest from the date of delinquency at the rate of seven (7%) percent per annum and the Association may bring an action at law against the Lot Owner personally obligated to pay the same or foreclose the lien against the Lot, and the costs of preparing and filing the complaint in such action and/or in connection with the foreclosure (including the Association's attorney fees) shall be added to the amount of such assessment(s) and interest, and, in the event a judgment is obtained, the judgment shall include interest on the assessment(s) as above provided and reasonable attorney's fees together with all costs and expenses of the action.

ARTICLE IV

MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at a suitable place convenient to the members as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Declaration, Articles of Incorporation, these Bylaws, or the laws of the State of Michigan.

Section 2. Annual Meetings. Annual meetings of members of the Association shall be in the month of September each succeeding year (commencing the third Tuesday of September of the calendar year following the year in which the first annual meeting is held) on a date and at such a time and place as shall be determined by the Board of Directors. At such meetings there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of these Bylaws. The members may also transact at annual meetings such other business of the Association as may properly come before them.

Section 3. Term. At the first annual meeting the members shall elect three candidates having the most votes for a term of two (2) years and two (2) candidates have the next most votes for a term of one (1) year. At each annual meeting thereafter, members shall elect directors, whose term has expired, for a term of two (2) years.

Section 4. Special Meetings. It shall be the duty of the President to call a 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, but only after the first annual meeting has been held. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice and Quorum. Written notice of any membership meeting called for any purpose hereunder shall be sent by first class mail to all Members at least twenty (20) days in advance of such meeting, and shall set forth the purposes thereof. At the first meeting of the Association, the presence of Members or of proxies entitled to cast thirty-five percent (35%) of all votes of the Members shall constitute a quorum. In the event the required quorum is not present at such meeting, another meeting may be called, upon notice as set forth herein, and the required quorum at such subsequent meeting shall be fifty percent (50%) of the required quorum at the preceding meeting.

Section 5. Action Without Meeting. Any action may be taken at a meeting of members (except the election or removal of directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 of this article for the giving of notice of meeting of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of votes which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 6. Minutes: Presumption of Notice. Minutes or a similar record of the preceding of meeting of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matter set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Board of Directors' Duties: Indemnity. Subject to the foregoing provisions, the Board of Directors of the Association, which shall consist of at least three (3) and not more than fifteen (15) persons, shall fix the amount of the assessments against each Lot for each assessment period at least thirty (30) days in advance of such date or period and shall prepare a roster of the Lots and the assessments applicable thereto to be maintained in the office of the Association and which shall be open to inspection by any Lot Owner at all reasonable times. Written notice of the assessment shall there upon be sent to every Lot Owner subject thereto and the Association, shall upon demand and payment of a reasonable charge, furnish to any Lot Owner liable for such assessment a certificate in writing signed by an officer of the Association, which state whether such assessment has been paid and the amount of any due but unpaid assessments. To the fullest extent permitted by law and as more fully set forth in the by-laws of the Association, the Association shall defend, indemnify and hold harmless each member of the Board of Directors against all liability, costs and expenses (including attorney's fees) incurred in the course of or as a result of their conduct in their capacity as members of the Board of Directors excepting only fraud and other forms of willful wrongdoing. The Association shall maintain insurance for such purpose

Section 2. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be expenses of administration.

ARTICLE VI

OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, a Secretary and a Treasurer, who shall be members of the Board of Directors. The directors may appoint such other officers as in their judgment may be necessary.

(a) President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Association and of the Board of Directors. The President 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 in the President's discretion as may be deemed appropriate to assist in the conduct of the affairs of the Association.

(b) Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association and shall have charge of the corporate seal and of such books and papers as the Board of Directors may direct; and shall, in general, perform all duties incident to the office of the Secretary.

(c) Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposits of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. 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. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and the officer's successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICE VII

FINANCE

Section 1. Fiscal Year. The fiscal year of the Association shall be an annual period commencing of such date as may be initially determined by the Board. The commencement date of the fiscal year shall be subject to change by the Board for accounting reasons or other good cause.

Section 2. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Board and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by the resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, incurred by or imposed upon the director or officer in connection with any proceeding to which the director or officer may be a party, or may become involved, by reason of the director or officer being or having been a director or officer of the Association, whether or not 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 or wanton misconduct or gross negligence in the performance of such director's or officer's 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 Association. The foregoing right for the 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 which it has approved, the Board of Directors shall notify all members thereof. Further, the Board of Directors is authorized to carry directors' and officers' liability insurance covering acts of the directors and officers of the Association in such amounts as it shall deem appropriate.

ARTICLE IX

AMENDMENTS

Section 1. Method. These Bylaws may be amended by the Association, at a duly constituted meeting or in writing, by affirmative vote of majority of the Members entitled to vote.

Section 2. Proposed. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of a majority of the Directors or by one-third (1/3) or more in number of the active Members of the Association whether meeting as active Members or by instrument in writing signed by them.

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

Section 4. Distribution. A copy of each amendment to these Bylaws shall be furnished to every active member of the Association after adoption; provided, however, that any amendment adopted in accordance with this Article shall be binding upon all Members irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE X

SEVERABILITY

In the event that any of the terms, provisions or covenants of the Bylaws are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.