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BY-LAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

**Section 1:** Birch Lodge Association, located in the Township of Beaugrand, County of Cheboygan, Michigan, shall be administered by an association of co-owners which shall be an incorporated voluntary not-for-profit corporation hereinafter called the "Association," organized under the applicable laws of the State of Michigan and responsible for the management, maintenance, operation, and administration of the common elements, easements and affairs of the Association in accordance with these By-laws. All co-owners in the Association and all persons using or entering upon or acquiring any interest in any unit therein or the common elements thereof, shall be subject to the provisions and terms set forth in the aforesaid documents.

Birch Lodge Association common elements are defined in Article IX.

Included in the common elements are all septic tanks, drainfields, septic drain pipes from units to tanks, well(s) and pump(s), water pipes, electric lines and gas lines, gas meters, propane tanks, driveways, parking areas, recreation room, all land and beach as designated on the association plan which is attached hereto, incorporated herein and labeled Exhibit A.

**Section 2:** Membership in the Association and voting by members of the Association shall be in accord with the following provisions:

- a. The Association consists of members representing shares of stocks, there being a total number of eight (8) shares of ownership which represents the eight units within the Association which shall entitle the owner to a specific unit of the eight units.
- b. Each co-owner shall be a member of the Association and no other person or entity shall be entitled to membership and multiple ownership of one unit shall be considered one member.
- c. The share of a co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his/her/their unit as an undivided one-tenth interest.

d. Except as limited in the By-Laws, each co-owner shall be entitled to one (1) vote for each owned share of stock. If a co-owner owns two (2) units, he or she shall have two votes, etc.

e. No co-owner other than the developer shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a share of stock representing a unit. No co-owner other than the developer shall be entitled to vote prior to the First Annual Meeting of the Members. The vote of each co-owner may only be cast by the co-owner or representative designated by such co-owner as required in subparagraph f below or by proxy given by such co-owner.

f. Each co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such co-owner. Such notice shall state the name and address of the individual representative designated, the number of numbers of units owned by the co-owner, the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the co-owner. The individual representative designated may be changed by the co-owner at any time by filing a new notice in the manner herein provided.

g. Special meeting may be requested by the Board of Directors or by written request from 2/3 of the co-owners by unit qualified to vote.

h. The presence in person or by proxy of 2/3 in number of the co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association except for any meeting which may require 100% presence of ownership. The written votes of any qualified voter furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy, shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

i. Votes may be cast in person or by proxy or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association.

j. A majority, except where otherwise provided herein, shall consist of more than 50% in number of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association.

**Section 3:** The Association shall keep books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association and the co-owners. Such amounts shall be open for inspection by the co-owners during reasonable working hours.

Income and expense statements shall be prepared at least annually by qualified accountants and distributed to each co-owner. The cost of such professional accounting assistance shall be an expense of administration.

**Section 4:** The affairs of the Association shall be governed by the Board of Directors all of whom shall serve without compensation and who must be members of the Association (except for the First Board of Directors) designated by the developer and any successors thereto elected by the developer prior to the First Annual Meeting of members held pursuant to Section 7 of this Article I. The number, terms of office, manner of election, removal and replacement, meetings, quorum and voting requirements, and other duties or provisions of or relating to directors, not inconsistent with the following shall be as provided below:

- a. The Board of Directors will consist of three (3) persons, each one possessing an ownership interest in one of the units.
- b. The term of office will be for two (2) years. Board of members can be re-elected and not limited number of consecutive terms served on the Board of Directors.
- c. The manner of election shall be:
  1. Held at the annual meeting;
  2. By the qualified voting members of Birch Lodge Association.
  3. Vote to be taken via ballot; and
  4. Election to the Board of Directors requires a plurality of ballots cast to be in favor.
- d. The resident manager can be a member of the Board of Directors providing he or she is a shareholder in the association.
- e. There shall be no removal of a director unless for criminal behavior related to the conduct of the business of the Association.
- f. Replacement to Board of Directors requires a call for a special election via existing Board of Directors per manner described in this Section 4, item (c) (2), (3), (4).

**Section 5:** The Director's Conduct of the corporation.

- a. Meetings. The Board of Directors shall meet at least once within one week of the annual meeting and as necessary to conduct the business of the Association in a business-like manner.

b. Quorum. Shall be three (3) persons to take a vote. Telephone meetings and votes will be allowed, if necessary. A unanimous vote is required for any action of the board to be effective.

c. Officers on the Board of Directors will be President, Secretary and Treasurer. Officers must be elected by the board of Directors in their first meeting after being elected in the annual meeting.

The Treasurer shall, if requested by the Board of Directors, before entering upon his/her duties, execute an official bond to the Association with a bonding company as surety, conditioned for the faithful performance of his/her duties and to account to the Association for all moneys, funds, credits, and effects coming into his/her custody, control or possession as such Treasurer, which bond shall be in such form and amount, and with such surety, as the Board of Directors approve. The premium shall be paid by the Association.

d. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the By-Laws or required hereby to be exercised and done by the co-owners. In addition to the foregoing general duties imposed by these By-Laws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

1. Management and administration of the affairs of and maintenance of the Association and common elements thereof and keep written records of all Association business.
2. To collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association, including the payment of all taxes assessed against the real property of the Association.
3. To carry insurance and collect and allocate the proceeds thereof.
4. To rebuild common improvements after casualty.
5. To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the association and property.
6. There shall be no restrictions upon any sale of any interest in this Association. This provision shall not be amended unless by unanimous vote of members.

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7. To acquire, maintain, improve, buy, operate, manage, sell, convey, assign, mortgage, or lease any real or personal property (including any unit in the Association, easements, right-of-ways and licenses) on behalf of the Association.
8. To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Association and to secure the same by the association provided, however, that any such action shall also be approved by affirmative vote of 100% of all the qualified voting members of the Association.
9. To make rules and regulations in accordance with Article VI, Section 11 of these By-Laws.
10. To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the resort and to delegate to such committees any functions or responsibilities which are not by law of the Association documents required to be performed by the Board.
11. To enforce the provisions of the Association documents.

e. The Board of Directors may employ for the Association a management agent (which may include the developer or any person or entity related thereto) at reasonable compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 5(d) of this Article I, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Association documents required to be performed by or have the approval of the Board of Directors or the members of the Association.

f. The Board of Directors shall determine and approve the open season dates of the property of the Association. Any co-owner who desires the property to be open other than the approved season must receive written approval from the Board of Directors and shall be responsible for the addition expenses to maintain the resort such as snow removal and turning on and off utilities and any damages incurred such as water pipe and sewer pipe failures to the common elements during that period. All additional costs shall be borne by the co-owner, or prorated between the co-owners, if more than one. Such proration shall be calculated based on the number of units demanding and causing the extra expenses over any particular time period.

g. All of the actions (including, but without limitation, the adoption of these By-Laws and any rules and regulations of the Association, and any undertakings or contract entered into with others on behalf of the Association) of the first Board of Directors of the Association or any successors thereto elected by the developer before the First Annual Meeting shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of

the Association at the first or any subsequent annual meeting of members, so long as such actions are within the scope of Directors as provided in the Association documents.

**Section 6:** Officers may be compensated by only upon the affirmative vote of more than 75% of all co-owners.

**Section 7:** The first annual meeting of the members of the Association may be convened only by Developer and may be called at any time after 75% in number of all units in the Association have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall said First Annual Meeting be held later than 120 days after 75% of all units in the Association have been sold and the purchasers thereof qualified as members of the Association of Birch Lodge Association, whichever first occurs. Developer may call meetings of member of the Association for informative or other appropriate purposes prior to the first annual meeting of members and no such meeting shall be construed as the First Annual Meeting of Members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 30 days written notice thereof shall be given to each co-owner. Thereafter, an annual meeting shall be held each year on such date as decided in the first annual meeting.

## ARTICLE II

### ASSESSMENTS

**Section 1:** The Association shall be assessed as the person or entity in possession of all property of the Association, including property owned in common by the co-owners and property taxes based thereon shall be treated as expenses of administration.

**Section 2:** All costs incurred by the Association in satisfaction of any liability arising within, caused by, or in connection with the common elements of the administration of the Association, shall be expenses of administration. All sums received as proceeds of or pursuant to, any policy or insurance carried by the Association securing the interests of the co-owners against liabilities or losses arising within, caused by or connected with the common elements of the administration of the association shall be receipts of administration.

**Section 3:** Assessments shall be determined in accordance with the following provisions:

a. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the resort project, including a reasonable allowance for contingencies and reserves. Upon adoption of an annual budget by the Board of Directors, copies of said budget shall be delivered to each co-owner for any existing or future assessments. The requirement of establishing and furnishing a budget shall not apply to the First Board of Directors serving prior to the First Annual Meeting of members held in accordance with

Article I, Section 7. The total budgeted expenses less receipts shall be apportioned among and paid by the co-owners.

b. Special assessments, in addition to those required in Section 3(a) above, may be made by the Board of Directors from time to time and approved by the co-owners as hereinafter provided, to meet other needs or requirements of the Association, including assessments to purchase a unit upon foreclosure of the line for assessments described in Section 6 hereof. All assessments must be levied by at least a 2/3 vote of the Board of Directors.

**Section 4:** All assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners. These optional expenses consist of taxes on the common elements, insurance on the common elements, maintenance of common elements, operation and administrative expenses. Each individual owner of a share of stock representing the ownership of a unit shall be responsible for their individual unit real estate taxes and shall arrange for their individual assessment if not already accomplished at the time of the issue of the said share of stock. Assessments shall be due and payable at such times to the Association and as the Association shall determine, commencing with the purchase of a share or by any other means. The payment of an assessment shall be in default if such assessment (or any part thereof) is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear interest at the rate of one and one-half (1 ½ %) percent per month until paid in full. Each co-owner (whether one or more persons) shall be, and shall remain, personally liable for the payment of all assessments pertinent to his/her/their unit which may be levied while such co-owner is the owner thereof.

**Section 5:** No co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

**Section 6:** The Association may enforce collection of delinquent assessments by suit of law for a money judgment or by foreclosure of the lien securing payment in the same manner that real estate mortgages may be foreclosed by action under Michigan law. In an action for foreclosure, (a receiver may be appointed to collect a reasonable rental for the unit from the co-owner thereof or any persons claiming under him. The expenses incurred in collecting unpaid assessments including interest, costs and attorney fees and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the co-owner in default, and shall be secured by the lien on his unit. The Association may also discontinue the furnishing of any utilities or other services to a co-owner in default upon 14 days written notice to such co-owner of its intent to do so. A co-owner in default shall not be entitled to vote at any meeting of the Association so long as default continues.

**Section 7:** Developer shall have the same responsibility for assessments, expenses of administration, taxes and all other costs as other owners, of all retained units whether retained for personal use or sale.

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### ARTICLE III

#### INSURANCES

**Section 1:** The Association shall carry fire, extended coverage, vandalism, malicious mischief, liability insurance, workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the common elements of the Association, and such insurance other than title insurance shall be carried and administered in accordance with the following provisions:

a. All such insurance shall be purchased by the Association for the benefit of the Association and the co-owners and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners. It shall be each co-owners responsibility to obtain insurance coverage for his unit and personal property located within his unit or elsewhere on the Association and for his personal liability for occurrences within his unit and also for alternative living expense in event of fire and the Association shall have absolutely no responsibility for obtaining such coverages. The Association and all co-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any co-owner of the Association.

b. All common elements of the Association shall be insured against fire and other perils covered by a standard extended coverage endorsement in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

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

d. Proceeds of all insurance policies owned by the Association shall be received by the Association and held in a separate account and distributed to the Association, the co-owners and/or their mortgagors, as their interests may appear; provided, however, whenever repair or reconstruction of the Association shall be required as provided in Article V of these By-Laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair and reconstruction.

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### ARTICLE IV

#### RECONSTRUCTION OR REPAIR

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**Section 1:** Any construction, reconstruction or repair shall be done within the requirements of the Zoning Ordinance of the County of Cheboygan and Cheboygan County Construction Codes in effect at that date.

**Section 2:** Each co-owner shall be responsible for the construction, reconstruction, repair, maintenance, and cleaning of his/her unit. If a person cannot do the work by him/herself, it is required he/she contract to arrange for this work to be done.

**Section 3:** If any part of the Association property shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be in the following manner:

a. If the damaged property is a common element, the property shall be rebuilt or repaired unless it is determined that the element shall be terminated.

b. If the common property is so damaged that no part of it is tenantable, the damaged property shall not be rebuilt unless 50% or more of the co-owners agree to reconstruction by vote or in writing within 90 days after destruction.

**Section 4:** Any such reconstruction or repair shall be substantially to a condition as comparable as possible to the condition existing prior to damage, unless the co-owners shall unanimously decide otherwise.

**Section 5:** The Association shall be responsible for the reconstruction, repair, and maintenance of the common elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair, or upon completion of such reconstruction or repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all co-owners for the costs of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual costs of repair.

**Section 6:** The following provisions shall control any taking by eminent domain:

a. In the event of any taking of an entire unit by eminent domain, the co-owner of such unit shall be entitled to receive the award for such taking and after acceptance thereof, he and his mortgagee shall divested of all interest in the Association. In the event that any condemnation award shall become payable to any co-owner whose unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to said co-owner. If only a part of any unit is taken, the co-owner shall rebuild the same as is necessary to make it conform as near as possible to said unit prior to said damage.

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b. If there is any taking of a portion of the property of the Association other than any unit, the condemnation proceeds relative to such taking shall be paid to the Association and the affirmative vote of at least 2/3 of the co-owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate. If no such affirmative vote is obtained, such condemnation proceeds shall be remitted to the co-owners in accordance with their respective percentages of ownership.

c. In the event that the Association continues after taking by eminent domain, then the remaining portion of the remaining property shall be re-surveyed and the percentages of ownership of the remaining co-owners will be re-adjusted to reflect such taking based upon the continuing value of the resort of 100%. Such amendment may be effected by an officer or the Association duly authorized by the Board of Directors without necessity of execution or specific approval thereof by any co-owner.

## ARTICLE V

### RESTRICTIONS

**Section 1:** No unit in the Association shall be used for other than single family residence purposes (except that persons not of the same immediate family residing together may occupy a unit) and the common elements shall be used only for purposes consistent with the use of single family residences. A family shall mean one person or a group of two or more persons related by bonds of consanguinity, marriage or legal adoption or any other definition which is in accord with state and federal laws. Co-owner is responsible for all expenses of his/her unit unless covered in common element assessment.

**Section 2:** A co-owner may lease his/her unit for same purposes set forth in Section 1 of this Article VI. The following responsibility, restrictions, rules, and guidelines apply:

a. The leasing party must agree to submit themselves to the rules and regulations set forth by the Board of Directors and the restrictions of Article V.

b. Any manager will have the authority to enforce the rules and regulations set forth by the Board of Directors and the restrictions of Article V. If a renter does not respond to the manager's request, the manager is to contact the co-owner. If the problem continues, the manager is to report the problem to the Board of Directors.

**Section 3:** No co-owner shall make alterations in exterior appearance or make structural modifications to his unit or make changes in any of the common elements without the express written approval of the Board of Directors, including (but not by way of limitation) exterior painting or the erections of antennas, lights, aerials, awnings, doors, shutters or other exterior modifications or attachments. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Association.

**Section 4:** No immoral, improper, unlawful, or offensive activity shall be carried on in any unit or upon the common elements, nor shall anything be done which may be or may become an annoyance or nuisance to the co-owners of the Association, nor shall any unreasonable noisy activity be carried on in any unit or on the common elements. No co-owner shall do or permit anything to be done or keep or permit to be kept in his unit or on the common elements. No co-owner will pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such conditions.

**Section 5:** The common elements shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. Trash receptacle shall be maintained in the area designated therefore at all times and shall not be permitted to remain elsewhere on the common elements except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. The common elements shall not be used in any way for the drying, shaking, or airing of clothing or other fabrics, except on clothes lines provided and only for minimum time required. Automobiles and boats may not be washed on the Association property unless an area is approved and designated by the Board of Directors. In general, no activity shall be carried on nor condition maintained by a co-owner in his unit or upon the common elements, which detracts from the appearance of the Association.

**Section 6:** Sidewalks, yards, landscaped areas, driveways, roads, and parking areas shall not be constructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, or benches may be left unattended on or about the common elements, other than those owned by the Association.

**Section 7:** No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, tents, snowmobiles, snowmobile trailers, all-terrain vehicle trailers, motorcycles, motorcycle trailers, or other vehicles other than standard highway personal use vehicles may be used, parked or stored upon the premises of the Association, unless approved by the Board of Directors, or unless parked in an area specifically designated therefore by the Association. Commercial vehicles and trucks shall not be parked in or about the Association (except as above provided) unless while making deliveries or pickups in the normal course of business. Each co-owner shall park his cars in the parking spaces assigned for his unit by the Board of Directors. Each unit shall have no more than two cars parked on the Association premises. If additional parking space is needed it shall be in designated parking areas. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Association premises.

**Section 8:** No co-owner shall use or permit the use by an occupant, agent, employee, invitee, guest or member of his family, any firearms, air rifles, pellet guns, B-B guns, bows and arrows or other similar dangerous weapons, projectiles or devices anywhere on or about the Association premises. The only exception will be for the Board

of Directors or manager or their designated person to use firearms or devices to control pests.

**Section 9:** No signs or other advertising devices shall be displayed which are visible from the exterior of a unit or on the common elements, including "For Sale" or "For Rent" signs, without written permissions from the Association, excluding the developer during the time developer is selling the units of the Association.

**Section 10:** The Association or its agents shall also have access to each unit at all times without notice as may be necessary to make emergency repairs to prevent damage to the common elements or to another unit. It shall be there responsibility of each co-owner to provide the Association means of access to his unit during all periods of absence and in the event of the failure of any co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such co-owner for any necessary damage to his unit caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

**Section 11:** There shall be no moorings or anchoring of any boats or docks or piers without the express permission of the board of directors and the board shall not discriminate between unit owners in the granting of any such permission.

**Section 12:** No co-owner shall perform any landscaping or plant any trees, shrubs, or flowers or place any ornamental materials upon the common elements without receiving approval from the Board of Directors.

**Section 13:** No unsightly condition shall be maintained about any unit and only furniture and equipment consistent with ordinary yard use shall be permitted to remain there when unit is in use and no furniture or equipment of any kind shall be stored about unit during seasons when unit is not in use. Lawn furniture, tables, chairs, skis, rafts, sporting equipment, etc., must be picked up and stored when not in use nor may these items be left out overnight. It will be the Association's responsibility to remove unattended items and hold for redemption by the owner.

**Section 14:** Use of motorized vehicles anywhere on the Association premises other than passenger vehicles, authorized maintenance vehicles and commercial vehicles are provided in Section 7 is prohibited. The Board of Directors may, by duly adopted rules and regulations, make reasonable exceptions to this Section.

**Section 15:** Each co-owner shall maintain his unit in a safe, clean and sanitary condition. Each co-owner shall also use due care to avoid damaging any of the common elements including, but not limited to the telephone, water, gas, plumbing, electrical or other utility conduits which may affect any other unit. Each co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by him, his/her family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association, in which case there shall be no such responsibility (unless reimbursement to the Association is excluded by

virtue of a deductible provision, in which case the responsible co-owner shall bear the expense to the extent of the deductible amount). Any cost or damages to the Association may be assessed to and collected from the responsible co-owner in the manner provided in Article II hereof.

**Section 16:** None of the restrictions contained in this Article VI shall apply to the commercial activities or signs, if any, of the developer during the development and sales period as defined hereinafter, or of the Association in furtherance of its powers and purposes set forth herein. For the purposes of this Section, the development and sales period shall be deemed to continue so long as developer owns any unit which they offer for sale. Until all units in the entire Association are sold by developer, developer shall have the right to maintain a sales office, a business office, storage areas, reasonable parking incident to the foregoing and such access to, from and over the association as may be reasonable to enable development and sale of the entire Association property by the Developer.

**Section 17:** A co-owner may dispose of a share of stock or any interest therein in the following manner:

a. A co-owner intending to make a sale of a share of stock, or any interest therein, reserves the right to offer this to the co-owner(s) immediate family first and if there is no interest the co-owner must offer their unit to the Association at which time the Association must reply in writing within a 15-day period.

b. This section shall not apply to a public or a private sale held pursuant to foreclosure of a first mortgage on any unit; nor shall this section apply to a subsequent sale by the holder of a first mortgage who has acquired title to a unit by purchase at a sale pursuant to foreclosure of the first mortgage held by it on such unit.

c. Developer shall have the right to lease any number of units in the resort project owned by him/her, in his/her own discretion.

**Section 18:** Any pets kept upon the premises shall not be left unattended and are to be cleaned up after.

**Section 19:** Reasonable rules and regulations consistent with these By-Laws, concerning the use of the common elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors elected by the Developer) prior to the First Annual Meeting. All such rules and regulations and amendments thereto shall be furnished to all co-owners and shall become effective 30 days after mailing or delivery thereof to the designated voting representative of each co-owner. Any such rules and regulations or amendments may be revoked at any time by the affirmative vote of more than 50% of all co-owners except that the co-owners may not revoke any regulations or amendments prior to said First Annual Meeting of the entire Association.

**ARTICLE VI**

**EXCLUSIVE USES AND RIGHTS**

**Section 1:** Exclusive use and rights means that an owner of a stock certificate shall have exclusive use and rights to exclusive possession of a specific structure. Maintenance and repair of said structure is the sole responsibility of the owner of the stock certificate that has exclusive use and right of said structure. Stock certificates shall have exclusive use and rights to specific structures as follows:

<u>Stock Certificate No.</u>	<u>Exclusive Use and Rights</u>
1	Cabin 1
2	Cabin 2
3	Cabin 3
4	Cabin 4
5	Cabin 5
6	Cabin 6
7	Cabin 7
8	Cabin 8

See Appendix A for location of specific locations.

**ARTICLE VII**

**MORTGAGES**

**Section 1:** Any co-owner who mortgages or otherwise gives a security interest in his/her unit shall notify the Association of the name and address of the mortgagee and the Association shall maintain such information in a book entitled "Mortgage of Units." The Association may, at the written request of a mortgagee of any such unit, report any unpaid assessment due from the co-owner of such unit.

**Section 2:** The Association shall notify each mortgagee/secured party appearing in said book that requests same, of the name of each company insuring the Association against fire, perils covered by extended coverage, vandalism and malicious mischief and the amounts of such coverage.

**ARTICLE VIII**

**UNANIMOUS VOTE OF THE CO-OWNERS REQUIRED**

**Section 1:** The following action by the association requires an unanimous approval by all co-owners and holders of stock certificates of the association:

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- a. Mortgages taken by the association where the property of the association is used as collateral.
- b. Dissolution of the association.
- c. Modification of the Exclusive Uses and Rights specified in Article VI.
- d. Modification of the association as to the number of shares issued.
- e. Sale or transfers of real estate owned by the association.

#### ARTICLE IX

#### COMPLIANCE

The Association of co-owners and all present or future co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the facilities of the Association in any manner are subject to and shall comply with the provisions hereof as amended, and the mere acquisition occupancy or rental of any unit or an interest therein or the utilization of or entry upon this Association's premises shall signify that this document is accepted and ratified.

#### ARTICLE X

#### REMEDIES FOR DEFAULT

**Section 1:** Any default by a co-owner shall entitle the Association or another co-owner or co-owners to the following relief:

a. Failure to comply with any of the terms or provisions of this document shall be grounds for relief, which may include without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment), or any combination thereof and which relief may be sought by the Association or, if appropriate, by an aggrieved co-owner or co-owners.

b. In any proceeding arising because of an alleged default by any co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable actual attorney fees (not limited to statutory fees) as may be determined by the Court, but in no event shall any co-owner be entitled to recover such attorney fees.

c. The violation of any of the provisions of this document shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon and summarily remove and abate, at the expense of the co-owner in violation of any structure, thing or condition existing or maintained contrary to the provisions of this

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document. The failure of the covenant or condition which may be granted by this document shall not constitute a waiver of the right of the Association or any such co-owner to enforce such right, provisions, covenant or condition in the future.

**Section 2:** All rights, remedies and privileges granted to the Association or any co-owners pursuant to any terms, provisions, covenants, or conditions of this document shall be deemed to be cumulative and the exercise of anyone or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

## ARTICLE XI

### COMMON ELEMENTS

Description of the common elements referred to in the By-Laws of the Association are as follows:

1. All land owned by Birch Lodge Association excepting those cabins, structures of homes designated thereon as a unit.
2. All trees, shrubs, plants, and grass on land owned by Birch Lodge Association.
3. Well, any well pumps, water storage tanks, and water systems up to entrance into each unit.
4. Sewage disposal system up to the line coming out of each foundation.
5. Fuel supply line up to each unit or meter.
6. Electrical and communication supply line to each meter.
7. Yard lighting system.
8. All playground equipment.
9. Signs.
10. All docks and related equipment.
11. All yard care equipment.
12. All garbage and trash containers.

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13. Beach area (riparian rights other than boat moorings, anchorages or docks unless these are allowed and designated by the board of directors as set forth in Article V, Section 11).

14. Picnic tables.

15. Swings.

16. Benches.

## ARTICLE XII

### RESIDENT MANAGER

Birch Lodge Association may employ a manager for the purpose of maintaining the common elements owned by the Association and advising the co-owners in maintenance of their units in regards to the overall functioning in the Association.

1. The responsibility of the year round care and maintenance of the common elements of the Association which includes:

- a. Care and maintenance of grounds and equipment for maintaining grounds.
- b. Supervise installation, removal and maintenance of all docks and related equipment known as common elements.
- c. Maintenance and cleaning of all common element buildings and equipment including supervision of garbage and trash removal.
- d. Operate a registered office and conduct the affairs of the Association at an address directed by the Board of Directors.
- e. Supervision of the overall every day physical operation of the Association.
- f. Oversee the lease of co-owners units.
- g. Advise the co-owner and correlate the repair, maintenance and cleaning of the co-owner's unit.
- h. As a resident of Birch Lodge Association, abide by the rules, regulations and restrictions stated in the By-Laws and within the guidelines made by the Board of Directors.

2. Compensation to the resident manager:

- a. The Board of Directors shall determine the compensation to be paid to the manager.
  - b. Provide insurance coverage only as required by law but not limited to this coverage should the Association decide to furnish additional coverage.
  - c. Allow the resident manager the opportunity to seek other employment to the extent that it does not interfere with performing the requirements of the Association.
3. Additional compensation to resident manager from co-owners.

If a co-owner requests services from the manager for repairs, maintenance, snow removal, cleaning, leasing, etc., of his/her unit, he/she may contract the compensation with the new manager for his/her services or reimburse the manager for service done. However, the same shall not interfere with the maintenance of the common elements.

**ARTICLE XIII**

**AMENDMENTS**

**Section 1:** The developer reserves the right to amend these By-Laws prior to three units being sold by developer to third parties so long as any such modification does not materially affect the value of the units previously sold.

**Section 2:** These By-Laws may be amended upon affirmative vote of 75% or more of all co-owners qualified in a meeting properly called for this purpose.

**Section 3:** Approved amendments will be recorded in these By-Laws and a copy of the approved amendment given to each co-owner.

IN WITNESS WHEREOF, signed this \_\_\_\_\_ day of \_\_\_\_\_,  
2\_\_\_\_\_.

Birch Lodge Association

\_\_\_\_\_

By: Dorothy Woods  
Its: President

\_\_\_\_\_

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STATE OF MICHIGAN]  
COUNTY OF \_\_\_\_\_]

Subscribed and sworn to before me this \_\_\_\_\_ day of  
\_\_\_\_\_, 2003, by Dorothy Woods, President of Birch Lodge  
Association.

\_\_\_\_\_, Notary Public  
My commission expires: \_\_\_\_\_

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