

ASSOCIATION BY-LAWS

OF

APPLEGATE HOMEOWNERS ASSOCIATION

ARTICLE I.

CONDOMINIUM BY-LAWS

The Condominium By-Laws of Applegate Homeowners Association, a Condominium Project, attached as a part of the Master Deed pertaining to said Project and recorded in the Office of the Register of Deeds of Kalamazoo County, Michigan, are hereby incorporated by reference and adopted in their entirety as a part of the By-Laws of this corporation.

ARTICLE II.

MEETINGS AND QUORUM

Section 1. Membership Meetings. The initial meeting of the members, absent a special call by the Board of Directors, shall be held on call of the Developer at or before the time required for such meeting by the Condominium By-Laws. At such meeting, the directors elected at the First Meeting of Incorporators shall resign and a new Board of Directors shall be elected by the members as herein provided.

Section 2. Annual Meeting of Members. Thereafter, the annual meeting of members shall be held on each year at such date, time and place as may be designated by the Board of Directors. Notice of all annual meetings shall be as provided in the Condominium By-Laws.

Section 3. Delayed Annual Meeting of Members. If, for any reason, the annual meeting shall not be held on the day so designated, such meeting may be called and held as a special meeting with the same proceedings as at an annual meeting.

Section 4. Special Meetings of Members. Special meetings of the members may be called by the President or by a majority of the directors of the Board, or by Co-Owners having at least fifty (50%) percent of the votes entitled to notice of the meeting. Notice of special meetings shall be provided in the same manner as for annual meetings.

Section 5. Organizational Meeting of the Board. At the place of holding, and immediately following the annual meeting of members, the Board as constituted upon final

adjournment of such annual meeting shall convene for the purpose of electing officers and transacting any other business properly proposed; provided, that the organizational meeting in any year may be held at a different time and place by consent of a majority of the Directors.

Section 6. Regular Meetings of the Board. In addition to its organizational meeting, the Board may hold regular meetings at such other times and places as it shall from time to time determine. Notice of regular meetings shall be given to each director personally or by mail, telephone or facsimile at least five (5) days prior to the date of such meeting.

Section 7. Special Meetings of the Board. Special meetings of the Board may be called by the President or by any two Directors by written notice to each Director of the time, place and purpose of such meeting, at least three (3) days prior to the date of such meeting.

Section 8. Notice and Mailing. All written notices required to be given by any provision of these By-Laws shall state the authority pursuant to which they are issued (as, "by order of the President", or "by order of the Board of Directors", as the case may be) and shall bear the written, printed or typed signature of the Corporate Secretary. Each such notice shall be deemed duly served when it has been deposited in the United States mail, with postage fully prepaid, plainly addressed to the addressee at his, her or its last address appearing upon the membership records of the Corporation.

Section 9. Waiver of Notice. Notice of the time, place and purpose of any meeting of the members or of the Board of Directors may be waived in writing, either before or after such meeting has been held. Attendance at any meeting of the Board constitutes a waiver of notice, except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 10. Quorum. A quorum of the members shall be as set forth in the Condominium By-Laws. A majority of the directors then in office, or of the members of any Committee thereof, shall constitute a quorum for the transaction of business. Members or directors present or represented at any such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough persons to leave less than a quorum, and may adjourn the meeting for not more than thirty (30) days, without notice other than announcement at the meeting, until a quorum shall be present or represented.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. Number and Term. The business, property and affairs of the Corporation shall be managed by a Board of Directors composed of not less than three (3) nor more than seven (7) members. The number of persons comprising each subsequent Board shall be determined by vote of the members prior to the establishment of each such Board; provided, however, that if a motion is not made and carried to increase or decrease the number of directors, then the Board shall consist of the same number of persons as theretofore comprised the full Board of Directors. In addition, the members may, by resolution duly made and passed, provide that in lieu of annually electing all directors, the directors shall be divided into 2 or 3 classes, each to be as nearly equal in number as possible, with terms of office such that the term of directors in the first class will expire at the first annual meeting following their election, that of the second class to expire at the second annual meeting after their election, and that of the third class, if any, to expire at the third annual meeting after their election. At each annual meeting after such classification of the Board of Directors, a number of directors equal to the number of the class whose term is expiring shall be elected to hold office until the second succeeding annual meeting if there are 2 classes, or until the third succeeding annual meeting if there are 3 classes. Provided, however, that until the initial meeting of the members as required by the Condominium By-Laws, the directors named in the Articles of Incorporation and their successors shall serve.

Section 2. Qualification. Except for members of the first Board, each Director shall be a Co-Owner or the spouse of a Co-Owner (or, if a Co-Owner is a trustee of a trust, a Director may be a beneficiary of such trust, and if a Co-Owner or such a beneficiary is a corporation or a partnership, a Director may be an officer, partner or employee of such Co-Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant.

Section 3. Vacancies. Vacancies in the Board may be filled by the affirmative vote of a majority of the remaining Director or Directors, even though less than a quorum of the Board. Each person elected to fill a vacancy shall remain a Director until his successor has been duly elected and qualified, which election shall be for a term equal to that remaining of the Director whose death or resignation has created the vacancy.

Section 4. Resignation and Removal. A Director may resign at any time and such resignation shall take effect upon receipt of written notice by the Association, or at such subsequent time as may be set forth in the notice of resignation. Any or all the Directors may be removed, with or without cause, by the vote of Eighty percent (80%) of the Co-Owners in number and in value.

Section 5. Action by Written Consent. If and when all the Directors shall severally or collectively consent in writing to any action to be taken by the Corporation, either before or after the action, such action shall be as valid corporate action as though it had been authorized at a meeting of the Board.

Section 6. Powers and Duties. In addition to the powers and duties imposed or permitted by law, by these By-Laws or by resolution of the members of the Association, the Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Condominium as set forth in the Condominium By-Laws.

Section 7. Rules and Regulations. The Board of Directors shall propose regulations respecting the use and enjoyment of the Units and common elements of the Condominium and such other rules and regulations as may be necessary for the maintenance and operation of the Condominium. All such regulations and amendments thereto shall be adopted and promulgated in the manner set forth in the Condominium By-Laws; provided, that all rules and regulations imposed by the first Board of Directors prior to the initial meeting of members shall be binding upon all subsequent members unless duly amended as provided herein.

Section 8. Compensation. Directors shall receive no compensation for their services as directors unless expressly provided for in resolutions duly adopted by not less than sixty percent (60%) of all Co-Owners in number and in value.

ARTICLE IV.

OFFICERS

Section 1. Designation and Term. The Board shall elect a President, a Secretary and a Treasurer, and may also elect one or more Vice-Presidents, Assistant Secretaries and Assistant Treasurers, as the needs of the business may require. Each officer shall hold office for the term of one year and until his successor is elected and qualified. No officer shall receive any compensation from the Corporation for acting as such.

Section 2. Qualification. Except for members of the first Board, each Principal Officer (President, Vice-President, Secretary and Treasurer) shall be a Co-owner or the spouse of a Co-owner (or, if a Co-owner is a trustee of a trust, a Principal Officer may be a beneficiary of such trust, and if a Co-owner or such a beneficiary is a corporation or a partnership, a Principal Officer may be an officer, partner or employee of such Co-owner or beneficiary). Provided, that the Board may elect non-Co-owners to fill the positions of Assistant Officers if they feel that additional expertise is needed. Assistant Officers who are not members of the Board, however, shall not be entitled to vote at meetings of the Board of Directors.

Section 3. The President. The President shall be the chief executive officer of the Corporation. He shall preside over all meetings of the members and of the Board, and shall be ex officio a member of all standing committees.

Section 4. The Secretary. The Secretary shall attend all meetings of the members, of the Board, and of the executive committee, and shall preserve in books of the Corporation true minutes of the proceedings of all such meetings. He shall safely keep in his custody the seal of the Corporation and shall have authority to affix the seal to all instruments where its use is required. He shall give all notices required by statute, By-Law or resolution and shall perform such other duties as may be delegated to him by the Board or by the executive committee.

Section 5. The Treasurer. The Treasurer shall have custody of all corporate funds and securities and shall keep in books belonging to the Corporation full and accurate accounts of all receipts and disbursements; he shall deposit all monies, securities and other valuable effects in the name of the Corporation in such depositories as may be designated for that purpose by the Board. He shall disburse such funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors at regular meetings of the Board, and whenever requested by them, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 6. Vacancies. Vacancies in any office may be filled by the affirmative vote of a majority of the remaining members of the Board at any regular or special meeting. Each person appointed to fill the vacancy shall remain an officer for a term equal to that remaining of the officer whose death or resignation has created the vacancy, and until his successor has been duly elected and qualified.

Section 7. Resignation and Removal. An officer may resign at any time and such resignation shall take effect upon receipt of written notice by the Association, or at such subsequent time as may be set forth in the notice of resignation. Any or all the officers may be removed, with or without cause, by the vote of a majority of the Board of Directors.

ARTICLE V.

INDEMNIFICATION

Section 1. Scope of Indemnification. The corporation shall indemnify to the fullest extent authorized or permitted by the Michigan Nonprofit Corporation Act, as amended, any person, or his or her estate or personal representative, who is made or threatened to be made a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) because such person is or was a director or officer of the corporation or serves or served in any other enterprise at the request of the corporation. Persons who are not directors or officers of the corporation may be similarly indemnified in respect of services rendered to the corporation or at the request of the corporation to the extent authorized at any time by the board of directors of the corporation. The provisions of this Article shall be applicable to directors and officers who have ceased to render such service and shall inure to the benefit of their heirs, personal representatives, executors, and administrators. The right of indemnify

provided herein shall not be exclusive, and the corporation may provide indemnification to any person, by agreement or otherwise, on such terms and conditions as the board of directors of the corporation may approve. Any agreement for indemnification of any director, officer, employee or any other person may provide indemnification rights which are broader or otherwise different than those set forth in the Michigan Nonprofit Corporation Act, unless otherwise prohibited by law.

Section 2. Authorization of Indemnification. Any indemnification under this Article (unless ordered by a court) shall be made by the corporation only after ten (10) days written notice to all Co-Owners of the facts surrounding the request for indemnification, when authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in this Article. Such determination shall be made: (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or, even if obtainable, when a quorum of disinterested directors so directs, by independent legal counsel (who may be the regular counsel of the corporation) in a written opinion; or (3) by the members.

Section 3. Advancing of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section 1 of this Article may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors 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 he is entitled to be indemnified by the corporation as authorized in this Article.

Section 4. Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

Section 5. Mergers. For the purposes of this Article, references to the "corporation" include all constituent corporations absorbed in a consolidation or merger, as well as the resulting or surviving corporation, so that any person who is or was a director, officer, employee, or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

ARTICLE VI.

GENERAL PROVISIONS

Section 1. Liability of Members. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under these By-Laws; provided, however, that the liability of any Co-Owner arising out of any contract made by or other acts of the Directors, officers or committee, or out of the aforesaid indemnity provisions, shall be limited to such proportion of the total liability hereunder as said Co-Owner's percentage of value in the common elements bears to the total percentage interest of all Co-Owners in the common elements. Every agreement made by the Directors, officers, committees or managing agent on behalf of the Co-Owners shall provide that the persons executing the same are acting only as agents for the Co-Owners and shall have no personal liability thereunder (except as a Co-Owner), and that each Co-Owner's liability thereunder shall be limited to such proportion of the total liability incurred as his percentage of interest in the common elements bears to the total percentage interest of all Co-Owners in the common elements.

Section 2. Execution of Instruments. All checks, drafts, and orders for payment of money shall be signed in the name of the Corporation by such officer or officers or agent or agents as the Board shall from time to time designate for that purpose. When the execution of any contract, conveyance or other instrument of title has been authorized without specification of the executing officers, the President, or a Vice-President, if any, may undertake the execution in the name or on behalf of this Corporation without attestation, acknowledgment or seal.

Section 3. Fidelity Bonds. The Association may require that all officers, employees and others who are responsible for handling funds obtain adequate fidelity coverage to protect against dishonest acts, the cost of which shall be an expense of administration.

Section 4. Seal. The seal of the Corporation, if a seal is to be used at the discretion of the Board, shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Michigan". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board.

ARTICLE VII.

AMENDMENT OF BY-LAWS

Section 1. Amendment Procedures. The power to amend or repeal these Association By-Laws, or to adopt new Association By-Laws, has been reserved exclusively to the members of the Association; provided, however, that until the initial meeting of members has been held, these By-Laws may be amended by the unanimous action of the directors appointed in the Articles of Incorporation or their successors. Amendments may be proposed by the Board of Directors or by petitions signed by at least twenty (20%) percent of the members, but shall not be effective until approved by a majority of the members voting at any regular or special meeting of members at which a quorum is present. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.