

BY-LAWS
OF
AVON HOLLOW OWNERS ASSOCIATION, INC.

ARTICLE I

NAME, PURPOSE AND LOCATION

Section 1. NAME. The name of the corporation shall be Avon Hollow Owners Association, Inc. (the "Association"), incorporated under the laws of the State of Michigan as a Non-Profit Corporation.

Section 2. PURPOSE. The Association is organized for the purpose of promoting the best interest of the property owners of the Avon Hollow Subdivision, to promote and strive for the improvement and betterment of all available public facilities and services; to promote and encourage a better community and civic spirit and to foster goodwill and friendship between and among all the property owners of Avon Hollow; and for all other purposes defined in paragraph B(3) of the Declaration of Building and Use Restrictions of the Avon Hollow Subdivision. The Building and Use Restrictions are recorded in Oakland County Records in Liber 7361, page 556 and are hereby made a part of these By-Laws.

Section 3. LOCATION. The Avon Hollow Subdivision is a residential subdivision consisting of 70 single family lots in the City of Rochester Hills, Oakland County, Michigan, as shown in the plat, recorded in Liber 162, Pages 4, 5 & 6, Oakland County Records.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP. The membership of the Association shall consist of all property owners of record in the Avon Hollow Subdivision but not including any owners who have sold their interest under executory land contract. During such time as such a land contract is in force, the land contract vendee shall be considered to be a member of the Association.

Section 2. VOTING RIGHTS. The members of the Association shall have equal voting rights. All members shall be entitled to one vote per lot. When more than one person holds an interest in a lot, the vote for such lot shall be exercised as the various interest holders among themselves determine, but in no event shall more than one vote be cast with respect to any one lot. Only members in good standing shall be allowed to vote. Until the first annual dues or special assessment is established, all property



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owners of Avon Hollow shall be considered members in good standing. After the first annual dues or special assessment is due and payable, only those members paying the dues or assessment shall be considered members in good standing.

Section 3. PROXY. A member entitled to vote at a meeting of the members or to express consent or dissent without a meeting may authorize other persons to act for the member by proxy. The proxy shall be signed by the member and be valid for the purpose defined within the proxy.

Section 4. CONSENT IN LIEU OF MEETING. The Board of Directors may request each member to provide written consent in lieu of an annual or special meeting of the membership for any proposal(s) or action(s) which would otherwise be required or permitted at such a meeting. Provided that such proposal(s) or action(s) shall not be considered approved by the membership unless a majority of the members have approved it. Prompt notice shall be given to the members of the results of the consent action.

ARTICLE III

DUES AND ASSESSMENTS

Section 1. DUES. All the lots of the Avon Hollow Subdivision shall be subject to an annual charge (hereafter referred as Dues), to be paid by the owners of the lot to the Association, in advance, on the first day of September of each year commencing September 1, 1987, for the purpose described above in Article I, Section 2. The initial amount of the annual dues shall be established by the Board of Directors, and may be adjusted from year to year by the Board of Directors as the needs of the Association may in their judgement require. In no event shall such dues be more than Seventy-Five Dollars (\$75) per lot per year except by the approval and consent of not less than fifty-one percent (51%) of the lot owners which approval and consent shall make any such additional assessment binding upon all of the owners of property in the Avon Hollow Subdivision.

Section 2. ASSESSMENTS. Special assessments and the due date for payment, needed to pay the cost of projects or improvements voted by not less than fifty-one percent of the members, shall be set by the Board of Directors. Such approval and consent by a majority of the members shall make any such special assessments binding upon all of the owners of property in the Avon Hollow Subdivision.

Section 3. INTEREST PENALTY. All dues and assessments which



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remain due and unpaid ninety (90) days subsequent to the due date shall thereafter be subject to interest at a rate of seven percent (7%) per annum until paid.

Section 4. LIEN. Annual dues and special assessments shall be a lien and encumbrance on the land with respect to which said charges are made. By the acceptance of title to any lots in the Avon Hollow Subdivision the owner from the time of acquiring title to the land shall be held to have convened and agreed to pay the Association all charges provided for herein. This section of the by-laws shall further be subject to paragraph B(5), (6) & (7) of the Declaration of Restrictions to Title hereto made part of as exhibit I. The Association shall provide on demand to any owner or prospective purchaser liable for such charges a certificate in writing setting forth the status of such charges.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. ANNUAL MEETING. In calendar year 1987, an annual meeting of the members of the Association shall be held during the month of October. Beginning in 1988 and each year thereafter, an annual meeting of the members shall be held in the month of September at a date and place set by the Board, for the purpose of electing directors and/or for the transaction of other business. If a quorum is not present at the scheduled annual meeting, a supplemental annual meeting may be called by the Board within 30 days. The members present at the supplemental meeting will constitute a quorum, irrespective of the number present, for the purpose of transacting business.

Section 2. SPECIAL MEETINGS. Special meetings of the members may be called by four (4) or more Directors or upon the petition of at least 15 members in good standing.

Section 3. QUORUM OF MEMBERS. Presence in person or by proxy of no less than fifty-one percent (51%) of members in good standing shall constitute a quorum at any meeting of the members. Each issue submitted to a vote of the members must be authorized by the affirmative vote of no less than fifty-one percent (51%) of the members constituting a quorum.

Section 4. NOTICE. Written notice of time, place, date and object of any meeting of the members shall be given to each member in good standing not less than 10 days prior to the meeting.



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ARTICLE V

BOARD OF DIRECTORS

Section 1. NUMBER OF DIRECTORS. The number of directors shall be seven (7) and each shall be a member in good standing of the Association.

Section 2. TERM AND ELECTION. The Directors shall be elected by written ballot submitted to each lot owner of the Avon Hollow Subdivision, provided that if more than seven (7) nominees appear on the ballot only those seven nominees receiving the highest number of votes will be elected to the Board. If an insufficient number of directors are elected by ballot, the elected directors shall appoint interim directors until the remaining directors are elected at the annual meeting of the membership. Members in good standing may submit nominees for election to the Board within 30 days of the announced election date. Only members in good standing may be nominated. Each newly elected Board of Directors will hold office for a term not exceeding 24 months. Such term to begin on the date of the annual meeting of the members coinciding with or immediately following the election of directors. Directors may serve one or more consecutive terms, if elected.

Section 3. POWERS. The business and affairs of the Association shall be managed by the Board. The Board shall be empowered to take such action as may be necessary to enforce the Declaration of Building and Use Restrictions.

Section 4. MEETINGS. The meetings of the Board shall be held at such places and times as the Board determines, but no less than once every calendar quarter. Notice of time, place and purpose of the meetings shall be given by the secretary to each Board member at least 2 days before the meeting. Notice may be given by mail, telegram or telephone.

Section 5. QUORUM. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 6. VACANCIES. Vacancies in the Board shall be filled, for the unexpired term, by a majority vote of the remaining directors. If vacancies bring the number of directors below a quorum, a new general election for a new Board of Directors shall be called by the remaining directors within 30 days.



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Section 7. COMMITTEES. The Board may appoint advisory committees to provide recommendations on proposed projects and other matters as directed by the Board. Such committees are only advisory and are not vested any power or authority to manage or otherwise exercise any powers vested to the Officers and Board of Directors of the Association.

ARTICLE VI

OFFICERS

Section 1. OFFICERS. The Board of Directors shall elect annually a President, Vice-President, Secretary, and Treasurer.

Section 2. PRESIDENT. The president shall be the chief executive officer of the Association and shall preside over all meetings of the Board and of the members. The President shall have general management of the business of the Association. No individual may serve in the position of President for more than three (3) consecutive years.

Section 3. VICE-PRESIDENT. The Vice-President shall assist the President and perform the duties of the President in the President's absence, disability or termination of office prior to the end of the term. The Vice-President will perform the functions of the Secretary in his/her absence.

Section 4. SECRETARY. The Secretary shall record the minutes of the meetings of the Board and the members; maintain the records of the Association; and give notice of all Board and member meetings; prepare and distribute agenda for Board meetings; prepare and obtain signatures of Board resolutions. The Secretary will perform the duties of the Treasurer in his/her absence.

Section 5. TREASURER. The Treasurer shall issue a statement to each lot owner and shall be responsible to collect members dues and special assessments; be the custodian of the Association funds; shall deposit all funds in the name of the Association in a bank designated by the Board; shall submit a written report at the annual members meeting or at the request of the Board accounting for all receipts and disbursements; shall maintain detail records by lot and address of dues billed, collected, and outstanding; shall initiate proceeding for attachment of lien at the request of the Board; and shall issue written certificates to current or prospective owner setting forth status of dues for any lot. No individual can serve as Treasurer for more than three (3) consecutive years.



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ARTICLE VII

SIGNING OF DOCUMENTS

Section 1. CONTRACTS, CHECKS AND DRAFTS. All contracts, checks, drafts and orders for the payment of money shall be signed in the name of the Association by two officers, the President or Vice-President, and the Treasurer. In the absence of the Treasurer the Secretary will be a cosigner.

Section 2. BORROWING POWER. The Association is not authorized to borrow money.

ARTICLE VIII

FISCAL YEAR

The Board of Directors shall choose a fiscal year for accounting purposes.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. ELIMINATION OF CERTAIN LIABILITIES. The directors and officers of the Association shall not be personally liable to the Association or its members for monetary damages for a breach of fiduciary duty as directors and officers, except for liability:

- (1) For any breach of the directors and officers' duty of loyalty to the Association or its members;
- (2) For acts and omissions not in good faith or that involve intentional misconduct or knowing violation of law;
- (3) For any violation of Section 551(1) of the Michigan NonProfit Corporation Act, regarding liability of directors for certain corporate actions;
- (4) For any transaction from which the directors or officers derived an improper personal benefit.

If after the adoption of this Article, the Michigan Nonprofit



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Corporation Act is amended to further eliminate or limit the liability of directors and/or officers, then a director or officer of the Association (in addition to the circumstances in which a director or officer is not personally liable as set forth in the preceding paragraph) shall not be liable to the Association or its members to the fullest extent permitted by the Michigan Nonprofit Corporation Act, as so amended.

Any repeal or modification of this Article shall not adversely affect any right or protection of a director or officer of the Association existing at the time of such repeal or modification.

Section 2. INDEMNIFICATION OF DIRECTORS AND OFFICERS. The Association shall indemnify any person, to the fullest extent permitted by law, against all judgments, payments in settlement, fines or other reasonable costs and expenses (including attorney fees) incurred by such person in connection with the defense of any action, suit, or proceeding, which is brought or threatened in which such person is a party or otherwise involved because he or she was or is a director or officer of the Association. This right of indemnification shall continue as to a person who ceases to be a director or officer, and shall inure to the benefit of the heirs, and personal representatives of that person.

ARTICLE X

AMENDMENT TO BY-LAWS AND THE DECLARATION
OF BUILDING AND USE RESTRICTIONS

Section 1. BY-LAWS. The By-laws of the Association may be amended by a majority of the members present in person or by proxy, at the annual, regular or special meeting of the members, provided written notice of the proposed amendment and meeting is given to members in good standing 10 days prior to the meeting.

Section 2. DECLARATION OF BUILDING AND USE RESTRICTIONS. The Building and Use Restrictions may be amended pursuant to paragraph (F) of the Declaration.

