

SUMPTER FOREST SUBDIVISION HOMEOWNERS ASSOCIATION BYLAWS

ARTICLE I: DEFINITIONS

Section 1. "Association" shall mean and refer to the SUMPTER FOREST SUBDIVISION ASSOCIATION, a Michigan Non-profit Corporation its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner whether one or more persons or entities, of the fee simple title to any lot which is a part of SUMPTER FOREST SUBDIVISION, or the land contract purchaser thereof, including Builders or Developers but excluding those having any interest merely as security for the performance of an obligation.

Section 3. "Lot" shall mean and refer to any numbered lot shown on the recorded plat of SUMPTER FOREST SUBDIVISION.

Section 4. "Grantor" shall mean and refer to ANTONIO EVANGELISTA, INC., a Michigan Corporation, its successors and assigns.

Section 5. "Declaration" shall mean and refer to Declaration of Covenants and Restrictions for SUMPTER FOREST SUBDIVISION as recorded in Liber 08711, pages (689 through 731) both inclusive, Macomb County Records.

Section 6. "Common Areas" shall mean all real property owned by the Association or owned by other Owners and designated as Landscape Easements, Stormwater Settling Basin, Outlet Areas and other similar properties in the Declaration and maintenance of subdivision signs and lighting.

ARTICLE II: VOTING

Section 1. Vote. Except as limited in these Bylaws, each Owner shall be entitled to one vote for each Lot.

Section 2. Eligibility to Vote. No Owner shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Lot in the Subdivision to the Association. The vote of each Owner may be cast only by the individual representative designated, by such Owner in the notice required in Section 3 of this Article II below or by a proxy given by such individual representative.

Section 3. Designation of Voting Representative. Each 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 Owner. Such notice shall state the name and address of the individual representative designated the number or numbers of the Lot or Lots owned by the Owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Owner. Such notice shall be signed and dated by the Owner. The individual representative designated may be changed by the Owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 25% of the Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association for all matters, except the levying of Special Assessments where a quorum of 35% of said Owners shall constitute a quorum. The written vote of any person 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.

Section 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and 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. Cumulative voting shall not be permitted.

Section 6. Majority. A majority shall consist of more than 50% 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 and all action at said meetings shall be decided by majority vote of all persons present in person or by proxy (or written vote, if applicable).

ARTICLE III: MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some generally recognized manual of parliamentary procedure, when not otherwise in conflict with the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association has previously been convened by Grantor.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the second Tuesday of September each succeeding year after the year in which the First Annual Meeting was held at such time and

place as shall be determined by the Board of Directors. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Article IV of these Bylaws. The Owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by 1/3 of the Owners presented to the Secretary of the Association. 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 of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as of the time and place where it is to be held, upon each Owner of record, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid of a notice to the representative of each Owner at the address shown in the notice required to be filed with the Association by Article II Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member waive such notice, and such waiver, when filed in the records of the Association shall be deemed due notice.

Section 6. Adjournment. If any meeting of Owners cannot be held because a quorum is not in attendance, the Owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspector of elections (at annual meetings or special meetings held for purpose of election of Directors of officers); (g) election of Directors (at annual meeting or special meetings held for such purposes); (h) unfinished business; and (i) new business. Meeting of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 8. Action Without Meeting. Any action which may be taken at a meeting of the members (except for 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 for the giving of notice of meetings 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 and 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 approvals 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 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the president or secretary, shall be presumed truthfully to evidence the matters 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 IV: BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors was initially comprised of 15 members. Thereafter, the affairs of the Association shall be governed by a Board of at least 5 and not more than 15 Directors, as long as there is an odd number of Directors on the Board, all of whom must be members or the Association, except for the first Board of Directors or its successors as was selected by the Grantor. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) First Board of Directors. The first Board of Directors or its successors was selected by the Grantor.

- (b) Election of Directors After First Annual Meeting. After the First Annual Meeting, at least 51% of the Directors shall be elected for a term of 2 Years and the remaining Directors shall be elected for a term of 1 year. All nominees shall stand for election as 1 slate and the persons receiving the highest number of votes shall be elected for a term of 2 years and the persons receiving the next highest number of votes shall be elected for a term of 1 year. At each annual meeting held thereafter, directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office of each Director shall be 2 years. The Directors shall hold office until their successors have been elected and hold their first meeting (Stagger election of 1 part of Board from other part).

Section 3. Powers and Duties. The Board of Directors shall have the 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 Declaration, Articles of Incorporation or required thereby to be exercised and done by the Owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws 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:

- (a) To manage and administer the affairs of and to maintain SUMPTER FOREST SUBDIVISION, a platted subdivision (hereinafter called "Subdivision");
- (b) To encourage and to promote the highest standards of management and maintenance for the Subdivision;
- (c) To levy and collect assessments against and from the Owners and to use the proceeds thereof for the purposes of the Association;
- (d) To carry insurance and to collect and allocate the proceeds thereof;
- (e) To contract for and employ persons, firms or Corporations to assist in management, operation, maintenance and administration of said Subdivision;
- (f) To make and enforce reasonable regulations concerning the use and enjoyment of said Subdivision;

(g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and personal property, for the purpose of providing benefit to the Owners and in furtherance of any of the purposes of the Association;

(h) To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien;

(i) To enforce the provisions of the Declaration and of the Articles of Incorporation and such Bylaws and Rules and Regulations of this Association as may hereinafter be adopted;

(j) In general, to enter into any kind of activity to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration management, maintenance, repair, replacement and operation of said Subdivision and to the accomplishment of any of the purposes thereof.

(k) Acquiring title to, owning, operating and maintaining the "Common Areas" under the control and/or jurisdiction of the Association, including without limitation, certain storm drainage, storm sewer, settling basin (collectively, the "Storm Drainage Facilities"). The Common Areas will be governed by the "Declaration" and these Bylaws and which shall be binding upon, and shall inure to the benefit of each Lot, each owner of a Lot (the "Owners") the Association and the successors and/or assigns of each Owner and the Association. In accordance with the Declaration and these Bylaws, the Association will levy and collect annual assessments from each Owner (the "Annual Assessments") pursuant to an annual budget (the "Budget") adopted by the Board of Directors of the Association (the "Board") for the purposes of operating, maintaining, improving, repairing, and replacing the Common Areas and other purposes including, without limitation, the Storm Drainage Facilities (either directly, or through a management agent or maintenance contractor engaged by the Association). Each Budget adopted by the Board shall include an adequate allowance for the maintenance of the Common Areas, among other costs and expenses of the Association, including the Storm Drainage Facilities. Under the circumstances described in the Declaration or these Bylaws, the Board is also empowered to collect special assessments (the "Special Assessments") from the Owners as and when required for the maintenance of the Common Areas and other requirements of the Association, including the Storm Drainage Facilities. The Declaration and Bylaws apply uniformly to each Lot, whether vacant or partially or fully improved. Unless otherwise stated in the Declaration or these Bylaws, each Lot will bear an equal share of each Annual Assessment and Special Assessment. Each Annual Assessment and Special Assessment will be secured by a lien (enforceable by the Association) on each Lot. Each Annual Assessment and Special Assessment will also be the personal obligation of the Owner of each Lot.

(1) To enforce the Declaration restrictions, including without limitation the maintenance of the Common Areas, maintenance of the Subdivision entrance sign and lighting, landscaping easement, settling basin; and enforcing restrictions against the erection of any buildings on the Lots, including without limitation, sheds, outbuildings, shacks, barns, trailers, storage sheds, unattached garages, other than the one (1) dwelling house permitted on each Lot, and restrictions on erecting fences, and enforcing all landscaping requirements of the Declaration, these Bylaws, or the local municipal government. The Association shall be permitted to enter upon those portions of Lots in the Subdivision which are easements for landscaping, sewage, public utilities, Storm Drainage Facilities or other Common Areas, as may be necessary to repair, replace or maintain the same. No Owner shall alter, add to, or change any portion of the Common Areas contrary to the provisions of the Declaration, these Bylaws or any requirement of the municipal government, or as proscribed by the Board of Directors.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent 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 Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Declaration, these Bylaws, or Articles of Incorporation required to be performed by or have the approval of the Board of Directors or the members of the Association.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the First Annual Meeting caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative votes of more than 50% in number and in value of all of the Owners and a successor may then and there be elected to fill any vacancy thus created. The quorum required for the purpose of filling such vacancy shall be 50% of all Owners. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or facsimile at least 10 days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on 3 days' notice to each Director, given personally, by mail, telephone or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are Present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

Section 12 Adjournment. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present the majority of those present may adjourn the meeting to a subsequent time upon 24 hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE V: OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two offices except that of President and Vice President may be held by one person.

(a) President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He 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 as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

(c) 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; he shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary.

(d) Treasurer. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit 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 his 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.

ARTICLE VI: SEAL

The Association may (but need not) have a seal. If the Board determines that the Association shall have a seal then it shall have inscribed thereon the name of the Association, the words “corporate seal”, and “Michigan”.

ARTICLE VII: FINANCE

Section 1. Assessments. Every Lot Owner shall pay an annual assessment which shall be levied by the Board of Directors which shall be used exclusively for the Purposes of the Association as set forth in the Declaration, these Bylaws and Articles of incorporation. The due date of such annual assessments shall be fixed by the Board of Directors and they shall send written notice of such assessment to each member.

Section 2. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date at the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

Section 3. Banks. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board 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 VIII: INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is 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 his 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 of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least 10 days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Owners thereof. Further, the Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers and directors of the Association in such amounts as it shall deem appropriate.

ARTICLE IX: COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed Co covenant and agrees to pay to the Association: (1) annual general assessments or charges, and (2) special assessments. Such assessments shall be established and collected as herein above provided. The general and special assessments, together with interest thereon, late payment fees and collection costs, including reasonable attorney's fees, shall be charged on the Lot and shall be continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest thereon, late payment fees and costs of collection thereof, including reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Subdivision and including the improvement and maintenance of the Common Areas and other areas now or hereafter owned or administered by the Association, and for all other purposes allowed by the Declaration or these Bylaws.

Section 3. Increasing Annual Assessments.

(a) The maximum annual assessment may be increased as necessary each year to an amount not more than TWENTY FIVE (25%) percent greater than the assessment which was assessed hereunder for the previous year without a vote of the Owners.

(b) The maximum annual assessment may be increased above the TWENTY FIVE (25%) percent increase permitted by subsection (a) by a vote of two-thirds (2/3) of the Owners who are voting in person or by proxy, at a meeting duly called for that purpose.

Section 4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy against each Owner, in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part the cost of any construction, reconstruction, repair, replacement or maintenance of any improvement upon the Common Area and other areas, facilities and amenities which now or hereafter may be under the control of the Association, or for other unusual expenses and obligations of the Association, including without limitation those listed above, or for any other legal purpose desired by the Association or the Directors as permitted, provided that any such special assessment shall have the assent of two-thirds (2/3) of the votes of Owners who are voting in person or by proxy at a meeting duly called for that purpose.

Section 5. Due Dates. The annual assessments provided for herein shall commence as to all Lots in the Subdivision on the first day of the calendar year following the conveyance of the first Lot to an Owner, but in any event shall commence within one (1) year following the recording of the plat of the Subdivision with the Macomb County Register of Deeds. A conveyance to a builder who has purchased a Lot for the intended purpose of constructing a residence thereon for sale to an Owner shall be deemed a conveyance to an Owner. The Board of Directors shall endeavor to fix the amount of the annual assessment against each lot and to establish the assessment due date at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment and the due date shall be sent to every Owner subject thereto at least thirty (30) days prior to the assessment due date. Failure by the Association to send such written notice shall not permit any Owner to avoid paying the assessment, but shall delay such Owner's assessment due date until thirty (30) days following the date that such notice of assessment is eventually sent. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of its issuance.

Section 6. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid in full within thirty (30) days following its due date shall bear interest from the due date at the rate of seven percent (7%) per annum and shall be subject to a late payment fee equal to ten percent (10%) of the amount of the assessment to cover the cost of collection by the Association. In the event that the cost of collection, including attorney's fees, exceeds ten percent (10%) of the amount of the assessment, the Association shall be entitled to collect

the deficiency. The aggregate amount of the unpaid assessment interest, late payment fee and deficiency shall be a lien against the Lot corresponding to the unpaid assessment. The Association may bring an action at law against the Owner personally obligated to pay the assessment, interest, late payment fee and deficiency and may foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 7. Exempt Property. All Common Areas and all other property exempt from taxation by state or local governments and dedicated for public use shall be exempt from assessment, charge and lien created herein.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any first mortgage covering the Lot. Sale or transfer of any Lot shall not affect the lien of the assessments, however, the sale or transfer of any Lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, shall extinguish the lien of the assessments, but shall not extinguish the Owner's personal obligation for payment of assessments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment becoming due after such sale or from the lien thereof.

ARTICLE X: ASSESSMENT OF FINES

Section 1. General. The Association, acting through its duly constituted Board of Directors, shall be permitted to assess monetary fines against any Owner in the event that the Owner or his tenants, guests, family or invitees shall violate any of the provisions of the Declaration or any of the rules and regulations duly established by these Bylaws or the Association. Such Owner shall be deemed responsible for such violations whether they occur as a result of his personal actions or the actions of his family, guests, tenants, or invitees.

Section 2. Procedures. Upon any such violation being alleged by the Association Board of Directors, the following procedures shall be followed:

(a) Notice. Notice of the violation, including the provision of these Bylaws or the rules or regulations violated, together with a description of the factual nature of the alleged offense shall be sent by first class mail, postage prepaid, or shall be personally delivered to the Owner.

(b) Opportunity to Defend. The offending Owner shall have an opportunity to appear before the Board of Directors and offer evidence in defense of the alleged violation. The appearance before the Board of Directors shall be at its next scheduled meeting or a special meeting called to hear the evidence, but in no event shall the Owner be required to appear less than five (5) days from the date of the notice.

(c) Default. Failure to respond to the notice of violation constitutes a default.

(d) Hearing and Decision. Upon appearance by the Owner before the Board of Directors and presentation of evidence of defense, or, in the event of the Owner's default, the Board of Directors shall, by majority vote of a quorum of the Board of Directors, decide whether a violation has occurred. The Board of Directors' decision shall be final.

Section 3. Amounts. Upon a finding by the Board of Directors that a violation has occurred, the following fines shall be levied against the offending Owner:

(a) First Notice of Violation. No fine shall be levied.

(b) Second Notice of Violation. A FIFTY (\$50.00) DOLLAR fine shall be levied.

(c) Third Notice of Violation. A ONE HUNDRED (\$100.00) DOLLAR fine shall be levied.

(d) Fourth Notice of Violation and Subsequent Violations. A TWO HUNDRED (\$200.00) DOLLAR fine shall be levied.

In addition to such fines, the Owner, at the option of the Board of Directors, shall be subject to the suspension of his voting rights and of his right to use the Common Areas for a period not to exceed sixty (60) days per violation.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Owner similar to the annual Association assessments and shall be due and payable to the Association on the first day of the next following month. Failure to pay the fine when due shall subject the offending Owner of his Lot(s) to all of the liabilities set forth above in imposition of a lien on said Owner's lot.

ARTICLE XI: AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by more than fifty percent (50%) in number of the Owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. Voting. These Bylaws may be amended by the Owners at any regular meeting or a special meeting called for such purpose by an affirmative vote of not less than three fourths (3/4) of all Owners.

Section 4. When Effective. Any amendment to these Bylaws shall become effective immediately upon adoption.

Section 5. Binding. A copy of each amendment to the Bylaws shall be furnished to every Owner after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Subdivision irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XII: COMPLIANCE

These Bylaws are set forth to comply with the requirements of Act No. 162 of the Public Acts of 1982, as amended, and with the duly recorded Declaration and Articles of Incorporation. In case any of these Bylaws conflict with the provisions of the statute, the provisions of the statute shall be controlling.

Document signed June 2001 and notarized.

STATE OF MICHIGAN

COUNTY OF MACOMB

The foregoing instrument was acknowledged before me this ____ day of June, 2001, by JOHN SAPIANO, DEAN NARDECCHIA, HEIDI COX, CAMILLE HEILIG, MICHELLE HODAS, ANITA WARGNIER, NANCY BRANDOW, JOHN HILLIKER, LAWRENCE MCGEE, DAVID RUSSELL, SCOTT RUSSELL, DEBBIE WILKERSON and LEIGH BRUST, Directors of SUMPTER FOREST HOMEOWNERS ASSOCIATION, on behalf of the Corporation.