

BYLAWS

FALLBROOKE FARMS SUBDIVISION ASSOCIATION

ARTICLE I NAME AND LOCATION

The name of the Corporation is FALLBROOKE FARMS SUBDIVISION ASSOCIATION (hereinafter referred to as the "Association"). The principal office of the Corporation shall be the registered office of the corporation, but meetings of members and directors may be held at such places within the State of Michigan, as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

As used in these bylaws, the following terms shall have the following meanings:

Section 1. "Association" shall mean and refer to the FALLBROOKE FARMS SUBDIVISION ASSOCIATION, a Michigan nonprofit corporation, its successors and assigns.

Section 2. "Properly" shall mean and refer to certain real property situated in the Township of Macomb, Macomb County, Michigan, which is more particularly described as follows, and such additions thereto as may hereafter be brought within the jurisdiction of the Association:

Lots 1 through 104, inclusive, of FALLBROOKE FARMS SUBDIVISION, together with the "common areas" according to the Plat thereof as recorded in Liber 156, Pages 68 through 74, Macomb County Records.

Lots 1 through 8, inclusive, of BROOKEWOODS SUBDIVISION, together with the "common areas" according to the Plat thereof as recorded in Liber 158, Pages 64 through 67, Macomb County Records.

5 parcel spirts located on the east side of Englewood Drive, approximately 660 feet west of Broughton Road and 262 feet north of 25 Mile Road; Permanent Parcel Nos. 08-04^00-037,08-04-400-038,08-04-400-039, 08-04-400-040 and 08-04-400-041.

Section 3. "Common Area" "Common Areas" shall mean all the real property now or hereafter dedicated and/or declared by Declarant for the common use and enjoyment of all of the owners of property in the Fallbrooke Farms Subdivision, Brookewoods Subdivision, and the Englewood Drive parcel spirts, as described in Section 2 of this article, including, in the first instance, the storm water detention/open space area and certain easements for maintenance of landscaped areas described and attached to the Declaration of Easements, Covenants, Conditions and Restrictions for Fallbrooke Farms Subdivision and the Declaration of Easements, Covenants, Conditions and Restrictions for Brookewoods Subdivision and made a part hereof. No area shown or indicated on any plan or plat of any portion of the Fallbrooke Farms SubdMision, Brookewoods Subdivision, and the Englewood Drive parcel spirts shall be considered as a Common Area unless and until it has been dedicated and/or declared by Declarant for the common use and enjoyment of the owners in the Fallbrooke Farms Subdivision,

Brookewoods Subdivision and Englewood Drive parcel splits, by a recorded instrument executed by Declarant.

Section 4. "Lots" shall mean and refer to Lots 1 through 104 inclusive of FALLBROOKE FARMS SUBDIVISION, Lots 1 through 8 inclusive of BROOKEWOODS SUBDIVISION, and the five (5) parcel splits of Englewood Drive described in Section 2 of this Article, and such additional lots as may hereafter be brought within the jurisdiction of the Association.

Section 5. "Owner" shall mean and refer to the recorded owner (whether one or more persons or entities) of the fee simple title to any Lot which is part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to the Developer, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to both Declarations of Easements, Covenants, Conditions and Restrictions of FALLBROOKE FARMS SUBDIVISION and BROOKEWOODS SUBDIVISION, together with all Amendments thereto as recorded in Macomb County Records.

Section 8. "Member" shall mean and refer to those persons entitled to membership in the Association according to the Declaration, Articles of Incorporation and these by-laws.

Section 9. "Director" shall mean Volunteer Director as defined in Section 110 of the Michigan Nonprofit Corporation Act (currently, MCLA 450.2110).

ARTICLE III CORPORATE PURPOSE

The Association is organized for the purpose of encouraging and promoting the highest standards of management and maintenance for the land included in the FALLBROOKE FARMS and BROOKEWOODS Subdivisions (hereinafter, Subdivisions), and assisting the members of the Association in maintaining the Subdivisions as a residential development of the highest quality. In furtherance of such purposes, the Association shall have such powers and authority as are conferred upon it in its Articles of Incorporation, the Declaration, and these bylaws.

ARTICLE IV PROPERTY RIGHTS

The Association shall have the right to:

(a) Grant additional easements affecting the "Common Areas" to government agencies, and others, for purposes of conservation or utilities of any kind serving the Property or any part thereof, and the right to dedicate or transfer all or any part of the "Common Areas" owned by it to any public agency or authority for such purposes, and subject to such conditions as may have been agreed upon by the Members; provided that no such dedication or transfer, or determination as to the conditions thereof, shall be effective unless approved by an affirmative vote of more than fifty percent (50%) of the Assessment Units qualified to vote and voted by the Members of the Association consenting to such dedication or transfer, and as to the conditions thereof.

(b) The right of the Association to levy assessments upon the Lots, as set forth in the Declaration, together with the right to assess interest, fines, late charges and penalties for late payment, and to have a continuing lien therefor.

Page 02

ARTICLE V MEETING OF
MEMBERS

Section 1. Annual Meetings The first annual meeting of the Members shall be held as soon as reasonably possible after the date that ninety percent (90%) of the Lots in the Subdivision have been sold to Owners other than the Declarant or its Builder/Purchasers, or a lesser percentage as described in Section 2.3a of the Declaration; and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, or such other date as may be approved by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held on the first day following which is not a legal holiday.

Section 2. Special Meetings Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of one-third (1/3) of the Association Members who are entitled to vote.

Section 3. Notice of Meetings Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than 10 nor more than 60 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Each Member shall register his address with the Secretary and Notices of Meetings shall be mailed to such address. Such Notice shall specify the place, day and hour of the meeting, and in the case of a Special Meeting, the purpose of the meeting. If the business of any meeting shall involve any change in the basis or maximum amount of assessments set forth in the Declaration to which the Property is subject or any special assessments therein authorized, notice of such meeting shall be given or sent as therein provided.

Section 4. Record Dates. The board of directors may fix in advance a record date for the purpose of determining members entitled to notice of and to vote at a membership meeting or an adjournment of the meeting, or to express consent to or to dissent from a proposal without a meeting, or for the purpose of any other action. The date fixed shall not be more than 60 days nor less than 10 days before the date of the meeting, nor more than 60 days before any other action.

Section 5. Quorum The presence in person or by proxy of members representing at least 60% in number of the Assessment Units qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required herein, or in the Articles of Incorporation or the Declaration, to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which 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 Only one vote shall be cast for each Assessment Unit. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. Votes may be cast in person, 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 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 7. Proxies At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No more than 5 proxies may be voted by any 1 person at any meeting.

Section 8. A majority, except where otherwise provided herein or in the Articles of Incorporation or Bylaws of the Association, shall consist of the votes of more than 50% of the Assessment Units qualified to vote and voted by the members of the Association in person or by proxy or by written vote duly signed by the designated voting representative not present in person or by proxy at a given meeting of the members of the Association. A majority shall be required for all matters and shall control unless a greater percentage is specifically required herein or in the Articles of Incorporation or Bylaws of the Association as to specific matters.

Section 9. A Member shall be qualified to vote only if all assessments and late charges, if any, assessed against the Member's Assessment Unit shall have been paid in full on or before the appointed time of a meeting at which a vote is to be taken, or the date by which written ballots are to be received by the Association in the case of a mail ballot vote.

ARTICLE VI DIRECTORS

Section 1. Number The business and affairs of this Association shall be managed by a Board of Directors (hereinafter "Board") who must be Members in good standing p.e. qualified to vote) of the Association. Prior to the first annual meeting of the Members of the Association, the Board shall number three (3) Directors who shall hold office until the first annual meeting. After the first annual meeting, the Board shall consist of five (5) members. The number of Directors may be increased as the Board shall from time to time determine, but shall never be less than five (5) Directors.

Section 2. Term of Office At the first and succeeding annual meetings the Members shall elect five (5) Directors to hold office until the next annual membership meeting and until the director's successor is elected and qualified, or until the director's death, resignation or removal.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association entitled to vote at an election of directors, or at any time with cause by a majority of the members of the Board then in office. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 4. Vacancies. Vacancies on the Board shall be filled by the majority of the remaining Directors; any such appointed Director shall hold office until his or her successor is elected by the Members, who may make election at the next annual meeting of the Members or at any special meeting duly called for that purpose.

Section 5. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for the actual expenses incurred in the performance of his or her duties.

Section 6. Action Taken Without A Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors provided such consents are filed with the Secretary of the corporation.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination of one or more candidates for election to the Board of Directors may be made by any Association member in writing on a form to be provided by the Association prior to a meeting of the

members at which one or more Directors are to be elected. Nominations may also be made from the floor at a meeting of the members called for the purpose of electing Directors, provided, however, that any nominee must have accepted such nomination in writing prior to the meeting or in person at the meeting.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot, except that written absentee ballots shall be signed by the voting Member to be counted at the meeting. At such election the Members or their proxies may cast, in respect to each vacancy, one (1) vote per Lot owned. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE VIII DIRECTOR'S MEETINGS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President or any officer of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3. Action without Meeting. Any action required or permitted to be taken at an annual or special meeting of the Directors of the Association may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the Directors having not less than the minimum number of votes that would be necessary to authorize or take action at a meeting at which all Directors entitled to vote thereon were present and voting. Such written consents shall be filed with the Secretary of the Association. Prompt notice of the taking of corporate action without a meeting, by less than unanimous written consent, shall be given to all Directors and Members who have not consented thereto in writing.

Section 4. Participation by Conference Telephone or electronic means. A Director may participate in a meeting of the Board of Directors by conference telephone or other or similar communications equipment by which all persons participating may hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

Section 5. Quorum; vote constituting action of board or committee; amendment of bylaws. A majority of the members of the board then in office, or of the members of a committee thereof, constitutes a quorum for the transaction of business, unless otherwise provided in the Articles of Incorporation or these bylaws. The vote of the majority of members then in office constitutes the action of the board or of the committee, unless the vote of a larger number is required by the Michigan nonprofit corporation act, the articles, or these bylaws.

ARTICLE IX POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section t. Powers. The Board of Directors shall have all powers provided by law, including but not limited to power to:

(a) Adopt, promulgate and publish rules and regulations for the Association not inconsistent with the Articles of Incorporation or the Declaration, as amended.

Qo) Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment, including late charges, levied by the Association. Such rights may also be

suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of the published rules and regulations.

(c) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) Declare the office of a member of the board of Directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board of Directors;

(e) Elect, appoint and/or employ a manager, independent contractor (s), professional contractor (s) for maintenance, or such other employee (s) as they may deem necessary or appropriate, and to prescribe their duties, to fix their compensation and indemnify corporate officers, directors, agents and employees; and

(f) Purchase, receive, take by grant, gift, devise, bequest or otherwise acquire, own, hold improve, employ, and use real or personal property or an interest therein for the benefit of the Members and the Association;

(g) Purchase equipment for the benefit of, and make improvements in and upon, the "Common Areas";

(h) Make contracts and incur liabilities when such activities are determined to be in the best interests of the Association and the Members; and

(i) Engage in activities to promote the general health, safety and welfare of the Members; and

(j) Exercise all powers necessary or convenient to affect any purpose for which the Association is formed.

Section 2. Duties. It shall be the duty of the Board of Directors, commencing as of the date of incorporation of the Association, to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-tenth (1/10) of the Members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

(2) Send written notice of each assessment to every Owner subject thereto within the first week of the calendar year in which the assessment is to be levied and in any case not less than thirty (30) days prior to the delinquency date; and

(3) Issue, or cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether or not any assessment has been paid and the amount (s) thereof. The Board may make a reasonable charge for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association or maintained pursuant to easement;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) To exercise for the Association all powers, duties and authority vested in or delegated to the Association.

ARTICLE X OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President who shall at all times be a member of the Board of Directors, a Secretary and a Treasurer, and if desired, a Vice-President or such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each Annual Meeting of the members and shall be by majority vote of the Directors.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office until the next annual meeting of the Board of Directors and until the officer's successor is elected and qualified, or until the officer's death, resignation or removal.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. The Board may remove any officers from office with or without cause by majority vote of the remaining Board members then in office. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of a majority vote of the Directors then in office. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Officers Holding More Than One Office. An individual may hold one (1) or more positions simultaneously as an officer of the Association, except that the same individual may not hold the offices of President and Vice President simultaneously, and such person shall not execute, acknowledge, or verify an instrument in more than one capacity if the instrument is required by law or by the president or by the Board to be executed, acknowledged, or verified by two or more officers.

Section 8. Duties. The duties of the officers commencing as of the first annual meeting of members of the Association shall be:

(a) **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, deeds, mortgages and other written instruments and may sign all checks and promissory notes.

(b) **Vice President.** The Vice President, if any, shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the board.

(c) **Secretary.** The Secretary shall record the votes and keep the Minutes of all Meetings and proceedings of the Board and of the members; maintain all books and records of the Association; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members as required by these by-laws, the Articles of Incorporation and/or the Michigan Non-Profit Corporation Act, as amended; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Page 07

(d) Treasurer. The Treasurer shall personally or through the agency of a managing agent receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursement made in the ordinary course of business activity conducted within the limits of a budget adopted by the Board; may sign all checks and promissory notes of the Association, keep proper books of account; and shall prepare an annual budget and a statement at its regular annual meeting and deliver a copy to each of the Members.

ARTICLE XI COMMITTEES

The Board of Directors may appoint such committees as are deemed appropriate in carrying out its purpose. The Board of Directors may delegate such duties and authority to such committee(s) as is not inconsistent with and/or prohibited by the Michigan Non-Profit Corporation Act, as amended.

ARTICLE XII ELIMINATION AND ASSUMPTION OF CERTAIN LIABILITY OF DIRECTORS

No board member or officer who is a volunteer Director or volunteer officer of the corporation shall be personally liable to the Association or its Members for monetary damages for breach of the Director's fiduciary duty, except for liability:

- (1) For any breach of the Director's duty of loyalty to the Association or its shareholders or members;
- (2) For acts or omissions not in good faith or that involves intentional misconduct or knowing violation of law;
- (3) For a violation of Section 551(1) of the Michigan Nonprofit Corporation Act;
- (4) For any transaction from which the Director derived an improper personal benefit;
- (5) For any acts or omissions occurring before the date this Article is filed by the Michigan Department of Commerce; and
- (6) For any acts or omissions that are grossly negligent.

The corporation assumes the liability for all acts or omissions of a volunteer trustee, volunteer officer, or other volunteer occurring on or after the effective date of this provision granting limited liability if all of the following are met

- a. The volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority; and
- b. The volunteer was acting in good faith; and
- c. The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct; and
- d. The volunteer's conduct was not an intentional tort; and
- e. The volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed as provided in section 3135 of the insurance code of 1956, being section 500.3135 of the Michigan Compiled Laws.

Page 08

If the Michigan Nonprofit Corporation Act is hereafter amended to authorize the further elimination or limitation of the liability of Directors of nonprofit corporations, then the liability of a Director of the Association (in addition to the limitation, elimination and assumption of personal liability contained in this Article) shall be assumed by the Association or eliminated or limited to the fullest extent permitted by the Michigan nonprofit Corporation Act as so amended.

No amendment or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any Director of the Association for or with respect to any acts or omissions of such Director occurring prior to the effective date of any such amendment or repeal.

ARTICLE XIII INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Nonderivative Actions. Subject to all of the other provisions of this article, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the corporation). Such indemnification shall apply only to a person who was or is a director or officer of the corporation, or who was or is serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its members. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the corporation or its members or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Derivative Actions. Subject to all of the provisions of this article, the corporation shall indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor because (a) the person was or is a director or officer of the corporation or (b) the person was or is serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether or not for profit. The person shall be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement incurred by the person in connection with such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation or its members. However, indemnification shall not be made for any claim, issue, or matter in which such person has been found liable to the corporation unless and only to the extent that the court in which such action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for the expenses which the court considers proper.

Section 3. Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in sections 13.01 or 13.02 of this article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be

indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this article.

Section 4. Contract Right; Limitation on Indemnity. The right to indemnification conferred in this article shall be a contract right and shall apply to services of a director or officer as an employee or agent of the corporation as well as in such person's capacity as a director or officer. Except as provided in section 13.03 of this article, the corporation shall have no obligations under this article to indemnify any person in connection with any proceeding, or part thereof, initiated by such person without authorization by the board.

Section 5. Determination That Indemnification Is Proper. Any indemnification under sections 1 or 2 of this article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case. The corporation must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in sections 1 or 2, whichever is applicable. Such determination shall be made in any of the following ways:

- (a) By a majority vote of a quorum of the board consisting of directors who were not parties to such action, suit, or proceeding.
- (b) If the quorum described in clause (a) above is not obtainable, then by a committee of directors who are not parties to the action. The committee shall consist of not less than two disinterested directors.
- (c) By independent legal counsel in a written opinion.
- (d) By the members.

Section 6. Proportionate Indemnity. If a person is entitled to indemnification under sections 1 or 2 of this article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the corporation shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

Section 7. Expense Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in sections 1 or 2 of this article may be paid by the corporation in advance of the final disposition of the action, suit, or proceeding on receipt of an undertaking by or on behalf of the person involved to repay the expenses, if it is ultimately determined that the person is not entitled to be indemnified by the corporation. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made but need not be secured.

Section 8. Nonexclusivity of Rights. The indemnification or advancement of expenses provided under this article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the corporation. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

Section 9. Indemnification of Employees and Agents of the Corporation. The corporation shall grant rights to indemnification and to the advancement of expenses to any employee or agent of the corporation to the fullest extent of the provisions of this article with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

Section 10. Former Directors and Officers. The indemnification provided in this article continues for a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

Section 11. Insurance. The corporation may purchase and maintain insurance on behalf of any person who (a) was or is a director, officer, employee, or agent of the corporation or (b) was or is serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. Such insurance may protect against any liability asserted against the

person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have power to indemnify against such liability under this article or the laws of the state of Michigan.

Section 12. Changes in Michigan Law. If there are any changes in the Michigan statutory provisions applicable to the corporation and relating to the subject matter of this article, then the indemnification to which any person shall be entitled shall be determined by such changed provisions, but only to the extent that any such change permits the corporation to provide broader indemnification rights than such provisions permitted the corporation to provide before any such change.]

**ARTICLE XIV
CONTRACTS OR TRANSACTIONS WITH ANOTHER CORPORATION WITH
COMMON DIRECTORSHIP, OFFICERSHIP OR INTEREST**

Section 1. A contract or other transaction between the Association and one (1) or more of its Directors or officers, or between the Association and a business entity in which one (1) or more of its directors or officers are officers or directors of the Association, or are otherwise interested, shall not be void or voidable solely because of such common directorship, officership or interest, or solely because such directors are present at the meeting of the board or committee thereof which authorizes or approves the contract or transaction, or solely because their votes are counted for such purpose, if any of the following conditions is satisfied:

Section 2. The contract or other transaction is fair and reasonable to the Association when it is authorized, approved or ratified.

Section 3. The material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or known to the Board and the Board authorizes, approves or ratifies the contract or transaction by a vote sufficient for the purpose without counting the vote of any common or interested director.

Section 4. The material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or known to the members, and the members authorize, approve or ratify the contract or transaction.

**ARTICLE XV BOOKS AND
RECORDS**

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost. Upon the written request of any member, the Association shall mail to such member its balance sheet as at the end of the preceding fiscal year, its statement of income for such fiscal year, and, if prepared its statement of source and application of funds for such fiscal year.

**ARTICLE XVI PROXIES, MAIL
BALLOTS**

Section 1. Unless otherwise provided herein, at all meetings of Members, each Member may vote in person, or by proxy or written mail ballot signed by the designated voter. Provided, however, that except in the case of election of Directors or a special assessment pursuant to Article XVII, Section 4. paragraphs a through c, the Board of Directors may provide for a mail ballot vote in lieu of a meeting.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his Lot.

**ARTICLE XVII
ASSESSMENTS**

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed, land contract or other conveyance thereto, whether or not it shall be so expressed in any such deed, land contract or other conveyance, shall be deemed to have covenanted and agreed to pay to the Association, annual and special assessments and/or other charges, established and to be collected as provided in the Declaration and these bylaws. Such assessments, together with interest thereon, at the highest rate permitted by law, late fees and the costs of collection thereof, including reasonable attorneys' fees, shall be a lien upon the land against which they are made and shall also be the personal obligation of each person who was an Owner of such Lot at the time the assessment became due and payable. The personal obligation of any Owner for any delinquent assessment shall not pass to any successor in title of such Owner unless expressly assumed by such successor.

Section 2. Functions Of The Association. The Association shall be responsible for the improvement, maintenance, repair and replacement of tire "Common Areas", storm water retention pond, emergency access easement, and all lighting, pumping equipment, gates, subdivision boundary fences, slopes, berms, vegetation screening, screening fences, and/or other equipment and facilities located thereon or used in connection therewith, and all charges for water and electricity and/or other energy charges incurred in connection with any of the foregoing. Notwithstanding the foregoing, it shall be the responsibility of each Lot Owner to landscape and maintain the area lying between the Owner's front and/or side Lot lines and the curb.

Section 3. Annual Assessments. The annual assessments levied under this Article shall be used by the Association for the purpose of (a) promoting the health, welfare and safety of the residents living in the Subdivision, (b) for the improvement and maintenance of the "Common Areas", conservation easement areas, and emergency access easements, all lighting, pumping equipment, gates, subdivision boundary fences and/or other equipment located thereon or used in connection therewith, and all charges for electricity and/or other energy charges incurred by the Association in connection with any of the foregoing; (c) providing of services and facilities for the benefit of such residents; (d) maintaining, beautifying and improving the streets, rights of way and entryways within the Subdivision and (e) payment of any taxes or insurance premiums relating to the "Common Areas" and improvements thereon. Funds expended for the maintenance of public streets, if any, and the lighting thereof shall supplement such services as may be provided by the Road Commission for Macomb County, or any other public authority or utility. The Association shall use such assessments for the repair, replacement and additions to any facilities and/or equipment located on the "Common Areas", as well as for the cost of labor, equipment, materials, management and the supervision thereof. All such assessments, except those chargeable to a specific Lot or Lots pursuant to subsection (d) below, shall be in the same amount for all Lots in the Subdivision.

(a) The Board shall in each year levy an assessment of a specified number of dollars per Lot.

(b) On or about January 1 of each year thereafter the Board shall send a written statement to each Lot Owner stating the amount of the assessment for the ensuing year. Each Lot Owner shall pay such statement within thirty (30) days after it has been sent. Assessments not paid within forty (40) days shall be deemed delinquent and interest shall accrue on delinquent assessments at the rate of seven (7%) percent per annum, together with such late fees as the Board of Directors may determine.

Section 4. Special Assessments. In addition to the assessments authorized above, the Association may levy a special assessment to be spread over not in excess of five equal successive annual payments for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of any improvements on the "Common Areas", including any pavement, fixtures, equipment and other personal property relating thereto, damages assessed against the Association, its directors, officers, agents or employees, or unbudgeted professional fees and expenses and costs incurred in the defense or promotion of the Association or its directors, officers, agents and employees, provided, however, that no such special

assessments shall be levied unless first approved by a majority of the votes cast in person or by proxy or by written ballot signed by the designated voting member at a meeting of the Association Members duly called for that purpose at which a quorum is present, written notice of which shall be sent to all Members at least thirty (30) days in advance of the meeting and which shall set forth the purpose of the meeting.

(a) Any such special assessment or any installment thereof currently due shall be added to the annual statement to be sent to each Lot Owner and shall be due and payable at the same time as the annual assessment and shall become delinquent and accrue interest the same as such annual assessment.

(b) Any special assessment levied under this Section shall be levied against each Lot and shall be a charge of a specified number of dollars and cents for each Lot.

(c) The quorum required for any meeting at which a special assessment is approved as permitted by this Section shall be at the first meeting called for such purpose, at least sixty (60%) of all of the then qualified votes, present either in person or by proxy, or by written ballot signed by the designated voting representative and received by the Association not later than the appointed time of the meeting. If the required quorum is not present at the first meeting called for the purpose of considering the spreading of a special assessment, another meeting may be called for the purpose, with notice thereof to be given as provided for in this Section and the required quorum at any such subsequent meeting shall be two-thirds of the requirement amounts for the first meeting, provided that such second meeting shall be held no more than sixty (60) days subsequent to the holding of the first meeting.

(d) In addition to the assessments authorized by the above sections of this Article, the Association may levy a special assessment against any Lot or Lots, for the purpose of maintaining the exterior of any structure located thereon, for maintaining and caring for the surface thereof and any plantings or other vegetation located thereon. A special assessment for such purposes shall not be levied except in compliance with the following:

(i) The Association shall determine that the maintenance and appearance of a Lot or Lots detracts from the appearance and attractiveness of the Subdivision and the buildings and other improvements located thereon. Such determination shall be made by a vote of the members as required for a Special Assessment for Capital Improvements and subject to the quorum requirements specified herein, except that a vote on such matter may be by mail ballot without a meeting.

00 A written notice of that determination specifying exactly what in the opinion of the Association must be done in order to rectify the unsatisfactory condition has been delivered to the Lot Owner of the offending Lot. Association representatives designated by the Board shall have the right to enter on any Lot to more accurately determine how any unsatisfactory condition may be best remedied.

(iii) The Lot Owner receiving such notice shall be given a period of thirty (30) days after the receipt thereof to commence the required work.

(iv) If the Lot Owner has not commenced the required work within said thirty day period or if having commenced such work it is not completed within a reasonable period of time after commencement, the Association shall have the right to go upon the Lot Owner's premises, complete the required work and assess the cost thereof against such premises, provided, however, such cost shall not exceed the reasonable cost for performing such work.

(v) Any assessment levied under this Section shall be due and payable thirty (30) days after the Lot Owner has been rendered a statement therefor.

**ARTICLE XVIII
CORPORATE SEAL**

The Association may have a seal in circular form having written in its circumference the words: FALLBROOKE

FARMS SUBDIVISION ASSOCIATION.

ARTICLE XIX
AMENDMENTS

Section 1. Except as otherwise required by law, these Bylaws may be amended, at a regular or special meeting of the Board of Directors by a vote of a majority of the Directors then in office.


Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

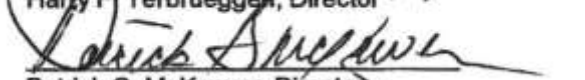
ARTICLE XX
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December, every year, except that the first fiscal year shall begin on the date of incorporation.

Bylaws adopted by the Board of Directors on February 1, 2006.


Richard A. Schoenherr, Director


Harry F. Terbrueggen, Director


Patrick G. McKeever, Director

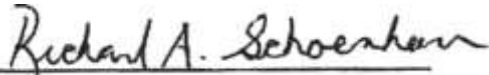
FALLBROOKE FARMS SUBDIVISION ASSOCIATION BYLAW
AMENDMENT

The Board of Directors of Fallbrooke Farms Subdivision Association hereby amends Article V, Section 5, of the Bylaws for Fallbrooke Farms Subdivision to read as follows:

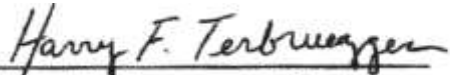
"Section 5. Quorum The presence **in** person or by proxy of members representing at least one **third (1/3)** in number of the Assessment Units qualified to vote **shall** constitute a quorum for holding a meeting of the members of the Association, **except** for voting on questions specifically required herein, or in the Articles of Incorporation or the Declaration, to require a greater quorum. The written vote of any person furnished at or prior to any duly catted meeting at which **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 Only one vote shall be cast for **each** Assessment Unit. If, however, such quorum shaft not **be** present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum **as** aforesaid shall **be** present **or** be represented.

This amendment is made to conform to the intent of Section 2,3 of the Declaration of Easements, Covenants, Conditions and Restrictions for Fallbrooke Farms Subdivision as amended by the First Amendment dated Januarys, 2005 that a quorum for a meeting of members should be one third of the assessment units qualified to vote unless the Declaration or Articles of Incorporation require a greater quorum.

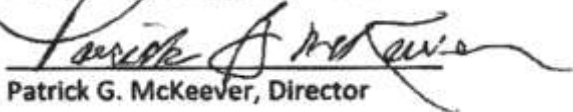
July 25, 2014



Richard A, Schoenherr, Director



Harry F. Tesbruegggen, Director



Patrick G. McKeever, Director