

BY - LAWS

Revised June, 1996

of the

STONERIDGE SUBDIVISION NO. 2 HOMEOWNERS ASSOCIATION

ARTICLE I

Name, Location, and Authority

Section 1. The name of the Association shall be STONERIDGE SUBDIVISION NO. 2 HOMEOWNERS' ASSOCIATION.

Section 2. The park premises owned and operated by the Association are located in the City of Troy, Oakland County, Michigan, as described within the attached Exhibit A.

Section 3. This Association is a non-profit corporation, organized in the State of Michigan under Act No 327 of P.A. of 1931, as amended, of the Statutes of said State of Michigan.

ARTICLE II

Purpose of Association

Section 1. The Purpose of the Association shall be:

(a) To provide park facilities for the benefit of all of the members of the Association, which facilities are to be owned, operated, managed, and controlled for the common use and benefit of said Members of the Association in accordance with the provisions of the Articles of Incorporation and these By-Laws.

(b) To promote the interests, welfare, educational opportunities, safety and advancement of the property and residents of said community in accordance with the restrictions of the property and zoning laws of the City of Troy, Oakland County, and the general laws of the State of Michigan.

(c) To obtain necessary funds, acquire necessary property, and to otherwise conduct business incidental and necessary to accomplish the above purposes.

ARTICLE III

Directors, Officers, and Management

Section 1. The Association shall be managed by a Board of Directors which shall consist of five (5) Members in good standing.

Section 2. The Board of Directors shall hold its Annual Meeting within ten (10) days after the Annual Meeting of the Members, and at such meeting shall elect from its own number a President, Vice President, Treasurer, and Secretary, all of whom shall serve until the succeeding Annual Meeting of the Board of Directors or until their successors shall have been elected and qualified. The duties of said officers shall be as follows:

(a) The President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and the Board of Directors; he shall appoint all committees with the consent and approval of the Board, and shall be ex officio a member of said committees; he shall make annual reports to the Board of Directors and to the Members, and shall exercise generally all of the powers and perform the duties of supervision and management usually vested in the office of the President of an association of this character.

(b) The Vice President. In the absence of the President, the Vice President shall perform all of his duties, and if the office of the President shall become vacant, the Vice President shall hold the office of the president until the vacancy shall be filled by the Board of Directors. He shall perform other duties as assigned by the President.

(c) The Secretary. The Secretary shall attend all meetings of the Board of Directors and General Membership meetings, and shall record in books of the Association, true minutes of the proceedings of all such meetings; he shall give all notices required by statute, By-Law or resolution; he shall conduct or cause to be conducted all official correspondence of the Association, and generally shall perform such duties as may be delegated to him by the Board of Directors.

(d) The Treasurer. The Treasurer shall have custody of all Association funds and securities, and shall keep in books belonging to the Association, full and accurate accounts of all receipts and disbursements; he shall deposit all monies, securities and other valuable effects in the name of the Association in such depositories as may be designated for that purpose by the Board of Directors. Whenever requested, he shall render to the President and the Board of Directors an accounting of his transactions as Treasurer, and of the financial condition of the Association.

Section 3. The Board of Directors shall have the right to appoint such assistants to the officers above named as it shall deem necessary to the proper operation of the Association.

Section 4. The Board of Directors shall have the power to fill vacancies in any office and in its own membership, provided that any Director so appointed by the Board to fill a vacancy shall serve only until the next annual meeting of Members, and at such meeting, a vacancy in such directorship shall be deemed to exist. The Director elected to fill such a vacancy shall serve only the unexpired term of the person originally elected as Director.

Section 5. The Board of Directors shall be empowered by the vote of not less than four (4) Directors to remove from office any officer or director for cause. Any officer or director against whom charges may be brought shall be notified in writing of the nature of such charges not less than ten (10) days before any meeting at which such charges shall be heard. Any such officer or director shall have the right to be present at such

meeting in person and/or by representative who must be a Member of the Association, to be confronted by an cross-examine the person making the charges, and to introduce evidence and to make a statement in his own defense.

Section 6. The Board of Directors is empowered from time to time to make, establish and enforce such rules and regulations as it may deem necessary or desirable for the proper conduct of the Association and its affairs, so long as such rules and regulations do not conflict with the By-Laws.

Section 7. The Board of Directors shall have the power to employ, remove, or suspend such agents and employees of the association as it may deem fit, and to determine their duties and provide for or change their compensation; to determine who shall be authorized, on behalf of the Association, to sign checks, notes, deeds, leases, mortgages, contracts, and other documents; to sell, lease, mortgage, pledge, convey, release, surrender, or otherwise dispose of property belonging to the Association.

ARTICLE IV

Meetings and Notices

Section 1. The annual meeting of the Members of the Association shall be held at such hour, place and date as the Board of Directors may designate between January 1 and February 28 in each year. Directors shall be elected at such meeting, and such other business shall be transacted as may properly come before the meeting. No capital improvements, additions or replacements may be made, unless first approved by a majority vote of the Members present at any annual meeting or special meeting of the Members.

Section 2. Special meetings of the Members of the Association may be called by the President or the Board of Directors, and shall be called on the written request of not less than twenty-five (25%) percent of the Members in good standing and such specified meeting shall be called within sixty (60) days from the date of the filing of such written request with the Board. Such request shall state the purpose for which such meeting is to be called. The notice for any special meeting shall state the purpose for which it is called and business other than as specified shall not be transacted at such special meeting.

Section 3. Notice of regular or special meetings of the Membership shall be mailed or delivered to all members at least seven (7) days prior to the date of such meeting.

Section 4. At any meeting of the Members, only Members entitled to vote under the provisions of the Articles of Incorporation and these By-Laws shall have voting rights at such meeting.

Section 5. The Board of Directors shall hold regular meetings at least once every month, at such times and places as may be designated by the President, and shall hold special meetings at the order of the President or at the request of any three (3) Members of the Board. Notice of regular and special meetings shall be communicated to each Member of the Board not less than three (3) days before such meetings.

ARTICLE V

Quorum and Voting

Section 1. Four (4) members of the Board of Directors shall consist of a quorum at meetings of the Board of Directors.

Section 2. At any annual or special meeting of the Members, except as otherwise provided by law, or in the Articles, or in these By-Laws, fifteen (15) Members present and entitled to vote shall constitute a quorum and shall be empowered to transact business. If at any meeting of the Members no quorum shall be present, the meeting shall be adjourned to a subsequent date and the Secretary shall notify the Members thereof in writing at least ten days prior to such subsequent date, and at such adjourned meeting the Members present shall constitute and be a quorum even if there are present less than fifteen members entitled to vote.

Section 3. Voting shall be limited to those members whose dues are paid for the current year.

(a) Specific questions may be either voted on at the Annual or Special meetings or submitted to the Members for decision by written ballot cast by mail or deposited with the Secretary.

(b) Voting by proxy shall not be permitted for any Association meeting, election, or By-Law amendment.

ARTICLE VI

Nominations for Directors

Section 1. A Nominating Committee, consisting of not less than two (2) nor more than four (4) members in good standing, not more than one (1) of whom shall be a Member of the Board of Directors, shall be appointed by the President, with the consent and approval of the Board of Directors not later than April 1st in each year. If a Director be appointed to such Committee, such Director shall not be entitled for nomination by such Committee.

Section 2. Only Members in good standing and holding no political office shall be eligible for nomination or election as Directors. No Member shall be considered in good standing if his dues are in arrears.

Section 3. Nominations shall be for a term of two (2) years. Initial terms to be determined by election of three (3) two (2) year directors and two (2) one (1) year directors.

Section 4. The nominating process shall be as follows:

(a) It shall be the duty of the Nominating Committee to secure at least one (1) candidate per Director vacancy. After securing the consent of each person so nominated, the committee shall immediately forward the list to the Secretary in writing not later than May 1st.

(b) Additional nominations of eligible Members maybe made at the annual meetings and must b accepted by the nominee.

(c) Election of Directors to be by secret ballot unless only one nomination for each vacancy at which time the election may be declared by acclamation.

Section 5. The President shall, at least one (1) day prior to the meeting, appoint three (3) Members of the Association in good standing (other than nominees and Board Members) to be an Election Committee. No ballot shall be counted upon which a greater number of nominees are voted for than the number to be elected

The votes shall be counted by the Election Committee and the results reported to the President in writing signed by the three (3) judges. The President shall thereupon announce the results to the members assembled at the meeting. In case two (2) or more nominees receive an equal number of votes, leaving undetermined the election of one(1) or more persons as Members of the Board, the determination of who shall be declared electe shall be by lot in the presence of the Members assembled at the meeting.

ARTICLE VII

Membership

Section 1. Members: Each owner of a lot in the STONERIDGE SUBDIVISION No. 2, Troy, Michigan shall be a class A Member. For the purposes of these By-Laws, said STONERIDGE SUBDIVISION No. 2 consists of approximately four hundred ten (410) lots located int the City of Troy, Oakland County, Michigan, described as follows: (see attached Exhibit A which includes the Park areas).

If any lot is owned by more than one (1) person, the owners of such lot, as a group, shall constitute a Member. "Ownership" shall be deemed to be vested in the person or persons holding title to a lot, whether encumbered or not; in the case of a land contract, "ownership" shall be deemed to be vested in the land contract vendee. If the ownership of a lot is transferred, the transferer shall automatically cease to be a Member of the Association. Each membership, whether in the name of one (1) or more persons or corporation, shall be entitled to one (1) vote; subject, however, to the limitations hereinafter set forth. In the event that a Member is then in arrears as to his or her dues, he or she shall not be entitled to any vote on any matters.

ARTICLE VIII

Dues and Assessments

Section 1. The Board of Directors shall have the authority from time to time to determine and fix dues for the memberships of the Association, and to fix the time and method of payment thereof, subject, however, to the limitation that the dues of the Association shall be no less then One (\$1.00) Dollar per year and not more than Five (\$5.00) Dollars per year for a lot owner; and no less than ten (\$10.00) Dollars per year, nor more than Twenty-five (\$25.00) Dollars per year for a lot owner occupant. The amount of dues shall be fixed at such amount so that the total revenue of the Association shall be sufficient to pay all costs of operating and

maintaining said park facilities, including salaries of employees engaged in the operation of same, maintenance taxes, insurance, repairs, and all other costs of maintenance and operation, and, in addition, any and all capital improvements, additions or replacements. However, developer shall not pay any portion of dues or assessments used for capital improvements or additions, the same shall be exclusively the liability of remaining members. The dues and assessments of developer shall contain no portion thereof applicable to or to be used to be paid for capital improvements or additions. No salary or remuneration shall be paid to any officers or directors of Association for their services, as such; provided, however, that this shall not prevent the payment of compensation to any Member officer or director who is a working employee engaged in the operation and maintenance of the park facilities.

Section 2. Only dues paying members shall be entitled to the use of said park facilities; this shall include the Member and any and all persons who reside in the home owned by such member, including children, spouses, tenants, or any other persons who regularly reside in such home, all of whom are hereafter referred to as "associates." Occasional guests of a Member may be admitted to the use of such facilities on such terms, conditions, and payments as may be set forth by the Board of Directors from time to time.

Section 3. Children of dues paying Members will be permitted to use the facilities. No beverage subject to tax under Chapter 51 of the Federal Internal Revenue Code will be served or permitted to be consumed on any premises under the control of the Association. No dining facilities (other than facilities for light refreshments), and no dancing facilities will be provided on any premises under the control of the Association. The Association shall not be controlled by, or under the common control with, any other organization.

Section 4. The failure of a Member to pay his dues within thirty (30) days after the same become due and payable shall constitute an election by such Member not to have any voting rights whatsoever; and further, such Member shall not be entitled to the use of the park facilities; the ineligibility of such Member to the use of the park facilities shall apply to himself as well as to his associates. In the event that any person, corporation, or other entity shall become a new member through acquisition of a lot in said subdivision as hereinbefore provided, and a bona fide purchaser for value, he shall not be charged with any arrearage owing by the former Member, but shall become a regular dues paying member by paying the current and future dues in the same manners as an other member.

Section 5. A Member shall be deemed "in arrears" when he does not pay his dues within thirty (30) days after a statement for same shall have been mailed to him at his address as shown by the books of the Association and such member lot owner shall remain personally liable for the same, as well as each and all subsequent dues or charges levied or assessed against such members and lot owners by the Association and in addition to all other remedies, a lien in each instance shall attach against such defaulting member's lot or lots enforceable as a lien in accordance with the statutes of the State of Michigan and the applicable rules and regulations.

Section 6. None of the qualifications for membership in this Association may be altered, changed or repealed without the written consent of the governmental agency which guarantees or insures mortgages on homes in this subdivision, if so required by such governmental agency.

ARTICLE IX

Monies

Section 1. The Treasurer shall maintain an account or accounts in a depository as designated by the Board of Directors for the purpose of depositing promptly all monies received by him in the name of the Association.

Section 2. Checks shall be signed by the Treasurer and countersigned by either the President or Vice President.

Section 3. A Special Committee appointed by the President from the General Membership shall conduct an Audit prior to the Annual Election Meeting.

ARTICLE X

Committees

Section 1. Promptly after his election, the President of the Association shall appoint the following standing committees with the consent and approval of the Board of Directors, which committees shall serve during the fiscal year of the Association, or until their successors are appointed:

(a) Finance and Budget: This committee shall be responsible for development of the yearly budget for the Association and will recommend the annual dues rate to the Board for approval.

(b) Parks: This committee shall be responsible for arrangements for park maintenance and recommendations to the Board concerning park improvements and shall be responsible for enforcement of park boundaries.

(c) Beautification: This committee shall be responsible for improvements to beautify the subdivision exclusive of the park areas.

(d) Architectural Planning: This committee will be responsible to advise Members on subdivision restrictions as they effect homeowner property improvements.

Section 2. The Board of Directors may provide for such other standing committees to be appointed by the President as it may see fit, and shall assign to them such duties as it may determine.

Section 3. The President may appoint such special committees as may from time to time seem desirable and shall be, "ex officio, a member of all committees".

ARTICLE XI

Complaint Procedure

Section 1. Complaints against Members of the Association or associates, are limited to violations of the By-Laws or the rules and regulations of the Association, or for unbecoming conduct in connection with activities at the parks and shall be made in writing to the Board of Directors and signed by the complaining Member. If the Board of Directors shall consider the charges of so serious an import as to warrant a hearing, it shall notify in writing, the complainant and the person charged, to appear before the board for a hearing on a date at least ten (10) days subsequent to the notice. The notice shall set forth the nature of the charges. The member or associate charged shall have the right to appear at such meeting in person and/or by representative, who must be a Member, to be confronted by and cross-examine the complainant and any other witnesses and to introduce evidence and to make a statement in his own defense.

Section 2. The penalties for unbecoming conduct or for violation of the By-Laws or the rules and regulations of the Association by a Member or one of his associates, shall be the denial of the use of the park facilities to such member and all of his associates, with the like effect as though such member were a non-due paying Member for the period of such penalty. The affirmative vote of two-thirds (2/3) of the Members of the Board present shall be necessary for the imposition of a penalty. In the case of penalty, the Board shall, by its vote, specify the length of time thereof.

ARTICLE XII

Community Relations

Section 1. A Member of the Association shall be considered a representative of the Association in his use of said park facilities, and shall conduct himself accordingly. The Members shall, at all times, abide by all reasonable rules and regulations imposed from time to time by the Board of Directors so as to result in the operation of the parks of high standard.

ARTICLE XIII

Interpretation of the By-Laws

Section 1. The decision of the Board of Directors on any question involving the interpretation of these By-Laws will be final.

ARTICLE XIV

Liquidation of Corporation

Section 1. In the event this Corporation shall be dissolved, terminated, or liquidated, or at anytime prior thereto, in no event whatsoever shall the proceeds of such dissolution, termination, or liquidation inure to the benefit of , or in any way, be received by Elro Corporation or Stoneridge Development Corporation, each Michigan Corporations, or any members of the Association. Association records shall be donated to the Troy Historical Society. Any proceeds of such action shall be disbursed equally to all Stoneridge II Homeowners of

record at that time.

ARTICLE XV

Amendments of the By-Laws

Section 1. The By-Laws of the Association may be amended by the Members of the Association in good standing. A majority vote of said Membership then having voting rights, and voting to amend By-Laws, shall be sufficient to carry a resolution, subject, however, to the restrictions contained in Articles VII and VIII of the By-Laws.

Section 2. Amendments of By-Laws may be proposed in writing by the Board, or by not less than ten (10%) percent of the Members in good standing. Such proposed amendments of By-Laws shall be filed with the Secretary and he must mail or deliver proposed amendments to all members in good standing within thirty (30) days prior to the Annual meeting. Voting shall be in accordance with Article V, Section 3.

ARTICLE XVI

Parliamentary Authority

Section 1. The rules contained in Robert's Rules of Order shall govern the Association in all cases to which they are applicable, and in which they are not inconsistent with the rules of order or By-Laws of the Association.