PURPOSED AMENDED & RESTATED
MASTER DEED BYLAWS & AOI
Meeting minutes
June 8, 2019

Present: Randy Moore (President), Mike Munson (Vice President), JoAn Nink (Treasurer), Ed Pisarski (Secretary), Sherry Proulx (Trustee), Dennis Dunn (Asst. Secretary), Tammy Velten (Property Mgr.), Jennifer Wilson (Asst. Property Mgr.)

Guests: Matthew Heron, Hirzel Law (Amendment Attorney)

Call to Order: 10:03 a.m.

1. **The Purpose and Goal of amending our Governing Documents:** Randy began by thanking all the volunteer homeowners (H/O) that have worked so hard over the past two years to make sure we get this right and evolved into a much better and more efficient document then we have currently. There was a tremendous need to update our documents from several different aspects. From a legal standpoint, they are outdated and do not comply with current law. In addition, technology has changed a great deal, such as email communications, drones, solar panels and electric cars, which simply did not exist when our documents were drafted back in 1998, and therefore are not addressed in our current documents. So, the purposed amendments will bring our documents up to date. Randy stated that for the most part, homeowners (H/O) won't notice a change at all. The primary changes you will see in the purposed amendments are: **1.)** Our documents were written by the Aspen's (the developer) attorneys to protect Aspen's right which have long expired, so all reference to the developer or developer's rights have been removed except where needed for historical reference; 2**.)** Another big change was to the rental policy. The number one question that the Board is consistently asked is "what are we going to do about the rentals?". Our goal was to be fair to both the homeowners and those that purchase to rent. What we have purposed is to include a cap on the number of rentals in the community at 25%. We are currently at approximately 23%. From an administrative aspect, not having a rental cap would affect our community in two major ways: **a.)** Insurance companies are tracking the rental percentage within the Association. Both the Association's insurance premium and the individual homeowner's insurance premium will increase if we exceed the insurance industry's rental cap of 50%, as their underwriters will then view our Association as a rental/investment community rather than a residential community, as it does now; **b.)** Finance companies are also tracking the percentage of rentals within our Association whenever they receive a mortgage application. If we exceed their rental cap, mortgage companies will begin to charge higher interest rates or even deny the mortgage application as they will not want to invest in a rental community. They are concerned that if a mortgage holder should default on the mortgage payments, they may be unable to recover what is owed on the property and that the value of these homes will decrease once the percentage of rental units exceeds their cap. Also included in the rental policy is a "hardship clause" which would apply once we reach the 25% cap. For example, if a homeowner were to become seriously ill and needed to move downstate for medical treatment, or someone's job transferred them to work out of state, the Association could approve a "waiver" to allow that member to rent their unit so that they wouldn't lose it because they couldn't afford to let it sit vacant. We don't want anyone in a position of losing their home. Randy stated that the requirement to adopt the purposed amendments is by approval of 66 2/3% of the eligible voters. It is a high standard to meet but the State purposely made it difficult so that Associations can't constantly amended their documents repeatedly, making it confusing for the members as to what they can or cannot do. There are political-type signs along Mission & Bissonnette to remind everyone to return their ballots. Every ballot not returned is a "NO" vote. You can vote "YES" or "NO" but it is imperative to return your ballots. For

those members that are unsure how to vote, isn't interested in participating in the vote or have other reasons that may prevent them from returning their ballot, we are utilizing a new *Proxy* form which they can fill out assigning either a Board member to vote on their behalf or even a friend or neighbor. It is very important for every member, that has received a voting packet, return their ballots whether you are for or against the purposed changes, don't just ignore it.

2. **Introduction of Board Candidates:** Randy asked if the two Board candidates were present and asked if they would introduce themselves. Christian Gualdoni introduced himself first as Board candidate. He introduced his wife, Corey, and stated they have lived in the area for the past couple of years and they own three rental units within the Association. The other Board candidate, Beverly Knickerbocker, introduced herself and stated that she purchased a unit here about two years ago.

3. **Introduction of the amendment Attorney:** Randy introduced Matthew Heron of Hirzel Law. Matthew worked closely with the *Bylaw Change Committee* to assist and advise the Association of legal changes and requirements that were necessary, including addressing issues not addressed in our current documents. Matt stated that the purpose of his being here today is to help give them a road map or explanation of the purposed amendments and the significance of it. The voting period ends 7/20/19 and so the goal is to provide everyone with the documents, an explanation of the documents, the bases for the change and the amendment process to allow you to draw your own conclusions as to how you want to vote. Matt stated that the Assoc. is a corporation, and, like all corporations, it must be registered with the State, have a *Board of Directors (BOD)* and must have *Officers* appointed by the Board. By taking deed, you all are members of the corporation. We are updating the *Articles of Incorporation (AOI)* which is the document that establishes the Association as a valid non-profit corporation. This document only needs a majority vote whereas the *Master Deed (MD)* and *Bylaws* require a 2/3rds vote to pass. Nothing that we are doing during the amendment process will affect the site plans or engineering plans of the Association property such as the roads, plat maps, etc. Matt explained that the *Master Deed* describes the relationship between the *Villages of Oscoda* and the land itself. When you purchase a unit, you buy a unit and you have exclusive rights to what is called a *Limited Common Element (LCE),* and everybody has a right to the *General Common Elements (GCE).* The *MD* describes the relationship between those two things, and it describes what is called the *Percentage of Value* which is significant to each individual owner. Matt stated that we are not changing anything you own, nor changing your rights to use your *LCE as* they are yours; nor are we changing your percentage of value. Those are already set, they exist, and those things are not going to change. The *Bylaws* are comprised of two things that work together. The *Condominium Bylaws* describes the relationship between the co-owner member and the Association itself. The most significant provision that you would want to review is Article VI of the *Condominium Bylaws* which describes those things that you as a co-owner need to do or cannot do. It deals with things such as insurance, payment of assessments, vehicles, rentals, pets, the *Architectural Control Committee (ACC)* which governs what you can & cannot do with the exterior of the home. The second part is referred to as the *Association Bylaws* which is similar to the *AOI* but slightly different. It describes what can be done at meetings, such as the *Annual Co-owner Meeting* or Board meetings or the election of Directors. The *Association Bylaws,* which has now been incorporated into the *Condominium Bylaw,* describes the process of how the corporation is to operate and how the company itself functions as well as the election of Directors and quorum requirements. The *Master Deed* and the *Condominium Bylaws*, which include the *Association Bylaws*, are what is being purposed to you, and what you are being asked to vote on. These documents do require a 2/3rds vote. Those who were qualified to vote as of the date set for mailing of the voting package, counts in that 2/3rds vote and a non-returned ballot is considered a "NO" vote. Matt also explained that with the voting packets is a *Mortgagee Form* asking for information on the first mortgage lien of the units. The Association is required under State law to have the information on all mortgage companies that has registered a 1st lien mortgage on any units within

the Association. Those companies loaned money based on what their rights are and what their rights would be if they were to acquire the unit through foreclosure. Therefore, the mortgagees of the unit have a legal right to vote on certain changes. Mortgagees are not intitled to vote on the *AOI*. However, if there is a change in the *Bylaws* to the leasing of units for example, then the mortgagee has a right to vote because it would change their rights if passed. Mortgage companies would have one vote for each unit that they have a recorded 1st mortgage lien on, they have 90 days to vote, and is also required to reach a 2/3rd majority vote to pass. By State law, if the mortgage company doesn't return their ballot, it is considered a "YES" vote. Matt explained that there are a number of provisions that currently exits that needed to be carried forward such as references to the original deed with the Federal or County government that deals with the creation of the condominium site and issues dealing with environmental matters. Those are examples of some of the things and issues that cannot be removed or changed. Matt asked that the homeowners consider the purposed changes in its entirety rather than making a decision based on whether you like or don't like one individual provision. No one is expected to totally agree on all of the provisions or changes but asked that they don't vote it down because they may not like one line or provision. Rather consider how the documents impacts the community at large. Homeowners are being asked to give a "thumbs up or thumps down" on the entire 80 pages or so. You are <u>not</u> being asked if you like one particular provision or the other.

4. **Q&A with Attorney:** Randy announced that this is an informational meeting about the purposed changes to the *Bylaws* and ask that everyone limit their questions to just the purposed amendments. For any questions or complaints about other issues, there are forms and procedures available to address those issues, and this is not the time or place for that. Randy requested that everyone limit their questions to the purposed amendments.

    - 8104A Delaware – W. Gaines: **1.)** H/O spoke to the provision requiring a multi-unit building be rebuilt if destroyed. He cited one occasion when that had happened here and at the time, that H/O strongly opposed rebuilding the unit & Mr. Gaines felt that the requirement placed too much burden on the individual H/O. Matt responded that the provision requiring the repair /reconstruction of a unit does come from the *Michigan Condominium Law (MCL)* and is not a change from our current *Bylaw*. However, the obligation to build does come from the *MCL* and it is not the Board's intention to create a greater obligation then is required by the *MCL* or what was required previously in our *Bylaws*. **2.)** H/O states that he objects to limiting the right to rent his unit. He stated that it is his belief that it depreciates his home value and not increases it. **3.)** H/O went on to address the provision regarding "obnoxious, immoral…actions" that are prohibited. H/O asked who decides what is immoral or obnoxious, as it could be considered a matter of interpretation, and what standards would apply? Matt responded that the action of the Board is underlined by the requirement that they act reasonably in both their administration and interpretation of the governing documents. The question becomes, what is reasonable? The Board is guided by the *Bylaws*. If the *Bylaws* provide absolute rights to individuals, the Board cannot take them away. They can adopt rules to help implement or guide members as to their interpretations, but they will not be able to take absolute rights away. The provision being referred to exists in the current document (Section 5, page 23) which states "no one can engage in obnoxious conduct". Matt stated that It is not intended to be, nor is it something that is a panacea against which the Board can say "we don't like this so therefore you can't do it". The Board always needs to be able to go back and point to something specific which states why something can't be engaged in or why something can't take place. In direct response to the question, the interpretation and standard applied is guided by reasonableness and the Board would have to rely on the present restrictions and any applicable rules to guide its enforcement. This provision is provided by state law and is unchanged from the current Bylaws.

- 9612A Missouri St. – T. Cummings: H/O thanks the Board and the attorney for their assistance in providing the new documents. He commented that he had read 95% of the Bylaws and was happy with one particular component with the amended version in that it removes all the provisions that no longer applies or is outdated and reduces it to something that is easier to read and understand. **1.)** Following up on an earlier question by Mr. Gaines regarding catastrophic damage, although it is not a prevalent problem, a nearby unit experienced an event rendering the home unlivable. He assumed there was money from the insurance company in order to rebuild or repair. In the language of the Bylaws, it does say the insurance money is to be turned over to the HOA and he wants to understand what that means because it seems to him that it implies that the HOA is taking on a project management role and would then charges fees. He had seen a point about fees and asked the attorney if he could explain what he may or may not have interpreted correctly on that point. Matt explained that with respect to reconstruction, the way Matt expects it to work under these documents is that the Association will insure the General Common Elements and, depending on the language, sometimes the Limited Common Elements also if it is described as a Association's Common Element. Then it becomes a question of primary verses secondary insurance with the co-owner, which is each of you, at a minimum, insuring the unit and any Limited Common Element that you are responsible for. Ideally, you don't have any overlap in coverage put it does happen sometimes so what you saw was a primary carrier provision which deals with when one side has the responsibility or the other. What ideally happens is the Association takes care of the reconstruction or repair of the General Common Elements. It is not really intended in every instance for the Association to take over of reconstruction of things that are the Co-owner's responsibility to rebuild. In some instances, there may be a possible issue. For instance; on the exterior appearance, the Association has the right, through the ACC, to say what things are going to look like. At times, there may be a difference between who is responsible for building/rebuilding and who is responsible for the cost of it. To give an example that doesn't necessarily apply here, we'll use decks; say the Co-owner is responsible to pay the cost for maintenance on the deck but the Association is responsible to rebuild it if it gets damaged. In that instance, the Association would rebuild it and then the cost goes back to the Co-owner. **2.)** Regarding firearms Mr. Cummings stated that the purposed Bylaws doesn't address owning a gun but does refer to firing a gun. He asked if a person had to fire a gun inside a home to defend their self, would they be able to do so without getting into trouble with the HOA after the fact. Matt stated that you would not be able to fire a weapon within the Association for recreation, hunting or for any reason. If a member did fire off a gun once or regularly, Bylaw violation would be the least of your concerns. If you are going to be using a gun, it better be a significant enough event that would rise to the level of self-defense. Mr. Cummings asked what we are agreeing to by voting on the new Bylaws? Matt stated that the Bylaws are largely contractual. The MI Condo Act sets the parameter as to what the governing documents must look like and what must be in them or what can't be in them. So, if there is a violation of these documents, your recourse will be from within. The Board is the enforcement mechanism. Matt stated the Board has the power to adopt Rules & Regulations to implement the Bylaws. **3.)** Regarding the concept of morality, it states that the issue of morality is up to the decision of the Board and it is irrefutable. Mr. Cummings stated he found that concerning because the Board is composed of volunteer members, not professionals in any capacity, and he is worried about changes in demographics, changes in social climate or other changes that can affect our ability to control what morality is.
- 9814A Minnesota – T. Williamson: **1.)** Homeowner asked if solar panels would be allowed? Matt answered that they are allowed with Board approval. **2.)** Homeowner asked how the Mortgagee vote weighs against homeowner vote. Matt stated that in the voting packet there is a *Mortgagee*

Form which asks for your mortgagee information or state "No Mortgage" if you don't have one. The reason we are asking that information is because if we had to look up all 758 units for the mortgagee information at the Register of Deeds office, it would be quite expensive. It is not used to get mortgage balance information. Mortgagee vote can "tank" the co-owner vote. For example, let's say the new Bylaws stated that you no longer have to pay your mortgage and it was passed by 100% of the co-owners that voted. The Mortgagee can review the documents, see that their rights have been significantly affected; they could prevent the passing of the new documents if 1/3 of the mortgage companies voted "NO". If they think the value to them {should they foreclose} has been or will be negatively affected, then under the Condo Act, they have a right to vote "NO" in order to protect their secured interest in the home.

- 10313 7th – P. Lee: **1.)** Mrs. Lee asked when these new documents will be effective once the mortgagee votes. Matt answered that the new documents will go into effect once it has been recorded. Mortgagees have 90-days to vote so the soonest we could potentially know would be around the November time frame. **2.)** Mrs. Lee stated that with the 25% cap which we are already close to, what would happen if there were 50 pending sales of unit with investor buyers between now and when the new documents become affective? Matt stated that there is a provision in it, or a "Grandfather Clause" which would allow current co-owner's rental to continue going forward. Mrs. Lee stated that she was concerned that interest rates and insurance rates could increase if we go over the cap. Randy stated that what we were told by several different sources is that yes, that could happen. Matt stated the documents are intended to "meld two different views"; one view is from those who don't want any rentals whatsoever and the other view from those who still want to be able to rent their unit. This provision attempts to take the interest of the community as a whole and consider how we can accommodate both and go forward. The 25% cap is intended to be a long time goal so even if you are over the cap when the documents go into effect, over time, as units sold, we would slowly slide back down to the cap as the rental status of a unit does not transfer over to the new owner. Mike Munson (Board VP) stated that the documents are meant to be a compromise to try and accommodate both views. Randy Moore (Board Pres.) stated that the more you have of anything, the lower the price will be and that is true about most everything. With a cap on rentals, it will limit the number of rentals and consequently drive up the price on existing rentals.
- 9720B Massachusetts – J. Heldt: Homeowner stated that he doesn't have a problem with the cap but is concerned about the administration of the policy. What happens when you are at 1 unit below the cap but there are 2 pending sales for rental units? How does the Board determine which person gets to buy a unit and which one doesn't? Matt responded that his expectation would be whoever was the first to be approved could rent the unit and the other person would have a difficult time. Matt stated the amendment isn't effective until recorded. So anybody looking to buy would have constructive notice of these documents, so if they are buying with the intent to lease, they would have the ability to read the rental restriction and should contact the HOA to see where they are at and then make an informed decision as to whether to buy in, but the situation you are describing is a possibility but that hardship would be borne by the last person in. Randy stated that is called "due diligence". When a person buys anything, they need to do a certain amount of homework to find out "is this a right fit for me". But the Board would have to enforce the policy and tell them "no, you can't rent it" which Matt agreed with.
- 10173 Virginia – A. Hoh: Homeowner stated there are many statements where it states "certain homes" rather than stating which units. She gave an example where it states that you can't but on a garage addition or a garage on your home unless you 're in certain units. She states it doesn't establish which units in the condominium. Matt replied that in the Master Deed it states which

units can't have garages. Randy read the section in the Master Deed which list the unit #s that are prohibited from building a garage. It was explained that the restriction on these lots were put in place by the Air Force when they deeded the property to the Township. It is a deed restriction; we can't do anything about that. She said that she wasn't speaking specifically about the garage but that in different areas it states "certain units" many times in the Bylaw but could only remember the garages as an example. She hasn't happy with the language where it states "certain units" can't do something instead of listing which units as she would like it to be clearer. Matt stated that for the restrictive language, he tended to carry over that what was used in the previous documents. The reason for that is if you could or could not do something that was in the previous documents, then that was carried over to these documents.

- 9517A Montana – P. Campbell: **1.)** Mrs. Campbell asked about legal marijuana use and what can be done if a homeowner is a user and the adjoining homeowner finds it intrusive and is not able to work out a compromise with each other? She asked what recourse a homeowner would have. Matt stated that the first thing in our documents states that you cannot do anything illegal or engage in illegal conduct. Marijuana use is still evolving but have remained unchanged at the Federal level. The position the new document is taking is that the Board is not in the business of enforcing marijuana laws due in part to the conflicting position taken between State and Federal laws. Homeowner stated that the Oscoda Police won't do anything about it either. The way Matt described it (without giving legal advice) is that the Association can enforce it's "no nuisance" provisions without going into the marijuana use itself. The Association itself is not going to be held liable for not enforcing the marijuana laws. **2.)** Mrs. Campbell asked about compliance and enforcement with regards to how some co-owners are not keeping up with their property and felt that there was a problem with absentee landlords where the property is not kept up. She stated she didn't understand in terms of what can be done when all the Association an do is place a lien on the unit for fines incurred. Matt stated that no one wants a lien on their property because it is a cloud on the title, and it is important to remember that a lien can be foreclosed. The tools available to the Association is fines, lawsuits and liens against the property. Mrs. Campbell asked if it would be appropriate if the members were more vocal about those that are ignoring their responsibility to keep their property clean? Matt responded that this Association has an ACC Committee and an elected Board. He has observed how involved the Board is here. However, sometimes co-owners make a list of "grievances" which they then bring to the Annual Meeting which tends to not be productive. It is best to report a non-compliance issue. The Board can issue a fine but must allow due notice and give that co-owner the opportunity to in essence, 'plead their case". We have a large community which would need a level of tolerance in order to peacefully co-exist. Mike asked if she had a specific concern about something which she replied "yes". He then asked if she provided in writing her concern and provided it to the office which she again responded with "yes". He asked if it was handled to her level of satisfaction and she responded by saying it was handled but came back again. He asked if she filed another complaint. She stated she had not. Mike stated that the Board is members just like her and that we don't want to do Board business today but she would need to document it again with pictures if possible and the Association can contact and discuss with that individual and say to them that this is the 2nd time this has happened. We have had a number of these, and we can address it with the person. Matt interjected by stating the documents gives both sides the opportunity to address it. **3.)** Mrs. Campbell commented that our website doesn't seem to allow her to get into certain areas on our website from her iPhone. She was looking for the Board meeting minutes and asked if she can only access it from a computer or laptop. Mike stated that the question was off-topic for the

purpose of this meeting discussion but that it is a good question so make sure she gets with the office for help with that.

- 9407B 6th St. – D. Bence: Mr. Bence stated that he and his wife have worked on the Bylaw Change Committee for a long time. He stated that nothing in life is perfect but for us to move forward to gain a lot and have just a little to question, that is why we have the amended Bylaws. He stated that if you had read the current bylaws, you would be questioning why some of it is the way it is. He felt that everything was good from his viewpoint and the committee went through it with a fine tooth comb. Some of it is the same as our current Bylaws with only a few changes. He restated what the attorney, Matt had said earlier about considering the amendment as a whole rather than judging it line-by-line. He felt, in his opinion, that this is a necessary thing but that everything hinges on this amendment such as the value of your property and the value of your community. All those things are dependent on passing these amendments. He stated that it is critical to pass this with the required 2/3 votes so "Yes" or "No" get those votes in. Talk with your neighbors, knock on doors to get people to recognize their responsibility of being an owner in our community. He stated the Committee had did their best to look out for all the members of the community. Mr. Bence encouraged everyone to not get bogged down on individual items in the Bylaws but to consider the improvements as a whole in the Bylaws.
- 9758A 8th St. – W. Fortney: Mr. Fortney stated they have lived here for 13 years. They joined the Garden Club and then he joined the ACC Committee 3 years later. They have worked very hard to make this community better but expressed frustration at the few co-owners that have one or two issues. He stated that there are procedures if you have a complaint just as there are procedures if you want to build something. Mike asked if he had a question regarding the amendment. Mr. Fortney did not have any questions but wanted to voice his concerns regarding a rental unit. Mike informed him that issue would be more appropriate to bring up at a Board meeting.
- D. Mulvahill (owner of multiple units: **1.)** He stated his question was regarding parking restrictions. Mr. Mulvahill quoted the lines of the Bylaw addressing the issue that "vehicles should only be parked in driveways and garages, if any, serving the units or any other areas designated by the Association...and parking will be subject to the Rules & Regulations that the Association may adopt. Mr. Mulvahill continued to read about the rights of the Association to sticker and tow vehicles. His concern is that parking is very limited in some areas such as on S. Alaska as he noted. Randy responded that parking has been an issue since the beginning of the Association and that the county owns and maintains the roads not the Association. Mr. Mulvahill asked then why it states that the Association can issue fines if we have no control over the roads. Matt explained that for there to be a fine, there must be a violation of some parking limitation that already exists within the Bylaws. There is a limitation within the Bylaws related to winter parking so the Board can enforce that as a Bylaw violation to individuals parking on the streets in the winter months even though it is a public street. There is a State Statute regarding what you must do to sticker and tow, which is sited in the amendment, in order to comply with that. However, the State law allows stickering up to 72 hours before it can be towed. **2.)** Regarding rental units, he stated that he understands the Association is going to create a new form that will be added to the rental packet and asked if that could be explained to him. Matt asked if he was referring to the part that states the Association can review and approve rental applicants, which Mr. Mulvahill confirmed. Matt stated that that section and the language came straight from the State Condo Act. And the intention for that is; a.) it is word for word from the Act.; b.) it is intended that the lease is supposed to reference & incorporate the Master Deed & Bylaws, c.) that provision is required to be in the Bylaws to give the Board the opportunity to make sure that tenants are being told by their landlords that they are subject to the Condominium documents. Mr. Mulvahill asked if that

is a 10-day time period and Matt said yes because the goal is, at least under the Act's provisions, it is intended to give the Board enough time or a reasonable amount of time to figure out if what is being offered to this tenant compliant with our documents or at least notifying them of the existence of them which, again, come right out of the State Condo Act.; **3.)** Mr. Mulvahill asked about the fine it states would be applied. Matt stated that there is on page 25 of the Bylaws the Board would have the ability to impose a lease service charge so if someone had to go to the unit to do something, there could be a service charge associated with that. Randy stated that the office staff are not rental agents, and as the number of rental increases, they are spending an inordinate amount of time in dealing with the rental, which is taking away time that should be spent on HOA business. The Board does not want them to be rental agents. That is not what the Association is, that is not what we do but they are forced to deal with it. That is why there is a fee; not to punish anyone. It is strictly to help offset the excess amount of time they are having to spend to deal with the rental units.

- 9712A 7th St. – D. Munck: They own a rental and they did do their due diligence before they bought the rental and now feels we are "pulling the rug out from under them for renting". They plan to will the unit to their daughter and that would technically be a change of ownership which would mean that she would not be able to rent it. He also was unhappy that we are looking at rentals as "slumlords" which he has seen plenty of owners whose place are not taken care of. Mr. Munck also feel that it is not appropriate that the HOA knows how much his mortgage is. Matt stated we don't know and please don't tell us. All we need to know is who the mortgagee is. Mr. Munck also objected to the fact that many of the members are elderly, possibly snowbirds and we are taking away their ability to rent their unit for six months to keep it occupied & prevent frozen pipes. Board members agreed and it was confirmed by the office staff that that is not happening and hasn't ever happened. To clarify, Matt asked if he opposes it on the bases that Mr. Munck believes he should be able to rent and there are reasons other people should be able to rent that aren't being taken into consideration? Mr. Munck responded that he believes everyone should be able to rent their units regardless. He also stated that he agrees there are "slumlords" out there but that he takes care of his place. Matt explained to the audience the process that it was okay, and it is appropriate to hear other positions and arguments and is fine and should be taken into account. That is the reason there is a vote. Matt asked Mr. Munick if he had any more question. Mr. Munck asked how much legal fees this is costing us. Randy responded that this has been budgeted for 2 years as it has taken that long to go through the documents. It wasn't cheap but that it was way over-due. He asked the audience to name anything that hasn't changed in 20 years. Matt stated that if he has questions about the cost, he should bring it up at the Board meeting. Matt asked if he had any more questions. Mr. Munck responded that he felt the HOA has overstepped its boundaries and he feels they are picking on landlords and that they are being singled out and that the changes to the purposed documents are pointing that way from his perspective. Randy stated that he is the Board President and he also manages two rental units. He doesn't own them, his wife's family does, and he manages them, so when the amended Bylaw was purposed, everything that applies to you also applies to himself and every other Board member up here. Randy stated that they tried to walk a very fine line so as to not cause any harm or distress to anyone whether they're a landlord or whether they own one unit or twenty units, but this is an issue the Board has been asked about more than anything else combined: what are you going to do about the rental units and when? Well this is the opportunity to do something about it. We've tried to be fair and reasonable. We don't want to take away anyone's rights. But if this doesn't change, and it keeps getting more out of control, insurance companies will raise the insurance rates and buyers will pay a higher interest rate. That is what we are facing and that is

why we are trying to put a control on that. If you don't agree, that is okay. Matt stated that if he bought the unit for the purpose of renting it out and intends to pass it on to his daughter to rent out, then he should look at how it's owned, whether he owns it in a trust or a corporation which would not be a change in ownership. Mr. Munck also expressed that he felt it wasn't right for people to call or knock on doors as it says in the Bylaws. Matt explained that he did mention that in his cover letter in explaining the process of the vote but that it is not a part of the Bylaws. Randy stated that if anyone has any questions that they think of between today's meeting and the vote deadline, they are welcomed to come to the monthly Board meetings to ask and we will be happy to answer them.

- 9204A Rhode Island – D. Morand: She stated that she came today because her street has several rentals and several units for sale and she has concerns that her neighborhood is becoming somewhat of a rental area and when they purchased their property, that was not what they wanted. Mrs. Morand asked if the purposed amendments don't pass, are they vulnerable to a situation where we have no control, and someone can come in and buy 50 units and rent them out? Matt responded that there is a leasing provision in the current Bylaws that would need to be complied with. It doesn't contain a 25% limitation and the MI Condo Act does describe what a landlord must do in order to rent.
- Mr. Munck asked what the current rate of rental units are currently. Matt responded it was 23%.
- 9516B Montana – M. Richter: Mrs. Richter explained that she lives in a duplex and sometimes what the adjoining owner does in their unit can affect the other owner, such as in their case where she states there is a marijuana grow operation near them and it impacts the unit owner adjoining it. She asked is there anything in these documents that could address this going forward? Matt responded that he would suggest that they look at the permitted use provisions Article VI, Section 1A which requires everything (all units) be used for residential use. There are certain at home office uses that are permissible listed. Mrs. Richter asked if something happened in that unit causing catastrophic damage, would insurance cover it? Matt stated that he did not know as that would be a necessary conversation with an insurance agent regarding that level of risk exposure. Matt suggested she take a look at Article VI Section 1A if the amendments are adopted.
- 9407B 6th St. – K. Bence: She stated that she was informed that there is case law in Dearborn MI that said that our HOA does not have to sell to the person that wants to buy 50 units. Matt said the case she was speaking of was an Association which does have a rental restriction. Mrs. Bence stated that is why we need to get rental restrictions in our governing documents.
- 9757A 8th St. – C. Dillon: Homeowner voiced concerns that the Association has the right to go onto "our property to do something and that they can tear down your garage or addition to do what ever they decide to do and that the owner would be responsible to replace those items". Matt stated that if you want to make a change or construct something, the ACC has the ability to say Yes or No. If something has fallen into disrepair and is not being kept up be the homeowner, the Association will be able to tell you that you need to bring it up to whatever maintenance standards that exists, and if you refuse to do it, the Association would go to court to get an order to say we can fix it. Matt was unaware of a provision that would allow the Association to tear down something that is yours. Homeowner stated that she is not referring to maintenance issues but that she could not find where in the bylaws it stated that. She found it on page 13 of the Master Deed, paragraph #4. Matt stated that that paragraph is not an independent grant of the ability of the Association to do that. That is indication that if it is necessary for the Association to take care of something such as a flood or leak, all cost associated with that would be borne by the co-owner. In the absence of a basis for doing it, such as a failure to maintain or if a co-owner constructed something without ACC approval, the Association could come on the property to take

that down, but to do it, the Board would have to go to court to get an order permitting it to happen. What it doesn't do is say that the Board has an independent ability to tear down something of yours that was properly there. Matt assured her that no changes were made to what she got at the time of purchase. No changes were made to the relationship between a unit, a Limited Common Element or a General Common Element. Matt clarified that from an ownership standpoint, each person individually owns their unit. The rest of the entire project is a Common Element which is owned by each of you as a group. However, only you have an exclusive right to use your Limited Common Element, but the exterior is subject to ACC approval.

- 10313 7th – P. Lee: **1.)** Mrs. Lee asked that if the new Bylaws are approved, and something needs to be changed later, what is the procedure for that if someone is unhappy with a particular section? Matt stated that this is a thumbs up or thumbs down vote on this process. If, for instance, it fails to get the 66 2/3 votes, the Board will have to assess if there are certain provisions that didn't work and would need to do another thumbs up or down vote with or without that particular provisions. However, this is a re-write. It is the Amended and Restated set of documents. It is possible to do a singular spot amendment on a singular issue depending on whether or not it affects co-owner's rights. If it has a material affect on co-owner's rights, it would need to be submitted again for another 2/3 vote of co-owners.
- 8104A Delaware – W. Gaines: **1.)** H/O ask attorney how the term condominium is defined as it is used numerous times in the governing documents. Matt stated it is the physical perimeters of the Villages of Oscoda and all the mortgages that have recorded against the unit in the condominium. **2.)** Mr. Gaines asked if the adjoining unit were to burn down, would he need 66 2/3 % of the mortgagees of unit to approve him not rebuilding the unit which Matt confirmed is true with the purposed documents. Matt stated that one of the things to take into account is that a condominium is a balance between a community living (the Condo Act allows for changes in the Bylaws to take place among that community) and where the individual has their space and what they want and independence.

Matt moved on to address the questions submitted in writing by M. Hendricks (8816B S. Vermont):

1.) <u>What are the consequences if the new rules don't pass?</u> Her concern was that the State would appoint someone to run the Villages of Oscoda against our wishes. **Response:** That would not happen.

2.) <u>What are the guidelines for "Astatically Pleasing" from the perspective of the ACC?</u> **Response:** The ACC is intended to maintain the continuity of the appearance of the community. That is fairly broad but accurate.

3.) <u>How are things that has a grandfather clause in the ACC Approval going to be taken?</u> Matt stated that if he understands correctly, the question she is asking is that if things are previously approved by the ACC, can the ACC subsequently change their minds on something? It was explained as an example that if someone had ACC Approval to put in a gazebo and then several years later it is determined that the gazebo is on a Common Area, the ACC can require it be moved and it so states that on the ACC Approval form.

4.) <u>Guidelines on Fines</u>: There are two provisions on this at the back of the Bylaws. There is a provision regarding remedies on default and a separate provision regarding fines. The goal of these is to provide notice of fines so you know in advance what the fine would be. It is a staggered sequence starting at) and going up to $250.00.

5. **Closing Statement:** Matt thanked everyone for coming and stated that differences of opinion is totally fine and is expected and a good part of the process. Whatever your vote is, he encouraged everyone to submit their vote on time. The deadline is Saturday July 20, 2019. If you can't make the meeting, be sure to get your vote in. Randy extended the sincerest thanks on behalf of the entire Board to all the Bylaw Change Committee and for all the time & work they put in going through it all line-by-line. Their efforts and their dedication is greatly appreciated. If you have further questions that you think of or that comes up, let the

office know or come to a Board meeting, we will be happy to answer them for you. We want this to be as transparent as possible. We don't want to hide anything from anyone. We want everyone to be comfortable with it and to understand it.

The meeting concluded at 12:20 p.m.