

Michigan Department of Consumer and Industry Services

Filing Endorsement

This is to Certify that the ARTICLES OF INCORPORATION - NONPROFIT

for

HERITAGE POINTE ASSOCIATION

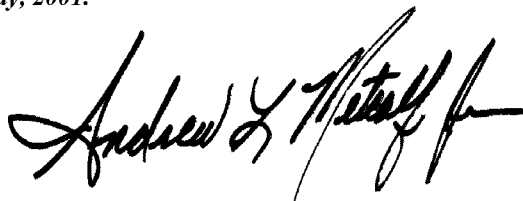
ID NUMBER: 772596

received by facsimile transmission on May 22, 2001 is hereby endorsed

Filed on May 23, 2001 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 23rd day of May, 2001.



, Director



Bureau of Commercial Services

C&S 502 (Rev. 10/00)

MICHIGAN DEPARTMENT OF CONSUMER & INDUSTRY SERVICES BUREAU OF COMMERCIAL SERVICES	
Date Received	(FOR BUREAU USE ONLY)
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500 Woodward Avenue, Suite 3500	
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Detroit Michigan 48226	

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ARTICLES OF INCORPORATION
For use by Domestic Nonprofit Corporations
(Please read information and instructions on the last page)

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is: Heritage Pointe Association

ARTICLE II

The purpose or purposes for which the corporation is organized are:

- (a) To manage and administer the affairs of and to maintain Heritage Pointe Association, a condominium (hereinafter called the "Condominium");
- (b) To levy and collect assessments against and from the members of the corporation and to use the proceeds thereof for the purposes of the corporation;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To rebuild improvements after casualty;
- (e) To contract for and employ persons, firms, or corporations to assist in management, operation, maintenance and administration of said Condominium;
- (f) To make and enforce reasonable regulations concerning the use and enjoyment of said Condominium;
- (g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and personal property, including, but not limited to, any Unit in the Condominium, any easements or licenses or any other real property, whether or not contiguous to the Condominium, for the purpose of providing benefit to the members of the corporation and in furtherance of any of the purposes of the corporation.

ARTICLE II - PURPOSES (Continued)

- (h) To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien;
- (i) To enforce the provisions of the Master Deed and Bylaws of the Condominium and of these Articles of Incorporation and such Bylaws and rules and regulations of this corporation as may hereinafter be adopted;
- (j) To do anything required of or permitted to it as administrator of said Condominium by the Condominium Master Deed or Bylaws or by Act No. 59 of Public Acts of 1978, as amended; and
- (k) In general, to enter into any kind of activity, to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of said Condominium and to the accomplishment of any of the purposes thereof.

ARTICLE III -BASIS OF ORGANIZATION AND ASSETS

Said corporation is organized upon a non-stock, membership basis.

The value of assets which said corporation possesses is:

Real Property:	None
Personal Property:	None

Said corporation is to be financed under the following general plan: Assessment of members.

ARTICLE IV - ADDRESS AND RESIDENT AGENT

1. The Address of the first registered office is:

27655 Middlebelt Road, Suite 130
Farmington Hills, Michigan 48334
2. The mailing address of the registered office if different than above:
3. The name of the first resident agent at the registered office is: David Darkowski

ARTICLE V INCORPORATOR

The name of the incorporator is Selective - Delaware, L.L.C., a Delaware limited liability company, and its place of business is 27655 Middlebelt Road, Suite 130, Farmington Hills, Michigan 48334.

ARTICLE VI -EXISTENCE

The term of corporate existence is perpetual.

ARTICLE VII -MEMBERSHIP AND VOTING

The qualifications of members, the manner of their admission to the corporation, the termination of membership, and voting by such members shall be as follows:

- (a) The Developer of the Condominium and each Co-Owner of a Unit in the Condominium shall be members of the corporation, and no other person or entity shall be entitled to membership; except that the incorporator shall be a member of the corporation until such time as its membership shall terminate, as hereinafter provided.

ARTICLE VII - MEMBERSHIP AND VOTING (Continued)

- (b) Membership in the corporation (except with respect to the incorporator, who shall cease to be a member upon the recording of the Master Deed) shall be established by acquisition of fee simple title to a Unit in the Condominium and by recording with the Register of Deeds of Wayne County, Michigan, a deed or other instrument establishing a change of record title to such Unit and the furnishing of evidence of same satisfactory to the corporation (except that the Developer of the Condominium shall become a member immediately upon establishment of the Condominium) the new Co-owner thereby becoming a member of the corporation, and the membership of the prior Co-owner thereby being terminated. The Developer's membership shall continue until the Developer no longer owns any Unit in the Condominium.
- (c) The share of a member in the funds and assets of the corporation cannot be assigned, pledged, encumbered or transferred in any manner except as an appurtenance to the Co-owner's Unit in the Condominium.
- (d) Voting by members shall be in accordance with the provisions of the Bylaws of this corporation.

ARTICLE VIII- LIMITATION OF LIABILITY OF DIRECTORS AND OFFICERS -

No volunteer director and/or volunteer officer, as those terms are defined in Act 162, Public Acts of 1982, as amended ("Act"), shall be personally liable to the corporation or its members for monetary damages for breach of the director's or officer's fiduciary duty, provided that the foregoing shall not eliminate the liability of a director or an officer for any of the following: (i) breach of the director's or officer's duty of loyalty to the corporation or its members; (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) a violation of Section 551(1) of the Act; (iv) a transaction from which the director or officer derived an improper personal benefit; (v) an act or omission occurring before the effective date of the provision granting limited liability; or (vi) an act or omission that is grossly negligent. If the Act hereafter is amended to authorize the further elimination or limitation of the liability of directors or officers, then the liability of a director or officer of the corporation, in addition to the limitation of personal liability contained herein, shall be limited to the fullest extent permitted by the amended Act. No amendment or repeal of this Article VIII shall apply to or have any effect on the liability of any director or officer of the corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

ARTICLE IX - ASSUMPTION OF LIABILITY OF VOLUNTEERS

The corporation hereby assumes liability for all acts or omissions of all volunteer directors, volunteer officers, or other volunteers, if all of the following are met: (i) the volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority; (ii) the volunteer was acting in good faith; (iii) the volunteer's conduct did not amount to gross negligence or willful and wanton misconduct; (iv) the volunteer's conduct was not an intentional tort; and (v) 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, Act No. 218 of the Public Act of 1956, being Section 500.3135 of the Michigan Compiled Laws.

ARTICLE X - JUDICIAL ACTIONS AND CLAIMS

The requirements of this Article shall govern the corporation's commencement and conduct of any civil action except for actions to enforce the Bylaws of the Corporation or collect delinquent assessments. The requirements of this Article will ensure that the members of the corporation are fully informed regarding the prospects and likely costs of any civil actions the corporation proposes to engage in, as well as the ongoing status of any civil actions actually filed by the corporation. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the corporation's assets in litigation where reasonable and prudent alternatives to the litigation exist. Each member of the corporation shall have standing to sue to enforce the requirements of this Article. The following procedures and requirements apply to the corporation's commencement of any civil action other than action to enforce by Bylaws of the corporation or to collect delinquent assessments:

ARTICLE X - JUDICIAL ACTIONS AND CLAIMS (Continued)

(a) The Association's Board of Directors ("Board") shall be responsible in the first instance for recommending to the members that a civil action be filed, and supervising and directing any civil actions that are filed.

(b) Before an attorney is engaged for purposes of filing a civil action on behalf of the corporation, the Board shall call a special meeting of the members of the corporation ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The written notice to the members of the date, time and place of the litigation evaluation meeting shall be sent to all members not less than twenty (20) days before the date of the meeting and shall include the following information copied onto 8-1/2" x 11" paper:

(1) A certified resolution of the Board setting forth in detail the concerns of the Board giving rise to the need to file a civil action and further certifying that:

- (a) it is in the best interests of the corporation to file a lawsuit;
- (b) that at least one Board member has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the corporation, without success;
- (c) litigation is the only prudent, feasible and reasonable alternative; and
- (d) the Board's proposed attorney for the civil action is of the written opinion that litigation is the corporation's most reasonable and prudent alternative.

(2) A written summary of the relevant experience of the attorney ("litigation attorney") the Board recommends be retained to represent the corporation in the proposed civil action, including the following information: (a) the number of years the litigation attorney has practiced law; and (b) the name and address of every condominium and homeowner association for which the attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.

(3) The litigation attorney's written estimate of the amount of the corporation's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.

(4) The litigation attorney's written estimate of the cost of the civil action through a trial on the merits of the case ("total estimated cost"). The total estimated cost of the civil action shall include the litigation attorney's expected fees, court costs, expert witness fees, and all other expenses expected to be incurred in the civil action.

(5) The litigation attorney's proposed written fee agreement.

(6) The amount to be specially assessed against each Unit in the Condominium to fund the estimated cost of the civil action both in total and on a monthly per Unit basis, as required by subparagraph (f) of this Article.

(c) If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the Independent expert opinion required by the preceding sentence, the Board shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the litigation attorney or any other attorney with whom the Board consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the members of the corporation have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to the members with the written notice of the litigation evaluation meeting.

ARTICLE X - JUDICIAL ACTIONS AND CLAIMS (Continued)

(d) The corporation shall have a written fee agreement with the litigation attorney, and any other attorney retained to handle the proposed civil action. The corporation shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the members in the text of the corporation's written notice to the members of the litigation evaluation meeting.

(e) At the litigation evaluation meeting the members shall vote on whether to authorize the Board to proceed with the proposed civil action and whether the matter should be handled by the litigation attorney. The commencement of any civil action by the corporation (other than a suit to enforce the Condominium Bylaws or collect delinquent assessments) shall require the approval of a majority in number and in value of the members of the corporation. Any proxies to be voted at the litigation evaluation meeting must be signed at least seven (7) days prior to the litigation evaluation meeting. Notwithstanding any other provision in these Articles, no litigation shall be initiated by the corporation against the Developer of the Condominium until such litigation has been approved by an affirmative vote of seventy-five (75%) percent of all members of the Association in number and value attained after a litigation evaluation meeting held specifically for the purpose of approving such action.

(f) All legal fees incurred in pursuit of any civil action that is subject of this Article shall be paid by special assessment of the members of the corporation ("litigation special assessment"). The litigation special assessment shall be approved at the litigation evaluation meeting (or any subsequent duly called and noticed meeting) by a majority in number and in value of all members of the corporation in the amount of the estimated total cost of the civil action. If the litigation attorney proposed by the Board is not retained, the litigation special assessment shall be in an amount equal to the retained attorney's estimated total cost of the civil action, as estimated by the attorney actually retained by the corporation. The litigation special assessment shall be apportioned to the members in accordance with their respective percentage of value interests in the Condominium and shall be collected from the members on a monthly basis. The total amount of the litigation special assessment shall be collected monthly over a period not to exceed twenty-four (24) months.

(g) During the course of any civil action authorized by the members pursuant to this Article, the retained attorney shall submit a written report ("attorney's written report") to the Board every thirty (30) days setting forth:

(1) The attorney's fees, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the attorney's written report ("reporting period").

(2) All actions taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period.

(3) A detailed description of all discussions with opposing counsel during the reporting period, written and oral, including, but not limited to, settlement discussions.

(4) The costs incurred in the civil action through the date of the written report, as compared to the attorney's estimated total cost of the civil action.

(5) Whether the originally estimated total cost of the civil action remains accurate.

(h) The Board shall meet monthly during the course of any civil action to discuss and review:

(1) the status of the litigation;

(2) the status of settlement efforts, if any; and

(3) the attorney's written report.

ARTICLE X - JUDICIAL ACTIONS AND CLAIMS (continued)

(i) If, at any time during the course of a civil action, the Board determines that the originally estimated total cost of the civil action or any revision thereof is inaccurate, the Board shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds the litigation special assessment previously approved by the members, the Board shall call a special meeting of the members to review the status of the litigation, and to allow the members to vote on whether to continue the civil action and increase the litigation special assessment. The meeting shall have the same quorum and voting requirements as a litigation evaluation meeting.

(j) The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action subject to this Article ("litigation expenses") shall be fully disclosed to the members in the corporation's annual budget. The litigation expenses for each civil action subject to this Article shall be listed as a separate line item captioned "litigation expenses" in the corporation's annual budget.

ARTICLE XI - AMENDMENTS

These Articles of Incorporation may only be amended by the affirmative vote of two-thirds (2/3's) of all members of the corporation.

Signed this 18th day of May, 2001.

INCORPORATOR:

Selective - Delaware, L.L.C.
a Delaware limited liability company

By: 

Timothy Stapleton

Its: Executive Vice President