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Experienced Condominium & HOA Attorneys

SWISS VILLAGE EAST SUBDIVISION

GUIDE TO THE AMENDMENT PROPOSAL

GENERAL REVISIONS

The Board of Directors of Swiss Village East Property Owners Association, Inc. is proposing comprehensive amendments and updates to the Association's Governing Documents:

- Swiss Village East Declaration and Covenant (unrecorded)
- Swiss Village East Restrictions and Regulations
- Swiss Village East #2 Restrictions and Regulations
- Swiss Village East #4 Restrictions and Regulations
- Swiss Village East Property Owners Association, Inc. By-Laws
- First Amendment to Swiss Village East Restrictions and Regulations (effective August 16, 2024)
- First Amendment to Swiss Village East #2 Restrictions and Regulations (effective August 16, 2024)
- First Amendment to Swiss Village East #4 Restrictions and Regulations (effective August 16, 2024)

The Board of Directors recognized inconsistencies in enforcement of the Association's Governing Documents. It also found several areas in which the Governing Documents were lacking detail, thereby prohibiting the Board from adequately determining whether Lot Owners violated the Documents. The Board identified areas of the Governing Documents that must be changed or added to, in order to adequately reflect how the Association has been or would like to be managing the Subdivisions.

Together with the Board of Directors, our law firm prepared the NEW proposed Swiss Village East Subdivision Amended and Restated Restrictions and Regulations. This new document combines the above referenced documents for use by all 4 Swiss Village East Subdivisions within the Association. Where necessary, the differences in restrictions or treatment between the individual Sections of the Subdivision are identified. The proposed Amended and Restated Restrictions and Regulations incorporates needed amendments to the existing Governing Documents and includes additional provisions needed to properly and thoroughly administer the Association.

The vast majority of these changes are being proposed because they constitute improvements from an “objective” perspective over the existing Governing Documents (i.e., changes that would be in the interest of a homeowners’ association with existing documents similar to Swiss Village East Subdivision). Because the majority of the proposed amendments are objectively preferable to the existing provisions, they will be submitted to the Lot Owners for a vote as a single ballot item.

The proposed “objective” amendments to the Association’s Governing Documents are numerous. The new text has been updated in accordance with recent revisions to the Michigan Nonprofit Corporation Act and other Michigan statutes. Any previous text considered illegal or unenforceable has been deleted. We have revised some sections of text to comply with the various technical requirements of the U.S. Department of Housing/Fannie Mae/Freddie Mac applicable to homeowners. We have also added text covering a number of important topics that the Governing Documents do not cover and eliminated any references to the Developer. Many changes incorporate the Association’s potential use of new communication technologies, as permitted by the 2015 revisions to the Nonprofit Corporation Act. All of these changes should benefit the Association as a whole.

A few of the changes are being proposed from a more “subjective” perspective (i.e., changes that are not technically “required” to be made in a legal sense, but which the Board of Directors nevertheless feels are in the Association’s best interests to adopt). Most of these changes will be found in the proposed amendments to Article VIII of the Amended and Restated Restrictions and Regulations (Building and Use Restrictions).

Overall, we have attempted to modernize, improve, clarify, and customize the Association’s Governing Documents to better suit the current needs and desires of the Lot Owners. We suggest that you consult the new Table of Contents and this Guide, as you study the proposed amendments to the Association’s governing documents.

The following is an itemized summary of the amendments being proposed to each document:

AMENDED AND RESTATED
RESTRICTIONS AND REGULATIONS

In general, references to the Developer within the original Declaration and Covenant have been eliminated. The following Articles/Sections in the Declaration and Covenant have been eliminated due to Developer references or subsequent irrelevance:

- Article II, Section II
- Article III, Section I(2)
- Article III, Section II(2)
- Article IV, Sections 2 and 3
- Article V, Section 3

The Amended and Restated Restrictions and Regulations include the following key changes to the existing Governing Documents:

Article I – Definitions

NEW Article I contains the definitions listed in Article I of the Declaration as well as additional definitions that were not included in the current Governing Documents.

Article II – Property Subject to this Declaration

NEW Article II is Old Article II of the Declaration.

Article III – Property Rights in the Common Areas and Roadways

NEW Article III includes the provisions from Old Article IV of the Declaration and expands on the limitations of the easements.

Article IV – Homeowners Association

- NEW Article IV contains provisions from Old Articles I, II (expanded) Association By-Laws and Article III, Section 1 of the Declaration.
- Sections 3 – 8 have been added.

Article V – Covenant for Maintenance Assessments

- NEW Article V contains provisions from Old Article V of the Declaration.
- Section 4 incorporates the provisions of Old Article V, Section 5 of the Declaration and Old Article IV, Section 1 of the Association By-Laws. The Annual Assessment may not be increased more than 10% above the Annual Assessment for the prior year without the approval of at least $\frac{2}{3}$ of all Lots in the Subdivision with Lot Owners in Good Standing.
- Section 5 and 6 contain additional information regarding Special Assessments. Special Assessments may not be assessed without the approval of at least $\frac{2}{3}$ of all Lots in the Subdivision with Lot Owners in Good Standing.
- Section 7 incorporates the provisions of Old Article V, Sections 6 and 8 of the Declaration. Quorum for a meeting regarding an increase in an Annual Assessment amount or Special Assessment is 25% (down from 60%). If the meeting is adjourned for lack of quorum, the adjourned meeting shall have a 15% quorum (down from 30%). Voting to increase the Annual Assessment amount or levy a Special Assessment may take place at the meeting and may be cast in person, by proxy, or by written ballot.
- Section 8 incorporates the provisions of Old Article V, Sections 7 and 9 of the Declaration and Article IV of the Association By-Laws. The Annual Assessment is due and payable on April 1 of each year. It is delinquent if not paid within 30 days after April 1. Delinquent accounts are subject to interest of 7% per annum from the due date of an assessment until paid in full. The Association will also impose a late charge equal to 20% of the amount of the delinquent assessment. The Association may file a lawsuit against an Owner to foreclose an Association lien recorded for delinquent assessments.
- Section 9 has been added.
- Section 10 incorporates the provisions of Old Article V, Section 11 of the Declaration.
- Section 11 incorporates the provisions of Old Article V, Section 10 of the Declaration.

Article VI – Water and Sewer Service

NEW Article VI contains provisions from Old Article VI of the Declaration, as well as provisions from Section C(6) of the SVE Restrictions, Section C(5) of the SVE #2 Restrictions, and Section C(4) of the SVE #4 Restrictions.

Article VII – Architectural Review

- NEW Article VII contains provisions from Section B of the SVE, SVE #2, and SVE #4 Restrictions.
- Sections 4 – 7 were added.

Article VIII – Building and Use Restrictions

- Section 1 incorporates the provisions of Old Section A of the SVE, SVE #2, and SVE #4 Restrictions.
- Section 2(A) incorporates the provisions of Old Section C(1) of the SVE and SVE #2 Restrictions, and Old Section D(1) of the SVE #4 Restrictions.
- Section 2(B) was added.
- Section 2(C) incorporates the provisions of Old Section C(17) of the SVE Restrictions, Old Section C(16) of the SVE #2 Restrictions, and Old Section D(6) of the SVE #4 Restrictions.
- Section 3, 4, and 5 incorporate the provisions of Old Section C(2) and (3) of the SVE and SVE #2 Restrictions, and Old Section C(1) and (2) of the SVE #4 Restrictions.
- Section 6 incorporates the provisions of Old Section C(4) of the SVE Restrictions.
- Section 7 incorporates the provisions of Old Section C(5) of the SVE Restrictions, Old Section C(4) of the SVE #2 Restrictions, and Old Section C(3) of the SVE #4 Restrictions.
- Section 8 incorporates the provisions of Old Section C(12) of the SVE Restrictions, Old Section C(11) of the SVE #2 Restrictions, and Old Section D(7) of the SVE #4 Restrictions.
- Section 9 incorporates the provisions of Old Section C(8) of the SVE Restrictions, Old Section C(7) of the SVE #2 Restrictions, and Old Section C(6) of the SVE #4 Restrictions.
- Section 10 incorporates the provisions of Old Section C(8) of the SVE #2 Restrictions.
- Section 11 incorporates the provisions of Old Section C(9) of the SVE Restrictions.
- Section 12 was added.
- Section 13 incorporates the provisions of Old Section C(7) of the SVE Restrictions, Old Section C(6) of the SVE #2 Restrictions, and Old Section C(5) of the SVE #4 Restrictions.
- Section 14 incorporates the provisions of Old Section C(10) of the SVE Restrictions, Old Section C(9) of the SVE #2 Restrictions, and Old Section C(7) of the SVE #4 Restrictions. Section 14 was expanded to include other temporary structures not previously addressed.
- Section 15 incorporates the provisions of Old Section C(11) of the SVE Restrictions, Old Section C(10) of the SVE #2 Restrictions, and Old Section C(8) of the SVE #4 Restrictions.
- Section 16 was added.
- Section 17 incorporates the provisions of Old Section C(13) of the SVE Restrictions, Old Section C(12) of the SVE #2 Restrictions, and Old Section D(2) of the SVE #4 Restrictions.
- Sections 18 – 20 were added.
- Section 21 incorporates the provisions of Old Section C(15) of the SVE Restrictions, Old Section C(14) of the SVE #2 Restrictions, and Old Section D(4) of the SVE #4 Restrictions. Section 21 was expanded to include other signs not previously addressed, as well as flags.
- Section 22 was added.
- Section 23 incorporates the provisions of Old Section C(16) of the SVE Restrictions, Old Section C(15) of the SVE #2 Restrictions, and Old Section D(5) of the SVE #4 Restrictions. Section 23 was expanded to include other matters involving animals.
- Section 24 was added.
- Section 25 incorporates the provisions of Old Section C(14) of the SVE Restrictions, Old Section C(13) of the SVE #2 Restrictions, and Old Section D(3) of the SVE #4 Restrictions.

- Section 26 – 33 were added.
- Section 24 incorporates the provisions of Old Section C(18) of the SVE Restrictions, Old Section C(17) of the SVE #2 Restrictions, and Old Section D(8) of the SVE #4 Restrictions.

Article IX – Membership Meetings

- NEW Article IX contains provisions from Article V of the Association By-Laws.
- Sections 1 and 2 were added.
- Section 3 incorporates Old Section 3 of the Association By-Laws.
- Section 4 incorporates Old Section 1 of the Association By-Laws and includes the order of business for the Annual Meeting.
- Section 5 incorporates Old Section 4 of the Association By-Laws.
- Section 6 incorporates Old Section 5 of the Association By-Laws and expands on who shall be served with the notice.
- Section 7 was added.
- Section 8 incorporates Old Section 2 of the Association By-Laws.
- Sections 9 – 12 were added.

Article X – Voting

NEW Article X incorporates Article II, Section 2 of the Declaration and was expanded significantly to include language that was omitted from the current documents.

Article XI – Board of Directors

- NEW Article XI incorporates the provisions of Articles V and VI of the Association By-Laws.
- Section 1 incorporates Old Article VI, Section 1 of the Association By-Laws.
- Section 2 was added.
- Section 3 incorporates Old Article V, Section 6 of the Association By-Laws and Old Section C(20) of the SVE Restrictions, Old Section C(19) of the SVE #2 Restrictions, and Old Section E(2) of the SVE #4 Restrictions.
- Sections 5 and 6 incorporate Old Article VI, Section 3 of the Association By-Laws and the provisions of the Restated Articles of Incorporation for the Association.
- Section 7 was added.
- Section 8 incorporates Old Article VI, Section 2 of the Association By-Laws.
- Section 9 was added.
- Section 10 incorporates Old Article VI, Section 4 of the Association By-Laws and expands on issues not included in the current documents.
- Sections 11 and 12 were added.
- Section 13 incorporates Old Article VIII of the Association By-Laws.

Article XII – Officers

- NEW Article XII contains provisions from Article VII of the Association By-Laws.
- Section 1 incorporates Old Sections 1 and 2.
- Sections 2 and 3 incorporate Old Section 1.
- Sections 4 – 6 were added.

Article XIII – Indemnification of Directors, Officers, and Volunteers; Directors' and Officers' Insurance

- Article XIII was added and incorporates provisions from the Restated Articles of Incorporation.
- Language has been added to grant important indemnification protections to the Association's Directors, Officers, and volunteers. These provisions coordinate with similar provisions contained in the Restated Articles of Incorporation, which in turn mirror provisions from the Nonprofit Corporation Act.

Article XIV – Finances and Records – NEW

Article XV – Compliance - NEW

Article XVI – Enforcement and Remedies

- NEW Article XVI incorporates the provisions Old Article V, Section 1 of the Declaration and the provisions of Old Section C(22) of the SVE Restrictions, Old Section C(21) of the SVE #2 Restrictions, and Old Section E(4) of the SVE #4 Restrictions.
- Article XVI was expanded to include enforcement powers not identified in the current documents.

Article XVII – Duration and Amendments

NEW Article XVII incorporates the provisions of the First Amendment to Swiss Village East Restrictions and Regulations, the First Amendment to Swiss Village East #2 Restrictions and Regulations, the First Amendment to Swiss Village East #4 Restrictions and Regulations, and Old Article IX of the Association By-Laws.

Article XVIII – Other General Provisions

- Sections 1 – 7 were added.
- Section 8 incorporates Old Section C(21) of the SVE Restrictions, Old Section C(20) of the SVE #2 Restrictions, and Old Section E(3) of the SVE #4 Restrictions.

CONCLUSION

Pursuant to the First Amendment to Swiss Village East Restrictions and Regulations, the First Amendment to Swiss Village East #2 Restrictions and Regulations, the First Amendment to Swiss Village East #4 Restrictions and Regulations, which all become effective August 16, 2024, the Amended and Restated Restrictions and Regulations require the approval of at least two-thirds ($\frac{2}{3}$) of the Lot Owners in each of the 4 Subdivisions which make up the Association (Swiss Village East, Swiss Village East #2, Swiss Village East #3, and Swiss Village East #4) who are eligible to vote.

The Swiss Village East Declaration and Covenant, Restrictions and Regulations, Association By-Laws, and Restated Articles of Incorporation are binding contracts between all of the Lot Owners in the Subdivisions and the Association. The proposed amendments are intended to improve, modernize, and customize the Governing Documents to better suit the needs and wants of the entire community. As circumstances change over time, future amendments may become appropriate to best serve the evolving needs and interests of the community.