

**Rockford Woods
Condominium Subdivision Plan**

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ROCKFORD WOODS

DISCLOSURE STATEMENT

(Effective Date: January 1, 1998)

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ROCKFORD WOODS

DISCLOSURE STATEMENT

(Effective Date: January 1, 1998)

THE CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU OF THE MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES IS DESIGNATED AS THE "ADMINISTRATOR" FOR CONDOMINIUMS BY THE MICHIGAN CONDOMINIUM ACT. HOWEVER, THE BUREAU MAKES NO REVIEW OF CONDOMINIUM DOCUMENTS, NOR ANY RECOMMENDATION AS TO THE MERITS OF ANY PROJECT OR THE PURCHASE OF UNITS THEREIN.

THIS DISCLOSURE STATEMENT IS NOT A SUBSTITUTE FOR THE CONDOMINIUM BUYERS HANDBOOK, THE MASTER DEED OR OTHER LEGAL DOCUMENTS, AND ALL BUYERS SHOULD READ ALL DOCUMENTS TO ACQUAINT THEMSELVES FULLY WITH THE PROJECT, AND THEIR RIGHTS AND RESPONSIBILITIES AS THE OWNER OF A CONDOMINIUM UNIT IN ROCKFORD WOODS.

IT IS RECOMMENDED THAT YOU CONSULT WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISER PRIOR TO PURCHASING A CONDOMINIUM UNIT.

I.

INTRODUCTION: SIZE AND SCOPE OF THE PROJECT

Rockford Woods (the "Project" or "Condominiums") is a residential site condominium project located on Kroes Road in Plainfield Township, Kent County, Michigan. The Developer of the Project is Georgetown Development Co., Inc., a Michigan corporation, of 6601 Wilshere Drive, Jenison, Michigan 49428

The Project has been established as a condominium under the Michigan Condominium Act, which is Act 59 of the Public Acts of 1978, as amended (the "Act") and the rules issued under the Act by the Michigan Department of Consumer and Industry Services, the State agency which administers the Act. The property is owned by the Developer. The Project contains a total of 25 condominium units on which single family residential homes have been or will be constructed. There are no recreational facilities at this time and none are planned by the Developer.

Under the Act, the developer of a condominium project must fairly and accurately disclose to prospective purchasers the characteristics of the Project and the condominium units which it offers for sale. The required disclosure is made by furnishing each purchaser with a "Disclosure Statement" in a form which summarizes the significant features of the development, as well as with copies of the legal documents required for the creation and operation of the condominium. On the following pages the Developer presents its Disclosure Statement containing the required narrative summary concerning the Project. This Disclosure Statement and the legal documents referred to in this Disclosure Statement constitute the only authorized description of Rockford Woods and none of the Developer's sales agents or other representatives are permitted to vary the terms.

Of course, no summary such as the one contained in this Disclosure Statement can fully state all of the details of a condominium project. Each purchaser is therefore urged to review carefully all of the documents that have been delivered to the purchaser in connection with the Project. Any purchaser having questions pertaining to the legal aspects of the Project is advised to consult his own lawyer or other professional adviser.

II.

THE CONDOMINIUM CONCEPT

Condominium development in Michigan is governed largely by the Michigan Condominium Act. A "condominium" is a form of real property ownership. Under Michigan Law, a condominium unit (that part of the condominium individually owned and occupied) has the same legal attributes as any other form of real property and may be sold, mortgaged or leased, subject only to such restrictions as are contained in the condominium documents. The condominium units included in the Project are all residential units. Each unit has been designed and intended for separate ownership and use, and each unit has individual access to a common element of the Project. The units in the Project are three-dimensional spaces within which the owner of the unit will construct a single family residence and related improvements.

Each co-owner will receive a deed to his individual condominium unit and will be the absolute owner of the unit and all improvements to the unit. Each co-owner owns, in addition to his unit, an undivided interest in the common facilities (called "common elements") which service the Project. Title to the common elements is included as part of, and is inseparable from, title to the individual condominium units. Each co-owner's proportionate share of the common elements is determined by the percentage of value assigned to his unit in the Master Deed.

All portions of the Project not included within the condominium units constitute the common elements. Limited common elements are those common elements which are reserved in the Master Deed for use by less than all co-owners. General common elements are all common elements other than limited common elements. It is anticipated that the only improvements to the general common elements which will be installed as part of the Project will be the roads, entryway improvements, landscaping and utility lines as shown on the Condominium Subdivision Plan.

III.

LEGAL DOCUMENTATION

A. **General.** Rockford Woods was established as a condominium project pursuant to a Master Deed recorded in the office of the Kent County Register of Deeds. A copy of the Master Deed has been provided to each purchaser with this Disclosure Statement. The Master Deed includes the Condominium By-Laws as Exhibit A and the Condominium Subdivision Plan as Exhibit B. All of these documents should be reviewed carefully by prospective purchasers.

B. **Master Deed.** The Master Deed contains a definition of terms used within the Project, the percentage of value assigned to each unit in the Project, a general description of the units and general and limited common elements included in the Project, and a statement regarding the relative responsibilities for maintaining the common elements. Article VI of the Master Deed covers easements affecting the Condominium, and Article VII contains a statement of when and how the Master Deed may be amended.

C. **Condominium By-Laws.** The Condominium By-Laws contain provisions relating to the operation, management and fiscal affairs of the Condominium and, in particular, set forth the provisions relating to assessments of co-owners for the purpose of paying the costs of operation of the Project. Article VII requires all modifications and improvements to the units to be approved by a Design Review Committee initially appointed by the Developer. Article VIII contains certain restrictions upon the ownership, occupancy and use of the Project. Article IX contains a statement of the restrictions upon the leasing of units including a requirement that no unit be leased for less than ninety (90) days without the prior approval of the Rockford Woods Condominium Association. The By-Laws also contain provisions permitting the adoption of rules and regulations governing the common elements and the Project. At the present time no rules and regulations have been adopted.

D. Condominium Subdivision Plan. The Condominium Subdivision Plan is a two-dimensional survey depicting the physical location and boundaries of each of the units and all of the common elements in the Project.

IV.

STRUCTURES AND IMPROVEMENTS WHICH NEED NOT BE BUILT

The Michigan Condominium Act, as amended, requires the Developer to clearly inform potential purchasers what its construction obligations are through the use of the labels "Must Be Built" and "Need Not Be Built". Black Forest Drive as shown on the Condominium Subdivision Plan has been labeled as "Must Be Built". However, this designation applies to the approximately a 1-1/2 inch base coat of asphalt only. In addition, all public water, public sanitary sewer, and gas, electric and telephone utility lines have been shown as "Must Be Built". All other improvements are labeled as "Need Not Be Built". However, the Developer anticipates adding a finish coat of approximately 1-1/4 inches of asphalt to Black Forest Drive some time during 1998.

V.

FINANCIAL ARRANGEMENTS FOR CONSTRUCTION

The Project is currently subject to mortgage financing with Paragon Bank & Trust of Holland, Michigan. It is anticipated that such financing will provide all of the funds necessary for construction of the improvements for the Project.

VI.

ORGANIZATION AND CONTROL OF THE CONDOMINIUM

A. The Condominium Buyer's Handbook. General information about the government and organization of condominiums in Michigan may be found in the Condominium Buyer's Handbook, published by the Michigan Department of Commerce, and provided to each purchaser by the Developer.

B. Condominium Association. The Rockford Woods Condominium Association has been incorporated under the laws of the State of Michigan as a non-profit corporation (the "Association"). It will be responsible for the management, maintenance and administration of the Condominium. A person will automatically become a member of the Association upon closing on the purchase of a unit.

The Articles of Incorporation and By-Laws of the Association which have been provided to each purchaser with this Disclosure Statement govern the procedural operations of the Association. The Association is governed by a three (3) person Board of Directors whose initial members have been appointed by the Developer and who are empowered to serve pursuant to the

provisions of the Condominium By-Laws until the First Annual Meeting of Members of the Association. The board may, however, be expanded to up to seven (7) members. The First Annual Meeting of members must be held on or before: (a) 120 days after legal or equitable title to seven (7) condominium units have been conveyed to non-Developer co-owners; or (b) 54 months after the first conveyance of legal or equitable title to a non-Developer co-owner of a unit, whichever first occurs. Thereafter, some or all of the directors will be elected by the co-owners of the units in the Condominium. Article III, Section 1, of the Condominium By-Laws sets forth the complete requirements for election of directors.

Control of the Condominium will be turned over to the Association as an independent entity at the transitional control date. The transitional control date is the date on which a Board of Directors takes office pursuant to an election at which a majority of the directors are elected by non-Developer co-owners. Until the transitional control date, the Condominium will be managed by the Association, although the Association will be controlled by the Developer. Even after the transitional control date, the Developer is entitled to participate, through voting and through election of directors and appointment of the Design Review Committee, in the affairs of the Condominium to the extent it owns units in the Condominium.

C. Annual Meetings. Following the First Annual Meeting, annual meetings of the co-owners of the Association will be held each year in accordance with the Condominium By-Laws and the By-Laws of the Association for the purpose of conducting the business of the Association and electing directors for the succeeding year. Prior to each Annual Meeting, co-owners will receive notice stating the time and location of the meeting and the matters to be considered at the meeting as prescribed by the Condominium By-Laws and the By-Laws of the Association.

D. Advisory Committee. The Board of Directors of the Association must establish an Advisory Committee of non-Developer co-owners upon the passage of: (a) 120 days after legal or equitable title to nine (9) condominium units have been conveyed to non-Developer co-owners; or (b) one year after the first conveyance of legal or equitable title to a Condominium unit to a non-Developer co-owner, whichever first occurs. The Advisory Committee will meet with the Board of Directors to facilitate communication with the non-Developer co-owners and to aid in transferring control from the Developer to non-Developer co-owners. The Advisory Committee will be composed of not less than one (1) nor more than three (3) non-Developer members, who will be appointed by the Board of Directors. The Advisory Committee will automatically dissolve following the election of a majority of the Board of Directors by non-Developer co-owners. The Advisory Committee must meet at least annually with the Board of Directors.

E. Percentage of Value. Each of the units in Rockford Woods has been assigned a percentage of the total value of the project. The total value of the project is 100 and the percentage thereof assigned to each of the 25 units in the Project is equal. The percentage of value assigned to each unit is determinative of the proportionate share of each unit in the proceeds from and expenses of the administration, the value of such unit's vote at meetings of the Association and of the undivided interest in the common elements.

F. Management. The Developer will initially manage the Project for and on behalf of the Association without charging any management fee. However, at some time in the

future the Developer will discontinue providing such services and the Association and the co-owners will have to either assume that responsibility directly or employ the services of a management company.

VII.

CONDITION OF THE PROJECT AND LACK OF WARRANTIES

To the best knowledge of the Developer, each unit is suitable for the construction of a single-family residence. However, each unit is being purchased in its "as is" condition and without representation or warranty and each purchaser must rely on his own inspection of the unit and the Project.

CAUTION: THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, ON THIS CONDOMINIUM PROJECT. YOU, INDIVIDUALLY, OR AS A MEMBER OF THE ASSOCIATION, MAY BE REQUIRED TO PAY SUBSTANTIAL SUMS FOR THE REPLACEMENT OR REPAIR OF ANY DEFECTS IN THIS CONDOMINIUM PROJECT, IF ANY SUCH DEFECTS EXIST.

VIII.

BUDGET AND ASSESSMENTS

At closing, each purchaser of a unit at Rockford Woods will be required to pay a sum as a reserve for major repairs. After the closing, each co-owner will pay a monthly assessment as his share of the common expenses of the Condominium Project. The monthly amounts collected from co-owners are used to operate and maintain the Condominium and to establish a reserve for major repairs. Because the day-to-day operation of the Condominium is dependent upon the availability of funds, it is important that each co-owner pay his monthly assessment in a timely manner. Monthly assessments at the Condominium will be due on a periodic basis determined by the Board of Directors. In the event a co-owner fails to pay this amount in a timely manner, the Condominium By-Laws provide that the Association may impose a lien upon a delinquent co-owner's unit, collect interest at the rate of seven percent (7%) per annum on delinquent assessments, and impose other penalties. Article V of the Condominium By-Laws should be consulted for further details.

The amount of the monthly assessment will be determined by the amount of the common expenses. Under the budget projected for the Association, it is estimated that each co-owner will pay an average of \$55.00 per quarter or \$220.00 per year. The monthly assessment is based on estimated revenues and expenses of the Condominium as follows:

Annual Assessments (1)		\$5500.00
Operating Cash Disbursements:		
Snowplowing	\$2500.00	
Street Salting	500.00	
Insurance (2)	700.00	
Landscape Maintenance	500.00	
Road Repairs and Maintenance	400.00	
Michigan Annual Report	50.00	
Bank Service Charges	20.00	
Postage and Miscellaneous	280.00	
Management Fee (3)		
Reserve for Major Repair and Replacement	<u>550.00</u>	
Total Operating Cash Disbursements		<u>(\$5500.00)</u>
Projected Operating Cash Balance at year end		<u>\$ 0.00</u>

(1) This amount is based on 25 units at \$55.00 per quarter for one year. The actual amount received will likely be somewhat less since the Developer is not obligated to pay the full assessment amount on units owned by the Developer except for units on which it has constructed a residence.

(2) This amount includes vandalism and malicious mischief and liability insurance but does not include insurance for individual residences and related improvements.

(3) No amount is shown in the budget for management services since those services will initially be provided by the Developer at no additional cost to the Association or the co-owners. However, at such time as the Developer elects to discontinue providing such services, the Association and the co-owners will have to either assume that responsibility directly or employ the services of a management company.

Each co-owner must also pay other charges in connection with his ownership of a unit at Rockford Woods. For example, each co-owner will be responsible for paying real property taxes levied on his unit and his undivided interest in the common elements. The Association will not be responsible for the payment of any real estate taxes. In addition, each co-owner will be responsible for providing his own insurance for this unit and any improvements, as discussed in Section X, below.

The Developer is obligated to pay for assessments for each Unit owned in the same manner as other co-owners. However, the Developer shall not be responsible for any special assessments or any portion of a regular assessment allocated to the reserve for repairs or replacement except with respect to units on which it has constructed a residence and for which an occupancy permit has been issued. Article V, Section 7 of the Condominium Bylaws should be reviewed for further information concerning the Developer's obligations.

Each co-owner could be required to pay special assessments, if special assessments are levied by the Board of Directors of the Association. Special assessments may be levied by the Board of Directors in the event that, among other things, the regular assessment should prove inadequate, common elements need to be replaced or expanded, or an emergency occurs. Article V, Section 5, of the Condominium By-Laws attached to the Master Deed should be examined for further details about special assessments.

Like most expenses today, the expenses in the budget are subject to changes as a result of changing costs in the economy. The budget contained herein represents the Developer's best estimate of those expenses at this time. However, these costs may increase from year to year on account of such factors as cost increases, the need for repair or replacement of common elements and property improvements. Such cost increases will result in increased monthly assessments.

Except as noted above, there are no fees, payments or services which are paid or furnished directly or indirectly by the Developer which are not included in the projected budget but will later become an expense of administration.

IX.

PROJECT RESTRICTIONS

In order to provide an environment conducive to pleasant living at Rockford Woods, the Condominium By-Laws contain certain limitations upon the activities of co-owners which might infringe upon the right to quiet enjoyment of all co-owners. Some of these restrictions are set forth below. However, you should read Articles VII, VIII, and IX of the Condominium By-Laws to ascertain the full extent of the restrictions.

The units in Rockford Woods may be used solely for single-family residential purposes. All improvements and landscaping must receive the prior approval of a Design Review Committee appointed by the Developer. Additional restrictions have been placed on (a) the size, location, construction and maintenance of residences and related improvements; (b) the use or alteration of common elements; (d) the conducting of business or commercial activities; (d) the keeping of pets; (e) the parking and storage of vehicles on the Condominium; (f) hunting; (g) the leasing of units; (h) the storage of recreational vehicles and equipment; and (i) various other matters.

The use restrictions are enforceable by the Association, which may take appropriate action to enforce the restrictions, such as legal actions for injunctive relief and damages. The remedies available in the event of default are contained in Article XII of the Condominium By-Laws.

In addition to the construction and use requirements of Article VIII of the Condominium By-Laws, all buildings and other structures must comply with the applicable Plainfield Charter Township building, mechanical, electrical and plumbing codes in effect at the time such building or other structure is erected. The use of any unit and the construction and use of any building or other structure erected on any Unit must also comply with the requirements of the Plainfield Charter Township zoning ordinance in effect at the time of the contemplated construction

or use unless a variance for such construction or use is first obtained from the Zoning Board of Appeals of Plainfield Charter Township.

X.

REAL PROPERTY TAXES

Real property taxes upon the condominium units are assessed by Plainfield Charter Township, Kent County, Rockford School District and Kent Intermediate School District. Although the 25 units in the Condominium will likely be assessed and taxed as a single property for real property tax purposes in 1997, each individual unit will be separately taxed and assessed beginning in 1998. Pursuant to Michigan law, taxes are required to be assessed on the basis of fifty percent (50%) of true cash value, subject, however, to constitutional and statutory limitations. The Developer will also attempt to have each unit in the Condominium separately assessed and taxed for purposes of the December, 1997 tax bill. However, if that is not accomplished, the Developer will receive one tax bill for December, 1997 which will be reallocated to the individual co-owners of the units in the Project as provided in their individual purchase agreements. The Developer will contribute to the payment of taxes its proportionate share for such units as it owns at the time the taxes fall due. After 1997, all co-owners will receive individual tax bills attributable to each co-owner's unit only. It is impossible to now determine with accuracy the amount of real property taxes which will fall due in subsequent years since those taxes are a function of both property values and tax rates which may either rise or fall.

XI.

INSURANCE

Rockford Woods Condominium Association is responsible for securing fire and extended coverage, vandalism and malicious mischief, liability insurance, and workmen's compensation insurance, to the extent necessary and appropriate to the ownership, use, and maintenance of the common elements of the Condominium. Such insurance policies contain deductible clauses which, in the event of a loss, could result in the Association being responsible for a certain portion of the loss. Unit owners, as members of the Association, would bear any such loss in proportion to their percentage ownership of the common elements. The Association will take out an all-risk policy. A copy of all policies of insurance will be made available at the offices of the Developer for inspection by prospective purchasers. Co-owners should regularly review the insurance coverage of the Condominium to be certain it is adequate.

The insurance coverage provided by the Association will not cover the residences, other buildings or other improvements constructed on the individual units, any appliances or fixtures contained therein or any personal property of a co-owner contained in a condominium unit or kept on the grounds of the Condominium. Each unit owner must therefore secure condominium unit owner's insurance to insure against loss to the residence, other buildings and other improvements constructed on his unit (including any appliances and fixtures), and his personal property. A unit

owner should review closely Article IV of the Master Deed, and should consult with his insurance adviser to determine the amount of coverage required for his particular needs. In the event a unit owner fails to procure his own insurance, he will be uninsured for any loss that might occur to his unit, to himself or his property.

If the Condominium is destroyed, in whole or in part, Article VI of the Condominium By-Laws provides a plan for reconstruction or repair.

The agency through which the insurance policies for the Condominium have been purchased is as follows:

Jerry Waalkes Agency, Inc.
3391 Three Mile Road NW
Walker, Michigan 49544

XII.

EASEMENTS

Certain easements have been reserved under Article VI of the Master Deed for the benefit of the Developer, the co-owners, the Association and utility companies providing service to the Condominiums. For example, representatives of the Association are entitled to enter a unit in the case of an emergency or to make necessary repairs to a common element. While such an entry may cause inconvenience, it is necessary to the well-being of all the co-owners. The specific provisions of Article VI of the Master Deed and the Condominium Subdivision Plan attached to the Master Deed as Exhibit B should be reviewed to determine the extent of the easement rights which have been reserved.

XIII.

CO-OWNER LIABILITY

Section 58 of the Michigan Condominium Act provides that if title to a condominium unit passes by virtue of a first mortgage foreclosure, the new titleholder is not liable for the assessments of the Association which came due prior to the acquisition of the title to the unit by the new title holder. Any unpaid assessments are deemed to be common expenses collectible from all of the condominium unit owners, including the new title holder. This provision is contained in the Condominium By-Laws, as required by the law of the State of Michigan.

XIV.

ESCROW OF FUNDS

In accordance with Michigan law, all funds received from prospective purchasers of units at Rockford Woods will be deposited in an escrow account with an escrow agent. In this regard, the Developer has entered into an Escrow Agreement with Transnation Title Insurance Company (the "Escrow Agreement").

Funds held in the escrow account will be returned to the prospective purchaser within three (3) business days in the event such purchaser elects to withdrawal from a purchase agreement within the nine (9) business day withdrawal period described in each purchase agreement. After the expiration of the withdrawal period, all funds received from the purchaser will be retained in escrow until closing or until termination of the purchase agreement or a default by the purchaser. Pursuant to Michigan law, funds received from the purchaser will be released to Developer only upon the closing of the purchase or upon a default by the purchaser in his obligations under the purchase agreement.

The escrow agent in the performance of its duties shall be deemed an independent party not acting as the agent of the Developer, any purchaser, co-owner or other interested party. The escrow agent shall be relieved of all liability upon release of all amounts deposited in accordance with the Michigan Condominium Act.

No interest is required to be earned on funds held in the escrow account, but if any interest is earned, it will be released to the party who is entitled to receive the funds upon which the interest has accrued, except that interest on funds released from the escrow account due to a prospective purchaser's withdrawal from a purchase agreement will be paid to the Developer.

XV.

BACKGROUND AND EXPERIENCE OF DEVELOPMENT TEAM

A. **The Developer.** The Developer, Georgetown Development Co. Inc., is a Michigan corporation of 6601 Wilshere Drive, Jenison, Michigan 49428. The Developer was formed in 1990 and has principally been involved in the real estate development business. Todd Ponstein is the President and the shareholders of the Developer are Todd Ponstein and William Ponstein. The Developer's prior experience with condominium development is as follows:

1. York Creek Estates No.2, a 62 unit site condominium project located in Comstock Park, Michigan.
2. Maple Grove Condominium, an 85 unit apartment-type condominium located in Grand Rapids, Michigan.

B. The Real Estate Broker. The Developer is a licensed real estate broker and will be acting as the real estate broker for this Project. The Developer has not previously acted as the real estate broker on a condominium project.

C. The Surveyor and Engineer. Nederveld Associates, Inc., of 5570 32nd Street, Hudsonville, Michigan 49426 is the surveyor and engineer for the Project and has been involved as the surveyor and engineer in numerous site condominium projects.

D. The General Contractor. Georgetown Construction Co. Inc., is a Michigan corporation of 6601 Wilshere Drive, Jenison, Michigan 49428 is the general contractor for the construction of the improvements in the Project and has been involved in the construction of numerous other similar projects. Georgetown Construction Co., Inc., is an affiliate of the Developer and its principal shareholder is William Ponstein, one of the shareholders in the Developer.

E. The Attorneys. Miller, Johnson, Snell & Cummiskey, P.L.C., of 800 Calder Plaza Building, Grand Rapids, Michigan 49503 are the attorneys for the Project and have been involved in numerous site condominium projects.

XVI.

LOCAL GOVERNMENT; ROADS AND UTILITY SERVICES

The condominium project is located in Plainfield Charter Township, Kent County, and in the Rockford School District. Utility services to the Condominium Premises are as follows:

- (a) Electricity - Consumers Energy Company
- (b) Gas - Michigan Consolidated Gas Company
- (c) Telephone - Ameritech
- (d) Water - Public (Plainfield Charter Township)
- (e) Sanitary Sewer Service - Public (Plainfield Charter Township)
- (f) Cable Television - Not currently available

The Condominium is served by gas, electric and telephone service and public water and sanitary sewer service. (Although easements have been reserved, cable television service will not be available until the local cable company elects to extend service to the Project and to individual units.) Payment for these services will be the responsibility of the individual owner. The costs of maintaining, repairing and replacing the utility leads (i.e., from the main to the point of entry to each residence) shall be the responsibility of the owner of each residence. The storm water drainage system, to the extent located within the Project boundaries, shall be maintained either by Association. Trash removal will be the responsibility of the co-owners.

All roads within the Condominium are private and will be maintained by the Association. Neither Plainfield Charter Township, Kent County nor any other public entity or authority will have any responsibility for maintaining the roads. The Association will be responsible for replacing, repairing, maintaining and clearing (including snow removal) all roads in the Project. Replacement, repair and resurfacing of the roads will be necessary from time to time as circumstances dictate. It is impossible to estimate with any degree of accuracy future roadway repair or replacement costs. It shall be the responsibility of the Association to inspect and perform preventative maintenance of condominium roadways on a regular basis in order to maximize the life of such roadways and to minimize repair and replacement costs.

The Project is being developed as a Planned Unit Development under the provisions of the Zoning Ordinance of Plainfield Charter Township. The approvals for the Planned Unit Development were granted by the Township Planning Commission on February 25, 1997 and by the Township Board on March 17, 1997. Further information concerning these approvals can be obtained from Plainfield Charter Township.

XVII.

FUTURE EXPANSION, CONTRACTION OR CONVERSION

No provision has been made for the expansion or contraction of the Project or the conversion of any of the units or common elements within the Project.

XVIII.

RECREATIONAL FACILITIES

No recreational facilities are included in the Condominium nor are any planned.

IXX.

LEGAL PROCEEDINGS

The Michigan Condominium Act requires all condominium developers to disclose the existence of any pending or threatened legal proceedings involving the Project or the Developer. There are no legal or administrative proceedings currently pending or, to the best of Developer's knowledge, threatened against the Developer or relating to the Project.

XX.

PURPOSE OF DISCLOSURE STATEMENT

The Developer has prepared this Disclosure Statement in good faith in reliance upon sources of information believed to be accurate and in an effort to disclose material facts about the condominium project which it believes satisfies the requirements of the average purchaser. To the Developer's knowledge, there are no "unusual circumstances or "special risks" associated with the Project. However, each prospective purchaser is urged to engage a competent lawyer or other adviser in connection with his or her decision to purchase a condominium unit at Rockford Woods.

XXI.

LEGAL MATTERS

MILLER, JOHNSON, SNELL & CUMMISKEY, P.L.C., 800 Calder Plaza Building, Grand Rapids, Michigan, has served as legal counsel for the Developer in the preparation of this Disclosure Statement and other Condominium Documents. Legal counsel does not make any representation as to the accuracy of the factual matters contained herein or in the related condominium documents.

XXII.

ADDITIONAL DISCLOSURE MATTERS

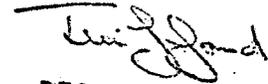
The Project is located within the vicinity of farmland and farm operations. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

Liber 4238

Pages 739-789

STATE OF MICHIGAN
COUNTY OF KENT
RECEIVED FOR RECORD

98 JAN -7 PM 4: 20


REG. OF DEEDS

MASTER DEED

ROCKFORD WOODS

(Act 59, Public Acts of 1978)
as amended

Kent County Condominium Subdivision Plan No. 407

- (1) Master Deed establishing Rockford Woods, a Condominium Project.
- (2) Exhibit A to Master Deed: Condominium By-Laws of Rockford Woods.
- (3) Exhibit B to Master Deed: Condominium Subdivision Plan for Rockford Woods.
- (4) Exhibit C to Master Deed: Affidavit of Mailing as to Notices required by Section 71 of the Michigan Condominium Act.

No interest in real estate being conveyed hereby, no revenue stamps are required.

This Instrument Drafted by: Robert W. Scott
Miller, Johnson, Snell & Cummiskey, P.L.C.
800 Calder Plaza Building
Grand Rapids, Michigan 49503
(616) 831-1700

MASTER DEED

ROCKFORD WOODS

**(Act 59, Public Acts of 1978)
as amended**

This Master Deed is made and executed on this 6TH day of JANUARY 1998, by **GEORGETOWN DEVELOPMENT CO., INC.**, a Michigan corporation, of 6601 Wilshere Drive, Jenison, Michigan 49428 (the "Developer"), pursuant to the provisions of the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended (the "Act").

PREAMBLE

1. The Developer is engaged in the development of a site condominium project to be known as Rockford Woods (the "Project"), pursuant to development plans approved by Plainfield Charter Township, Kent County, Michigan, on a parcel of land described in Article II of this Master Deed (the "Real Property").

2. The Developer desires, by recording this Master Deed together with the Condominium By-Laws attached hereto as Exhibit A and the Condominium Subdivision Plan attached as Exhibit B (both of which are hereby incorporated by reference and made a part hereof), to establish the Real Property, together with the improvements located and to be located thereon and the appurtenances thereto, as a condominium project under the provisions of the Act.

3. The Developer does, upon the recording of this Master Deed, establish the Project as a condominium project under the Act and does declare that the Project, after being so established, shall be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of the Act, and to the covenants, conditions, restrictions, uses, limitations, and affirmative obligations set forth in this Master Deed, all of which shall be deemed to run with the land and shall be a burden on and a benefit to the Developer, its successors and assigns, and to any persons acquiring or owning an interest in the Real Property, their grantees, successors, heirs, executors, administrators and assigns. In furtherance of the establishment of the Project, it is provided as follows:

ARTICLE I
NATURE OF PROJECT

The Project is a residential site condominium. The 25 Condominium Units which comprise the Project, including the number, boundaries, dimensions and area thereof, are set forth completely in the Condominium Subdivision Plan attached as Exhibit B, and each such Unit is capable of individual utilization by reason of having its own entrance from and exit to a common element of the Project. Each Co-owner in the Project shall have a particular and exclusive property right to his Unit and to the Limited Common Elements appurtenant thereto, and shall have an

undivided and inseparable right to share with other Co-owners in the General Common Elements of the Project as designated by this Master Deed.

ARTICLE II
LEGAL DESCRIPTION

The land upon which the Project is situated, and which is hereby submitted to condominium ownership pursuant to the provisions of the Act, is located in Plainfield Township, Kent County, Michigan, and is described as follows:

Part of the SE 1/4 of Section 12, T8N, R11W, Plainfield Township, Kent County, Michigan, described as: Commencing at the East 1/4 corner, thence S89°36'50"W 361.86 feet (previously described as 365.25 feet) along the E-W 1/4 line of said Section to the Point of Beginning; thence S00°29'46"E 221.00 feet; thence N89°36'50"E 139.09 feet; thence S00°02'15"E 208.01 feet along the West line of the East 221.00 feet of the SE 1/4 of said Section; thence S89°36'50"W 43.00 feet along the South line of the North 429.00 feet of the SE 1/4 of said Section; thence S00°02'15"E 481.01 feet along the West line of the East 264.00 feet of the SE 1/4 of said Section; thence N89°36'50"E 264.00 feet along the South line of the North 910.00 feet of the SE 1/4 of said Section; thence S00°02'15"E 419.38 feet along the East line of said Section; thence S89°35'00"W 67.78 feet along the South line of the NE 1/4 of the SE 1/4 of said Section; thence Southerly 101.54 feet along the arc of a 2714.93 foot radius curve to the right, the chord bearing S12°24'10"W 101.53 feet (the previously three calls being along the Westerly right of way of Wolverine Boulevard); thence S89°35'00"W 174.35 feet along the South line of the North 99.00 feet of the SE 1/4 of the SE 1/4 of said Section; thence N00°02'15"W 99.00 feet along the West line of the East 264.00 feet of the SE 1/4 of said Section; thence S89°35'00"W 386.88 feet along the South line of the NE 1/4 of the SE 1/4 of said Section; thence N00°00'08"E 1032.74 feet along the West line of the East 1/2 of the NE 1/4 of the SE 1/4 of said Section; thence N89°36'50"E 81.36 feet along the South line of the North 297.00 feet of the SE 1/4 of said Section; thence N00°02'31"E 76.00 feet along the East line of the West 731.50 feet of the East 1/2 of the SE 1/4 of said Section; thence N89°36'50"E 140.75 feet along the South line of the North 221.00 feet of the SE 1/4 of said Section; thence N00°02'31"E 221.00 feet along the East line of the West 872.25 feet of the East 1/2 of the SE 1/4 of said Section; thence N89°36'50"E 65.78 feet along said E-W 1/4 line to the Point of Beginning.

ARTICLE III
DEFINITIONS

Certain terms are utilized not only in this Master Deed but are or may be used in various other instruments such as, by way of example and not limitation, the Articles of Incorporation, Association By-Laws and Rules and Regulations of the Rockford Woods Condominium Association, a Michigan non-profit corporation, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment of, or transfer of, interests in

the Rockford Woods as a condominium. As used in such documents, unless the context otherwise requires, the terms set forth below shall be defined as follows:

(a) "Act" or "Condominium Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

(b) "Administrator" means the Michigan Department of Consumer and Industry Services or its authorized designee under this Act.

(c) "Arbitration Association" means the American Arbitration Association or its successor.

(d) "Association of Co-owners" or "Association" means Rockford Woods Condominium Association, a non-profit corporation, organized under the laws of Michigan of which all Co-owners shall be members, which corporation shall administer, operate, manage and maintain the Project. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless specifically reserved to its members by the Condominium Documents or the laws of the State of Michigan.

(e) "Association By-Laws" means the corporate By-Laws of the Association.

(f) "Common Elements", where used without modification, means the portions of the Project other than the Condominium Units, including all General and Limited Common Elements described in Article IV hereof.

(g) "Condominium By-Laws" means Exhibit A to this Master Deed, being the By-Laws setting forth the substantive rights and obligations of the Co-owners, which form a part of this recorded instrument.

(h) "Condominium Documents" means and includes this Master Deed and all exhibits to this Master Deed recorded pursuant to the Act, and any other instrument referred to in this Master Deed which affects the rights and obligations of a Co-owner in the Condominium.

(i) "Condominium Premises" means the land described in Article II, above, as the same may be amended, all improvements and structures located or to be located thereon, and all easements, appurtenances and other rights belonging to Rockford Woods as described in this Master Deed.

(j) "Condominium Subdivision Plan" means Exhibit B to this Master Deed, being the site, survey and other drawings depicting the real property and improvements which form a part of this recorded instrument.

(k) "Condominium Unit", "Site Unit" or "Unit" means a single residential building site designed and intended for separate ownership and use, as described in this

Master Deed. All structures and improvements now or hereafter located within the boundaries of a Unit shall be owned in their entirety by the Co-owner of the Unit within which they are located and shall not, unless expressly provided in the Condominium Documents, constitute Common Elements.

(l) "Co-owner" means the person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which own a Condominium Unit in the Project, including the vendee of any land contract of purchase who is not in default thereunder unless otherwise provided in the land contract. However, a land contract vendor and vendee shall have joint and several liability for assessments levied by the Association under Article V of the Condominium By-Laws. The term "Owner," wherever used, shall be synonymous with the term "Co-owner."

(m) "Developer" means Georgetown Development Co., Inc., which has made and executed this Master Deed, its successors and assigns.

(n) "Development and Sales Period", for purposes of the Condominium Documents and the rights reserved by the Developer and its successors thereunder, shall be deemed to continue for as long as the Developer continues to own any Unit in the Project.

(o) "General Common Elements" means those Common Elements of the Project described in Article IV.A of this Master Deed which are for the use and enjoyment of all Co-owners, subject to such charges as may be assessed to defray the cost of operation thereof.

(p) "Limited Common Elements" means those Common Elements of the Project described in Article IV.B of this Master Deed which are reserved for the exclusive use of the Co-owners of a specified Unit or Units.

(q) "Master Deed" means this instrument, together with the exhibits attached to this Master Deed and all amendments of this Master Deed, by which the Project is submitted to condominium ownership.

(r) "Percentage of Value" means the percentage assigned to each Unit by this Master Deed, which is determinative of the value of a Co-owner's vote at meetings of the Association when voting by value or by number and value, and the proportionate share of each Co-owner in the Common Elements of the Project.

(s) "Project" or "Condominium" means Rockford Woods, a condominium development established by this Master Deed and in conformity with the provisions of the Act.

(t) "Transitional Control Date" means the date on which a Board of Directors for the Association takes office pursuant to an election in which the votes that may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Whenever any reference in this Master Deed is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made in this Master Deed to the singular, a reference shall also be included to the plural where the same would be appropriate.

ARTICLE IV **COMMON ELEMENTS**

The Common Elements of the Project as depicted in Exhibit B, and the respective responsibilities for maintenance, repair and replacement thereof, are as follows:

A. The General Common Elements are:

(1) The land described in Article II of this Master Deed not otherwise designated as part of a Unit or as Limited Common Elements and all easement interests of the Condominium in any adjacent land for ingress and egress, utilities, drainage and other purposes;

(2) The roadways, walkways, lawns, trees, shrubs, entry sign, if any, and other plantings and other improvements located on the common areas of the Project other than those located within a Unit or on Limited Common Elements and other than Kroes Road;

(3) The street lighting system, security system, if any, and cable television wiring, if any, and the electrical and telephone wiring networks throughout the common areas of the Project, up to the point of lateral connection for Unit service;

(4) The gas line networks throughout the common areas of the Project, up to the point of lateral connection for Unit service;

(5) The water distribution system and sanitary sewer system throughout the common areas of the Project up to the point of lateral connection for Unit service;

(6) The storm drainage system serving the Project including, without limitation, the drainage easements shown on the Condominium Subdivision Plan and any fencing around any drainage area or pond;

(7) The recreational facilities or other common areas, facilities or amenities or interests therein which may be designated on the Condominium Subdivision Plans or constructed on the land described in Article II; and

(8) All other Common Elements of the Project not designated in this Master Deed as Limited Common Elements, which are not enclosed within the boundaries of a Condominium Unit, and which are intended for common use or are necessary to the existence, upkeep or safety of the Project.

Some or all of the utility and/or cable television lines, systems (including mains and service leads) and equipment (if any) may be owned by the local public authority or by a utility or cable television company that is providing the pertinent service. Accordingly, such utility and/or cable television lines, systems and equipment shall be General Common Elements only to the extent of the Co-owners' interest therein, if any, and Developer makes no warranty whatsoever with respect to the nature or extent of such interest.

B. The Limited Common Elements are:

(1) The pipes, ducts, wiring and conduits supplying electricity, gas, water, telephone, cable television (if any) and/or other utility service to or from a Unit, up to the point of lateral connection with a General Common Element of the Project;

(2) The land located within Unit boundaries below a level of 20 feet below the existing ground level, all as shown on the Condominium Subdivision Plan attached as Exhibit B;

(3) The driveway, if any, between the Unit and the roadway; and

C. Responsibility for the cleaning, decoration, maintenance, repair and replacement of the Common Elements and Units will be as follows:

(1) The costs of maintenance, repair and replacement of the Limited Common Elements described in Article IV.B (1) and (3) shall be the responsibility of the Co-owner of the Unit or Units to which such Limited Common Elements are appurtenant.

(2) Unit owners shall also be responsible for the maintenance, repair and replacement of all structures, improvements, and landscaping erected, placed or located within the Unit and any appurtenant Limited Common Element, including any portions thereof which may extend beyond Unit boundaries; provided, that the exterior appearance of all structures and yard areas, to the extent visible from any other Unit or General Common Element, shall be subject at all times to the approval of the Association and to such reasonable aesthetic and maintenance standards as may be prescribed by the Association in duly adopted rules and regulations.

(3) The cost of cleaning, decoration, maintenance, repair and replacement of all Common Elements other than as described above shall be borne by the Association, except that any repair or replacement due to the act or neglect of a Co-owner or his agent, invitee, family member or pet shall be the responsibility of and be paid by the Co-owner upon demand and, if not so paid, may be collected as provided in subparagraph (4) of this Article IV.C.

(4) While it is intended that each Co-owner will be solely responsible for the performance and cost of the maintenance, repair and replacement of the residence and all other appurtenances and improvements constructed or otherwise located within a Unit, it is nevertheless a matter of concern that a Co-owner may fail to properly maintain the exterior

of his residence or any Limited Common Element appurtenant thereto in a proper manner and in accordance with the standards set forth by the Association.

In the event a Co-owner fails, as required by this Master Deed, the Condominium By-Laws or any rules or regulations promulgated by the Association, to properly and adequately decorate, repair, replace or otherwise maintain his Unit or any improvement or appurtenance located therein or any Limited Common Element appurtenant thereto, the Association (and/or the Developer during the Development and Sales Period), shall have the right, but not the obligation, to undertake such regularly recurring, reasonably uniform, periodic exterior maintenance functions with respect to residences or other improvements constructed or installed within any Unit boundary as it may deem appropriate (including without limitation painting or other decoration, lawn mowing, snow removal and tree trimming).

Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or Developer's) right to take any such action at a future time. All costs incurred by the Association or the Developer in performing any responsibilities which are required in the first instance to be borne by a Co-owner shall be charged to the affected Co-owner or Co-owners on a reasonably uniform basis and collected in accordance with the assessment procedures established by the Condominium By-Laws. A lien for nonpayment of any such charges shall attach to the Co-owner's Unit as in all cases of regular assessments and may be enforced by the use of all means available to the Association under the Condominium Documents and by law for the collection of regular assessments, including without limitation, legal action, foreclosure of the lien securing payment and the imposition of fines.

D. Each Co-owner will be entirely responsible for arranging for and paying all costs in connection with extension of telephone, television, electric, gas, sewer, water, and other utility lines by laterals from the mains to any structures and fixtures located within his Unit and its respective Limited Common Elements.

E. Except as set forth herein, Condominium Units shall not be separable from the Common Elements appurtenant thereto, and shall not be used in any manner inconsistent with the purposes of the Project or in any other way which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of his Unit or the Common Elements appurtenant thereto.

ARTICLE V

DESCRIPTION AND PERCENTAGE OF VALUE

A. A complete description of each Condominium Unit in the Project, with elevations therein referenced to an official benchmark of the United States Geological Survey, is set forth in the Condominium Subdivision Plan as surveyed by Nederveld Associates, Inc., consulting engineers and surveyors. Detailed plans and specifications have been filed with Plainfield Charter Township, Kent County, Michigan. Each Unit shall include the land and air space located within Unit boundaries above a level 20 feet below the existing ground level and with no upward vertical limit, as shown on Exhibit B to this Master Deed, together with all appurtenances thereto.

B. The total value of the Project is 100, and the percentage thereof assigned to each of the 25 Condominium Units in the Project shall be equal.

The determination of Percentages of Value for the Units was made after reviewing the comparative size (based upon square footage), market value, location and allocable expenses of maintenance for each Unit. Except as otherwise provided in this Master Deed, such Percentages of Value shall be changed only in the manner provided by Article VII expressed in an amendment to the Master Deed, duly executed and recorded.

C. The number, size and/or location of Units or of any Limited Common Element appurtenant to a Unit as described in the Condominium Subdivision Plan may be modified from time to time, in Developer's sole discretion, by amendment effected solely by the Developer or its successors without the consent of any Co-owner, mortgagee or other person, so long as such modifications do not unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute or amenity of any Unit which adjoins or is proximate to the modified Unit or Limited Common Element; provided, that no Unit which has been sold or is subject to a binding Purchase Agreement shall be modified without the consent of the Co-owner or purchaser and mortgagee thereof. The Developer may also, in connection with any such amendment, readjust Percentages of Value for all Units in a manner which gives reasonable recognition to such modifications based upon the method of original determination of Percentages of Value for the Project. No Unit modified in accordance with this Paragraph shall be conveyed, however, until an amendment to the Master Deed duly reflecting all material changes has been recorded. All Co-owners, mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have unanimously consented to any amendment or amendments necessary to effectuate the foregoing and, subject to the limitations set forth in this Master Deed, the proportionate reallocation of Percentages of Value of existing Units which Developer or its successors may determine to be necessary in conjunction therewith. All such interested persons irrevocably appoint Developer and its successors as agent and attorney for the purpose of executing such amendments to the Master Deed and all other Condominium Documents as may be necessary to effectuate the foregoing.

ARTICLE VI **EASEMENTS**

In the event that any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to the shifting, settling or moving of a building, or due to survey errors or construction deviations, reciprocal easements shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for the maintenance thereof after rebuilding in the event of destruction. There shall also be permanent easements in favor of the Association (and the Developer during the Development and Sales Period) for the maintenance and repair of Common Elements for which the Association (or Developer) may from time to time be responsible or which it may elect to assume, and there shall be easements to, through and over those portions of the land (including the Units) as may be reasonable for the installation, maintenance and repair of all utility services furnished to the Project and for access to the Units for purposes of decoration, maintenance, repair or replacement as provided under Article IV.C.4 of this Master Deed. Public utilities shall have access to the Common Elements and to the Units at such times as

may be reasonable for the installation, repair or maintenance of such services, and any costs to install, repair or maintain such services shall be an expense of administration assessed against all Co-owners in accordance with the Condominium By-Laws.

The Association, both before or after the Transitional Control Date, shall be empowered and obligated to grant such easements under and across the Condominium Premises for utilities, access and other lawful purposes as it determines to be reasonable and necessary, subject, however, to the approval of the Developer during the Development and Sales Period.

Until final completion of the Project as described in Article I of this Master Deed and the termination of the Development and Sales Period, the Developer reserves the following nonexclusive easements for the benefit of itself, its successors and assigns which may be utilized at any time or times without the payment of any fee or charge whatsoever other than the reasonable cost of work performed, utilities consumed and/or maintenance required as a direct result of such use:

(a) for the unrestricted use of all roadways, driveways and walkways in the Condominium for the purpose of ingress and egress to and from any Unit owned by it; and

(b) to utilize, tap, tie into, extend and/or enlarge all utility lines and mains, public and private, located on the land described in Article II.

The Units and Common Elements in the Condominium are further subject to the easements hereby established for roadways, public and private utilities (including, without limitation, gas, electric, telephone, cable television and public sanitary sewer service and water supply service), natural buffer and preserve areas and drainage as set forth in the Condominium Subdivision Plan attached as Exhibit B.

So long as the Developer owns one or more of the Units in the Project, it shall be subject to the provisions of this Master Deed and of the Act.

ARTICLE VII AMENDMENT AND TERMINATION

A. If there is no Co-owner other than the Developer, the Developer may unilaterally amend the Condominium Documents or, with the consent of any interested mortgagee, unilaterally terminate the Project. All documents reflecting such amendment or termination shall be recorded in the public records of Kent County, Michigan.

B. If there is a Co-owner other than the Developer, the Condominium Documents may be amended for a proper purpose only as follows:

(1) The amendment may be made without the consent of any Co-owner or mortgagee if the amendment does not materially alter or change the rights of any Co-owner or mortgagee of a Unit in the Project, including, but not limited to, amendments to modify the dimensions of unsold Units and their appurtenant Limited Common Elements, amend-

(2) Upon recordation of an instrument terminating the Project, the property constituting the Condominium shall be owned by the Co-owners as tenants in common in proportion to their respective undivided interests in the Common Elements immediately before recordation. As long as the tenancy in common lasts, each Co-owner or the heirs, successors, or assigns thereof shall have an exclusive right of occupancy of that portion of the property which formerly constituted the Condominium Unit.

(3) Upon recordation of an instrument terminating the Project, any rights the Co-owners may have to the assets of the Association shall be in proportion to their respective undivided interests in the Common Elements immediately before recordation. Any common profits shall be distributed in the same proportions except as otherwise required under the Condominium Documents and the Act.

(4) Notification of termination by first class mail shall be made to all parties interested in the Project, including escrow agents, land contract vendors, creditors, lien holders, and prospective purchasers who deposited funds. Proof of dissolution must be submitted to the Administrator.

IN WITNESS WHEREOF, the Developer has duly executed this Master Deed on the day and year first above written.

**GEORGETOWN DEVELOPMENT CO.,
INC.**

By Todd Ponstein
Todd Ponstein
Its President

Robert W. Scott
Robert W. Scott

Janis Swenson
Janis Swenson

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)

The foregoing individual was acknowledged before me this 6th day of JANUARY 1998, by Todd Ponstein, the President of Georgetown Development Co., Inc., a Michigan corporation, on behalf of the corporation.

Janis Swenson
Janis Swenson
Notary Public, KENT County, MI
My commission expires: 4-19-01

EXHIBIT A
CONDOMINIUM BY-LAWS
OF
ROCKFORD WOODS

-ARTICLE I-
THE CONDOMINIUM

Section 1. Organization. Rockford Woods, a residential site condominium located in Plainfield Township, Kent County, Michigan (the "Condominium"), shall be administered by an association of Co-owners (the "Association") which shall be organized as a nonprofit corporation under the laws of the State of Michigan. The Association will be responsible for the management, maintenance, operation and administration of the Common Elements, easements and, generally, the affairs of the Condominium in accordance with the Master Deed, these Condominium By-Laws, the Association's Articles of Incorporation, Association By-Laws, Rules and Regulations of the Association, and all applicable local ordinances and the laws of the State of Michigan, including the Michigan Condominium Act (the "Act").

Section 2. Compliance. All present and future Co-owners (who shall be "Members" of the Association as provided in Article II, Section 1, below; the terms "Member" and "Co-owner" are used interchangeably herein), mortgagees, tenants and all other persons who may in any manner use, enter upon or acquire any interest in the Condominium Premises, or any Condominium Unit, shall be subject to and comply with the provisions of the Act, the Master Deed, these Condominium By-Laws, and the Association's Articles of Incorporation and By-Laws, and all Rules and Regulations of the Association including, without limitation, any provision thereof pertaining to the use and operation of the Condominium Premises and the Condominium. The acceptance of a deed or conveyance, the taking of a mortgage, the execution of a lease, the act of occupying the Unit or presence in the Condominium shall constitute an acceptance of the provisions of these documents and an agreement to comply therewith.

Section 3. Purpose of Condominium By-Laws. The Condominium By-Laws govern the general operation, maintenance, administration, use and occupancy of the Condominium, and all such activities shall be performed in accordance with the provisions hereof.

Section 4. Definitions. All terms used herein shall have any special meaning attributed to such terms in the Master Deed or set forth in the Act.

-ARTICLE II-
MEMBERSHIP, VOTING AND QUORUM

Section 1. Membership. Each Co-owner of a Condominium Unit, present and future, shall be a Member of the Association during the term of such ownership, and no other person or entity shall be entitled to membership. Neither Association membership nor the share of a Member in the Association funds and assets shall be assigned, pledged or transferred in any manner, except as an appurtenance to a Condominium Unit, and any attempted assignment, pledge or transfer

in violation of this provision shall be wholly void.

Section 2. Voting Rights. Except as limited in the Master Deed and in these By-Laws, the Members owning each Unit shall collectively be entitled to one vote when voting by number and one vote, the value of which shall equal the total percentage value assigned to the Unit in Article V.B of the Master Deed, when voting by value. Voting, when required or permitted herein or elsewhere in the Condominium Documents, shall be by number, except in those instances where voting is specifically required to be by value, or both by number and by value, and no cumulation of votes shall be permitted.

Section 3. Persons Entitled to Vote. If one person owns a Unit, he shall establish his membership in the Association and his right to vote by presenting evidence of his ownership. If more than one person owns a Unit, or the Unit is leased, all of the record owners of the Unit shall sign and file with the Secretary of the Association a certificate designating the person entitled to exercise the Unit's membership in the Association, to cast the vote for the Unit and to receive all notices and other communications from the Association. Such certificate shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned, the name and address of the person or persons, firm, corporation, partnership, association, trust or other legal entity who is the Co-owner thereof, and shall be signed and dated by all Co-owners of record. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until a change occurs in the record ownership of the Unit concerned. The Developer shall, at any meeting, be entitled to cast a vote on behalf of each Unit he owns without submitting any proof of ownership.

Section 4. Method of Voting. Votes on a specific issue may be cast in person. In addition, any person entitled to vote at any meeting may also appear and vote via telecommunications equipment, as provided by the Association By-Laws, or appear and vote (either specifically on an issue or by the general designation of a person to cast a vote) by written proxy. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated, and any adjournment thereof, and must be filed with the Association before the appointed time of the meeting.

Section 5. Majority. At any meeting of the Members at which a quorum is present, a majority shall consist of the vote of more than fifty (50%) percent in number of the Members voting whether in person, by telecommunications or by proxy, on any particular matter, except as otherwise required herein, by the Master Deed or by law.

Section 6. Quorum. The presence in person or by proxy of at least fifty (50%) percent in value of the Members qualified to vote shall constitute a quorum for holding a meeting of the Members of the Association. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 7. Other Provisions. Other provisions as to voting by Members, not inconsistent with the provisions herein contained, may be set forth in the Association By-Laws.

**-ARTICLE III-
ADMINISTRATION**

Section 1. Board of Directors: Appointment and Election of Members. The business, property and affairs of the Association shall be governed by a Board of Directors consisting of not less than three (3) persons nor more than seven (7) persons, all of whom shall serve without compensation; provided, however, until new directors are elected at the first annual meeting of Members held pursuant to Section 1 of Article IV, the directors designated in the Articles of Incorporation of the Association, and any successors thereto appointed by the Developer, shall serve as the Board of Directors.

At the first meeting of Members and thereafter, for as long as the Developer has the right to designate any member of the Board of Directors of the Association as provided below, the election of the Board of Directors by the Co-owners shall be accomplished as follows:

(1) Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of 25% of the Units that may be created, at least one (1) Director and not less than 25% of the Board of Directors shall be elected by the non-Developer Co-owners.

(2) Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of 50% of the Units that may be created, 33-1/3% of the Board of Directors shall be elected by the non-Developer Co-owners.

(3) Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of 75% of the Units that may be created, and before conveyance of 90% of such Units, the non-Developer Co-owners shall elect all of the Directors on the Board, except that the Developer shall have the right to designate at least one (1) Director as long as the Developer owns and offers for sale at least 10% of the Units in the Project or as long as 10% of the Units remain which may be created.

(4) Notwithstanding the above, in the event that 54 months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit in the Project, title to not less than 75% of the Units which may be created has not been conveyed, the non-Developer Co-owners shall have the right to elect the number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer shall have the right to elect the number of members of the Board equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer; provided, however, that this paragraph may increase but shall not reduce the minimum election and designation rights otherwise established in this Article. Application of this paragraph shall not be interpreted to require a change in the size of the Board of Directors as otherwise set forth in these By-Laws, the Master Deed or the Association's Articles of Incorporation or By-Laws.

(5) If the calculation of the percentage of members of the Board that the non-Developer Co-owners have the right to elect under paragraphs (1) through (3) above, or if

the product of the number of members of the Board multiplied by the percentage of Units held by the non-Developer Co-owners under paragraph (4) above results in a right of non-Developer Co-owners to elect a fractional number of members of the Board, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board that the non-Developer Co-owners shall have the right to elect. After application of this formula, the Developer shall have the right to appoint the remaining members of the Board; provided, however, that the application of this paragraph shall not eliminate the right of the Developer to designate one (1) member of the Board as provided in paragraph (3) above, or the right of non-Developer Co-owners to elect at least one (1) Director to the Board of Directors as provided in paragraph (1) above.

The terms of office, manner of election, removal and replacement, meetings, quorum and voting requirements, and other duties or provisions of or relating to directors, not inconsistent with these Condominium By-Laws, shall be as provided by the Association By-Laws.

Section 2. Advisory Committee. The Board of Directors shall establish an Advisory Committee of non-Developer Members upon the passage of: (a) one hundred twenty (120) days after legal or equitable title to one-third (1/3) of the Condominium units which may be created have been conveyed to non-Developer Co-owners; or (b) one (1) year after the first conveyance of legal or equitable title to a Condominium unit to a non-Developer Co-owner, whichever first occurs. The Advisory Committee shall meet with the Board of Directors to facilitate communication with the non-Developer Members and to aid in transferring control from the Developer to non-Developer Members. The Advisory Committee shall be composed of not less than one (1) nor more than three (3) non-Developer Members, who shall be appointed by the Board of Directors in any manner it selects, and who shall serve at the pleasure of the Board of Directors. The Advisory Committee shall automatically dissolve after a majority of the Board of Directors are elected by non-Developer Members. The Advisory Committee shall meet at least annually with the Board of Directors. Reasonable notice of such meetings shall be provided to all members of the Committee, and such meetings may be open or closed, in the discretion of the Board of Directors.

Section 3. Powers and Duties. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Condominium and may do all things which are not prohibited by law or the Condominium Documents or required thereby to be done by the Members. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the power and duty:

- (a) To manage and administer the affairs of and to the Condominium, all appurtenances thereto, and the Common Elements, property and easements thereof;
- (b) To levy and collect assessments against and from the Members of the Association and to use the proceeds therefrom for the purposes of the Association, and to enforce assessments through liens and foreclosure proceedings where appropriate;
- (c) To carry insurance and to collect and allocate the proceeds thereof;
- (d) To restore, repair or rebuild the Condominium, or any portion

thereof, after occurrence of casualty, and to negotiate on behalf of all of the Members in connection with any taking of the Condominium, or any portion thereof, by eminent domain;

(e) To contract for and employ, and to discharge, persons or business entities to assist in the management, operation, maintenance and administration of the Condominium;

(f) To make reasonable rules and regulations governing the use and enjoyment of the Condominium by Members and their tenants, guests, employees, invitees, families and pets and to enforce such rules and regulations by all legal methods, including, without limitation, imposing fines and late payment charges, or instituting eviction or legal proceedings;

(g) To own, maintain and improve, and to buy, sell, convey, assign, transfer, mortgage or lease (as landlord or tenant), or otherwise deal in any real or personal property, including, but not limited to, any Condominium Unit, General Common Elements, easements, rights-of-way, licenses or any other real or personal property, whether or not contiguous to the Condominium, to benefit the Members of the Association and to further any of the purposes of the Association;

(h) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Association, and to secure the same by mortgage, pledge or other lien on Association property; provided, however, that any such action shall first be approved by the affirmative vote of more than three-fourths (3/4) of the Association Members in number and in value at a meeting of the Members duly called;

(i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto, to administer the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board;

(j) To make rules and regulations or to enter into agreements with institutional lenders, or both, for the purpose of obtaining mortgage financing for Members which is acceptable for purchase by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association or any other agency of the federal government, the State of Michigan, the County of Kent, Plainfield Charter Township, or any other agency or unit of government;

(k) To enforce the provisions of the Master Deed and By-Laws of the Condominium, and of the Articles of Incorporation and such By-Laws, rules and regulations of the Association as may hereafter be adopted, and to sue on behalf of the Condominium or the Members and to assert, defend or settle claims on behalf of the Members with respect to the Condominium;

(l) To do anything required of or permitted to it as administrator of said

Condominium by the Condominium Master Deed or By-Laws or by the Michigan Condominium Act, as amended.

(m) 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 the Condominium and to the accomplishment of any of the purposes thereof not forbidden, and with all powers conferred upon nonprofit corporations by the laws of the State of Michigan.

Provided, however, that neither the Board nor the Association shall, by act or omission, abandon, partition, subdivide, encumber, sell or transfer the Common Elements, or any of them, unless at least two-thirds (2/3) of the mortgagees (based upon one vote for each mortgage owned) and two-thirds (2/3) of the Members in number and value have consented thereto. The granting of easements under Article VI of the Master Deed or for any purpose consistent with the intended use of the Common Elements shall not be deemed a transfer for these purposes.

Section 4. Managing Agent. The Board of Directors may employ, at a compensation established by it, a Managing Agent for the Condominium to perform such duties and services as the Board shall authorize, including, but not limited to, the powers and duties set forth in Section 3 of this Article. Any director, the Developer, or any related person or entity, may serve as Managing Agent if so appointed. If the Board employs a professional management agent for the Association, the Board shall notify each holder of a mortgage lien on any Condominium Unit prior to terminating the employment of such professional management agent (or any successor thereto) and assuming self-management. In no event shall the Board be authorized to enter into a contract with a professional management agent, or a contract providing for services by the Developer or its affiliates, which is not terminable by the Association upon the Transitional Control Date or within ninety (90) days thereafter and upon thirty (30) days' written notice for cause. Upon the Transitional Control Date, or within ninety (90) days thereafter, the Board of Directors may terminate a service or management contract with the Developer or its affiliates. In addition, the Board of Directors may terminate any management contract which extends beyond one (1) year after the Transitional Control Date by providing notice of termination to the management agent at least thirty (30) days before the expiration of the one (1) year.

Section 5. Officers. The Association By-Laws shall provide for the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of the officers of the Association and may contain any other provisions pertinent to Association officers not inconsistent herewith. Officers may be compensated, but only upon the prior affirmative vote of three-fourths (3/4) of the Members.

Section 6. Actions Prior to First Meeting. Subject to the provisions of Section 3 of this Article III, all of the actions (including, without limitation, the adoption of these By-Laws, the Association By-Laws, any Rules and Regulations of the Association, and any undertakings or contracts entered into with others on behalf of the Association) of the Board of Directors of the Association named in its Articles of Incorporation, or their appointed successors, before the first meeting of Members, shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the Members at the first or any

subsequent meeting of Members, so long as such actions are within the scope of the powers and duties which any Board of Directors may exercise, as provided in the Condominium Documents.

Section 7. Indemnification of Officers and Directors. The Association shall indemnify every Association director and officer against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him as a consequence of his being made a party to or being threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of his being or having been a director or officer of the Association, except in such cases wherein he is adjudged guilty of willful and wanton misconduct or gross negligence in the performance of his duties or adjudged to have not acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and its Members, and with respect to any criminal action or proceeding, he is adjudged to have had no reasonable cause to believe that his conduct was unlawful; provided that, if a director or officer claims reimbursement or indemnification hereunder based upon his settlement of a matter, he shall be indemnified only if the Board of Directors (with any director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interests of the Association and, if a majority of the Members request it, such approval is based on an opinion of independent counsel supporting the propriety of such indemnification and reimbursement. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights such director or officer may have. The Board of Directors shall notify all Members that it has approved an indemnification payment at least ten (10) days prior to making such payment.

-ARTICLE IV- MEMBERSHIP MEETINGS

Section 1. First Annual Meeting of Members. The first annual meeting of the Members of the Association may be convened only by the Board of Directors and may be called at any time upon ten (10) days' written notice to all Members. In no event, however, shall the first annual meeting be held later than 120 days after conveyance of legal or equitable title to non-Developer Members of 25% of the Units which may be created, or 54 months from the conveyance of any Unit to a non-Developer Member, whichever first occurs. The Board of Directors may call meetings of Members of the Association for informational or other appropriate purposes prior to the first annual meeting of Members, but no such meeting shall be construed as the first annual meeting of Members.

Section 2. Regular Annual Meetings of Members. Following the first annual meeting of Members, subsequent annual meetings of the Members shall be held in each year at the time and place specified in the Association By-Laws. At least ten (10) days prior to the date of an annual meeting, written notice of the time, place and purpose of such meeting shall be sent by first-class mail, postage prepaid, to each person entitled to vote at the meeting.

Section 3. Special Meetings of Members. It shall be the duty of the President to call a special meeting of the Members upon a) a petition signed by one-third (1/3) of the non-Developer Co-owners and presented to the Secretary of the Association; b) upon the direction of a majority of the Board of Directors; or c) as required for the election of directors under Section 1 of

Article III. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof and shall be given at least ten (10) days prior to the date of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Action Without Meeting. Any action which may be taken at a meeting of the Members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the Members. Ballots will be solicited in the same manner as provided in Section 2 of this Article IV for the giving of notice of regular meetings of Members. Such solicitations will specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot will afford an opportunity to specify a choice between approval and disapproval of each matter and will provide that, where the member specifies a choice, the vote will be cast in accordance therewith. Approval by written ballot will be constituted by receipt within the time period specified in the solicitation of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

-ARTICLE V-
OPERATION OF THE CONDOMINIUM

Section 1. Personal Property. The Association shall be assessed as the person or entity in possession for any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 2. Costs and Receipts to Be Common. All costs incurred by the Association to satisfy any liability arising within, or caused by or in connection with the Common Elements, or caused by or in connection with the administration of the Condominium, shall be expenses of administration, and all sums received as proceeds of, or pursuant to, the use and/or operation of the Common Elements or any insurance policy carried by the Association securing the interests of the Members against liabilities or losses arising within, caused by or connected with, the Common Elements or the administration of the Condominium shall be receipts of administration.

Section 3. Books of Account. The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts affecting the Condominium and its administration of the Condominium and which specify the operating expenses of the Condominium. Such books of account shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred on behalf of the Association and Members. The Members and their mortgagees may inspect the books of account during reasonable working hours on normal working days at a place the Association designates. The books of account shall be audited at least annually by qualified independent auditors, but such audit need not be a certified audit, nor must the auditors be certified public accountants. The cost of such audit, and all accounting expenses, shall be an expense of administration. Any institutional holder of a mortgage lien on any Condominium Unit who so requests shall be given a copy of the audit report within ninety (90) days following the end

of the Association's fiscal year. At least once a year, the Association shall prepare and distribute to each Member a statement of its financial condition, the contents of which shall be defined by the Association.

Section 4. Regular Periodic Assessments. The Board of Directors shall establish an annual budget in advance for each fiscal year for the Condominium, and such budget shall contain the Board's estimate of the funds required to defray the expenses of administration for the forthcoming year, as those items are defined by these By-Laws, and all other common expenses. The budget also shall allocate and assess all such common charges against all Members in accordance with the percentage of value allocated to each Unit by the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant thereto. The common expenses shall consist, among other things, of such amounts as the Board may deem proper for the operation, management and maintenance of the Condominium Premises under the powers and duties delegated to it hereunder, and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating fund, for a reserve fund and for meeting any deficit in the common expense budget for any prior year. The budget shall establish an adequate reserve fund for maintenance, repair and replacement of the General and Limited Common Elements, which fund shall be financed by regular periodic payments (monthly, quarterly or annually) rather than by special assessments. The Board shall advise each Member in writing of the amount of common charges payable by him and shall furnish copies of each budget on which such common charges are based to all Members, although failure to deliver a copy of the budget to each Member shall not affect any Member's liability for any existing or future assessments. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient: (a) to pay the operation and management costs of the Condominium, (b) to provide for the maintenance, repair or replacement of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$1000.00 annually, or (d) to provide for emergencies, the Board may increase the general assessments or levy such additional assessment or assessments, and apportion them, as it deems necessary. Members shall pay all assessments levied in accordance with this Section 4 in equal monthly, quarterly or semi-annual installments as determined by the Association, commencing with acquisition of title to a Unit by any means.

Section 5. Special Assessments. Special assessments, in addition to those provided for in Section 4 above, may be levied by the Board of Directors from time to time, following approval by the Members as hereinafter provided, to meet other needs, requirements or desires of the Association, including, but not limited to: (a) assessments for capital improvements or additions to the Common Elements at a cost exceeding \$1000.00 per year; (b) assessments to purchase a Unit upon foreclosure of a lien for assessments, as described in Section 6 of this Article; or (c) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this Section 5 (but not including those assessments referred to in Section 4 of this Article, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of not less than two-thirds (2/3rds) of all Members in value and in number.

Section 6. Collection of Assessments. Each Member, whether one or more persons, shall be and shall remain personally obligated for the payment of all assessments levied with

regard to his Unit during the time that he is the owner thereof, and no Member may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit. If any member defaults in paying the assessed common charges, interest at the rate of seven percent (7%) per annum shall be charged on such assessment from the due date thereof and further late fees, penalties or proceedings may be instituted by the Board of Directors in its discretion. If such assessment, or any part thereof, is not paid on or before the due date established by the Board of Directors for such payment, then such payment shall be in default. The Board of Directors may, but need not, report such a default to any mortgagee of record. Any mortgagee of a Condominium Unit may consider a default in the payment of any assessment a default in the payment of its mortgage. Unpaid assessments shall constitute a lien upon the Unit prior to all other liens except tax liens and sums unpaid on a first mortgage of record. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the lien that secures payment of assessments. Each Member, and every other person, except for a first mortgagee, who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement (in accordance with the provisions of Chapter 32 of the Michigan Revised Judicature Act, as amended). The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. The Association is hereby granted what is commonly known as a "power of sale." Each Member and every other person, except a first mortgagee, who from time to time has any interest in the Condominium shall be deemed to have authorized and empowered the Association to sell or to cause to be sold at public auction the Unit with respect to which the assessment is delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. **EACH MEMBER ACKNOWLEDGES THAT WHEN HE ACQUIRED TITLE TO HIS UNIT, HE WAS NOTIFIED OF THE PROVISIONS OF THIS SECTION AND THAT HE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY WAIVED NOTICE OF ANY PROCEEDINGS BROUGHT BY THE ASSOCIATION TO FORECLOSE BY ADVERTISEMENT THE LIEN FOR NONPAYMENT OF ASSESSMENTS AND A HEARING ON THE SAME PRIOR TO THE SALE OF THE SUBJECT UNIT.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until ten (10) days have expired after the mailing, by certified mail, return receipt requested and postage prepaid, addressed to the delinquent Member of his last known address, of a written notice that an assessment, or any part thereof, levied against his Unit is delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. A written default of an authorized representative of the Association that sets forth (a) the affiant's capacity to make the affidavit, (b) the statutory and other authority for the lien, (c) the amount outstanding (exclusive of interest, late fees, penalties, costs, attorney fees and future assessments), (d) the legal description of the subject Unit, and (e) the name of the Member of record, shall accompany such written notice. Such affidavit shall be recorded in the Office of the Kent County Register of Deeds prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing the notice. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the

Association elects to foreclose the lien by advertisement, the Association shall so notify the representative of the delinquent Member designated in Article II, Section 3, above, and shall inform such representative that he may request a judicial hearing by bringing suit against the Association. The expenses incurred in collecting unpaid assessments, including interest, costs, reasonable attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be secured by the lien on his Unit. If any Member defaults in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. In a judicial foreclosure action, the court may appoint a receiver to collect a reasonable rental for the Unit from the Member owning it or any persons claiming under him, and each Member hereby covenants to the appointment of such a receiver. The Association may also stop furnishing any services to a Member in default upon seven (7) days' written notice to such Member of its intent to do so. A Member in default on the payment of any assessment shall not be entitled to vote at any meeting of the Association so long as such default continues.

If the holder of a first mortgage on a Condominium Unit obtains title to the Unit by foreclosing the mortgage, accepting a deed in lieu of foreclosure or similar remedy, or any other remedy provided in the mortgage, such person, and its successors and assigns, or other purchaser at a foreclosure sale shall not be liable for unpaid assessments chargeable to the Unit which became due prior to the acquisition of title to the Unit by such person; provided, however, that such unpaid assessments shall be deemed to be common expenses collectible from all of the Members, including such person, its successors and assigns, and that all assessments chargeable to the Unit subsequent to the acquisition of title shall be the responsibility of such person as hereinbefore provided with respect to all Members.

When a Member is in arrears to the Association for assessments, the Association may give written notice of arrearage to any person occupying his Unit under a lease or rental agreement, and such person, after receiving the notice, shall deduct from rental payments due the Member the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not be a breach of the rental agreement or lease by the occupant.

The Association may purchase a Unit at any foreclosure sale hereunder.

Section 7. Obligations of Developer for Assessments. The Developer shall be a Member of the Association with respect to each Unit owned by the Developer and shall be responsible for the payment of assessments for each Unit owned in the same manner as all non-Developer Members; provided, however, that the Developer shall not be obligated to pay any special assessments or any portion of any regular assessments allocable to a reserve fund for repairs or replacement of Common Elements or any other reserve fund except with respect to any Units owned by the Developer on which a residence has been constructed and for which an occupancy permit has been issued.

Section 8. Maintenance and Repair Expenses. As provided in the Master Deed, the Association shall maintain and repair the General Common Elements, whether located inside or outside the Units, and the Limited Common Elements, to the extent set forth in the Master Deed. The costs thereof shall be charged to all the Members as a common expense, unless

necessitated by the act or neglect of a Member, or his agent, invitee, family member or pet, in which case such expense shall be charged to such Member. The Association or its agent shall have access to each Unit from time to time during reasonable working hours, upon notice to the occupant thereof, for the purpose of maintenance, repair or replacement of any of the Common Elements located therein or accessible therefrom. The Association or its agent shall also have access to each Unit at all times without notice for making emergency repairs necessary to prevent damage to other Units, the Common Elements, or both.

All other maintenance and repair obligations shall, as provided in the Master Deed, be the responsibility of the individual Member. Each Member shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Member shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, cable television, water, gas, plumbing, electrical or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Member shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, his family, guests, agents or invitees, unless such damages or costs are actually reimbursed from insurance carried by the Association, in which case there shall be no such responsibility (if reimbursement to the Association is excluded by virtue of a deductible provision, the responsible Member shall bear the expense to the extent of the deductible amount, anything else in these By-Laws to the contrary notwithstanding). Any costs or damages to the Association that are herein or elsewhere in the Condominium Documents assigned to the individual Member may be assessed to and collected from the responsible Member in the manner provided for regular periodic assessments in Article V, Section 4, hereof.

The provisions of this Section 8 shall be subject to those of Article VI, Sections 1-3, in the event of repair or replacement on account of a casualty loss.

Section 9. Taxes. Subsequent to the year in which the Condominium is established, all special assessments and property taxes shall be assessed against the individual Units and not upon the total property of the Condominium or any part thereof. Except to the extent paid or assumed by the Developer and the non-Developer co-owners under the individual purchase agreements for the purchase of Units, taxes and special assessments which have become a lien against the property of the Condominium in the year of its establishment (as provided in Section 131 of the Act) shall be expenses of administration and shall be paid by the Association. Each Unit shall be assessed a percentage of the total bill for such taxes and assessments equal to the percentage of value allocated to it in the Master Deed, and the Members owning those Units shall reimburse the Association for their Unit's share of such bill within ten (10) days after they have been tendered a statement therefor.

Section 10. Documents to be Kept. The Association shall keep current copies of the approved Master Deed, all amendments thereto, and all other Condominium Documents available for inspection at reasonable hours by Members, prospective purchasers and prospective mortgagees of Condominium Units.

Section 11. Reserve for Major Repairs and Replacement. The Association

shall maintain a reserve fund for major repairs and replacement of Common Elements in an amount equal to at least ten percent (10%) of the Association's current annual budget on a noncumulative basis. Monies in the reserve fund shall be used only for major repairs and replacement of Common Elements. **THE MINIMUM STANDARDS REQUIRED BY THIS SECTION MAY PROVE INADEQUATE FOR A PARTICULAR PROJECT.** The Association should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes.

Section 12. **Statement of Unpaid Assessments.** Pursuant to the provisions of the Act, the purchaser of any Unit may request a statement from the Association as to the outstanding amount of any unpaid assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds a right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the Unit itself.

-ARTICLE VI-
INSURANCE, REPAIR OR REPLACEMENT;
CONDEMNATION; CONSTRUCTION LIENS

Section 1. **Insurance.** The Association shall, to the extent deemed necessary and appropriate by the Board of Directors, carry fire and extended coverage, vandalism, malicious mischief and liability insurance, workmen's compensation insurance, and such other insurance coverage as the Board of Directors may determine, with respect to the ownership, use and maintenance of General and Limited Common Elements of the Condominium and the administration of Condominium affairs. Such insurance shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Association for the benefit of the Association, the Members and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of insurance with mortgagee endorsements to the mortgagees of Members' Units. It shall be each Member's responsibility to obtain insurance coverage for any buildings, structures or improvements constructed, made or placed on his Unit or the Limited Common Elements appurtenant thereto and his personal property located within his Unit or elsewhere on the Condominium Premises and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit, and also for alternative living expenses. The Association shall have absolutely no responsibility for obtaining such coverage. The Association and all Members shall use their best efforts to see that all property and liability insurance carried by the Association or any Member shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Member or the Association, and, subject to the provisions of Article V, Section 8, hereof, the

Association and each Member hereby waive, each as to the other, any right of recovery for losses covered by insurance. The liability of carriers issuing insurance obtained by the Association shall not, unless otherwise required by law, be affected or diminished on account of any additional insurance carried by any Member, and vice versa.

(b) All Common Elements of the Condominium shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Any improvements a Member makes within his Unit shall be covered by insurance obtained by him at his expense; provided that, if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto shall be assessed to and borne solely by said Member and collected as a part of the assessment levied against said Member under Article V, Section 4 hereof.

(c) Public liability insurance shall be carried in such limits as the Board of Directors may from time to time determine to be appropriate, and shall cover the Association, each Member, director and officer thereof, and any managing agent.

(d) All premiums upon insurance policies purchased by the Association pursuant to these By-Laws shall be expenses of administration, except as otherwise provided in subsection (b) above.

(e) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account, and distributed to the Association, the Members and their mortgagees as their interests may appear; provided, however, whenever Section 3 of this Article requires the repair or reconstruction of the Condominium, any insurance proceeds received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such purpose. Except as provided in Section 3 of this Article, hazard insurance proceeds shall never be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the holders of mortgages on Units, and all Members in the Condominium have given their prior written approval.

(f) All insurance carried by the Association shall, to the extent possible, provide for cross-coverage of claims by one insured against another.

Section 2. Appointment of Association. Each Member, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning insurance pertinent to the Condominium Premises and the Common Elements. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Members and respective mortgagees, as their interest may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Members and the Condominium as shall be

necessary or convenient to accomplish the foregoing.

Section 3. Reconstruction or Repair. If any part of the Condominium shall be damaged, the determination of whether or not, and how, it shall be reconstructed or repaired shall be made in the following manner:

(a) If a General Common Element is damaged, such property shall be rebuilt or repaired, unless the Members and each holder of a mortgage lien on any Condominium unit shall unanimously agree to the contrary.

(b) Any reconstruction or repair shall be performed substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as similar as possible to the condition existing prior to damage, unless the Members and each holder of a mortgage lien on any Condominium Unit shall unanimously decide otherwise.

(c) Each Member shall be responsible for the reconstruction and repair of any buildings, structures or improvements constructed, made or placed upon his Unit or any Limited Common Element appurtenant to his Unit.

(d) Immediately after a casualty occurs causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to return the damaged property to a condition as good as that existing before the damage. Any insurance proceeds received, whether by the Association or a Member, shall be used for reconstruction or repair when reconstruction or repair is required by these By-Laws. If the insurance proceeds are not sufficient to pay the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Members for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. Such assessments shall be levied in the same manner as the regular periodic assessments, as set forth in Article V, Section 4, of these By-Laws. However, nothing in this Article VI, Section 3, shall require the replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 4. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(a) The Association, acting through its Board of Directors, may negotiate on behalf of all members for any taking of Common Elements. Any negotiated settlement shall be subject to the approval of not less than two-thirds (2/3) of the Members in number and in value and shall thereupon be binding on all Members.

(b) If all or part of a Unit or the Limited Common Elements appurtenant to such Unit is taken, the Member owning such Unit shall be solely responsible for

representation of his interests in connection with such condemnation. The award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and his mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium Project.

(c) If all or any portion of a Common Element is taken, the condemnation proceeds relative to such taking shall be paid to the Association and the affirmative vote of more than fifty (50%) percent of the Members in number and in value at a meeting duly called shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate. If no such affirmative vote is obtained, such condemnation proceeds shall be remitted to the Members and their respective mortgagees, as their interests may appear, in accordance with their respective Percentages of Value set forth in Article V of the Master Deed.

(d) If the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be re-surveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V of the Master Deed shall be amended to reflect such taking and to proportionately readjust the Percentages of Value of the remaining members based on a continuing value for the Condominium of one hundred percent (100%). Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owners.

(e) If any Condominium Unit, or any portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each holder of a mortgage lien on any of the Condominium Units.

(f) If the taking of a portion of a Condominium Unit makes it impractical to build or rebuild a residential structure under the terms of these By-Laws on the partially taken Unit, then the entire undivided interest in the Common Elements appertaining to that Condominium Unit shall, with the consent of the Member owning such Unit and any mortgagee, thenceforth appertain to the remaining Condominium Units, and shall be allocated to them in proportion to their respective undivided interests in the Common Elements. The remaining portion of that Condominium Unit shall thenceforth be a Common Element. Votes in the Association of Members and liability for future expenses of administration appertaining to a Condominium Unit taken or partially taken (as provided in subsection (f) hereof) by eminent domain shall thenceforth appertain to the remaining Condominium Units, and shall be allocated to them in proportion to their relative voting strength by value in the Association.

(g) Except as otherwise provided under this Article VI, Section 4, any taking by eminent domain shall be governed by Section 133 of the Act.

Section 5. Construction Liens. The following provisions shall control the circumstances under which construction liens may be applied against the Condominium or any Unit thereof:

(a) Except as provided below, a construction lien for work performed on a Condominium Unit or upon a Limited Common Element may attach only to the Unit upon or for the benefit of which the work was performed.

(b) A construction lien for work authorized by the Developer and performed upon the Common Elements may attach only to Units owned by the Developer at the time of recording of the claim of lien.

(c) A construction lien for work authorized by the Association may attach to each Unit only to the proportional extent that the Member owning the Unit is required to contribute to the expenses of administration as provided by the Condominium Documents.

(d) A construction lien may not arise or attach to a Unit for work performed on the Common Elements not contracted for by the Developer or the Association.

If a Member is advised or otherwise learns of a purported construction lien contrary to the foregoing, he shall immediately notify the Board of Directors. Upon learning of the purported construction lien, the Board shall take appropriate measures to remove any cloud on the title of Units improperly affected thereby.

Section 6. Notice to FHLMC. If any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), then the Association shall give FHLMC written notice to such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium, if the loss or taking exceeds Ten Thousand Dollars (\$10,000.00) in amount.

Section 7. Mortgagees. Nothing contained in the Condominium Documents shall be construed to give a Co-owner, or any other party, priority over any rights of mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units, Common Elements, or both.

**-ARTICLE VII-
ARCHITECTURAL CONTROL AND
PUBLIC HEALTH REQUIREMENTS**

Section 1. Design Review and Approval. No improvement, of any kind, including without limitation, any building, fence, wall, mail box, swimming pool, tennis court, screen enclosure, well, sewer, drain, disposal system, decorative building, grading, landscape device or object, or other improvement shall be commenced, constructed, erected, placed made or

maintained upon any Unit or within the Limited Common Elements appurtenant to such Unit, nor shall any addition, change or alteration therein or thereof be made, unless and until the colors, materials, plans, specifications and location of the same shall have been submitted to, and approved in writing by, the Design Review Committee, as described in Section 2, below. All colors, materials, plans and specifications shall be evaluated as to harmony of external design and location in relation to surrounding structures and topography and as to conformance with the design criteria of the Design Review Committee as the same may be adopted and from time to time be amended.

Section 2. Design Review Committee. The architectural review and control functions of the Association shall be administered and performed by the Design Review Committee (the "DRC"), which shall consist of three (3) members who need not be Members of the Association. The Developer shall have the right to appoint all of the members of the DRC as long as it owns any Unit in the Condominium. To the extent the Developer relinquishes its right to appoint any members or loses the right of appointment because the Developer no longer owns any Unit, such members shall be appointed by, and shall serve at the pleasure of, the Board of Directors of the Association. A majority of the DRC shall constitute a quorum to transact business at any meeting of the DRC, and the action of a majority present at a meeting at which a quorum is present shall constitute the action of the DRC. Any vacancy occurring on the DRC because of death, resignation, or other termination of service of any member shall be filled by the Board of Directors; except that the Developer, to the exclusion of the Board, shall fill any vacancy created so long as it owns any Unit.

Section 3. Powers and Duties of the DRC. The DRC shall have the following powers and duties:

(a) To require submission to the DRC of all plans and specifications for any improvement or structure of any kind. The DRC may also require submission of samples of building materials, paints and stains proposed for use upon any Unit, and may require such additional information as reasonably may be necessary for the DRC to completely evaluate the proposed structure or improvement in accordance with these By-Laws.

(b) To approve or deny any improvement or structure of any kind, the construction, erection, performance or placement of which is proposed upon any Unit and to approve or disapprove any exterior additions, changes, modifications or alterations therein or thereon. The DRC, shall have the right to refuse to approve any such plans or specifications, color and/or material specifications, grading or landscaping plans, or building location plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and, in passing upon such plans and specifications, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be constructed, the proposed location within the Unit and the location, design, colors and materials of structures within adjoining Units and the degree of harmony thereof with the Condominium as a whole.

(c) To establish a list of approved architects and building contractors one or more of which Co-owners will be required to use in designing, planning and constructing any and all improvements and structures within any Unit. The DRC may also require each

building contractor to enter into a Builder Approval Agreement prior to the commencement of construction which agreement shall govern the conduct and responsibilities of the building contractor during construction.

Section 4. Public Health Requirements.

(a) **Public Water Supply System.** The Project and each Unit will be served by a public water supply system.

(b) **Public Sanitary Sewer System.** The Project and each Unit will be served by a public sanitary sewage disposal system.

Section 5. Action in Writing; Expiration of Approval. The DRC's approval or disapproval as required in these covenants shall be in writing and rendered within thirty (30) days of submission of all required information. The failure of the DRC to act within that time period shall be deemed to constitute the approval of the DRC. Any approval which is granted by the DRC shall expire if substantial construction of the improvement has not been commenced within twelve (12) months after the approval is given.

Section 6. Developer Exception. No residence or improvement erected by Developer shall be subject to approval by the DRC.

Section 7. Co-owner Responsibility for Builders. All building contractors and their subcontractors and suppliers shall be deemed the agents of the Co-owners employing their services and such Co-owners shall be fully responsible for their actions, including any damage to the Common Elements and/or Units in the Project .

-ARTICLE VIII-

BUILDING, USE AND OCCUPANCY RESTRICTIONS; ENFORCEMENT

Section 1. Establishment of Restrictions. In order to provide for congenial occupancy of the Condominium, and for the protection of the value of the Units, the development and use of the Units and the Condominium shall be subject to the following limitations:

(a) No Unit shall be used for other than single-family residential purposes (except that other persons may occupy a Unit with the written consent of the Board of Directors, which consent shall not be unreasonably withheld) and the Common Elements shall be used only for purposes consistent with the use of single-family residences. A "family" shall be as defined in the Plainfield Charter Township Zoning Ordinance.

(b) No building shall be erected, altered, placed or permitted to remain within any Unit other than one single-family residence not to exceed thirty-five (35) feet or two and one-half (2-1/2) stories in height, whichever is lesser, and, prior to occupancy, each Unit shall also contain a private garage for not more than four (4) or less than two (2) cars. An additional garage separate from the residence may be permitted with the approved

of the DRC if it is architecturally and aesthetically compatible with the residence, but the granting of permission in one or more cases will not require the granting of permission in any other cases.. All buildings shall be constructed at a location approved by the DRC but in no event closer than the minimum set back requirements established by Plainfield Charter Township. In addition, no buildings may be constructed within any easements set forth on the Condominium Subdivision Plan attached to the Master Deed as Exhibit B.

(c) The total finished floor area of any residence to be erected within any Unit, exclusive of garages, breezeways and open porches, shall be as follows: a) not less than 1400 square feet in the case of a one-story structure, including tri-levels and split levels (however, only the floor area of the top two levels shall be included in a tri-level or split level structure); and b) not less than 1800 square feet in the case of a 1-1/2 or more story structure. Finished basement areas and/or walkout levels shall be in addition to the minimum square footage requirements of this Paragraph.

(d) Any residence, garage or other building constructed within a Unit shall be constructed of new material only. Approved materials include brick, brick veneer, steel, stone, stucco or frame or any combination thereof. Every building must have a finished exterior. All exterior foundation walls shall be of brick, brick veneer, steel, stone, stucco. or wood siding or any combination thereof. Concrete block or tile construction above grade level is prohibited unless the exterior surface is covered with an approved material. Exterior walls of used brick are permissible. Aluminum siding and vinyl siding are permissible with the approval of the DRC but the granting of permission in one or more cases will not require the granting of permission in any other cases.

(e) All driveways, driving approaches and off-street parking areas shall be surfaced with asphalt or concrete pavement prior to occupancy of the residence within any Unit. All parking shall be provided within a Unit, at each residence. On-street parking is prohibited. Sidewalks shall be constructed on all Units prior to occupancy of the residence within the Unit

(f) All construction within any Unit, once commenced, shall be completed and ready for use and occupancy for its intended purpose within 18 months after the date of the commencement of construction. All landscaping shall be completed within three (3) months after occupancy of the residence if occupancy first occurs between April 1 and September 30 of any year, and within six (6) months after occupancy in all other cases. Landscaping shall include (at a minimum) a complete seeded lawn.

(g) No Co-owner shall make any alterations, modification or improvements to any General Common Element from the way it was originally constructed by the Developer, including, without limitation, installing landscaping devices or objects or erecting antennas, lights, aerials, recreational devices, flag poles or other exterior attachments or modifications.

(h) No immoral, improper, unlawful or offensive activity shall be carried on within any Unit or upon the Common Elements, nor shall anything be done which may

be or become an annoyance or a nuisance to the other Co-owners, nor shall any unreasonably noisy activity be carried on in any Unit or on the Common Elements. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the insurance rate on the Condominium without the written approval of the Association. Each Member who is the cause thereof shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition.

(i) Neither the Limited nor the General Common Elements shall be used to store supplies, materials, personal property, trash or refuse of any kind and all Units and the Limited Common Elements appurtenant thereto shall be maintained free of any trash, garbage or rubbish of any kind. Trash receptacles shall be maintained inside garages or similar areas and shall not be permitted anywhere on the Common Elements except for such short periods of time as may be reasonably necessary to permit the periodic collection of trash. Neither the exterior of any Unit nor any Common Element shall be used in any way for the drying, shaking or airing of clothing or other fabrics; provided, however, such activities may be permitted if conducted within the Unit and fully screened from the Common Elements and other Units. Automobiles may not be washed in any areas of the Condominium except on driveways. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Unit or upon the Common Elements, which spoils or impairs the appearance of the Condominium.

(j) Yard areas within occupied Units must be adequately watered and neatly maintained with grass, weeds and other vegetation cut and without accumulation of natural or other debris. Vacant Units may be maintained in their natural condition until commencement of the first construction of an improvement within the Unit. Without written approval by the DRC, no Co-owner shall change in any way the exterior appearance of the residence and other improvements and appurtenances located within his Unit or the yard area appurtenant thereto. Thus, in connection with any maintenance, repair, replacement, decoration or redecoration of such residence, improvements or appurtenances, no Co-owner shall modify the design, material or color of any such item including, without limitation, windows, doors, screens, roofs, siding or any other component of any building, or other structure which is visible from a Common Element or other Unit without DRC approval.

(k) Sidewalks, landscaped areas, driveways, roads, parking areas, and in general, all of the General Common Elements, shall not be obstructed in any way nor shall they be used for purposes other than those for which they are reasonably and obviously intended. Use of any recreational facilities in the Condominium may be limited to such times and in such manner as the Association shall determine by duly adopted regulations.

(l) No hunting, target shooting or the firing or discharge of bows and arrows, firearms, air guns, illegal fireworks or other similar projectiles, explosives or devices shall be allowed on the Condominium Premises.

(m) No signs or other advertising devices shall be displayed which are visible from the exterior of a residential dwelling or on the Common Elements, without written permission from the Association, except as permitted to the Developer in Subsection (bb) hereof, and except: a) one sign per Unit of not more than five (5) square feet advertising the Unit for sale or rent, or b) one sign of not more than eight (8) square feet used by builders and their subcontractors to advertise the property during the construction and sales period.

(n) No animal shall be kept except common household pets. Such pets may not be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No more than two (2) such household pets may be kept in any Unit without written permission of the Board of Directors.

(o) No trucks, house trailers, commercial vehicles, camping trailers, motor homes, boats, boat trailers, snowmobiles, snowmobile trailers, or other trailers or other recreational vehicles or equipment may be parked or stored upon the Condominium Premises or on any Unit unless parked or stored in the garage, except as provided in this Subsection. No automobiles shall be parked overnight except in or immediately adjacent to the garage. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. Campers, camping trailers, motor homes and similar vehicles may not be parked at the Condominium for a period exceeding thirty-six (36) consecutive hours or for more than a total of seventy-two (72) hours during any thirty (30) day period and only while being loaded or unloaded, except with the express written approval of the Board of Directors or its designee. Each Co-owner shall, if the Association shall require, register all vehicles maintained in the Condominium with the Association. No inoperable vehicle of any type may be stored upon the Condominium either temporarily or permanently.

(p) The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner or occupant thereof, as may be necessary to carry out any responsibilities imposed on the Association by the Condominium Documents. The Association or its agents shall also have access to Units and Limited Common Elements appurtenant thereto as may be necessary to respond to emergencies. The Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby. This provision, in and of itself, shall not be construed to permit access to the interiors of residences or other structures.

(q) Each Co-owner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing,

electrical or other utility conduits and systems and any other Common Elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article V hereof.

(r) The Developer and the Association shall have the right to care for Units which are not maintained as required under these By-Laws and do any other things and perform any labor necessary or desirable in the judgment of the Developer or the Association to keep the Unit, and the Limited Common Elements appurtenant thereto, neat and in good order. The Association shall further have the right to repair any structure or improvement on any Unit which constitutes a danger or nuisance or is in disrepair provided that the Co-owner is given no less than 15 days notice of the Association's intent to do so which reasonably specifies the proposed action. All costs so incurred may be assessed to and collected from the responsible Co-owner in the manner provided in Article V hereof. The DRC may adopt rules for the maintenance of any Unit during construction.

(s) No structure separate from the residence or the garage shall be erected within any Unit without the approval of the DRC.

(t) No exterior antenna or aerial of any kind may be erected or maintained anywhere within any Unit or the Condominium Premises; provided, however, television reception dishes may be installed if screened from the Common Elements and other Units. However, no such screening shall be required if the television reception dish does not exceed twenty inches (20") in diameter.

(u) No easements shall be granted by any Co-owner without the express written approval of the Association.

(v) No anti-freeze, gasoline, oil, grease or other petroleum products or other pollutants from motor vehicles shall be dumped or disposed of anywhere within the Condominium.

(w) No structure of a temporary character, or outbuilding, including trailer, basement, tent, shack, garage or barn shall be used on any Unit at any time as a residence, either temporarily or permanently; provided that Developer may use such structures for purposes of a construction or sales office.

(x) There shall be no solicitation by any person anywhere in the Condominiums for any cause, charity, or any purpose whatsoever unless specifically authorized by the Board of Directors.

(y) Except as may be initially installed by Developer, no spotlights, floodlights or similar type high intensity lighting shall be placed or utilized upon any Unit which in any way will allow light to be reflected on any other Unit or the improvements thereon or upon any common areas or any part thereof without the written authorization of the DRC. Other types of low intensity lighting which do not disturb the Co-owners or other occupants of the Condominium shall be allowed with the approval of the DRC.

(z) No above ground swimming pools shall be constructed or maintained without DRC approval. All swimming pools must be screen enclosed or fenced.

(aa) Reasonable regulations consistent with the Act, the Master Deed and these By-Laws, concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the Board of Directors established in the Articles of Incorporation (and its successors). Copies of all such regulations and amendments thereto shall be furnished to all Members and shall become effective ten (10) days after mailing or delivery thereof to the designated voting representative of each member. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than sixty percent (60%) of all Members in number and in value at any duly convened meeting of the Association, except that the Members may not revoke any regulation or amendment prior to the first meeting of the Association.

(bb) None of the restrictions contained in this Article VIII shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period as herein defined, or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation and By-Laws as the same may be amended from time to time. Until all Units that may be created in the Condominium have been sold by Developer, Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, storage areas, reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by Developer.

(cc) No off-road vehicles including, but not limited to, motorcycles, motorbikes, snowmobiles and all-terrain vehicles, may be driven or operated within the Condominium except when using the private roads and driveways located within the General Common Elements for purposes of ingress and egress to and from a Unit to a public road.

(dd) Except as reasonably necessary to provide access to the residence and garage constructed on a Unit, no additional paved, stone or concrete driveways or walkways shall be constructed within any Unit which will create any material increase in the water run off or erosion on a Unit, without the prior written approval of the DRC.

(ee) No trees four (4) inches or more in diameter (measured at a point 36 inches above ground level) shall be removed from any Unit within the Condominium, except as may be reasonably necessary for building foundations, driveways and other related improvements, without the prior written approval of the DRC.

(ff) During construction, a dumpster shall be maintained on the Unit where all construction debris shall be kept. The dumpster shall be promptly emptied when full. In all other respects, the Unit and adjacent areas shall be kept clear of waste materials, rubbish and debris during construction and all materials and equipment shall be immediately removed from the Unit upon completion of construction. Upon the Co-owner's failure to comply with the provisions of this subsection within five (5) days after written notice from the Association, the Association may take such action as it deems reasonably necessary to correct such failure. All costs so incurred (together with a reasonable service fee) may be assessed to and collected from the responsible Co-owner in the manner provided in Article V, hereof.

(gg) The portions of the perimeter of the Project designated on the Condominium Subdivision Plan as "Natural Buffer and Preserve Area" shall be maintained in a natural state except for: (i) the removal only of diseased or dead vegetation and noxious weeds (e.g., poison ivy); (ii) such modifications as may be necessary for the development, construction, installation, maintenance, repair and replacement of the improvements shown on the Condominium Subdivision Plan; (iii) such modifications as may be made by the Developer or the Association to facilitate drainage.

Section 2. Variances. The DRC may, upon a showing of practical difficulty or other good cause, grant variances from the restrictions and requirements of Section 1 of this Article VIII, but only to the extent and in such a manner as not to violate the spirit and intent of such restrictions and requirements.

Section 3. Enforcement. Failure to comply with any of the terms of the Act, the Master Deed, these Condominium By-Laws, the Articles of Incorporation, By-Laws or Rules and Regulations of the Association, shall be grounds for relief, which may include, without limitation, an action to recover sums due for such damages, injunctive relief, and any other remedy that may be appropriate to the nature of the breach. In addition, the Association may impose fines for violations of these By-Laws which, if not paid, may be assessed and collected in the manner provided under Article V hereof. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by the Act, the Master Deed, these By-Laws, the Articles of Incorporation, By-Laws or Rules and Regulations of the Association, shall not constitute a waiver of the right of the Association to enforce such right, provisions, covenant or condition in the future.

Section 4. Compliance with Codes and Ordinances. In addition to the construction and use requirements of this Article VIII, all buildings and other structures must comply with the applicable Plainfield Charter Township building, mechanical, electrical and plumbing codes in effect at the time such building or other structure is erected. The use of any Unit and the construction and use of any building or other structure erected on any Unit must also comply with the requirements of Plainfield Charter Township zoning ordinance in effect at the time of the contemplated construction or use unless a variance for such construction or use is first obtained from the Zoning Board of Appeals of Plainfield Charter Township.

Section 5. Township Liability for Road. Plainfield Charter Township shall

have no obligation for the construction, maintenance, repair or replacement of the private road within the Project. The Association and each Co-owner, by their acceptance of a deed to a Unit, agree to indemnify and save and hold Plainfield Charter Township harmless from all claims for personal injury and/or property damage arising out of the failure to properly construct, maintain, repair and replace the private road.

-ARTICLE IX-
MAINTENANCE OF COMMUNITY INTERESTS

In order to maintain a community of congenial residents who are financially responsible and thus protect the value of the Units, the transfer and rental of Units by any Co-owner other than the Developer shall be subject to the following provisions as long as the Association exists, which provisions each Co-owner covenants to observe:

Section 1. Ownership, Transfer and Lease. Units may be owned by one or more natural persons or legal entities. All Co-owners of Units must be accepted as a Member by the Association pursuant to the Association's By-Laws. Ownership by a fiduciary or legal entity may be conditioned upon occupancy by a designated individual. Ownership of any interest in any Unit or change in the permanent occupancy of a Unit may not be transferred except in accordance with this Article and the Association's By-Laws and upon not less than thirty (30) days prior written notice to the Association. Such notice shall include the name and address of the purchaser, transferee or tenant and the terms of sale, transfer or lease.

Section 2. Additional Restriction on Leasing. All non-owner occupants shall comply with all of the conditions of the Condominium Documents and all of the provisions of the Act, and all leases and rental agreements shall so state. If the Developer desires to rent or lease a Unit before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-owner in writing.

No Co-owner shall lease less than an entire Unit in the Condominium without the consent of the Association and no tenant of a Unit shall be permitted to occupy a Unit, except under a written lease or rental agreement provided for in these By-Laws. No lease or other rental agreement shall provide for a term of less than ninety (90) days without the prior written approval of the Association. The Board may, except to the extent prohibited by law, require a Member to obtain and turn over to the Board a security deposit before allowing any tenant or new Member to occupy a Unit.

Section 3. Non-Owner Compliance.

(a) All non-owner occupants shall comply with all of the terms and conditions of the Condominium Documents and the provisions of the Act.

(b) If the Association determines that a non-owner occupant has failed to comply with the conditions of the Condominium Documents, or the provisions of the Act, the Association shall take the following action:

(i) The Association shall advise the appropriate Co-owner by certified mail of the alleged violation by a person occupying his Unit.

(ii) The Co-owner shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach or advise the Association that a violation has not occurred.

(iii) If after fifteen (15) days the Association believes that the alleged breach has not been cured or may be repeated, it may institute on its behalf, or derivatively by the members on behalf of the Association if it is under the control of the Developer, an action for eviction against the non-owner occupant and, simultaneously, for money damages against the Co-owner and non-owner occupant for breach of the conditions of the Condominium Documents or of the Act. The relief set forth in this section may be by any appropriate proceeding. The Association may hold both the non-owner occupant and the Co-owner liable for any damages caused to the Condominium.

(c) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, will deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions will not constitute a breach of the rental agreement or lease by the tenant.

Section 4. Waiver of Enforcement. Notwithstanding the provision of Article XII hereof, failure of the Association or Board of Directors to enforce the provisions of this Article IX by institution of an action for relief within one (1) year from the date of sale, lease or other transfer, shall constitute a waiver of the Association's rights to enforce the provisions of this Article.

-ARTICLE X- MORTGAGES

Section 1. Mortgage of Units. No Member owning any Unit may mortgage his Unit or any interest therein to any lender except a bank, pension fund, insurance company, savings and loan association, credit union or other institutional lender, without the prior written approval of the Board of Directors. The approval of any other mortgagee may be arbitrarily withheld; provided, that nothing herein shall be construed to prevent the Developer from accepting a land contract, or a purchase money mortgage as a part of the purchase price of a Unit, nor prevent a Member from accepting a purchase money mortgage from a subsequent approved purchaser.

Section 2. Notice of Mortgage. A Member who mortgages a Unit shall notify the Association of the name and address of his mortgagee and shall file a conformed copy of the mortgage with the Association, which shall maintain such information in a book entitled "Mortgagee Book."

Section 3. Notice of Default. The Association shall, upon the written request of the holder of any mortgage covering any Unit, give written notification to such mortgage holder

of any default in the performance of the obligations of the Member owning such Unit that is not cured within sixty (60) days.

Section 4. Notice of Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief, and the amounts of such coverage.

Section 5. Notice of Meetings. Upon request submitted to the Association, any institutional holder of a mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the Members of the Association and to designate a representative to attend such meeting.

Section 6. Acquisition of Title by Mortgagee. As provided in Article V, Section 6, any first mortgagee who obtains title to a Unit pursuant to the remedies provided in the mortgage, or a deed in lieu thereof, shall not be liable for such Unit's unpaid assessments which accrue prior to acquisition of title by the first mortgagee.

-ARTICLE XI- AMENDMENTS

Section 1. Proposal. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon the vote of a majority of the Directors or by one-fifth (1/5th) or more in number of the Members by an instrument in writing signed by them.

Section 2. Meeting to be Held. If such an amendment is proposed, a meeting for consideration of the same may be called in accordance with the provisions of the Condominium Documents.

Section 3. Vote and Consent Required. These Condominium By-Laws may be amended in the same manner and for the same purposes as required for amendments under Article VII of the Master Deed.

Section 4. Amendments Concerning Leases. Provisions in these By-Laws relating to the ability or terms under which a Member may rent his Unit may not be modified and amended without the consent of each affected Member and mortgagee.

Section 5. Effective Date. Any amendment to these By-Laws (but not the Association By-Laws) shall become effective upon the recording of such amendment in the Office of the Register of Deeds in Kent County, Michigan.

Section 6. Costs of Amendments. Any person causing or requesting an amendment to these Condominium By-Laws shall be responsible for the costs and expenses of considering, adopting, preparing and recording such amendment; provided, however, that such costs and expenses relating to amendments adopted pursuant to Article XI, Section 3, or pursuant to a decision of the Advisory Committee, shall be expenses of administration.

Section 7. Notice; Copies of Amendment. Members and mortgagees of record of Condominium Units shall be notified of proposed amendments not less than ten (10) days before the amendment is recorded. A copy of each amendment to these Condominium By-Laws shall be furnished to every member after recording; provided, however, that any amendment to these By-Laws that is adopted in accordance with this Article or the Act shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

**-ARTICLE XII-
REMEDIES FOR DEFAULT**

Section 1. Relief Available. Any default by a Member shall entitle the Association or another Member or Members to the following relief:

(a) Failure to comply with any of the terms or conditions of the Condominium Documents shall be grounds for relief, which may include, without limitation, an action to recover sums due for damages, for injunctive relief, for foreclosure of lien (if in default in payment of an assessment) or any combination thereof, and such relief may be sought by the Association, or, if appropriate, by an aggrieved Member or Members.

(b) In any proceeding arising because of an alleged default by any Member, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees, (not limited to statutory fees) as may be determined by the Court, but in no event shall any member be entitled to recover such attorneys' fees.

(c) Such other reasonable remedies as provided in the rules and regulations promulgated by the Board of Directors, including without limitation, the levying of fines against Members after notice and opportunity for hearing, as provided in the Association rules and regulations, and the imposition of late charges for nonpayment of assessments.

(d) The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter, where reasonably necessary, upon the Limited or General Common Elements, or into any Unit, and summarily remove and abate, at the expense of the violating Member, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents.

Section 2. Failure to Enforce. Except as otherwise provided therein, the failure of the Association or of any Member to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Member to enforce such right, provision, covenant or condition in the future.

Section 3. Rights Cumulative. All rights, remedies and privileges granted to the Association or any Member or Members pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall be deemed to be cumulative and the exercise of

any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 4. Hearing. Prior to the imposition of any fine or other penalty hereunder, the offending Member shall be given a reasonable opportunity to appear before the Board and be heard. Following any such hearing the Board shall prepare a written decision and place it in the permanent records of the Association.

-ARTICLE XIII- ARBITRATION

Section 1. Submission to Arbitration. Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, By-Laws or management agreement, if any, or to any disputes, claims or grievances arising among or between the Members or between such Members and the Association shall, upon the election and written consent of all the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration, and the parties thereto shall accept the arbiter's decision as final and binding. The Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration.

The arbiter may be either an attorney acceptable to both parties or a panel of three (3) individuals, at least one (1) of whom shall be an attorney. The panel shall be composed of one (1) individual appointed by the Member and one (1) individual appointed by the Board of Directors of the Association. These two panelists will then promptly agree on the third member of the panel. No Member who is a natural person may appoint himself or a member of his household to the panel. No corporate Member may appoint one of its directors, officers, or employees to the panel. Neither may a Member serve on behalf of the Board.

The arbitration costs shall be borne by the losing party to the arbitration. The arbiter may require a reasonable deposit to ensure payment of costs. Such deposit shall be placed in escrow in the name of the arbiter as trustee in the name of the matter at issue.

Section 2. Effect of Election. Election by Members or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts. Any appeal from an arbitration award shall be deemed a statutory appeal.

Section 3. Preservation of Rights. No Member shall be precluded from petitioning the courts to resolve any dispute, claim or grievance in the absence of election to arbitrate.

-ARTICLE XIV- SEVERABILITY

If any of the terms, provisions, or covenants of these By-Laws or the Condominium

Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

**-ARTICLE XV-
CONFLICTING PROVISIONS**

In the event of a conflict between the provisions of the Act (or other laws of the State of Michigan) and any Condominium Document, the Act (or other laws of the State of Michigan) shall govern. In the event of any conflict between the provisions of any one or more Condominium Documents, the following order of priority shall prevail and the provisions of the Condominium Document having the highest priority shall govern:

- (1) The Master Deed, including the Condominium Subdivision Plan;
- (2) These Condominium By-Laws;
- (3) The Articles of Incorporation of the Association;
- (4) The By-Laws of the Association; and
- (5) The Rules and Regulations of the Association.

**-ARTICLE XVI-
CAPTIONS**

The captions contained in these Condominium By-Laws are for convenient reference only, and do not add to or detract from nor in any way expand or limit the content of the Articles and Sections set forth herein.

KENT COUNTY CONDOMINIUM SUBDIVISION PLAN NO. 4127
EXHIBIT "B" TO THE MASTER DEED OF:

ROCKFORD WOODS

SECTION 12, TOWNSHIP, PLAINFIELD TOWNSHIP, KENT COUNTY, MICHIGAN

DEVELOPER : GEORGETOWN DEVELOPMENT CO., INC.
6601 WILSHIRE DRIVE
JENISON, MICHIGAN 49428

SURVEYOR : NEDERVELD ASSOCIATES, INC.
P.O. BOX 10 / 5570 - 32nd AVENUE
HUDSONVILLE, MICHIGAN 49426

ATTENTION COUNTY REGISTER OF DEEDS
THE CONDOMINIUM SUBDIVISION PLAN NUMBER MUST BE ASSIGNED
IN CONSECUTIVE SEQUENCE. WHEN A NUMBER HAS BEEN ASSIGNED
TO THIS PROJECT IT MUST BE PROPERLY SHOWN ON THIS SHEET
AND IN THE SURVEYORS CERTIFICATE ON SHEET NO. 2.

DESCRIPTION

Part of the SE 1/4 of Section 12, T19N, R11W, Plainfield Township, Kent County, Michigan, described as: Commencing at the East 1/4 corner, thence S89°36'50"W 361.86 feet (previously described as 363.28 feet) along the East 1/4 line of the East 1/4 of said Section; thence S00°02'15"E 208.01 feet along the West line of the East 1/4 of said Section; thence S89°36'50"W 431.00 feet along the South line of the East 1/4 of said Section; thence S00°02'15"E 481.01 feet along the West line of the East 1/4 of said Section; thence N89°36'50"E 264.00 feet along the South line of the East 1/4 of said Section; thence S00°02'15"E 418.38 feet along the East line of said Section; thence S89°35'00"W 67.78 feet along the South line curve to the right, the chord bearing S12°24'10"W 101.53 feet (the previously three calls being along the East 1/4 of the SE 1/4 of said Section); thence S89°35'00"W 77.32 feet along the South line of the East 1/4 of said Section; thence S00°02'15"E 98.00 feet along the West line of the East 1/4 of said Section; thence S89°35'00"W 366.86 feet along the West line of the East 1/4 of said Section and the North line of Kendrick Plat as recorded in Liber 59 of Plats on Page 7; thence N00°00'05"E 1032.74 feet along the West line of the East 1/4 of the SE 1/4 of said Section; thence N89°36'50"E 81.36 feet along the South line of the North 1/2 of the SE 1/4 of said Section; thence N00°02'31"E 76.00 feet along the East line of the North 1/2 of the SE 1/4 of said Section; thence N89°36'50"E 140.75 feet along the South line of the North 1/2 of the SE 1/4 of said Section; thence N00°02'31"E 221.00 feet along the East line of the West 1/2 of the SE 1/4 of said Section; thence N89°36'50"E 63.76 feet along solid E-W 1/4 line to the Post of Beginning.

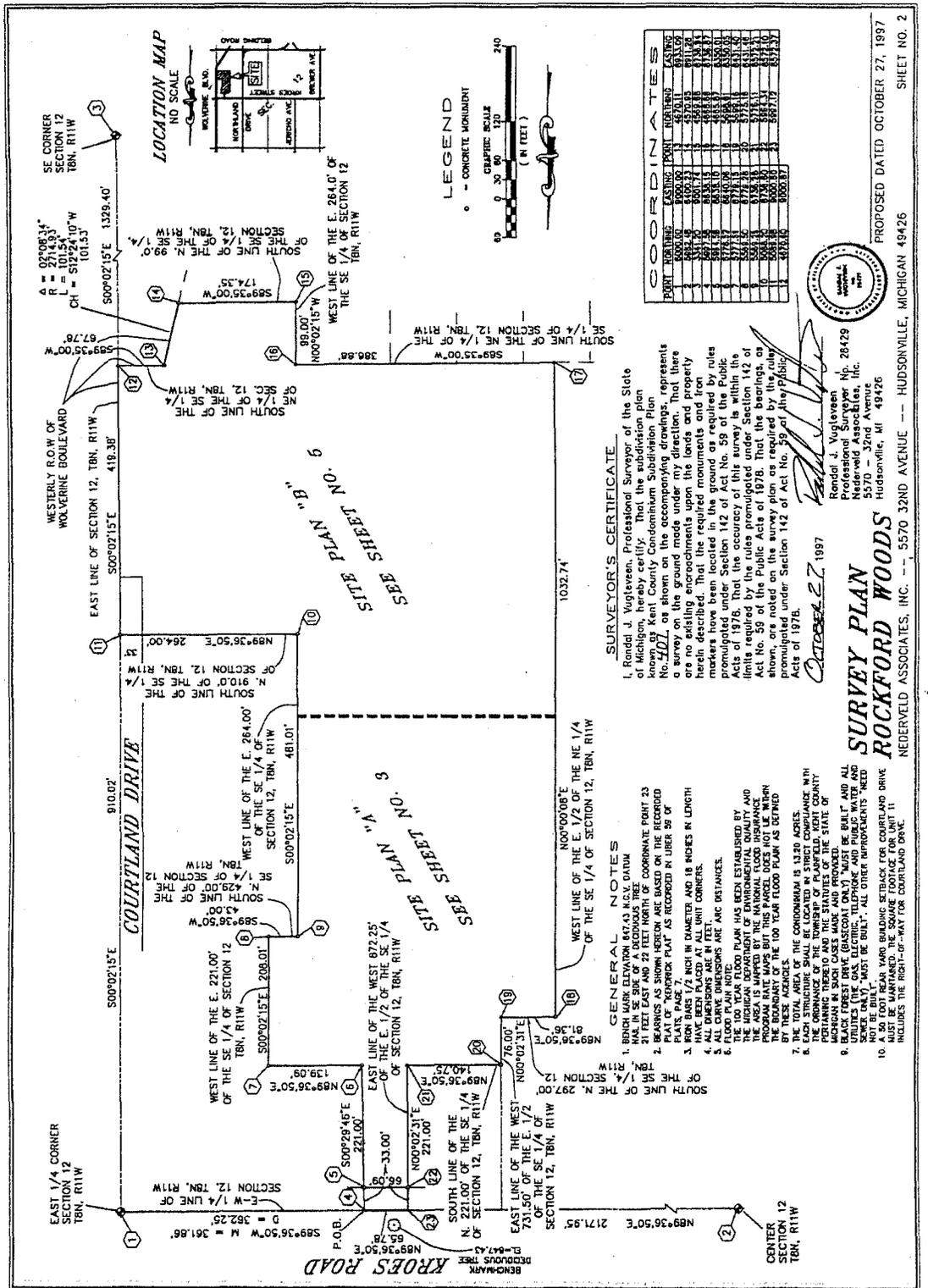
SHEET INDEX

1. COVER SHEET
2. SURVEY PLAN
3. SITE PLAN "A"
4. UTILITY PLAN "A"
5. SITE PLAN "B"
6. UTILITY PLAN "B"

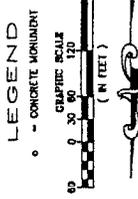
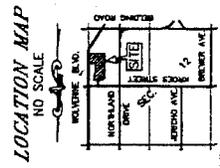


PROPOSED DATED OCTOBER 27, 1997

COVER SHEET
SHEET NO. 1



POINT	NORTHING	EASTING	MARKING	DATE
1	599.18	6400.33	1	11/17/97
2	599.18	6400.33	2	11/17/97
3	599.18	6400.33	3	11/17/97
4	599.18	6400.33	4	11/17/97
5	599.18	6400.33	5	11/17/97
6	599.18	6400.33	6	11/17/97
7	599.18	6400.33	7	11/17/97
8	599.18	6400.33	8	11/17/97
9	599.18	6400.33	9	11/17/97
10	599.18	6400.33	10	11/17/97
11	599.18	6400.33	11	11/17/97
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26	599.18	6400.33	26	11/17/97
27	599.18	6400.33	27	11/17/97
28	599.18	6400.33	28	11/17/97
29	599.18	6400.33	29	11/17/97
30	599.18	6400.33	30	11/17/97



SURVEYOR'S CERTIFICATE

I, Randall J. Yugleveen, Professional Surveyor of the State of Michigan, hereby certify that the subdivision plan of Section 12, Township 12 North, Range 11 West, Kent County, Michigan, shown on the attached drawing, represents a survey of the ground made under my direction. That there are no existing encroachments upon the lands and property herein described. That the required monuments and iron markers have been located in the ground as required by the rules promulgated under Section 142 of Act No. 59 of the Public Acts of 1978. That the accuracy of this survey is within the limits required by the Public Acts of 1978. That the survey was conducted in accordance with the rules promulgated under Section 142 of Act No. 59 of the Public Acts of 1978.

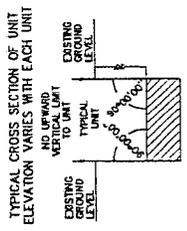
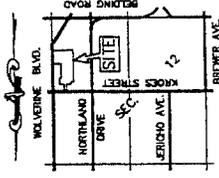
Randall J. Yugleveen
 Randall J. Yugleveen
 Professional Surveyor, No. 28429
 Nederveld Associates, Inc.
 3570
 Hudsonville, MI 49426

**SURVEY PLAN
 ROCKFORD WOODS**
 NEDERVELD ASSOCIATES, INC. -- 5570 32ND AVENUE -- HUDSONVILLE, MICHIGAN 49426

GENERAL NOTES

1. BEARINGS AND DISTANCES ARE AS SHOWN ON THIS PLAN.
2. BEARINGS AS SHOWN HEREON ARE BASED ON THE RECORDED PLAT OF "ROCKFORD PLAT" AS RECORDED IN BOOK 59 OF THE PUBLIC ACTS OF 1978.
3. IRON BARS 1/2" IN DIAMETER AND 18 INCHES IN LENGTH HAVE BEEN PLACED AT ALL CORNERS.
4. ALL DIMENSIONS ARE IN FEET.
5. ALL DIMENSIONS ARE AS SHOWN ON THIS PLAN.
6. FLOOD PLAIN RATE.
7. THE TOTAL AREA OF THE CONDOMINIUM IS 1320 ACRES.
8. EACH STRUCTURE SHALL BE LOCATED IN STRICT COMPLIANCE WITH THE ORDINANCE OF THE TOWNSHIP OF PLAYLEAF, KENT COUNTY, MICHIGAN, AND THE ORDINANCE OF THE TOWNSHIP OF ROCKFORD, MICHIGAN IN SUCH CASES MADE AND PROVIDED.
9. BLACK FOREST DRIVE (BLASTOAT ONLY) MUST BE BUILT AND ALL OTHER IMPROVEMENTS MUST BE BUILT AND MAINTAINED BY THE OWNER OF THE SAME ONLY. ALL OTHER IMPROVEMENTS MUST BE BUILT AND MAINTAINED BY THE OWNER OF THE SAME ONLY.
10. MUST BE MAINTAINED THE "SHOULDER FOOTAGE" FOR UNIT 11 INCLUDES THE RIGHT-OF-WAY FOR COURTLAND DRIVE.

LOCATION MAP
NO SCALE



GENERAL NOTES

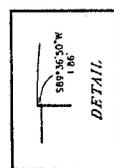
1. WHICH ARE BEYOND THE PLANNING DATUM.
2. BEARINGS AS SHOWN HEREON ARE BASED ON THE RECORDED PLAT OF RECORD PLAT AS RECORDED IN LIBER 89 OF THE PUBLIC RECORDS.
3. IRON BARS 1/2" IN DIAMETER AND 18 INCHES IN LENGTH HAVE BEEN PLACED AT ALL UNIT CORNERS.
4. ALL DIMENSIONS ARE IN FEET.
5. FLOOD PLAN NOTE.
6. THE 100 YEAR FLOOD PLAN HAS BEEN ESTABLISHED BY THE MICHIGAN DEPARTMENT OF NATURAL RESOURCES AND THE AREA IS MARKED BY THE NATIONAL FLOOD INSURANCE PROGRAM DATE MAPS BUT THIS PARCEL DOES NOT LIE WITHIN THE BOUNDARY OF THE 100 YEAR FLOOD PLAN AS DEFINED BY THE NATIONAL FLOOD INSURANCE PROGRAM.
7. THE TOTAL AREA OF THE CONDOMINIUM IS 13.20 ACRES.
8. EACH STRUCTURE SHALL BE LOCATED IN STRICT COMPLIANCE WITH THE ORDINANCE OF THE TOWNSHIP OF PLAINFIELD, THE COUNTY OF MICHIGAN IN SUCH CASES MAKE AND PROVIDED.
9. BLACK FOREST DRIVE (BASED ON ONLY) MUST BE BUILT AND ALL UTILITIES SHALL BE BUILT. THIS DRIVE SHALL BE BUILT AND ALL UTILITIES SHALL BE BUILT. ALL OTHER IMPROVEMENTS, TIE-DRIBS, SHALL BE BUILT.
10. A 50 FOOT NEAR YARD BUILDING SETBACK FOR COUNTRYLAND DRIVE INCLUDES THE RIGHT-OF-WAY FOR COUNTRYLAND DRIVE.

COORDINATES

POINT	NORTHING	EASTING	POINT	NORTHING	EASTING
1	6000.00	9000.00	20	5775.16	8431.46
2	5982.48	8400.23	21	5776.11	8572.21
3	5987.56	8638.15	22	5964.12	8572.34
4	5984.55	8638.10	23	5987.12	8572.37
5	5776.37	8650.05	24	5887.51	8776.20
6	5777.51	8778.15	25	5398.46	8736.39
7	5569.50	8778.28	26	5218.48	8736.51
8	5569.50	8778.28	31	5218.23	8350.03
9	5569.50	8778.28	32	5398.23	8350.03
10	5698.61	8350.05	33	5698.75	8350.04
11	5698.16	8431.40			

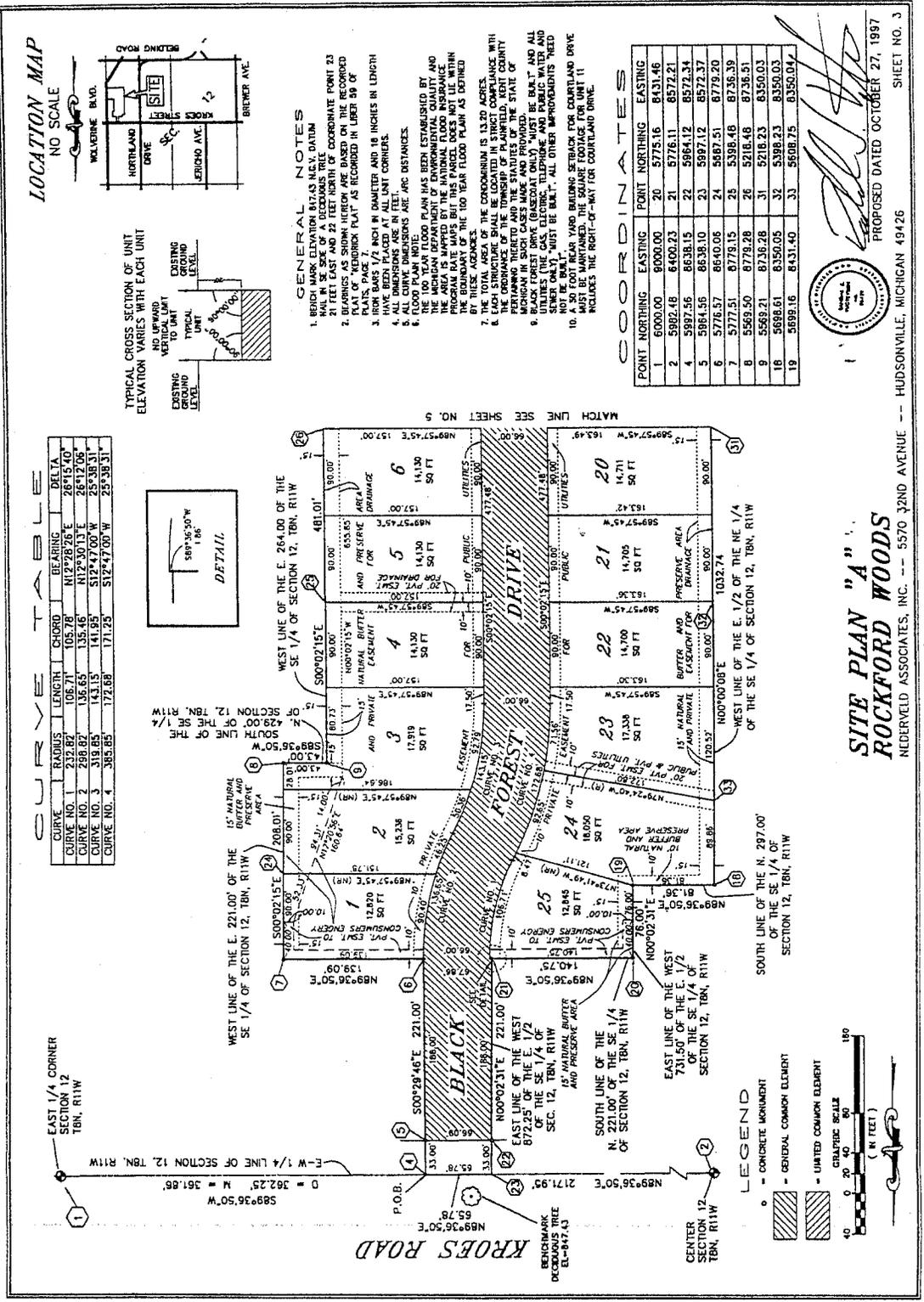
CURVE TABLE

CURVE	RADIUS	LENGTH	CHORD	BEARING	DELTA
CURVE NO. 1	232.87	108.71	105.78	N 25° 27' 0" E	261° 14' 0"
CURVE NO. 2	248.87	136.61	133.16	N 15° 12' 0" W	251° 12' 00"
CURVE NO. 3	318.85	172.68	171.75	S 12° 47' 00" W	253° 38' 31"
CURVE NO. 4	303.85	172.68	171.75	S 12° 47' 00" W	253° 38' 31"



LEGEND

- - CONCRETE MONUMENT
- ▭ - GENERAL COMMON ELEMENT
- ▨ - LIMITED COMMON ELEMENT



SITE PLAN "A"
ROCKFORD WOODS

REDVELD ASSOCIATES, INC. -- 5570 32ND AVENUE -- HUDSONVILLE, MICHIGAN 49426

PROPOSED DATED OCTOBER 27, 1987
SHEET NO. 3

EXHIBIT C TO MASTER DEED

**AFFIDAVIT OF MAILING AS TO NOTICES
REQUIRED BY SECTION 71 OF THE
MICHIGAN CONDOMINIUM ACT**

STATE OF MICHIGAN)
)ss
County of Kent)

Janis Swenson, being duly sworn, deposes and says that:

1. She is employed by the law firm of Miller, Johnson, Snell & Cummiskey, P.L.C., and acts as secretary to Robert W. Scott, attorney for the Developer of the Rockford Woods Condominiums Project.

2. On October 13, 1997, notices were mailed to the following governmental agencies as required by Section 71 of the Michigan Condominium Act:

Supervisor
Plainfield Charter Township
6161 Belmont N.E.
Belmont, MI 49306

Kent County Road Commission
1500 Scribner, N.W.
Grand Rapids, MI 49504

Kent County Drain Commission
1500 Scribner NW
Grand Rapids, MI 49504

Administrator, Condominium Division
Michigan Corporation and Securities Bureau
Michigan Department of Consumer and Industry
Services
PO Box 30222
Lansing, MI 48909

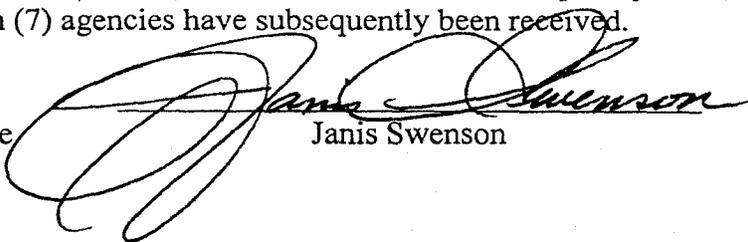
Department of Natural Resources
PO Box 300278
Lansing, MI 48909

Michigan Department of Public
Transportation
PO Box 30053
Lansing, MI 48909

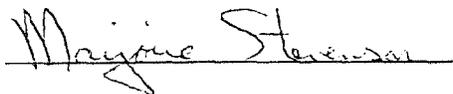
Michigan Department of Health
PO Box 30035
Lansing, MI 48909

3. Such notices were sent by certified mail, return receipt requested, and appropriate receipts from all seven (7) agencies have subsequently been received.

Subscribed and sworn to before me
this 13TH day of October, 1997.



Janis Swenson



Marjorie Swenson

Notary Public, Kent County, MI
My commission expires: 11/10/98

CONDOMINIUMS

ESCROW AGREEMENT

THIS AGREEMENT is entered into this 31st day of October 1997, between **GEORGETOWN DEVELOPMENT COMPANY, INC.**, a Michigan limited liability company, with principal offices in 6601 Wilshere Dr., Jenison, Michigan 49428 (the "Developer"), and Transnation Title Insurance Company, an Arizona corporation with offices at 921 North Division, Grand Rapids, Michigan 49503 (the "Escrow Agent").

RECITALS:

WHEREAS, Developer is establishing a residential development known as Rockford Woods in Plainfield Township, Kent County, Michigan, as a condominium Project under the Michigan Condominium Act (Act No. 59, Public Acts of 1978, as amended, hereinafter the "Act"); and

WHEREAS, Developer intends to sell Units in Rockford Woods (the "Project"), and is entering into Purchase Agreements (hereinafter the "Purchase Agreement") with purchasers for such Units in substantially the form attached hereto, and each such Agreement requires that all deposits made thereunder be held by Escrow Agent under an Escrow Agreement; and

WHEREAS, the parties hereto desire to enter into such an Escrow Agreement for the benefit of Developer and for the benefit of each purchaser (hereinafter called "Purchaser") who makes deposit under a Purchase Agreement.

NOW, THEREFORE, it is agreed as follows:

1. Developer shall, after receipt, promptly transmit to Escrow Agent all sums deposited with it under a Purchase Agreement together with a fully executed copy of such Agreement.

2. The sums paid to Escrow Agent under the terms of any Purchase Agreement shall be held and released to Developer or to Purchaser only upon the conditions hereinafter set forth;

A. Except as provided in Paragraph 2F hereof, amounts required to be retained in escrow in connection with the purchase of a Unit shall be released to the Developer pursuant to Paragraph 4 hereof only upon all of the following:

(i) Issuance of a certificate of occupancy for the Unit, if required by local ordinance.

(ii) Conveyance of legal or equitable title to the Unit to the Purchaser.

(iii) Receipt by Escrow Agent of a Certificate signed by a licensed professional engineer or architect either confirming that those portions of the

phase of the Project in which the Condominium Unit is located and which on the Condominium Subdivision Plan are labeled "must be built" are substantially complete, or determining the amount necessary for substantial completion thereof.

(iv) Receipt by Escrow Agent of a Certificate signed by a licensed professional engineer or architect either confirming that recreational or other facilities which on the Condominium Subdivision Plan are labeled "must be built", whether located within or outside of the phase of the Project in which the Condominium Unit is located, and which are intended for common use, are substantially complete, or determining the amount necessary for substantial completion thereof.

B. In the event that the Purchaser under a purchase Agreement shall default in making any payments required by said Agreement or in fulfilling any other obligations thereunder for a period of 10 days after written notice by Developer to Purchaser, Escrow Agent shall release sums held pursuant to said Agreement to Developer in accordance with the terms of said Agreement .

C. In the event that a Purchaser fails to obtain a mortgage as provided in the Purchase Agreement, Escrow Agent shall release all sums held by it pursuant to said Agreement to Purchaser.

D. Escrow Agent shall be under no obligation to earn interest upon the escrowed sums held pursuant to this Agreement. In the event that interest is requested to be earned upon such sums, however, such interest shall be separately accounted for by the Escrow Agent and shall be held in escrow and paid to Developer upon termination of this Escrow Agreement; provided, however, that if this escrow agreement shall terminate pursuant to Paragraph 2C hereof, then such interest if any, shall be paid to Purchaser. Escrow Agent shall be entitled to a monthly fee associated with the set-up, maintenance and closing of any interest bearing account.

E. In the event that a Purchaser withdraws from a Purchase Agreement prior to the time that said Agreement becomes binding under the provisions thereof, Escrow Agent shall, within 3 business days from the date of receipt of notice of such withdrawal, release to Purchaser all of Purchaser's deposits held thereunder.

F. If Developer requests that all of the escrowed funds held hereunder or any part thereof be delivered to it prior to the time it otherwise becomes entitled to receive the same, Escrow Agent may release all such sums to Developer if Developer has placed with Escrow Agent an irrevocable letter of credit draw in favor of Escrow Agent in form and substance satisfactory to Escrow Agent and securing full repayment of said sums, or has placed with Escrow Agent such other substitute security as may be permitted by law and approved by Escrow Agent.

3. A. Substantial completion and the estimated cost for substantial completion of the items described in Paragraphs 2A(iii), 2A(iv) and in Paragraph 4 shall be determined by a licensed professional engineer or architect, as provided in Paragraph 3B, subject to the following:

(i) Items referred to in Paragraph 2A(ii) shall be substantially complete only after all utility mains and leads, all major structural components of buildings, all building exteriors and all sidewalks, driveways, landscaping and access roads, to the extent such items are designated on the Condominium Subdivision Plan as "must be built", are substantially complete in accordance with the pertinent plans therefore.

(ii) If the estimated cost of substantial completion of any of the items referred to in Paragraphs 2A(iii) and 2A(iv) cannot be determined by a licensed professional engineer or architect due to the absence of plans, specifications, or other details that are sufficiently complete to enable such a determination to be made, such cost shall be the minimum expenditure specified in the recorded Master Deed or amendment for completion thereof. To the extent that any item referred to in Paragraphs 2A(iii) and 2A(iv) is specifically depicted on the Condominium Subdivision Plan, an estimate of the cost of substantial completion prepared by a licensed professional engineer or architect shall be required in place of the minimum expenditure specified in the recorded Master Deed or amendment.

B. A structure, element, facility or other improvement shall be deemed to be substantially complete when it can be reasonably employed for its intended use and, for purposes of certification under this Paragraph, shall not be required to be constructed, installed, or furnished precisely in accordance with the specifications for the Project. A certificate of substantial completion shall not be deemed to be a certification as to the quality of the items to which it relates.

4. Upon receipt of a certificate issued pursuant to Paragraph 2A(iii) and/or 2A(iv) determining the amounts necessary for substantial completion, the Escrow Agent may release to the Developer all funds in escrow in excess of the amounts determined by the issuer of such certificate to be necessary for substantial completion. In addition, upon receipt by the Escrow Agent of a certificate signed by a licensed professional engineer or architect confirming substantial completion in accordance with the pertinent plans of an item for which funds have been deposited in escrow, the Escrow Agent shall release to the Developer the amount of such funds specified by the issuer of the certificate as being attributable to such substantially completed item. However, if the amounts remaining in escrow after such partial release would be insufficient in the opinion of the issuer of such certificate for substantial completion of any remaining incomplete items for which funds have been deposited in escrow, only the amount in escrow in excess of such estimated cost to substantially complete shall be released by the Escrow Agent to the Developer. Notwithstanding a release of escrowed funds that is authorized or required by the Paragraph, Escrow Agent may refuse to release funds from an escrow account

if Escrow Agent, in its judgment, has sufficient cause to believe the certificate confirming substantial completion is fraudulent or without factual basis.

5. Not earlier than nine (9) months after closing the sale of the first Units in a phase of a Condominium Project for which escrowed funds have been retained under Paragraph 2A(iii) or for which security has been provided under Paragraph 2F, Escrow Agent, upon the request of the Association or any interested Co-owner, shall notify the Developer of the amount of funds deposited under Paragraph 2A(iii) or security provided under Paragraph 2F for such purpose that remains, and of the date determined under this Paragraph upon which those funds can be released. In the case of a recreational facility or other facility intended for general common use, not earlier than nine (9) months after the date of which the facility was promised in the Condominium Documents to be completed by the Developer, Escrow Agent, upon the request of the Association of any interested Co-owner, shall notify the Developer of the amount of funds deposited under Paragraph 2A(iv) or security provided under Paragraph 2F for such purpose that remains, and of the date determined under this Paragraph upon which those funds can be released. Three months after receipt of a request pertaining to funds described in Paragraph 2A(iii) or 2A(iv), funds that have not yet been released to the Developer may be released by the Escrow Agent for the purpose of completing incomplete improvements for which the funds were originally retained, or for a purpose specified in a written agreement between the Association and the Developer entered into after the Transitional Control Date. The agreement may specify that issues relating to the use of the funds be submitted to arbitration. The Escrow Agent may release funds in the manner provided in such an agreement or may initiate an interpleader action and deposit retained funds with a court of competent jurisdiction. In any interpleader action, the circuit court shall be empowered, in its discretion, to appoint a receiver to administer the application of the funds. Any notice or request provided for in this Paragraph shall be in writing.

6. The Escrow Agent in the performance of its duties under this Paragraph shall be deemed an independent party not acting as the agent of the Developer, any Purchaser, Co-owner, or other interested party. So long as the Escrow Agent relies upon any certificate, cost estimate, or determination made by a licensed professional engineer or architect as described in the Act, the Escrow Agent shall have no liability whatever to the Developer or to any Purchaser, Co-owner, or other interested party for any error in such certificate, cost estimate, or determination, or for any act or omission by the Escrow Agent in reliance thereon. The Escrow Agent shall be relieved of all liability upon release, in accordance with this Paragraph, of all amounts deposited with it pursuant to the Act.

7. Escrow Agent may require reasonable proof of occurrence of any of the events, actions, or conditions stated herein before releasing any sums held by it pursuant to any Purchase Agreement to a Purchaser thereunder, or to the Developer.

8. Upon making delivery of the funds deposited with Escrow Agent pursuant to any of the aforementioned Purchase Agreements and performance of the obligations and services stated therein and herein, Escrow Agent shall be released from any further liability under any such Purchase Agreement, it begin expressly understood that liability is limited by the terms and

provisions set forth in such Agreement and in this Agreement, and that by acceptance of this Agreement, Escrow Agent is acting in the capacity of a depository and is not as such, responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted to it, or the marketability of title to any Unit reserved or mold under any other Agreement. It is not responsible for the failure of any bank used by it as an escrow depository for funds received by it under this escrow.

9. Developer hereby agrees to indemnify and hold harmless Escrow Agents for any loss or damage sustained by Escrow Agent, including, but not limited to, reasonable attorney fees resulting from any litigation arising from the performance of Escrow Agent's obligations and services, provided such litigation is not a result of Escrow Agent's wrongful act or negligence.

10. All notices required or permitted hereunder and all notices of change of address shall be deemed sufficient if personally delivered or sent by registered or certified mail, postage pre-paid and return receipt requested, addressed to the recipient party at the address show below such party's signature to this Agreement or upon any of the other said Agreements. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

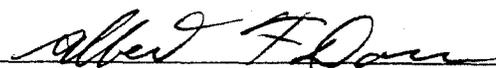
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the date set forth at the outset hereof.

GEORGETOWN DEVELOPMENT CO., INC.

By 
Its President

DEVELOPER

TRANSNATION TITLE INSURANCE COMPANY

By 
Albert F. Doss
Its Chief Title Officer

ESCROW AGENT

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES - CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU		
Date Received		(FOR BUREAU USE ONLY)
NOV 3 1997		

Name Robert W. Scott Miller, Johnson, Snell & Cummiskey, P.L.C.		
Address 800 Calder Plaza Building		
City	State	Zip Code
Grand Rapids	MI	49503

FILED
NOV 04 1997
Administrator MI DEPT. OF CONSUMER & INDUSTRY SERVICES CORPORATION, SECURITIES & LAND DEVELOPMENT BUREAU
EFFECTIVE DATE:

Document will be returned to the name and address you enter above

754-768

**ARTICLES OF INCORPORATION
OF
ROCKFORD WOODS
CONDOMINIUM ASSOCIATION**

These Articles of Incorporation are signed by the incorporator for the purpose of forming a non-profit corporation under the provisions of Act 162 of the Public Acts of 1982, as amended, known as the Michigan Nonprofit Corporation Act (the "Act"), as follows:

ARTICLE I.

The name of the corporation is:

ROCKFORD WOODS CONDOMINIUM ASSOCIATION

ARTICLE II.

The purpose or purposes for which the corporation is formed are as follows:

To provide an entity pursuant to Act No. 59 of the Public Acts of 1978, as amended, hereinafter called the "Michigan Condominium Act," for the operation of a condominium property located in the Plainfield Township, Kent County, Michigan, known as "Rockford Woods" (the "Condominium"), and, in furtherance thereof:

- (a) To maintain, operate and manage the Condominium grounds and improvements;

- (b) To levy and collect assessments from members to defray the costs, expenses and losses of the Condominium;
- (c) To employ personnel and to contract for the maintenance, administration and management of the Condominium, and to delegate to said persons such powers and duties as are necessary therefor;
- (d) To purchase insurance upon the common elements of the Condominium and to collect and allocate the proceeds thereof;
- (e) To make and enforce reasonable rules and regulations concerning the use of the Condominium property in furtherance of the Master Deed and Condominium By-laws for the Condominium;
- (f) To authorize and approve the execution of contracts, deeds and/or easements affecting the common elements;
- (g) To take all actions and to engage in all activities authorized under the Master Deed and Condominium By-Laws for the Condominium; and
- (h) In general, to carry on any other business in connection with and incident to the foregoing purposes not forbidden, and with all the powers conferred upon non-profit corporations by the laws of the State of Michigan.

All funds and the titles to all properties acquired by the corporation and proceeds thereof shall be held in trust for the members in accordance with the provisions of the by-laws of the corporation.

ARTICLE III.

The address of the registered office is:

6601 Wilshere Drive
Jenison, Michigan 49428

The mailing address of the registered office is:

6601 Wilshere Drive
Jenison, Michigan 49428

The name of the resident agent at the registered office is:

Todd Ponstein

ARTICLE IV.

The corporation is organized on a non-stock membership basis. The description and value of all assets which the corporation possesses at the time of its incorporation are: Real Property: None; Personal Property: None.

The corporation is to be financed under the following general plan: by assessment of members to defray the costs, expenses and losses of the Condominium.

ARTICLE V.

The name and address of the incorporator is as follows:

<u>Name</u>	<u>Residence or Business Address</u>
Todd Ponstein	6601 Wilshere Drive Jenison, Michigan 49428

ARTICLE VI.

The names and addresses of the first Board of Directors are as follows:

<u>Name</u>	<u>Residence or Business Address</u>
Todd Ponstein	6601 Wilshere Drive Jenison, Michigan 49428
<u>William Ponstein</u>	<u>6601 Wilshere Dr.</u> <u>Jenison, MI 49428</u>
<u>James Tuuk</u>	<u>4536 Jacob SW</u> <u>Grandville, MI 49418</u>

ARTICLE VII.

The term of the corporation shall be perpetual.

ARTICLE VIII.

The corporation is organized on a membership basis and each co-owner of record of a unit in the Condominium, including the developer thereof until all such units have been sold, shall be a member of the corporation. Such membership shall not be assigned, pledged, encumbered or

transferred in any manner except as an appurtenance to such unit. The directors named herein shall also be members of the corporation until such time as their successors shall have been elected and qualified.

Each member of the corporation shall be entitled to one vote, the value of which and the manner of exercise of which are to be determined in accordance with the Master Deed of the Condominium and the by-laws of the corporation.

ARTICLE IX.

Any action required or permitted by the Act to be taken at an annual or special meeting of members may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, is signed by members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all members entitled to vote thereon were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous consent shall be given to members who have not consented in writing.

ARTICLE X.

No contract or other transaction between this corporation and any other corporation, firm or association shall be subject to cancellation (other than as provided by the Michigan Condominium Act) by the fact that any one or more of the directors or officers of the corporation are interested in or are directors or officers of such other corporation, firm or association, and any director or officer individually may be a party to or may be interested in any contract or transaction of the corporation; provided, that the contract or other transaction is fair and reasonable to the corporation when it is authorized, approved or ratified and that the material facts as to such relationship or interest are disclosed or known to the board or committee at the time it authorized, approved or ratified the contract or transaction by a vote sufficient for that purpose without counting the vote of such interested director or officer, and each and every person who may become a director or officer of the corporation is hereby relieved from any liability which might otherwise exist from contracting with the corporation for the benefit of himself or any firm, association or corporation in which he may be otherwise interested as set forth herein.

ARTICLE XI.

The members of the Board of Directors shall be volunteer directors within the meaning of the Michigan Nonprofit Corporation Act, as amended. A volunteer director shall not be personally liable to the corporation or to its members for monetary damages for a breach of the director's fiduciary duty arising under applicable law. However, this Article shall not eliminate or limit the liability of a director for any of the following:

- (a) a breach of the director's duty of loyalty to the corporation or its members;
- (b) acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law;
- (c) a violation of Section 551(l) of the Michigan Nonprofit Corporation Act;
- (d) a transaction from which the director derived an improper personal benefit;
- (e) an act or omission that is grossly negligent; or
- (f) an act or omission occurring before the date on which this document is filed.

A volunteer director shall only be personally liable for monetary damages for a breach of fiduciary duty as a director to the corporation and its members to the extent set forth in this Article XI. Any repeal or modification of this Article shall not adversely affect any right or protection of any volunteer director existing at the time of, or for or with respect to, any acts or omissions occurring before such repeal or modification.

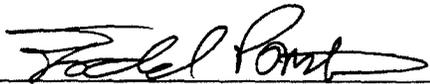
ARTICLE XII.

These Articles may be amended by the affirmative vote of not less than a majority of the entire membership of the corporation; provided, that in no event shall any amendment make changes in the qualifications for membership nor the voting rights of members without the unanimous consent of the membership, except as provided in the Master Deed for the Condominium.

ARTICLE XIII.

In the event the existence of the corporation shall be terminated for any reason, all assets of the corporation remaining after payment of obligations imposed by applicable law shall be distributed among the members of the corporation in the same proportion to which each member's interest in the common elements of the Condominium bears to the total of such interests.

I, the incorporator, sign my name this 17th day of October, 1997.



Todd Ponstein

Name of Person or Organization Remitting Fees: Miller, Johnson, Snell & Cummiskey, P.L.C.

Preparer's Name and Business Telephone Number: Robert W. Scott
Miller, Johnson, Snell & Cummiskey, P.L.C.
800 Calder Plaza Building
Grand Rapids, MI 49503
6/6/831-1700

ASSOCIATION BY-LAWS
OF
ROCKFORD WOODS
CONDOMINIUM ASSOCIATION

ARTICLE I.

CONDOMINIUM BY-LAWS

The Condominium By-Laws of Rockford Woods, a Condominium Project, attached as a part of the Master Deed pertaining to said Project and recorded in the Office of the Register of Deeds of Kent County, Michigan, are hereby incorporated by reference and adopted in their entirety as a part of the By-Laws of this corporation. Unless otherwise indicated, the capitalized terms used in these B-Laws shall have the meanings set forth in the Master Deed.

ARTICLE II.

MEETINGS AND QUORUM

Section 1. Membership Meetings. The initial meeting of the members, absent a special call by the Board of Directors, shall be held on call of the Developer at or before the time required for such meeting by the Condominium By-Laws. At such meeting, the directors elected at the First Meeting of Incorporators shall resign and a new Board of Directors shall be elected by the members as herein provided.

Section 2. Annual Meeting of Members. Thereafter, the annual meeting of members shall be held in each year at such date, time and place as may be designated by the Board of Directors. Notice of all annual meetings shall be as provided in the Condominium By-Laws.

Section 3. Delayed Annual Meeting of Members. If, for any reason, the annual meeting shall not be held on the day so designated, such meeting may be called and held as a special meeting with the same proceedings as at an annual meeting.

Section 4. Special Meetings of Members. Special meetings of the members may be called by the President or by a majority of the directors of the Board, or by not less than ten percent (10%) of all members entitled to vote at such meeting. Notice of special meetings shall be provided in the same manner as for annual meetings.

Section 5. Organizational Meeting of Board. At the place of holding, and immediately following the annual meeting of members, the Board as constituted upon final adjournment of such annual meeting shall convene for the purpose of electing officers and

transacting any other business properly proposed; provided, that the organizational meeting in any year may be held at a different time and place by consent of a majority of the directors.

Section 6. Regular Meetings of the Board. In addition to its organizational meeting, the Board may hold regular meetings at such other times and places as it shall from time to time determine. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telegraph at least five (5) days prior to the date of such meeting.

Section 7. Special Meetings of Board. Special meetings of the Board may be called by the President or by any two Directors by written notice to each Director of the time, place and purpose of such meeting, at least three (3) days prior to the date of such meeting.

Section 8. Notice and Mailing. All written notices required to be given by any provision of these By-Laws shall state the authority pursuant to which they are issued (as, "by order of the President," or "by order of the Board of Directors", as the case may be) and shall bear the written, printed or typed signature of the Secretary. Each such notice shall be deemed duly served when it has been deposited in the United States mail, with postage fully prepaid, plainly addressed to the addressee at his, her or its last address appearing upon the membership records of the Corporation.

Section 9. Waiver of Notice. Notice of the time, place and purpose of any meeting of the members or of the Board may be waived by telegram, cablegram or other writing, either before or after such meeting has been held. Attendance at any meeting of the Board constitutes a waiver of notice, except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 10. Quorum. A quorum of the members shall be as set forth in the Condominium By-Laws. A majority of the Directors then in office, or of the members of any Committee thereof, shall constitute a quorum for the transaction of business. Members or Directors present or represented at any such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough persons to leave less than a quorum, and may adjourn the meeting for not more than thirty (30) days, without notice other than announcement at the meeting, until a quorum shall be present or represented.

ARTICLE III.

BOARD OF DIRECTORS

Section I. Number and Term. The business, property and affairs of the Corporation shall be managed by a Board of Directors composed of not less than two (2) nor more than seven (7) members. The number of persons comprising each subsequent Board shall be determined by vote of the members prior to the establishment of each such Board; provided, however, that if a motion is not made and carried to increase or decrease the number of directors, then the Board shall consist of the same number of persons as theretofore comprised the full

Board of Directors. In addition, the members may, by resolution duly made and passed, provide that in lieu of annually electing all directors, the directors shall be divided into two (2) or three (3) classes, each to be as nearly equal in number as possible, with terms of office such that the term of directors in the first class will expire at the first annual meeting following their election, that of the second class to expire at the second annual meeting after their election, and that of the third class, if any, to expire at the third annual meeting after their election. At each annual meeting after such classification of the Board of Directors, a number of directors equal to the number of the class whose term is expiring shall be elected to hold office until the second succeeding annual meeting if there are two (2) classes, or until the third succeeding annual meeting if there are three (3) classes. Provided, however, that until the initial meeting of the members as required by the Condominium By-Laws, the Directors named in the Articles of Incorporation and their successors shall serve.

Section 2. Qualification. Except for members of the first Board, each Director shall be a Co-owner or the spouse of a Co-owner (or, if a Co-owner is a trustee of a trust, a Director may be a beneficiary of such trust, and if a Co-owner or such a beneficiary is a corporation, limited liability company or a partnership, a Director may be an officer, director, shareholder, member, partner or employee of such Co-owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant.

Section 3. Vacancies. Vacancies in the Board may be filled by the affirmative vote of a majority of the remaining Director or Directors, even though less than a quorum of the Board. Each person elected to fill a vacancy shall remain a Director until his successor has been duly elected and qualified, which election shall be for a term equal to that remaining of the Director whose death or resignation has created the vacancy.

Section 4. Resignation and Removal. A Director may resign at any time and such resignation shall take effect upon receipt of written notice by the Corporation or at such subsequent time as may be set forth in the notice of resignation. Any or all the Directors may be removed, with or without cause, by the vote of the majority of the Co-owners in number and in value.

Section 5. Action by Written Consent. If and when all the Directors shall severally or collectively consent in writing to any action to be taken by the Corporation, either before or after the action, such action shall be as valid corporate action as though it had been authorized at a meeting of the Board.

Section 6. Powers and Duties. In addition to the powers and duties imposed or permitted by law, by these By-Laws or by resolution of the members of the Corporation, the Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Condominium as set forth in the Condominium By-Laws.

Section 7. Rules and Regulations. The Board of Directors shall propose regulations respecting the use and enjoyment of the units and common elements of the Condominium and such other rules and regulations as may be necessary for the maintenance and

operation of the Condominium. All such regulations and amendments thereto shall be adopted and promulgated in the manner set forth in the Condominium By-Laws; provided, that all rules and regulations imposed by the first Board of Directors prior to the initial meeting of members shall be binding upon all subsequent members unless duly amended as provided in the Condominium By-Laws.

Section 8. Compensation. Directors shall receive no compensation for their services as Directors unless expressly provided for in resolutions duly adopted by not less than sixty percent (60%) of all Co-owners in number and in value.

ARTICLE IV.

OFFICERS

Section 1. Designation and Term. The Board shall elect a President, a Secretary and a Treasurer, and may also elect one or more Vice-presidents, Assistant Secretaries and Assistant Treasurers, as the needs of the business may require. Each officer shall hold office for the term of one year and until his successor is elected and qualified. No officer shall receive any compensation from the Corporation for acting as such.

Section 2. The President. The President shall be the chief executive officer of the Corporation. He shall preside over all meetings of the members and of the Board, and shall be ex officio a member of all standing committees.

Section 3. The Secretary. The Secretary shall attend all meetings of the members, of the Board, and of the executive committee, and shall preserve in books of the Corporation true minutes of the proceedings of all such meetings. He shall safely keep in his custody the seal of the Corporation, if any, and shall have authority to affix the seal to all instruments where its use is required. He shall give all notices required by statute, By-Law or resolution and shall perform such other duties as may be delegated to him by the Board or by the executive committee.

Section 4. The Treasurer. The Treasurer shall have custody of all corporate funds and securities and shall keep in books belonging to the Corporation full and accurate accounts of all receipts and disbursements; he shall deposit all monies, securities and other valuable effects in the name of the Corporation in such depositories as may be designated for that purpose by the Board. He shall disburse such funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors at regular meetings of the Board, and whenever requested by them, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 5. Vacancies. Vacancies in any office may be filled by the affirmative vote of a majority of the remaining members of the Board at any regular or special meeting. Each person appointed to fill the vacancy shall remain an officer for a term equal to that

remaining of the officer whose death or resignation has created the vacancy, and until his successor has been duly elected and qualified.

Section 6. Resignation and Removal. An officer may resign at any time and such resignation shall take effect upon receipt of written notice by the Corporation or at such subsequent time as may be set forth in the notice of resignation. Any or all the officers may be removed, with or without cause, by the vote of a majority of the Board of Directors.

ARTICLE V.

INDEMNIFICATION

Section 1. Scope of Indemnification. The Corporation shall indemnify to the fullest extent authorized or permitted by the Michigan Nonprofit Corporation Act, as amended, any person, or his or her estate or personal representative, who is made or threatened to be made a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) because such person is or was a Director or officer of the Corporation or serves or served in any other enterprise at the request of the Corporation. Persons who are not Directors or officers of the Corporation may be similarly indemnified in respect of services rendered to the Corporation or at the request of the Corporation to the extent authorized at any time by the Board of Directors of the Corporation. The provisions of this Article shall be applicable to Directors and officers who have ceased to render such service and shall inure to the benefit of their heirs, personal representatives, executors, and administrators. The right of indemnify provided herein shall not be exclusive, and the Corporation may provide indemnification to any person, by agreement or otherwise, on such terms and conditions as the Board of Directors of the Corporation may approve. Any agreement for indemnification of any Director, officer, employee or any other person may provide indemnification rights which are broader or otherwise different than those set forth in the Michigan Nonprofit Corporation Act, unless otherwise prohibited by law.

Section 2. Authorization of Indemnification. Any indemnification under this Article (unless ordered by a court) shall be made by the Corporation only after ten (10) days written notice to all Co-owners of the facts surrounding the request for indemnification, when authorized in the specific case upon a determination that indemnification of the Director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in this Article. Such determination shall be made: (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or, even if obtainable, when a quorum of disinterested Directors so directs, by independent legal counsel (who may be the regular counsel of the Corporation) in a written opinion; or (3) by the members.

Section 3. Advancing of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section 1 of this Article may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors upon receipt of an undertaking by or on behalf of the Director, officer,

employee, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

Section 4. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

Section 5. Mergers. For the purposes of this Article, references to the "Corporation" include all constituent corporations absorbed in a consolidation or merger, as well as the resulting or surviving corporation, so that any person who is or was a director, officer, employee, or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

ARTICLE VI.

GENERAL PROVISIONS

Section 1. Liability of Members. The Corporation and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under these By-Laws; provided, however, that the liability of any Co-owner arising out of any contract made by or other acts of the Directors, officers or committee, or out of the aforesaid indemnity provisions, shall be limited to such proportion of the total liability hereunder as said Co-owner's percentage of value in the common elements bears to the total percentage interest of all Co-owners in the common elements. Every agreement made by the Directors, officers, committees or managing agent on behalf of the Co-owners shall provide that the persons executing the same are acting only as agents for the Co-owners and shall have no personal liability thereunder (except as a Co-owner) and that each Co-owner's liability thereunder shall be limited to such proportion of the total liability incurred as his percentage of interest in the common elements bears to the total percentage interest of all Co-owners in the common elements.

Section 2. Execution of Instruments. All checks, drafts, and orders for payment of money shall be signed in the name of the Corporation by such officer or officers or agent or agents as the Board shall from time to time designate for that purpose. When the execution of any contract, conveyance or other instrument of title has been authorized without specification of the executing officers, the President, or a Vice-President, if any, may undertake the execution in the name or on behalf of this Corporation, without attestation, acknowledgment or seal.

Section 3. Fidelity Bonds. The Corporation may require that all officers, employees and others who are responsible for handling funds obtain adequate fidelity coverage to protect against dishonest acts, the cost of which shall be an expense of administration.

Section 4. Seal. The seal of the Corporation shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Michigan". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board.

ARTICLE VII.

AMENDMENT OF BY-LAWS

Section I. Amendment procedures. These By-Laws may be amended, altered, changed, added to or repealed only in accordance with the provisions of Article XII of the Articles of Incorporation of the Corporation.

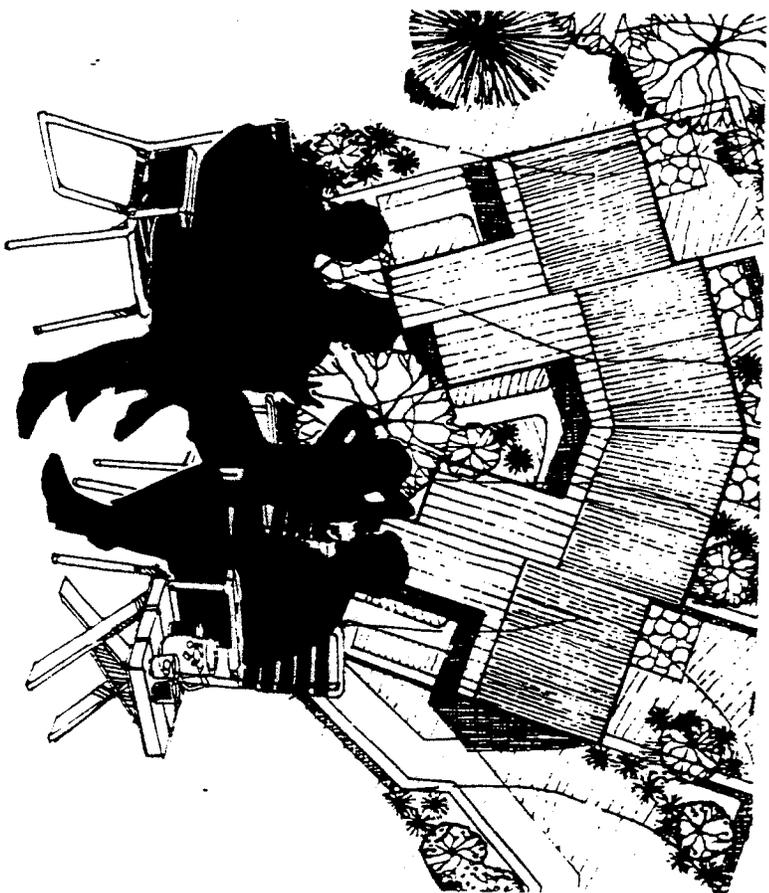
The foregoing By-Laws were accepted as the By-Laws of ~~Maple Grove~~ Rockford Woods Condominium Association this 17th day of October, 1997.



Todd Ponstein, Incorporator and Director

The Condominium Buyers Handbook

down-to-earth answers to your questions
about the condominium concept in Michigan



Corporation and Securities Bureau/Michigan Department of

Michigan
Department of
Corporation and
Securities Bureau

Do You Know . . .

- Your rights and responsibilities as a co-owner?
- The developer's background and financial references?
- What's planned for future development in the project?
- The developer's rental policy?
- When the recreation facilities will be completed?
- Who will control the recreation facilities?
- What's included as standard equipment in your unit?
- What's under warranty?
- What costs are included in the monthly assessment?
- When the co-owners will be permitted to vote for directors of the condominium's Association?
- How condominium living differs from other types of residential living?
- The difference between a Preliminary Reservation Agreement and a Purchase Agreement?

You Should Know The Answers To These Questions Before Buying A Condominium

Introduction

The first edition of this booklet was published by the Corporation and Securities Bureau, Michigan Department of Commerce in 1975. Since then, there have been changes in both the condominium industry and the law governing the development of condominiums. On March 14, 1978, a new condominium act, designed in part to provide condominium purchasers more protection than the previous Horizontal Real Property Act of 1963, was signed into law and the handbook was revised to reflect the changes.

On January 17, 1983, an amendment to the Condominium Act (1978, PA 59) became effective. This amendment, P.A. 538 of 1982, changed the law so that condominium developers will no longer file applications with the Department of Commerce for approval of their project before marketing units or establishing the project by recording the condominium documents with the county register of deeds. This latest edition updates the information to include 1982 PA 538 and subsequent amendments.

While the condominium concept has expanded in recent years to include commercial and industrial projects, the information presented in this booklet is directed primarily toward the prospective buyer of a residential condominium. Read this booklet and all documents relating to the particular project carefully so you may make an informed decision.

Keep in mind that most developers have well-earned reputations for honesty, integrity and competence. If a negative factor is encountered in a particular project, it does not necessarily mean the project is unsound or that the developer is unscrupulous. It may be due to an oversight or lack of understanding which can be easily corrected.

In all cases, we recommend that you seek professional assistance from a lawyer or other business advisor before buying a condominium.

What Is a Condominium

You've heard about condominiums, read newspaper ads, or perhaps have a friend or relative who is living in one. Now you are considering the purchase of a condominium unit for yourself.

What, actually, is a condominium?

The word *condominium* comes from a Latin word meaning common ownership or control. Ordinarily it means individual ownership of all the space inside the inner walls of an apartment or house and common ownership of the structures and land. This division between exclusive and common ownership exists regardless of the form or design of the project. The project may take the form of a high-rise, duplex, townhouse, or single family dwelling. In other forms of condominium projects such as mobile homes, campground, or marina, the exclusive ownership may be merely a cube of airspace within which a mobile home, recreational vehicle, or boat is parked or anchored. The common ownership would be the land and improvements such as concrete pads and piers and the utility systems.

The inner space, which you own, is yours to decorate, to maintain, to live in. Usually, everything else in the condominium development—the exterior walls, the land, the common hallways, the recreation facilities—is the common property of everyone who owns a unit and is termed *common elements*.

Limited or General Common Elements

Some of this commonly-owned property, such as your patio or balcony or carport space, is called *limited common elements* and is restricted to use by your family only. In the case of stairways or laundry facilities it may be limited to other families who live in your building, but it remains the common property of all the co-owners in the development. The rest of the common elements—roads, green areas, recreation facilities—are termed *general common elements* and are available for use by everyone in the development. You must read your legal documents carefully to understand which parts of your condominium are designated as limited, or general, common elements.

The co-owners of a condominium are legally organized into an association, which is responsible for governing and maintaining the common elements of the condominium. Each co-owner pays a monthly fee or assessment for these services.

Condo Advantages

Condominiums account for an increasing share of the housing market. There are several reasons for this:

- Condominiums, like single-family homes, offer owners certain tax deductions, appreciate in equity value and (unlike rentals) offer assurance of long-term occupancy.
- Condominiums often are more convenient to shopping and business facilities due to land use patterns, and demand less individual maintenance than single-family homes.
- Condominium projects may contain more recreational facilities (such as swimming pools and tennis courts) than an individual homeowner could reasonably afford.
- Condominiums are an economical and environmentally sound use of land compared to a subdivision containing the same number of living units.

How They Began

Condominiums are not a new concept in housing. The Romans used them and they were popular in the walled cities of the Middle Ages in what is now Western Europe. In the first half of the 20th century other European countries enacted statutes permitting condominiums.

A few condominiums existed in the United States as early as 1947, but they were not legally established in this country until 1961.

The concept of condominium housing was first incorporated into Michigan law with the passage of the Horizontal Real Property Act in 1963. Fifteen years later this law proved inadequate to meet the needs of the fast-growing condominium industry and in 1978, a new Michigan condominium law was enacted, PA 59 of 1978. This law, administered by the Corporation and Securities Bureau of the Michigan Department of Commerce, is important to buyers and developers of condominiums in Michigan because it provides safeguards for both parties and outlines the rights and responsibilities of each.

For condominium purchasers it establishes the legal basis for two relationships: (1) between the buyer and the developer of the condominium, and (2) between the owner of a condominium unit and the association of co-owners.

The Buyer and the Developer

Section 21 of the Michigan Condominium Act provides in part that: "A condominium unit located within this state may not be offered for its initial sale in this state unless the offering is made in accordance with this Act or the offering is exempt by rule of the administrator."

P.A. 538 of 1982, effective January 17, 1983, changed the law, in that the developer is no longer required to have a Permit To Take Reservations or Permit To Sell prior to offering condominium units to the public. In addition, developers and associations will no longer be required to obtain approval of amendments to project documents, even though the documents may indicate approval is required.

Under the amended Condominium Act, the developer will be required, unless exempt, to meet a more stringent escrow requirement. The developer is required to create a series of escrow accounts to assure completion of the construction of a phase of a project once sales have started. A licensed architect or engineer would determine if the project was substantially complete or would set the amount of escrow necessary to ensure the developer's ability to complete those portions of the project that must be built.

Advertising and Sales

There are some prohibitions on the content of the developer's advertising, including newspaper ads, radio and television announcements, brochures, material in the sales office, sales presentations, and the housing models themselves.

The developer or salesman cannot advertise or tell you orally

- that your unit will automatically increase in value if you wish to sell in the future;
- that you must act quickly to purchase a unit because of limited availability or because the price will increase, unless this is actually the case;
- that you will receive a discount or savings, or that you will receive "free" goods or services for purchasing a unit, unless this is actually the case.

In a model of the unit, the developer must tell you which items are not standard equipment, such as special flooring, carpeting, ceiling beams, moldings, light fixtures, patios, fences, or other features.

Persons selling condominiums in Michigan are also subject to the rules of the Michigan Department of Licensing and Regulation and are usually required to hold a real estate broker's or salesperson's license.

Preliminary Reservation Agreements and Purchase Agreements

Once you've made up your mind which condominium you want, you will be asked to sign one of the following agreements:

Preliminary Reservation Agreement This agreement will never become a binding sales document. It is not binding on either you or the developer. It simply gives a prospective purchaser the first opportunity to buy a specific unit once the developer has established the project. Many developers use this method to test the market for their project. Since the Preliminary Reservation Agreement can never become a binding sales

document, you must then enter into a Purchase Agreement with the developer. If you decide to buy. However, should you cancel, the developer must refund your money within three business days.

Purchase Agreement This agreement may be the first agreement you sign with the developer or it may follow the use of a Preliminary Reservation Agreement. In either case, this agreement is not binding until nine business days after the developer has delivered the condominium documents to you, as the prospective purchaser. The condominium documents that must be delivered would include:

- the recorded master deed, which would include as attachments the condominium bylaws and condominium subdivision plans
- a copy of the purchase and escrow agreements
- Condominium Buyers Handbook
- Disclosure Statement
- If the project is a conversion, the developer must disclose known information regarding the condition of the building, any building code or other regulation violations, and the year(s) of construction of the building

If you decide not to buy during the nine business day "cooling off" period, you may still request and receive your deposit in full, within three business days of cancellation notification.

If you decide to withdraw after the cooling off period, your deposit may be forfeited. A provision in a purchase agreement for liquidated damages in case of default is limited by the Condominium Act to a reasonable percentage of the purchase price of the condominium unit. The provision does not prevent the developer from recovering actual damages.

If you want to close the transaction immediately without waiting for the nine business day "cooling off" period, you can do so by signing a written waiver. The sale of the unit could then be concluded when the certificate of occupancy is issued to the developer, and other requirements in the purchase agreement are completed.

The agreements and other documents used for the offer and sale of a condominium are different from those used for the offer and sale of conventional real estate. It is important that you seek professional advice or assistance when reviewing the package of documents received before signing a preliminary reservation agreement or purchase agreement. You may also find it necessary to modify an agreement or contract to meet your particular needs or circumstances. You may be subject to a binding purchase agreement before construction begins or is completed.

The Master Deed, Condominium Bylaws and the Disclosure Statement

The condominium documents mentioned in the preceding section—the master deed, condominium bylaws and disclosure statement—contain important information about the project in which you're interested.

The master deed and condominium bylaws, along with the condominium subdivision plans, are the basic documents establishing and describing your condominium and the future operation of the project. These documents must be recorded with the Register of Deeds in the county where the condominium is located.

The disclosure statement contains a summary of important information about the developer's previous experience.

What Percent of the Project Do You Own?

The master deed will designate the percentage of ownership of each condominium unit has in the total project. This percentage of value will determine your obligation for payment of assessments and may determine your voting percentage at association meetings. In some instances, the master deed may state that all votes and obligations to pay assessments will be equal. The percentage of value in that case only describes what your percentage of ownership in the total property will be. Read your master deed carefully to determine which method is used. This can be a controversial matter if not fully understood from the beginning.

Read the Fine Print!

Read all these documents carefully. You should be aware of restrictions or covenants which govern the use of your condominium and the surrounding land. Check the master deed and your preliminary reservation agreement or purchase agreement to learn what, if anything, the developer reserves the right to change or modify in the future. The most common reservation is the right to expand or contract the project. Make sure you understand just how the developer plans to do this. Many developers build a small number of units at a time, holding sections of nearby land for other phases or future parts of the condominium. The right to do this is reserved in the master deed. It is important to know what will be built in the vicinity of your condominium.

Other usual reservations are the right to correct survey errors, the right to make changes in the documents that do not materially diminish the rights of the co-owners or mortgagees, the right to assign specific garage or parking space locations at a later date and the right to rent units that are not sold.

You should also inquire about any unusual conditions that might affect the project. If the roads are private, for example, how much will it cost for maintenance? Is there a private water or sewage system? Are there any easements other than public utility easements which might affect the condominium project or your unit?

If your project contains recreational facilities, find out what the developer's financial obligations are for these facilities and the responsibilities of the co-owners for the financing and management of the facilities. Find out if third parties will be using the facilities and when the facilities will be turned over to the association.

Warranties

Most buyers also are interested in the kind of warranty that comes with their condominium. The answer usually is found in the purchase agreement. The developer normally warrants the project against building defects in materials or workmanship for one year. Be sure to find out when the warranty begins and whether it covers building structures, recreational facilities, roads, sidewalks and

shrubbery. Remember that warranties generally cover only new construction. There may be no warranty if you are buying a unit in a conversion project.

Conversions—How Good?

Many conversion projects are offered "as is" to the buyer. Although local authorities may inspect the building's heating, plumbing, and electrical systems, roofing and structure, the developer will not guarantee the project if it is offered "as is." You may want to personally inspect the building for these items.

It is important to be aware when local authorities inspect the building it is to be sure it conforms to construction codes in effect at the time the structure was originally erected or remodeled. This may or may not be up to the current code for new construction depending on the age of the building. Any extensive remodeling done at the time of conversion, however, would have to meet current construction standards.

Pitfalls and Safeguards

Since a condominium is a large investment of your money, ranging from about \$20,000 to more than \$150,000, it is important that you be fully informed before you buy. And, beyond being fully informed about the condominium itself, the single most important step you can take before you buy is to *know your developer* before entering into a binding agreement. The two things you should be looking for in a developer are *competence and integrity*. Ask about the developer's previous experience. The disclosure statement will list the names and addresses of projects with which the developer has been associated. Visit those projects and talk to the people who live in them. If people are already living in the condominium project you are considering, discuss the project and the developer with them.

The "pitfalls" mentioned here represent problems a person could conceivably encounter in the purchase of a condominium. The "safeguards" describe steps one can take to avoid them.

1. *Pitfall*—Yielding to a high pressure sales pitch by signing contracts or agreements which you do not fully understand.

Safeguard—Do not take a chance on losing your investment. Carefully review all documents and seek professional assistance.

2. *Pitfall*—Falling for a sales pitch which emphasizes the advantages of equity buildup and maintenance-free living, but does not point out the responsibilities of owning a condominium.

Safeguard—Do not be gullible; get all the facts and weigh them. Owning a condominium is not the same as renting an apartment where you can rely on the landlord to maintain your building. You and other co-owners are your own landlords and will be collectively responsible for arranging for the upkeep of your project.

3. *Pitfall*—Entering into a binding purchase agreement which does not depend on your being able to obtain a mortgage commitment or acceptable financing.

Safeguard—Do not sign a binding purchase agreement until you have arranged your financing or unless the agreement specifies that it is dependent upon your ability to obtain a mortgage commitment for the condominium you wish to buy. Otherwise you could lose your deposit as liquidated damages if you are unable to obtain financing.

4. *Pitfall*—Assuming that you will have to pay only the purchase price before moving into your condominium.

Safeguard—Determine in advance the total amount due at the time you complete the deal. In addition to the purchase price, you may have to pay settlement or closing costs. Some developers also charge advance assessments which are due at closing. Find out if your developer does this and determine how the advance assessments will be used.

5. *Pitfall*—Relying on verbal promises regarding such matters as when your unit will be ready for occupancy, warranties, stability of monthly assessments and items the developer will install.

Safeguard—Do not rely on verbal promises. If you are promised something, insist that it be put in writing and signed by the person who made the promise. If you have been given a date when your condominium will be ready, find out if the date has been given on a firm commitment basis (that it will be ready on that date no matter what), or if the date is subject to change under certain conditions (strikes, material shortages or other reasons). If you are shown a model unit, find out what items will be included in your unit and be sure they are written into the purchase agreement.

6. *Pitfall*—Assuming that you will not be able to hear your neighbor because your condominium has been "sound conditioned."

Safeguard—Sound conditioning is not the same as sound proofing. Sound conditioning merely means that the developer has taken some steps to reduce the transmission of sound between units—not to eliminate it.

7. *Pitfall*—Deciding to purchase a unit in a "conversion" condominium project because "they don't make 'em like they used to and the price is right."

Safeguard—Purchase price savings can be quickly used up through high assessments. When buying a condominium in a structure which has been converted from an existing building, keep in mind that you will not only become the owner of a unit, but also a joint owner of the furnace, roof, pipes, wires and other common elements. Ask for a copy of an architect or engineer's report on the condition of all building components and their expected useful life. Ask to see copies of the building maintenance records for preceding years. Find out what improvements the developer has made. Do not be misled by a fresh coat of paint and new carpeting. Find out what, if any, warranties remain.

The Buyer and the Association

When you take title to your unit, you automatically become a co-owner and a voting member of the co-owners' association formed to administer the affairs of the condominium. The association is usually a non-profit corporation. The value of each vote is normally determined by the percentage of value given to each living unit and is stated in the master deed. However, voting and the obligation to pay assessments may not necessarily be equal, and this fact also must be stated in the master deed and condominium bylaws.

Who's in Charge?

The association is governed by a board of directors appointed by the developer until the first annual meeting. This initial meeting of the co-owners to elect members to the board of directors may take place one year or more after the master deed is recorded. The provisions for holding the annual meeting and designating the voting procedures are included in the condominium bylaws, along with other information about the operation of the association. The condominium bylaws are attached to and incorporated by reference in the master deed you receive when you buy a condominium. The bylaws should be read carefully as they may contain complete provisions outlining your rights as an owner as well as the scope of activities permitted co-owners of the project during the transition.

Before the first annual meeting of the association, the developer may have the ability to amend the condominium bylaws so long as the amendment does not materially affect the rights of the co-owners. If units are still being sold after the first association meeting, the developer votes and pays assessments as any other co-owner.

Associations Have Bylaws, Too!

The association also operates under its own bylaws, in addition to the condominium bylaws. Association bylaws provide for the operation of the association as a non-profit corporation including details regarding officers, directors, meetings, order of business, and so forth.

Responsibilities and Rights

The Association

The association usually is responsible for maintenance of the outside of the condominium units, such as hallways, lobby, building exterior, lawn care, snow removal, trash pick-up, street maintenance (if the roads are private), and operation of the common elements, including the recreation facilities, heating plant, water or electric systems. These jobs are done through a management firm or manager hired by the association, by employees hired directly by the association, or, in some cases, by co-owners themselves.

The association sets fees for the maintenance of those common elements which fall under its responsibility as stated in the master deed or other condominium documents and may increase the charges. Special assessments may be made by the board of directors to cover capital improvements, but generally any substantial increase in the monthly assessment must first be approved by a vote of the co-owners. The condominium bylaws often set the dollar limit on what may be approved by the board of directors without a vote of the co-owners.

The condominium bylaws also provide methods for settling disputes concerning interpretation or application of the master deed, bylaws, management agreement or between co-owners, between co-owners and the association, or between the association and the management firm.

The Co-owners

While the association is responsible for maintaining the common elements of the condominium, you are responsible for the maintenance and upkeep of your unit interior.

There may be restrictions on your use of your unit that can be enforced by the association. They include such things as: restrictions on pets; selling or renting your unit to someone of your choice; willing it to another person. Check for these in the condominium bylaws.

The association also sets rules for use of the recreational facilities and other common elements. It may require approval of repairs or structural modifications you wish to make in your unit. If

you mortgage your unit, you must notify the association of the name of the lender who is holding the mortgage, and the association may inform the mortgage holder of unpaid assessments due from you for your unit. Late charges and other penalties for non-payment of assessments are also common provisions found in the condominium bylaws.

All condominium associations created and operating under the Condominium Act must make provisions for a reserve fund to be used for major repairs and replacement of common elements. Ultimately, the co-owners must determine whether the amount kept in the reserve account is adequate for their project.

and More Questions . . .

Some additional questions often asked by prospective buyers are:

- What does the monthly assessment include?
- If I don't use all the facilities, why do I have to pay for them?
- What happens regarding unpaid monthly assessments if a co-owner defaults?

The monthly assessment varies from one development to another, but generally includes repairs and maintenance costs, insurance, reserve funds, management costs and upkeep for recreation facilities. You should receive a disclosure statement itemizing the budget at the time you are given the master deed.

If the project is a conversion—that is, converted from rental housing to condominium ownership—the developer should report actual past costs of maintenance and repairs and taxes from previous years and how they compare with the proposed budget. Remember, however, that the project may be assessed differently for tax purposes when it is converted, which could mean a tax increase.

The monthly assessment is considered as a lien on the condominium and you cannot exempt yourself from paying it, whether you use all the facilities provided or not.

If a co-owner loses a condominium unit through foreclosure to a lender, the lender is not liable for assessments charged to the unit and still owing. The unpaid assessments will be allocated among all of the units, including the foreclosed unit.

What to Do If You Have a Complaint

A reputable developer is interested in dealing with you fairly if you have problems with your condominium. It is in the developer's best interest to create satisfied owners, and, therefore, the majority of your questions and complaints usually can be handled by direct communication and negotiation between the two of you.

Ask your developer for the name, address and telephone number of the person within its organization to contact when you have a complaint.

If your project was established after the Condominium Act amendments took effect in 1983, your purchase agreement should contain wording that explains your right to take any claims against the developer, which involve \$2,500.00 or less, before the American Arbitration Association.

There are procedures to follow if you are not satisfied with the construction of the development, or you think you have been misinformed by a condominium sales representative, or you are in disagreement with the practices of the co-owners' association, or if some other problem does arise:

If your difficulty is with the developer, first contact the developer by letter. If no response is received within 15 days after the developer receives a certified, return receipt requested letter, contact:

1. For Construction Defects:

A. Your local building inspector

B. Michigan Department of Licensing and Regulation,
Bureau of Realty and Environmental Services, Complaint
Analysis Division, P. O. Box 30018, 808 Southland,
Lansing, Michigan 48909.
Telephone: (517) 374-9625

2. For Sales Misrepresentations:

A. Corporation and Securities Bureau, Michigan Department
of Commerce, P. O. Box 30222, Lansing, Michigan 48909,
Telephone: (517) 373-8026

or

B. Michigan Department of Licensing and Regulation,
Bureau of Realty and Environmental Services, Complaint
Analysis Division, P. O. Box 30018, 808 Southland,
Lansing, MI 48909
Telephone: (517) 374-9625

3. Actions Regarding Purchase Agreement or Master Deed:

Corporation and Securities Bureau,
Michigan Department of Commerce,
P. O. Box 30222, Lansing, Michigan 48909
Telephone: (517) 373-8026

If you have a complaint with the association at the time it is controlled by the co-owners or with other co-owners, check the condominium bylaws to find out what recourse you have. Neither the Corporation and Securities Bureau nor other state agencies generally have jurisdiction over complaints between these parties.

The Corporation and Securities Bureau requests that you submit a written complaint on forms which you may obtain from the Bureau. You should include copies of any documents that support your complaint when you forward it to the bureau for review.

When the bureau receives your complaint, it will contact you to get any other necessary information and then determine whether the bureau has jurisdiction. If so, contact is made with the developer to try to work out a solution that is satisfactory to everyone involved. If negotiation fails to settle the dispute, the bureau may consider other administrative remedies. If it does not have jurisdiction, the bureau may make a referral to another state agency.

If a developer, real estate broker or related party violates the Condominium Act, the Corporation and Securities Bureau may decide to impose certain sanctions or refer the matter to the attorney general or local prosecutor.

In addition, you may have civil remedies available. For instance, a developer who attempts to close on a unit without delivering the required documents is liable under Section 115 of the Act to the purchaser of the unit for damages.

The jurisdiction of certain agencies such as the Michigan Department of Licensing and Regulation may be limited to complaints filed within a specific period of time after construction or sale. For this reason it is important that you pursue any complaints quickly and be able to back up any claims.

At the end of this handbook is a section entitled "Available Remedies Under the Condominium Act." This is a reference to the portions of the Act that grant certain rights to the consumer in pursuing complaints.

Remember:

The best protection in buying a condominium is your own common sense. Follow these steps and you should enjoy condominium ownership:

- 1. Know Your Developer.**
- 2. Read and Know the Contents of Your Condominium Documents.**
- 3. Get Sales Promises in Writing.**
- 4. Don't Submit to High Pressure Sales Tactics.**
- 5. Get the Answers to the Questions in This Book.**

What the Words Mean

Assessment (Operating)

Proportionate share of the budgeted annual cost which is paid as a monthly charge to maintain the common areas and elements of a condominium and to maintain a sufficient reserve fund to assure financial stability.

Assessment (Special)

An assessment made for some special purpose or because of inadequate budgeting of operating expenses.

Association of Co-Owners

All of the co-owners acting as a group in accordance with the master deed and bylaws for the administration of the project. The co-owner can exercise voting rights in the association.

Condominium Bylaws

The operation of the property is governed by a set of bylaws which are recorded with the master deed. The bylaws impose certain duties and obligations on the co-owners and the association such as timing of meetings, record keeping, and determination and collection of assessments.

Association Bylaws

The association bylaws set forth the operating procedures for the association.

Common Interest

The percentage of undivided interest in the common elements apportioned to each unit as expressed in the master deed.

Co-Owner

A person who buys a unit in a condominium project becomes a co-owner. A co-owner owns a divided interest in the unit purchased, which may be a fee simple interest or a land contract vendee's interest, and has an undivided co-interest in all the common property in the condominium project.

Default

The failure to meet certain contractual obligations, such as monthly payments or maintenance of the property.

Easement

An easement in a condominium refers to the right of use under, across or over the land and improvements in the condominium, such as the sewer pipe or utility easement running beneath the surface of the land, the right to walk over a parking area or over the lobby area and stairways, and the right to have the utility lines running through the walls of a building.

Escrow Funds

Subscription deposits or downpayments required to be held unused, until the condominium project is recorded and titles are conveyed to each buyer.

Liability and Hazard Insurance (Association)

Insurance to protect against negligent actions of the co-owners association and damages caused to property by fire, windstorm, and other common hazards. This policy differs from the homeowner's personal insurance on the unit and furnishings.

Lien

A claim recorded against a property as security for payment of a just debt.

Limited Common Element

Those common elements designated in the Master Deed and reserved for the use of a certain unit to the exclusion of other units, such as hallways on a given floor reserved for the use of the apartment owners on that floor, carports, patios, or balconies.

Master Deed

The basic document used in the creation of a condominium, describes the division of the project into units and common elements.

Mortgage Commitment

The written notice from the bank or other lender saying that it will advance the mortgage funds in a specified amount to enable one to buy the unit.

Reserve Funds (Replacement)

Funds which are set aside usually in escrow from monthly association assessments to replace common elements, such as roofs, at some future date.

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Taxes
Local real estate taxes are levied on the individual units and not on the condominium association.

Undivided Interest

In condominium law, the joint ownership of common areas in which the individual percentages are known but not applied to separate the areas physically. This situation is similar to the joint ownership of an automobile or home by husband and wife.

**Available Remedies Under
The Condominium Act**

Section 145 of the Act provides that at a minimum, a purchaser would have the following remedies available to resolve a complaint:

1. The right to bring an action under Section 115 of the Act.

Section 115 provides a person or association of co-owners adversely affected by a violation of, or a failure to comply with, the Act, Rules promulgated under the Act, or any provision of an agreement or a Master Deed, may bring an action for relief in a court of competent jurisdiction. This section provides that the court may award costs to the prevailing party. The section also provides that under certain circumstances, the court may award damages to the purchaser because of the developer's actions.

A purchaser or association of co-owners considering this remedy should consult with their legal advisor.

2. The right to arbitration under Section 144 of the Act. Section 144 provides:

"(1) A contract to settle by arbitration may be executed by the developer and any claimant with respect to any claim against the developer that might be the subject of a civil action.

(2) At the exclusive option of the purchaser, co-owner, or person occupying a restricted unit under section 104b, a contract to settle by arbitration shall be executed by the developer with respect to any claim that might be the subject of a civil action against the developer, which claim involves an amount less than \$4,500.00 and arises out of or relates to a purchase agreement, condominium unit, or project.

(3) At the exclusive option of the association of co-owners, a contract to settle by arbitration shall be executed by the developer with respect to any claim that might be the subject of a civil action against the developer, which claim

arises out of or related to the common elements of a condominium project, if the amount of the claim is \$10,000.00 or less.

- (4) The period of limitations prescribed by law for the bringing of a civil action shall apply equally to the execution of a contract to settle by arbitration under this section.
 - (5) All costs of arbitration under this section shall be allocated in the manner provided by the arbitration association.
 - (6) A contract to settle by arbitration under this section shall specify that the arbitration association shall conduct the arbitration.
 - (7) The method of appointment of the arbitrator or arbitrators shall be pursuant to reasonable rules of the arbitration association.
 - (8) Arbitration under this act shall proceed according to sections 5001 to 5065 of Act No. 236 of the Public Acts of 1961, being sections 600.5001 to 600.5065 of the Michigan Compiled Laws, which may be supplemented by reasonable rules of the arbitration association.
 - (9) An arbitration award shall be binding on the parties to the arbitration."
- A purchaser or association of co-owners considering this remedy should consult with their legal advisor.
3. The right to lodge a complaint pursuant to Article 5 of the Occupational Code (Section 501 to 522 of 1980 P.A. 299).
A condominium developer may be required to be a licensed residential builder under the Occupational Code. Complaints concerning construction would be filed with the Department of Licensing and Regulation, Complaint Division, P.O. Box 30018, Lansing, Michigan 48909.
 4. The right to initiate an investigation or bring an action under the Michigan Consumer Protection Act, 1976 P.A. 331.

This is an Act to prohibit certain methods, acts, and practices in trade or commerce; to prescribe certain powers and duties; to provide for certain remedies, damages, and penalties; to provide for the promulgation of rules; to provide for certain investigations; and to prescribe penalties.

Complaints may be filed with the Department of Attorney General, Consumer Protection Division, 525 West Ottawa, Lansing, Michigan 48913. Complaints may also be filed with the Prosecuting Attorney in the county in which the condominium project is located.

A purchaser or association of co-owners considering this remedy may wish to consult with their legal advisor.

5. The right to notify the appropriate enforcing agency of an alleged violation of the State Construction Code, other applicable building code, or construction regulations. The term "enforcing agency" is defined in the State Construction Code, 1972 P.A. 230, as the local building official.

Section 150 of the Act grants certain discretionary powers to the Bureau as specified at Sections 151 to 156 which shall be exercised only with respect to actions which materially endanger or have endangered the public interest or the interest of condominium co-owners, as enumerated at Section 154, Sections 151 to 156 state the following:

"Sec. 151. The administrator in its discretion may:

- (a) Make private investigations within or without this state as it deems necessary to determine if a person violated or is about to violate this act or a rule promulgated or order issued under this act, and may publish information concerning the violation of this act or rule or order.
- (b) Require a developer to file a written statement in response to complaints received by the administrator and forwarded to the developer. The statement shall set forth the facts and circumstances concerning the matter raised in the complaint. Failure to respond to a letter requiring information within 15 days after its receipt shall be ground for issuance of immediate order directing a response.

Sec. 152. (1) For the purpose of an investigation or proceeding under the act, the administrator or its authorized representative upon making application to the circuit court and showing of cause that a violation may occur or has occurred and obtaining order of said court, may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records which the administrator deems relevant or material to the inquiry.

(2) The administrator or any of its officers or employees shall not disclose to the public any investigative information which is filed with, or obtained by, the administrator and which is not made public under this act. This act shall not be construed to authorize the administrator or any of its officers or employees to disclose investigative information except among themselves or when necessary or appropriate in a proceeding or investigation under this act, or to federal, state, local, or foreign governmental agencies for their official use. This act shall not be construed to create or derogate a privilege which exists at common law or otherwise when documentary or other evidence is sought under subpoena directed to the administrator or any of its officers or employees.

Sec. 153. If the administrator has reason to believe that a person is in violation of this act, the administrator shall notify the person and the developer of the investigation and the possibility of administrative or civil action at least 10 days before commencement and the proceeding. Before commencement of administrative proceedings the administrator may issue a nonpublic statement of intent to commence proceedings to persons who are subjects of an investigation relating to possible violations of the act. The notice shall provide that the subjects of the investigation shall have opportunity to show why proceedings should not be commenced against them. If a response satisfactory to the administrator is received, then further proceedings under this act shall not be required.

Sec. 154. The administrator may issue an order to show cause why an order barring or suspending a person from condominium development, sales or management, should not issue if it finds that the order is in the public interest and that actions which materially endanger or have endangered the public interest or

the interest of condominium co-owners exist and said actions are enumerated and limited to the following:

(a) A disclosure statement, the master deed, or a related document filed with the administrator in connection with a condominium project is incomplete in any material respect or contains a statement which is false or misleading in the light of the circumstances under which it is made.

(b) This act, or a rule, order, or condition lawfully imposed under this act, has not been complied with or was violated, in connection with the offering by the person filing the document; the developer; a partner, officer, director, proprietor, or manager of the developer; or a person directly or indirectly controlling, or directly controlled by, the developer.

(c) The condominium project worked or tended to work a fraud, deception, or imposition, or would so operate, or the condominium project would create an unreasonable risk to prospective co-owners, as defined by rules promulgated by the administrator.

(d) The developer, a partner, officer, director, proprietor, or manager of the developer, or a person directly or indirectly controlling or directly controlled by the developer, or a person identified in a disclosure statement, was convicted of an offense under this act within the past 10 years, is the subject of an administrative order under this act, or has had a civil judgment entered against him or her as a result of a violation of this act or a rule or order promulgated pursuant to this act; and said judgment has not been satisfied and the administrator determines that the involvement of the person in the sale or development of the condominium project creates an unreasonable risk to prospective co-owners.

(e) The developer, a partner, officer, director, proprietor, or manager of the developer, or a person directly or indirectly controlling or directly controlled by the developer, or a person identified in a disclosure statement was:

(i) Convicted of a violation.

(ii) Had a civil judgment entered and has not satisfied said judgment as a result of a violation of a statute regulating

the offering of securities or franchises or licensing or regulating builders, real estate brokers, or real estate sales persons; or as a result of a violation of Act No. 286 of the Public Acts of 1972, as amended, being sections 565.801 to 565.835 of the Michigan Compiled Laws, or a rule promulgated or order issued thereunder.

(f) The developer's method of business, construction, development, or sales includes or would include activities which are illegal.

(g) The applicant failed to diligently seek or was denied appropriate zoning, building, public health, or environmental permits.

Sec. 155. (1) When the administrator has cause to believe that a person engaged in an act or practice constituting a violation of this act or a rule promulgated or order issued under this act, the administrator may issue a notice to show cause why a cease and desist order should not be issued.

(2) After 10 days' notice and opportunity for hearing the administrator may stop construction as to part or all of a condominium project when the continuous building would cause irreparable harm to co-owners of the condominium project.

(3) If the administrator knows or has cause to believe that funds of individual co-owners or the association of co-owners were misapplied, converted by the developer, or that the developer understated maintenance or other fees for the purpose of enticing purchasers, or otherwise failed to meet financial obligations to the project, the administrator may require an appropriate escrow of funds from sales of condominium units pending resolution of the matter provided, however, that the escrow requirement under this section shall not impair any contractual rights of any first mortgagee to repayment of its loan from the proceeds of the sale of condominium units.

Sec. 156. A person may not represent that the fact that an application under this act is filed or a permit is granted constitutes a finding by the administrator that a document filed under this act is true, complete, or not misleading. A person may not represent that the administrator passed upon the merits or qualifications of, or recommended or gave approval to, a person, developer, transaction, or condominium project."

This handbook is published as a general guide for people who are considering buying a condominium. It is not intended as a substitute for the Michigan Condominium Act (1978 P.A. 59), or for the rules of the Corporation and Securities Bureau that pertain to condominiums, or for the specific condominium documents of any development.