

DISCLOSURE STATEMENT

for

BAKER'S ACRES

A condominium project located in Maple River Township, Emmet County, Michigan.

Developer: Sidney O. Baker and Beverly J. Baker
2169 Miller Road
Alanson, MI 49706

Effective Date: May 8, 2006

THIS DISCLOSURE STATEMENT IS NOT REQUIRED TO HAVE BEEN, AND HAS NOT BEEN, FILED WITH THE CORPORATION AND SECURITIES BUREAU OF THE MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH, 6546 MERCANTILE WAY, LANSING, MICHIGAN, 48913, NOR HAS THE DEPARTMENT UNDERTAKEN TO PASS ON THE VALUE OR MERITS OF THE PROJECT OR TO MAKE ANY RECOMMENDATIONS OR COMMENTS ON THE PROJECT.

THIS DISCLOSURE STATEMENT IS NOT A SUBSTITUTE FOR THE MASTER DEED OR OTHER LEGAL DOCUMENTS. ALL BUYERS SHOULD READ ALL DOCUMENTS TO FULLY ACQUAINT THEMSELVES WITH THE PROJECT AND WITH THEIR RIGHTS AND RESPONSIBILITIES AS OWNERS.

IT IS RECOMMENDED THAT PROFESSIONAL ASSISTANCE BE SOUGHT PRIOR TO PURCHASING A CONDOMINIUM UNIT.

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INTRODUCTION and PURPOSE

Condominium development in Michigan is governed by Act 59 of the Michigan Public Acts of 1978, as amended (the "Condominium Act"). Under the Condominium Act, the developer of a condominium project must disclose to purchasers of units in the condominium project certain characteristics of that condominium project. This Disclosure Statement (and each of the other documents that are required to create and to operate this particular condominium project) has been prepared to satisfy this particular obligation. It is an attempt to summarize some of the important aspects of the Project and to provide some general information.

This Disclosure Statement is not a substitute for a thorough review of the Master Deed of Baker's Acres Condominium and of all of the other documents pertaining to the creation, operation or acquisition of a Unit, or of an interest in a Unit, in Baker's Acres. Each purchaser must carefully review all of these other documents. Any purchaser having any questions regarding this Disclosure Statement or any of these other documents or this particular condominium project should consult a lawyer.

THE CONDOMINIUM CONCEPT

The condominium is a form and method of subdividing, describing and owning real property. A condominium unit has the same legal attributes as any other form of real property under Michigan law and may be sold, mortgaged or leased subject only to such restrictions as are contained in the condominium documents and as otherwise may be applicable to the property.

Each Co-owner receives a deed to his or her individual condominium Unit. Besides owning their own individual Unit, each Co-owner will share an undivided interest in all of the Common Elements of the Condominium Project. This undivided interest in the Common Elements, and a Co-owner's voting percentage at Association meetings, is based upon the Percentage of Value set forth for each Unit in the Master Deed.

Baker's Acres (also referred to simply as the "Project") is different from many condominium projects in that the condominium Units in this Project consist only of the unimproved land, or building sites, indicated as a two-dimensional rectangle on the Condominium Subdivision Plan (Exhibit "B" to the Master Deed). This type of unit is called a site unit. In the more traditional form of condominium project, the units consist of air space enclosed within buildings, and the common elements include the exterior structural components of the buildings. With a site unit, however, each owner holds an absolute and undivided title to his or her Unit and to any dwelling and other improvements located thereon. A site unit is comparable to a lot in a platted subdivision.

All portions of the project not included within the Units are Common Elements. Limited Common Elements are those Common Elements that are set aside for use by less than all Co-owners. General Common Elements are for use by all Co-owners.

A condominium is administered generally by a non-profit corporation of which all the Co-owners are members (the "Owners' Association"). The nature and duties of such an Association are further described later in this Disclosure.

More information about the condominium concept in Michigan can be found in The Condominium Buyers Handbook that is included in the Purchaser Information Booklet.

DESCRIPTION OF THIS PROJECT

A. Size and Scope. Baker's Acres is a residential site Condominium located West off of Miller Road in Littlefield Township, Emmet County, Michigan. The Project consists of 19 Site Units upon which single family, detached residences will be built by each Co-owner. The Condominium Documents establish Baker's Acres Owners' Association (the "Association") as an owners' association to administer and maintain the Project.

B. Expansion. The Developer has not reserved any right to expand the Project.

C. Utilities. Baker's Acres will be served by electric service and telephone service. Electrical service is furnished by Great Lakes Energy. Telephone service is furnished by SBC. These utilities are billed directly to each Co-owner. Each Co-owner will also enter into a contract with a supplier of LP gas and an individual tank will be placed on each Unit. Each Unit will be served by an individual water well constructed by each Co-owner. Sanitary sewer service will be provided by an individual septic system constructed by each Co-owner.

D. Access Roads. Access within the Project is provided through private roads, which are General Common Elements of the Project and are maintained by the Association. These private roads connect directly to Miller Road, which is a public road maintained by the Emmet County Road Commission. The Developer has reserved the right to dedicate the roads within the Project to the County Road Commission, but has not made any final decision in this regard.

E. Recreational Facilities. There are no recreational facilities or amenities within the Project.

F. Warranties. Developer disclaims any and all warranties, express or implied, including implied warranties of merchantability and fitness for a particular purpose in connection with the construction of the Units and the Common Elements and with respect to personal property in the accommodations or facilities. Owner assumes all risks and liabilities in connection with the use of the aforementioned property. Developer makes no warranties, express or implied, concerning the Unit, personal property, or Common Elements, except as specifically provided by the Act.

G. Escrow Arrangement. Section 84 of the Condominium Act requires that any funds received under a reservation or purchase agreement shall be deposited into an escrow account with an escrow agent. The Developer has entered into an arrangement to have Bayview Title Agency of Petoskey act as the escrow agent.

After the nine business day withdrawal period has expired, the escrow agent shall hold the funds deposited until closing. After the conveyance of title to the purchaser, the escrow agent may have to retain the escrowed funds or other adequate security to insure the completion of those improvements and amenities labeled as "must be built." Section 103b(5) of the Condominium Act and the arrangement with the escrow agent provide that, in place of retaining funds in escrow, the Developer may furnish the escrow agent with evidence of other, adequate security, including a letter of credit or a personal guarantee.

CONDOMINIUM DOCUMENTS

A. Master Deed. Baker's Acres was established as a condominium project pursuant to the Master Deed recorded in the Emmet County Records and contained in the Purchaser Information Booklet. The Master Deed includes the Bylaws as Exhibit "A" and the Condominium Subdivision Plan as Exhibit "B."

The Master Deed contains the definitions of certain terms used in the condominium documents, the percentage of value assigned to each unit in the condominium project, a general description of the Units and Common Elements included in the project and a statement regarding the relative responsibilities for maintaining the common elements. The entire Master Deed should be read carefully.

B. Bylaws. The Bylaws (Exhibit "A") contain provisions relating to the operation, management and fiscal affairs of the Condominium and, in particular, set forth the provisions relating to assessments of Association members for the costs of operating the Project. Article 6 of the By-laws set forth numerous restrictions on a Co-owner's use of his or her Unit and the Common Elements. A brief summary of these restrictions is as follows:

1. Use. The Units may only be used for lawful residential purposes.
2. Leasing. A Co-owner may lease out his or her Unit. The lessees will be subject to all of the rules and restrictions set forth in the Condominium Documents.
3. Architectural Control. In order to insure a beautiful and harmonious residential development, the plans for any dwelling or other improvements constructed on a Unit must be approved by the Developer. Various building restrictions apply.
4. Alterations. No alterations can be made to any Unit or Common Element without the approval of the Developer, or, after the expiration of the Development and Sales Period, the Architectural Control Committee.
5. Activities. No unlawful or offensive activity may be carried on in any Unit or on the Common Elements.
6. Pets. Pets are allowed, subject to restrictions.
7. Aesthetics. No activity shall be carried on nor, any condition maintained which is detrimental to the appearance of the Condominium Project.
8. Rules and Regulations. The Board of Directors may make reasonable rules and regulations.
9. Utilities. All utility lines must be maintained underground.
10. Co-owner Maintenance. A Co-owner must maintain his Unit and the improvements thereon in a safe, clean and sanitary condition. Also, a Co-owner is responsible for any damage to the Common Elements resulting from negligent damage or misuse by the Co-owner, his or her family, invitees and lessees.
11. Vehicles. Except for personal automobiles, the parking or storage of trailers, boats and commercial vehicles is restricted or prohibited.

C. Condominium Subdivision Plan. The Condominium Subdivision Plan (Exhibit "B") is a survey depicting the physical location and boundaries of each of the Units and the Common Elements in the Project.

ORGANIZATION AND CONTROL

A. The Developer. The Developer of the Project is Sidney O. Baker and Beverly J. Baker, husband and wife, who reside at 2169 Miller Road, Alanson, Michigan, 49706. The Developer does not have any prior experience in real estate development or condominium projects.

The Developer has contracted with RE/MAX of Petoskey to act as the real estate broker on the sale of Units in this Project. Don Wright will be the primary agent involved with marketing and sales. RE/MAX of Petoskey, which maintains its principal offices at 420 Howard Street, Petoskey, Michigan, has had substantial experience in the sale of real estate projects in Northern Michigan.

The Developer is not involved in any legal proceedings which would reasonable affect a prospective purchaser's decision to purchase a Unit in this Project.

B. The Association. Baker's Acres Owners' Association was established by the Developer as a Michigan non-profit corporation on May XXX, 2006. The purpose of the Association is, through its Officers and Directors, to manage, maintain, operate and administer the Condominium Project. Initially, the Association's Board of Directors and the operation and maintenance of the Project are controlled by the Developer. As stated in the Condominium By-laws, as Units are sold, the control of the Board of Directors and the Association shifts to the Co-owners, as follows.

Within one year after the first Unit is conveyed, or within 120 days after 1/3 of the Units are conveyed, the Developer will establish an Advisory Committee consisting of at least three non-Developer Co-owners. The purpose of the Advisory Committee will be to facilitate communications between the Developer and the Co-owners and to aid in the transition of control of the Association.

Not later than 120 days after 25% of the Units are conveyed, one out of the three Directors shall be selected by the non-Developer Co-owners. Not later than 120 days after 75% of the Units are conveyed, at least two out of the three Directors shall be selected by the non-Developer Co-owners. As long as the Developer owns at least 10% of the Units, the Developer has a right to appoint one of the three Directors. The First Annual Meeting of members of the Association must be called within 120 days after 75% of the Units have been conveyed to non-Developer Co-owners.

PROPOSED BUDGET AND ASSESSMENTS

A. Assessments. The expenses for the operation and maintenance of the Condominium Project as a whole are called "Condominium Common Expenses" and are paid for by all the Units through assessments. There are two types of assessments for Common Expenses, Operating Assessments and Special Assessments. The Operating Assessment (or "dues") is intended to cover the on-going cost of operation and maintenance of the Project reflected in the annual budget and is due in installments (monthly, quarterly or annually at the discretion of the Board of Directors). Special Assessments are only approved by the Association and billed as they become necessary.

B. Proposed Annual Budget. The Condominium By-laws require that the Board of Directors of the Association establish an annual budget of the projected expenses of the operation and maintenance of the Project. The projected budget based on all 19 Units is as follows:

	Entire Project <u>per year</u>	Each Unit <u>per year</u>
Snow removal	\$ 3,000.00	\$ 157.89
Bookkeeping and administrative	\$ 800.00	\$ 42.11
Road maintenance	\$ 1,000.00	\$ 52.63
Miscellaneous	\$ 200.00	\$ 10.53
Insurance	\$ 1,000.00	\$ 52.63
Reserves required (10%)	<u>\$ 600.00</u>	<u>\$ 31.58</u>
Total:	\$ 6,600.00	\$ 347.37

Based upon this projected budget, the initial Operating Assessment for Condominium Common Expenses will be \$347.37 per year per Unit. This amount does not include real estate taxes, utilities or homeowner's insurance coverage. This budget is merely a projection. The Developer has tried to take into account all contingencies, but the budget will have to be adjusted to reflect the Association's experience in actually maintaining the project.

The above Condominium Common Expenses are shared by all of the Co-owners based upon their relative Percentages of Value. The Percentage of Value for each of the initial 19 Units is 5.2632%. The Developer pays its share of actual operating expenses, but does not pay into the reserve.

C. Co-owner Liability. Section 58 of the Michigan Condominium Act provides:

If the holder of a first mortgage or other purchaser of a Unit obtains title to that Unit by foreclosing that mortgage, the holder of the first mortgage or other purchaser is not liable for the unpaid assessments charged against that Unit prior to foreclosure. These unpaid assessments are common expenses which are collectable from all Unit owners, including the owner who has obtained title to the Unit through foreclosure.

EXHIBIT "A"
BAKER'S ACRES
CONDOMINIUM BYLAWS

The administration of the Condominium shall be governed by the following Bylaws:

ARTICLE 1
ASSOCIATION OF OWNERS

The Condominium shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. Each Co-owner shall be a member in the Association. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledge or transferred in any manner except as an appurtenance to his Unit. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions of these Bylaws.

ARTICLE 2
ASSESSMENTS

All expenses arising from the management, administration and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Condominium Documents and the Act shall be levied by the Association against the Units and the Co-owners thereof in accordance with the following provisions:

Section 1. Expenses of Administration. Expenditures affecting the administration of the Project shall include costs incurred in the satisfaction of any liability arising within, caused by, or connected with, the Common Elements or the administration of the Condominium Project. Receipts affecting the administration of the Condominium Project shall include all sums received as the proceeds of, or pursuant to, a policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(A) Budget and Annual Assessment. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular installment payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a non-cumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular Project, the Association of Co-owners 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 from time to time. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner, and the regular, annual assessment for said year shall be established

based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner of any existing or future assessments.

Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors, that (1) the annual assessment is insufficient to pay the costs of operation and management of the Condominium, (2) the replacement of existing Common Elements is necessary, (3) additions to the Common Elements are necessary (not to exceed \$5,000 per year for the entire Condominium Project), or (4) there is an emergency, the Board of Directors shall have the authority to increase the regular, annual assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article 5, Section 3, hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association.

(B) Special Assessments. Special assessments, in addition to those required in Section 2 (A) above, may be proposed by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$5,000 per year for the entire Condominium Project, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this Section 2 (B) shall not be levied without the prior approval of more than 60% of all Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and its members and shall not be enforceable by any creditors of the Association.

Section 3. Apportionment of Assessment and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners based upon the Percentages of Value set forth in Article 5, Section 2 of the Master Deed.

Annual assessments as determined in accordance with Article 2, Section 2(A) above shall be payable by the Co-owners in installments set at a frequency determined by the Board of Directors, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means.

The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association within 30 days of the date it is billed. A penalty equal to 1.5% of the amount in default per month shall be imposed on any amount in default and shall be added to the amount in default without further billing until paid in full. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while any such Co-owner is the owner thereof.

Sums assessed to a Co-owner by the Association of Co-owners which are unpaid shall constitute a lien upon the Unit or Units in the Project and shall be subject to foreclosure as provided by Section 108 of the Act. The lien upon each Condominium Unit owned by the Co-owner shall be in the amount assessed against Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Condominium Units no longer owned by the Co-owner but which became due while the Co-owner had title to the Condominium Units. The lien may be foreclosed by an action or by advertisement by the Association in the name of the Condominium Project on behalf

of the other Co-owners.

Payments on account of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney fees; second, to any interest charges and fines; and third, to installments in default in order of their due dates. A Co-owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve account or other asset of the Association.

Section 4. Waiver of Use or Abandonment of Unit. No Co-owner 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.

Section 5. Enforcement.

(A) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner 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. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon 7 days written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress and egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may also assess fines for late payment or nonpayment of assessments in accordance with the provisions of Article 20 of these Bylaws. All of these remedies shall be cumulative and not alternative.

(B) **Foreclosure Proceedings.** Each Co-owner and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. 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 parties to such actions. Further, each Co-owner and every other person who from time to time has any interest in the project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph 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.

(C) **Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that one or more installments of the annual assessment levied against the pertinent Unit is or are

delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory or other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), and (v) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10 day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law.

(D) Expense of Collection. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorney's fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default and shall be secured by the lien on his Unit.

Section 6. Liability of Mortgages. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata re-allocation of such assessments or charges to all Units including the mortgaged Unit).

Section 7. Developer's Responsibility for Assessments. The Developer of the Condominium, even though a member of the Association, shall not be responsible for the payment of an assessment. The Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the dwellings and other improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by Developer at the time the expense is incurred to the total number of Units then in the Condominium. In no event shall Developer be responsible for payment of any assessment for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to Site Units owned by it on which a completed residential dwelling is located. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs. A "completed residential dwelling" shall mean a dwelling with respect to which a certificate of occupancy has been issued.

Section 8. Property Taxes and Special Assessments. All property taxes and special assessments levied by a public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 9. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of 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 10. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association 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 the 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 5 days prior to the closing of the purchase of such Unit shall render any unpaid assessments and the liens securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and shall be paid out of the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

ARTICLE 3 ARBITRATION

Section 1. Scope and Election. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputed claims or grievances arising among or between the Co-owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no questions affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Co-owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. Such election and written consent by Co-owners 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.

ARTICLE 4 INSURANCE

Section 1. Responsibilities of Association. The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the General Common Elements in an amount equal to the maximum insurable replacement value as determined annually by the Board of Directors. All such insurance shall be purchased by the Association for the benefit of the Association, the Co-owners and their mortgagees as their interest may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees.

Section 2. Responsibilities Co-owners. It shall be each Co-owner's responsibility to obtain insurance coverage for his personal property and any and all improvements located within his Unit or within any Limited Common Area appurtenant to or assigned to his Unit and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to or assigned to his Unit. The Association shall have absolutely no responsibility for obtaining such coverage. The Association and all Co-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association. If any Co-owner is unable to obtain such waiver of subrogation provision in its insurance policy, then such Co-owner shall indemnify, defend and hold the Association harmless from any claim made by an insurer of such Co-owner against the Association. Such insurance policies shall list the Association as an insured party. The Association may, in its discretion, require that each Co-owner obtain insurance covering liability damage to persons or property of others located within such Co-owner's Unit, or in another Unit in the Condominium Project, or upon the Common Elements resulting from the negligence of the insured Co-owner in such amounts as shall from time to time be determined by the Association, and showing the Association as an insured party.

Section 3. Responsibility for Premiums. The premiums for the insurance purchased by the Association pursuant to Section 1 above shall be apportioned among the various Co-owners as an expense of administration. The premiums for each Co-owner's insurance shall be the sole responsibility of that Co-owner. Any deductible which becomes due from the Association shall be an expense of administration.

Section 4. Proceeds of Insurance Policies. 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 and the Co-owners and their mortgagees, as their interest may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the project have given their prior written approval.

Section 5. Authority of Association. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance, and worker's compensation insurance, if applicable, pertinent to the Condominium Project, his Unit and the Common Elements appurtenant thereto with such insurer as may, from time to time, provide such insurance for the Condominium Project. 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 therefore, to collect proceeds and to distribute the same to the Association, to Co-owners and respective mortgagees, as their interest may appear (subject always to the Master Deed and these Bylaws), to execute releases of liability and to do all things on behalf of such Co-owner and the Condominium as shall be necessary to the accomplishment of the foregoing.

ARTICLE 6 RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium

Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(A) General Common Elements. If the damaged property is a Common Element, the damaged property shall be rebuilt or repaired by the Association unless all of the Co-owners and all of the institutional holders of mortgages on any Unit in the project unanimously agree to the contrary.

(B) Unit or Improvements Thereon. If the damaged property is a Unit or any improvements thereon, the Co-owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person or entity having an interest in such property and such Co-owners shall in any event remove all debris and restore his Unit and the improvements thereon to a clean and sightly condition satisfactory to the Association and in accordance with the provisions of Article 6 hereof as soon as reasonably possible following the occurrence of the damage.

Section 2. Repair in Accordance with Master Deed. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for any damaged improvements located within the Unit unless the Co-owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repair. Immediately after the occurrence of a casualty 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 place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost 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 cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 4. Timely Reconstruction and Repair. If damage to the Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay.

Section 5. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(A) Taking of Unit or Improvements Thereon. In the event of any taking of all or any portion of a Unit or any improvements thereon by eminent domain, 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 mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium Project.

(B) Taking of Common Elements. If there is any taking of any portion of the Common Elements, the condemnation proceeds relative to such taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% of the Co-owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate.

(C) Continuation of Condominium After Taking. In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article 5 of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the Percentages of Value of the Condominium to 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 a Co-owner.

(D) Notification of Mortgagees. In the event that any Unit in the Condominium, 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 institutional holder of a first mortgage lien on any Unit in the Condominium.

(E) Applicability of the Act. To the extent not inconsistent with the foregoing provisions, Section 133 of the Act shall upon any taking by eminent domain.

ARTICLE 6 RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Use. No Unit in the Condominium shall be used for other than residential purposes. Home occupations and home offices shall be allowed provided that they are approved as required by local zoning ordinances. The Common Elements shall be used only for purposes consistent with these uses. Neither the Units nor the Common Elements shall be used in violation of applicable zoning and other local ordinances or in violation of other pertinent laws and/or public regulations.

Section 2. Leasing and Rental.

(A) Right to Lease. A Co-owner may lease the dwelling on his or her Unit for the same purposes set forth in Section 1 of this Article 6, provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (B) below. No more than one unrelated tenant group may lease a Unit at one time and any lease shall be for a minimum time period of one month. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents.

(B) Leasing Procedure. A Co-owner, including the Developer, desiring to rent or lease a Unit shall disclose that fact in writing to the Association at least 10 days before presenting a lease form or otherwise agreeing to grant possession of a Unit to a potential lessee and at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If no lease form is to be used, then the Co-owner or Developer shall supply the Association with the name and address of the potential lessee, along with the rental amount and due dates under the proposed agreement. The leasing of Units in the Project shall also conform to the following provisions:

(i) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to a

potential lessees and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. Each time a Co-owner changes any term(s) of his lease form, the revised lease form must be re-submitted to the Association. Each Co-owner agrees to utilize any standard lease or sub-lease form(s) adopted by the Association. If Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-owner in writing.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements shall so state.

(3) If the Association determines that the tenant or non-owner occupants have failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(i) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.

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

(iii) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.

(4) 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, shall deduct the arrearage from rental payments due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the Tenant.

Section 8. Architectural Control. No dwelling, structure or other improvement shall be constructed on a Unit, nor shall any exterior modification be made to any existing dwelling, structure or improvement, unless plans and specifications therefore, containing such detail as required herein or as Developer may reasonably request, have first been approved in writing by the Developer. Construction of any dwelling or other improvements must also receive any necessary approvals from local and State governmental authorities. This requirement for prior approval is intended to include the erection of antennas of any sort (including satellite dishes), lights, aeriels, accessory buildings or any other such exterior attachments, improvements or modifications.

A Co-owner may submit his or her plans in two stages, starting with the review of the preliminary plan only prior to incurring the expense of the final, working plans and specifications. Preliminary plans must include the location of the building on the Unit. After the submission and

approval of the preliminary plan, the Co-owner shall then submit the final, working plans and specifications for review. Final plans must include a landscaping plan.

Once the Developer has been provided with the required plans and specifications, a response to the Co-owner shall be due within 30 days. If the reviewing body does not respond to the Co-owner within the 30 day time period, the plans and specifications shall be deemed approved as submitted. Any changes to an approved plan must be approved in advance by the Developer.

The minimum square footage of a dwelling constructed within a Unit shall be:

- a. For one-story dwellings, not less than 1,200 square feet; and
- b. For two-story dwellings (including bi-levels, tri-levels and other split levels), not less than 1,600 total square feet and not less than 1,000 square feet on the ground (or principal) level.

All computations of square footage for the minimums and maximums set forth above shall only include living area and shall specifically exclude garages, porches, terraces, breezeways, crawl spaces and basements, whether or not any of the foregoing excluded areas are enclosed or heated.

The exterior design, construction materials and colors of all dwellings and accessory structures must be compatible with the existing dwellings and harmonious with the residential/resort character of the area. The exterior color of a residence (and any garage or accessory building) must be white or earth-tone in color so as to match the natural surroundings. No design, material or exterior color which would not be compatible or harmonious shall be allowed.

All homes must be built by a licensed builder that maintains adequate liability and workers compensation insurance coverage. Dwellings that are stick-built on site are allowed. Modular or unitized homes are allowed provided that they meet all existing Michigan Building Codes (former known as BOCA codes) as adopted by Emmet County and provided that the design and appearance is approved in advance by the Developer. The Developer can, at the Developer's sole discretion, require that porches, dormers, gables, or such other breaks in the expanse of wall or roof be added to modular, unitized or pre-fabricated homes before they can be approved. Mobile homes, manufactured and HUD homes of any type shall not be allowed. During construction the signage on a Unit shall be limited to one builder sign not greater than 2' x 3' in size. All roofs shall have a 7/12 pitch or greater slope, and any gable or dormer attached thereto shall have at least 2 pitch greater slope, except that the Developer may, in its discretion, allow lesser slopes on a case by case basis. A garage is not required, but if a Unit does not have a garage, it shall have a storage shed to insure that the Co-owner of the Unit has a place to store equipment and other personal belongings.

LP tanks shall be buried or screened from view by shrubbery or other natural means. Satellite dishes are allowed provided that they do not exceed 18" diameter in size and provided that they are attached to the roof of the dwelling or, if screened from view from the street or from any other Unit, the side of the dwelling. Front yards may not be fenced. Rear and side yards may be fenced provided that the type and appearance of the fencing material is approved by the Developer. Chain-link fences shall only be allowed if coated in a dark, earth tone color. Dog runs that do not exceed 50 square feet in size are allowed.

All exterior construction must be completed within 18 months of commencement, except that certain finish items that require warmer weather for completion may be completed within a reasonable time. A Co-owner may not take occupancy of a house until a certificate of occupancy has been issued and a copy delivered to the Developer. For the purposes of this paragraph, "completion" shall be defined as the issuance of a certificate of occupancy.

The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development. Developer shall have the right to refuse to approve any such plans or specifications or grading or landscaping 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 and the degree of harmony thereof with the Condominium as a whole.

Developer's rights under this Article 6, Section 3 may, in Developer's discretion, be assigned to the Association or other successor to the Developer. Developer's rights under this Article 6, Section 3 shall automatically be assigned to the Association upon the expiration of the Development and Sales Period. Developer may construct any improvements upon the Condominium premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents.

Section 4. Alterations. No Co-owner shall make alterations, modifications or changes on his or her Unit without the express written approval of the Developer or, after the Development and Sales Period, the Architectural Control Committee.

Section 5. Activities. No unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time, and the disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. 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 rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved.

Section 6. Pets. A Co-owner may maintain household pets, provided that the Co-owner abides by the following restrictions. No animal may be kept or bred for any commercial purpose, and each animal shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal that is potentially dangerous to humans or that is known to be damaging to personal property may be permitted to run loose at any time. All animals shall at all times be leashed and attended by some responsible person while on the General Common Elements. If asked by another Co-owner or by the Association, a Co-owner shall keep its pet off of another Co-owner's Unit or any General Common Area.

No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission

therefore. A Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. A Co-owner shall be responsible for any damage done by a pet brought on to the premises by a lessee of that Co-owner. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article 2 of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association. In addition the Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association.

Section 7. Aesthetics. The Common Elements shall not be used for storage of supplies, materials, personal property, trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. No unsightly condition shall be maintained on any Unit or Common Area, and no furniture or equipment shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall be maintained in areas designated therefore. "For Sale" and contractor signs shall be limited to one sign not exceeding 2' x 3' in size per Unit. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in their Unit or upon any Common Element, which is detrimental to the appearance of the Condominium.

Section 8. Rules and Regulations. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws 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 first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners.

Section 9. Utilities. All utility lines serving a single Unit, including electric and telephone, must be placed and maintained underground.

Section 10. Co-owner Maintenance. Each Co-owner shall maintain his Unit and the improvements thereon in a safe, clean and sanitary condition. Prior to a Co-owner building a dwelling on their Unit, the Co-owner shall keep any grassy areas or fields mowed, shall control any weeds and shall clean up any unsightly conditions. 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 2 hereof.

Section 11. Vehicles. A single recreational vehicle such as a motor home or trailered boat may be parked within a Unit during its season of intended use for a period not to exceed sixty days, provided that it is screened from view from the street or from another Unit. Otherwise, recreational vehicles may not be stored during the off-season of their intended use, and recreational vehicles may not be occupied or lived in while parked within a Unit. Commercial vehicles (except a pick-up truck or van that an occupant of the Unit uses for personal use) may not be parked or stored upon the Condominium Premises unless while making deliveries or pickups in the normal course of business. Inoperable vehicles of any type may not be stored upon the Condominium Premises unless inside of a garage. The operation of off-road vehicles and four wheelers is prohibited within the Condominium. The operation of snowmobiles on the General Common Element roadways of the Condominium is allowed, but the Board of Directors may promulgate reasonable rules and regulations limiting said operation of snowmobiles.

ARTICLE 7 MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

Section 2. Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the General Common Elements against fire, perils covered by extended coverage, vandalism, etc. and the amounts of such coverage.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first 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 4. Attendance at Meetings. Mortgagees are not required to appear at any meeting of Co-owners, except that their approval shall be solicited through written ballots when mortgagees are entitled to vote on an issue as provided for in the Master Deed. Any mortgagee ballots not returned within 90 days of mailing shall be counted as approval for the change.

ARTICLE 8 VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one equal vote for each existing Unit owned. For the purposes of this Article the percentages required shall be based upon the number of Units that may be created.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article 11, Section 2 of these Bylaws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article 9. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article 8 below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the

Association until the First Annual Meeting of members. The Developer shall be entitled to a vote for each Unit it owns.

Section 3. Designation of Voting Representative. Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communication from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number(s) of the Condominium Unit(s) owned by the Co-owner, and the name and address of each person, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 40% of the total value of the project shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person 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 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50% of Co-owners entitled to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association.

ARTICLE 9 MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by Developer and may be called at any time after more than one-third of the Units in the Project have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-Developer Co-owners of three-quarters of all Units or 54 months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit in the Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least 10 days written notice thereof shall be given to each Co-owner.

Section 3. Annual Meeting. Annual meetings of members of the Association shall be held at such time and place as shall be determined by the Board of Directors; provided, however,

that the second annual meeting shall not be held sooner than eight months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article 11 of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meeting. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by 1/4 of the Co-owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article 8, Section 3 of these Bylaws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 6. Adjournment. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspectors of election (at annual meeting or special meeting held for such purpose); (g) election of Directors; (h) unfinished business; and (i) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 8. 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 shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall 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 shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specified a choice, the vote shall 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.

Section 9. Consent of Absentees. The transaction of any Association business at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in

person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes: Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE 10 ADVISORY COMMITTEE

An advisory committee of non-Developer Co-owners shall be established either 120 days after conveyance of legal or equitable title to non-Developer Co-owners of 1/3 of the Units that may be created, or 1 year after the initial conveyance of legal or equitable title to a non-Developer Co-owner of a Unit in the Project, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the Association. The advisory committee shall cease to exist when a majority of the Board of Directors is elected by the non-Developer Co-owners. The Developer may, at its discretion, remove at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE 11 BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall be comprised of three members all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation. For the purposes of this Article the percentages required shall be based upon the number of Units that may be created.

Section 2. Election of Directors.

(A) First Board of Directors. The first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-Developer Co-owners to the Board. Elections for non-Developer Co-owners Directors shall be held as provided below.

(B) Appointment of Non-Developer Co-owners to Board Prior to First Annual Meeting. Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of 25% of the Units, at least one of the three Directors, shall be elected by non-Developer Co-owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-Developer Co-owners and request that they hold a meeting and elect the required Directors. Upon certification by the Co-owners to the Developer of the Directors so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

(C) Election of Directors at and After First Annual Meeting.

(i) Not later than 120 days after conveyance of legal or equitable title to non-

Developer Co-owners of 75% of the Units, and before conveyance of 90% of the Units, the non-Developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least 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 that may be created.

(2) Notwithstanding the formula provided in subsection (1) above, 54 months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit in the Project, if title to not less than 75% of the Units that may be created has not been conveyed, the non-Developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer has the right to elect a 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. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1) above. Application of this subsection does not require a change in the size of the Board of Directors.

(3) At the First Annual Meeting two Directors shall be elected for a term of two years and one Director shall be elected for a term of one year. If the Developer is retaining two directorships, one shall have a two year term, and one shall have a one year term. If the Developer is retaining only one directorship, it shall be a two year term. At such meeting all nominees shall stand for election as a group, and each Unit shall have the right to vote for up to the number of directorships up for election. Voting rights are not cumulative, meaning a Co-owner may not place all of his votes for one nominee. The two persons receiving the highest number of votes shall be elected for a term of two years and the person receiving the next highest number of votes shall be elected for a term of one year. At each annual meeting held thereafter, Directors shall be elected depending upon the number of Directors whose terms expire after the First Annual Meeting, the term of office (except for one of the Directors elected at the First Annual Meeting) of each Director shall be two years. The Directors shall hold office until their successors have been elected and hold their first meeting.

(4) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article 9 Section 3 hereof.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Co-owners.

Section 4. Other Duties. The Board of Directors shall also have any other powers or duties specifically imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association.

Section 5. Management Agent. The Board of Director may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. Service or management contracts between the Association and the Developer or an affiliate of the Developer shall be

subject to the termination provisions of Section 55 of the Act.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-Developer Co-owners elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-Developer Co-owners and shall be filled in the manner specified in Section 2(B) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Co-owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 40% requirement set forth in Article 8, Section 4. Any Director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any Director selected by it at any time or from time to time in its sole discretion. Likewise, any Director selected by the non-Developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of Directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, telephone or telegraph, at least 10 days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days notice to each Director given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the

Directors present at a meeting at which a quorum present shall control, and the majority of those present may adjourn the meeting to a subsequent time upon 24 hours prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring with the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

Section 15. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be expenses of administration.

ARTICLE 12 OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary, and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two offices except that of President and Vice President may be held by one person.

(A) President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may, in his discretion, deem appropriate to assist in the conduct of the affairs of the Association.

(B) Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

(C) Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct, and he shall, in general, perform all duties incident to the office of the Secretary.

(D) Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have

been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. Duties. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE 13 FINANCE

Section 1. Records. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Condominium Documents for the Condominium project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project.

The Association shall keep detailed books of account showing all expenditures and receipts of administration and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. The books, records, and contracts concerning the administration and operation of the Condominium shall be available for examination by any of the Co-owners and their mortgagees at convenient times, and all books and records shall be audited or reviewed by independent accountants annually. Such audits need not be certified.

Section 2. Fiscal Year. The Fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

Section 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in such insured bank accounts, certificates of deposit or interest-bearing obligations of the United States Government as the Board deems appropriate.

ARTICLE 14 INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least 10 days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Co-owners thereof. The Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

ARTICLE 15 AMENDMENT

These Bylaws may be amended in the manner set forth in the Amendment Article of the Master Deed.

ARTICLE 16 REMEDIES FOR DEFAULT

Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by an Co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-owner be entitled to recover such attorney's fees.

Section 3. Removal and Abatement. 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 upon the Common Elements or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations in accordance with Article 17 of these Bylaws.

Section 5. Non-waiver of Right. The failure of the Association or of any Co-owner 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 Co-owner to enforce such right, provision, covenant or condition in the future.

Section 6. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants or conditions of the aforesaid 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 thus 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 7. Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an

notion against any other (to answer for information called or for damages or any combination thereof

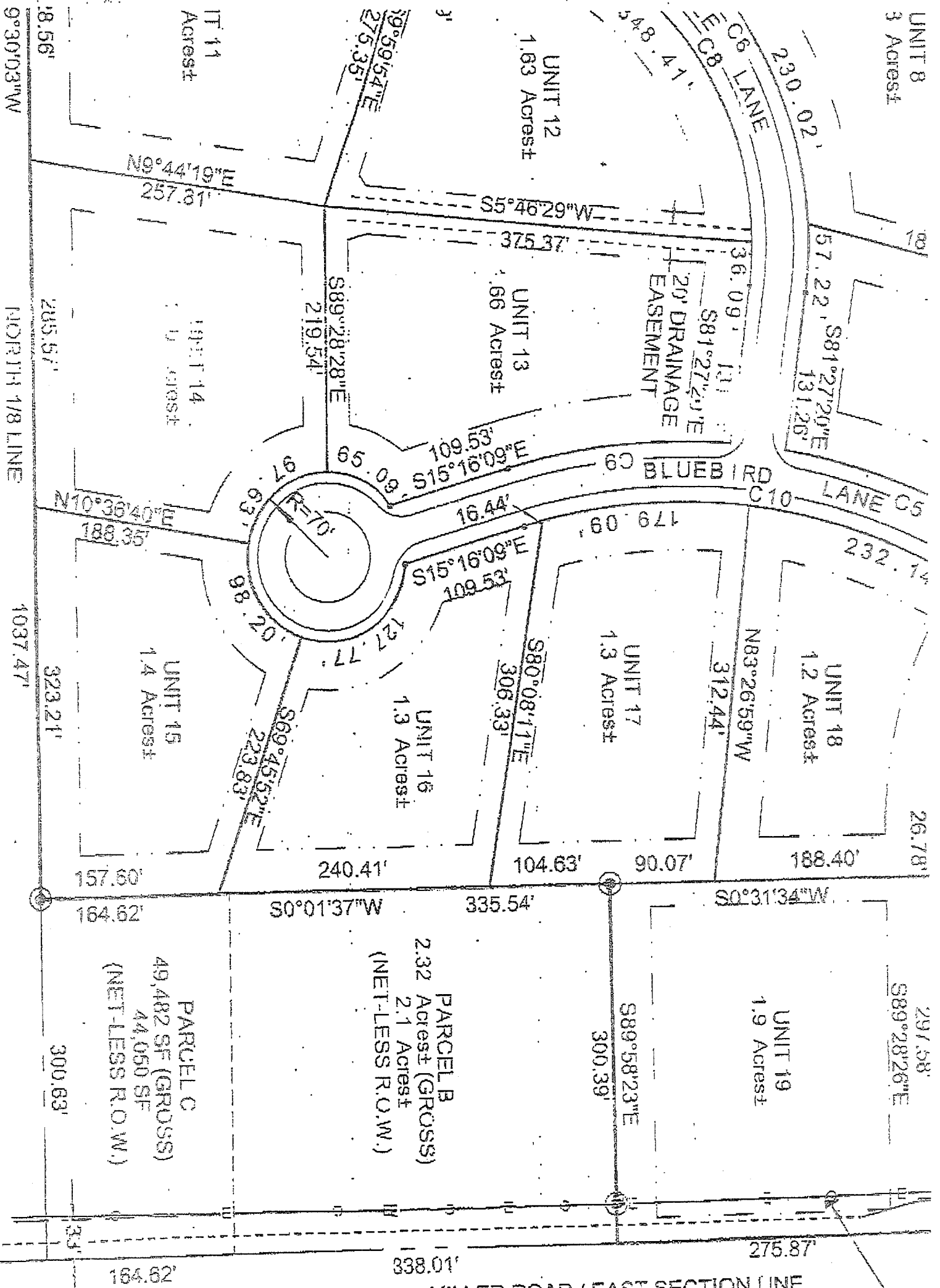
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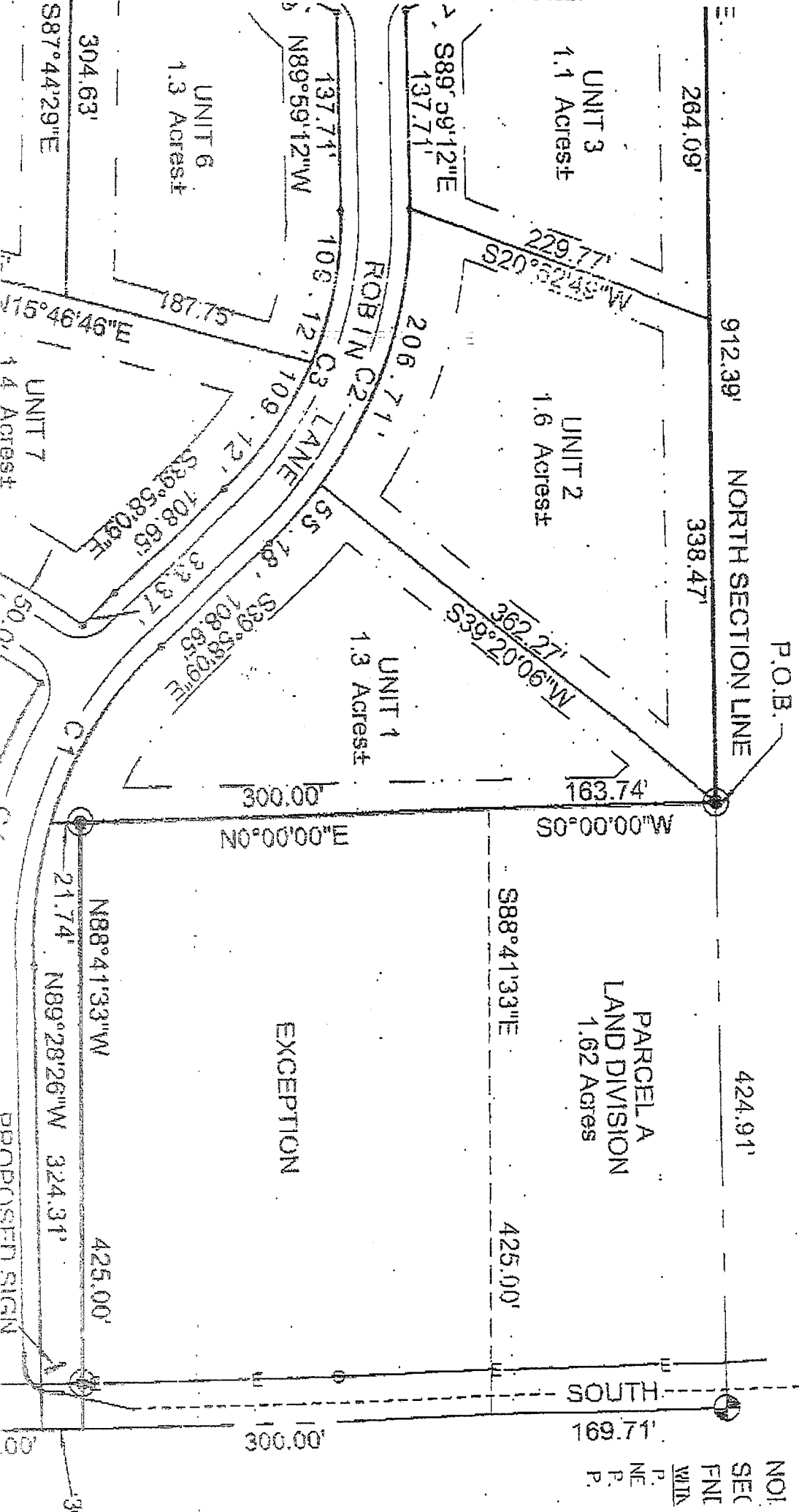
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3.	28,500
4.	28,900
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9.	24,900
10.	22,900
11.	23,900
12.	24,900
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17.	23,900
18.	24,900
19.	24,900

EXISTING WELL

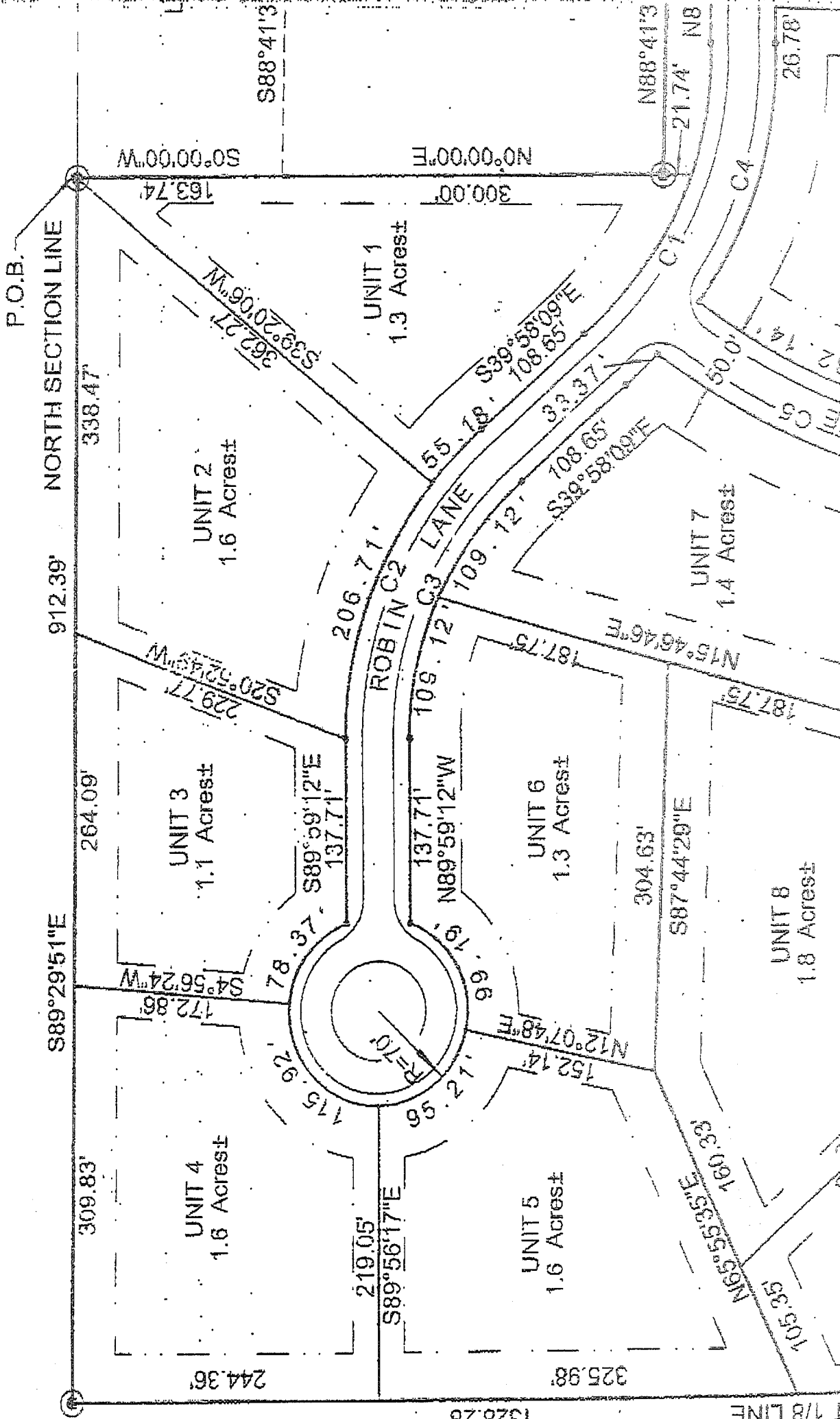


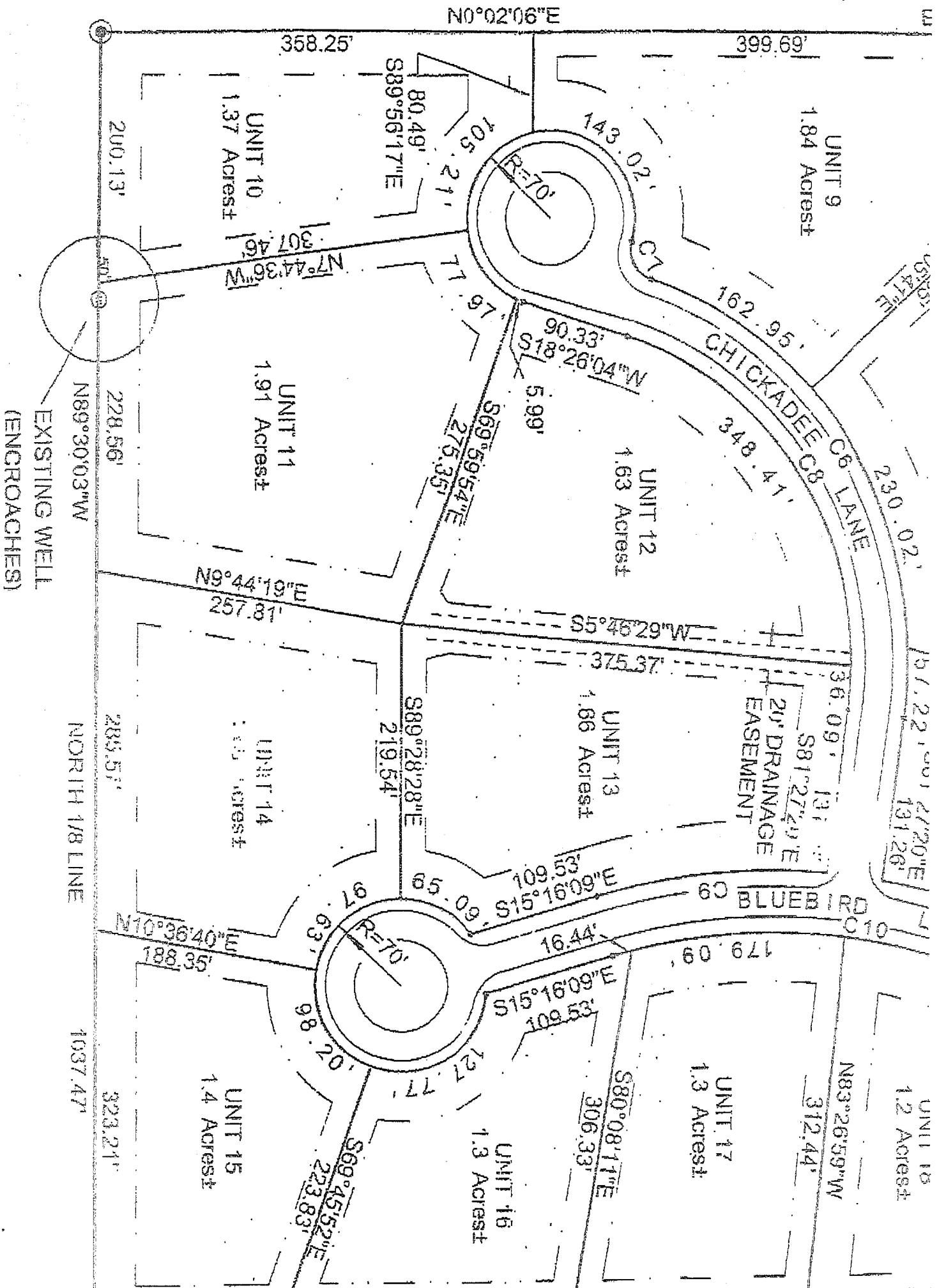
UNPLATTED (ZONE FF--1)



NOI SEC FINE WITH P. NE P. P.

UNPLATTED (ZONE FF--1)





N0°02'06"E

358.25'

399.69'

200.13'

UNIT 10
1.37 Acres

80.49'
S89°56'17"E

105.21'

143.02'

UNIT 9
1.84 Acres

N7°44'36"W
307.46'

162.95'

CHICKADEE C8 LANE

UNIT 11
1.91 Acres

90.33'
S18°26'04"W

5.99'

UNIT 12
1.63 Acres

S69°59'54"E
275.35'

EXISTING WELL
(ENCROACHES)

N89°30'03"W
228.56'

N9°44'19"E
257.81'

S5°46'29"W

UNIT 13
1.66 Acres

20' DRAINAGE
EASEMENT

S89°28'28"E
219.54'

NORTH 1/8 LINE

285.51'

UNIT 14
1.45 Acres

109.53'
S15°16'09"E

BLUEBIRD C10

N10°36'40"E
188.35'

R=70

S15°16'09"E
109.53'

UNIT 17
1.3 Acres

N83°26'59"W
312.44'

UNIT 16
1.2 Acres

323.21'

UNIT 15
1.4 Acres

S69°45'52"E
223.83'

S80°08'11"E
306.33'

UNIT 16
1.3 Acres

1037.47'