

**RECEIPT OF DOCUMENTS**  
**CROOKED RIVER ESTATES CONDOMINIUM**

Dear Purchaser:

At this time we are furnishing you with a Purchaser Information Package which includes the following:

- A. Disclosure Statement
- B. Master Deed
- C. Condominium Bylaws (Exhibit "A")
- D. Condominium Subdivision Plan (Exhibit "B")
- E. Association Articles of Incorporation
- F. Specimen Copy of Owner's Title Policy Commitment
- G. Condominium Escrow Agreement
- H. Condominium Buyers Handbook

As provided in Section 84 of the Michigan Condominium Act, your Purchase Agreement does not become binding until nine business days from today. During that time, you should be sure to carefully read the accompanying documents which control the operation of the Project and are of extreme importance to you in understanding the nature of the interest which you are purchasing and your relationship with the Project, the other Co-owners and the Developer.

Please sign and return to us the additional copy of this Receipt to acknowledge that the documents listed above have been delivered to you.

Very truly yours,

A.T.T. & K Investments, L.L.C., the Developer

Acknowledgment of Receipt of Listed Documents:  
(If more than one Purchaser, all must sign)

\_\_\_\_\_

Unit No.: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

**PURCHASER INFORMATION PACKAGE**

**CROOKED RIVER ESTATES**

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**DISCLOSURE STATEMENT**  
for  
**CROOKED RIVER ESTATES CONDOMINIUM**

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

Developer:           A.T.T. & K Investments, L.L.C.  
                          a Michigan limited liability company  
                          421 Walnut  
                          Rochester, MI 48307

Effective Date:       August 14, 2002

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 CONSUMER SERVICES, 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 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 Crooked River Estates Condominium and of all of the other documents pertaining to the creation, operation or acquisition of a Unit in Crooked River Estates Condominium. 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 of this particular condominium project should consult a lawyer.

### THE CONDOMINIUM CONCEPT

A. General. 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 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.

All portions of the project not included within the units are Common Elements. Limited Common Elements, such as a driveway shared by two Units, are those Common Elements that are set aside for use by less than all Co-owners. General common elements, such as a road, are for use by all Co-owners. The Limited Common Yards are for use only by the adjoining Unit.

More information about the condominium concept in Michigan can be found in The Condominium Buyers Handbook that has been provided to you.

B. Site Units. Crooked River Estates Condominium (hereinafter referred to simply as "Crooked River Estates") is different from many condominium projects in that the 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.

#### DESCRIPTION OF THIS PROJECT

A. Size and Scope. Crooked River Estates is a residential Condominium Project consisting of 16 Units situated on 20 acres North off of Crooked River Road just West of Highway US 31 in Maple River Township. The Condominium Documents establish Crooked River Estates Owners' Association (the "Association") as an owners' association to administer and maintain the Project.

B. Utilities. Electrical service to the Project will be furnished by Consumers Energy. Telephone service will be provided by Century Telephone. LP gas will be available to each Unit by use of a tank 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.

C. Access. Each of the Units in the Project has access to Crooked River Road, which is a year round County road. All of the parcels in Crooked River Estates share in the maintenance and repair of Crooked River Circle, including snow removal.

D. Recreational Facilities. There are no recreational facilities or amenities within Crooked River Estates Condominium other than the General Common Element Park.

E. Warranties. The Developer is not providing any express warranties as to the sale of the Unit or any improvements, fixtures or equipment on or appurtenant to the Unit. The Units are being sold in their "as is" condition.

F. Escrow Arrangement. Section 84 of the Michigan 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 Company 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."

#### CONDOMINIUM DOCUMENTS

A. Master Deed. Crooked River Estates Condominium was established as a condominium project pursuant to the Master Deed recorded with the Emmet County Register of Deeds 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.

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 VI 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 for residential purposes. 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 development that is harmonious, any dwelling or other improvements constructed on a Unit must be approved by the Developer, or, after the expiration of the Development and Sales Period, the Association Architectural Control Committee. Various other 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 Association.
5. Activities. No unlawful or offensive activity may be carried on in any Unit or on the Common Elements.
6. Pets. Pets are allowed, but a Co-owner is responsible for any damage done to another Unit or to a Common Element by his or her pet.
7. Aesthetics. No activity shall be carried on, nor shall any condition be 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. Sanitary and Water Well Systems. Each Co-owner must obtain the necessary permits before putting in their own sanitary sewer (septic tank and drainfield) system and water well system. Certain other restrictions may apply. A copy of the Granger & Associates site plan dated may 13, 2002, showing the suggested drain field locations is attached.
10. Utilities. All utility lines must be underground.
11. Liens. A Co-owner may not allow nonconsensual liens on his Unit.
12. 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.
13. Vehicles. House Trailers, commercial vehicles and inoperable vehicles may not be stored on the Condominium Premises.

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 ATT & K Investments, L.L.C., a Michigan limited liability company. The principals of the Developer are Andrew T. Roush of Rochester, Michigan, and Thomas Roush of Indian River, Michigan. The Developer was set up solely for the purpose of developing this Project and has no prior development experience, although Andrew T. Roush developed the Littlefield Land Project in Littlefield Township. Brian Turbin is assisting the Developer as its local representative.

The Developer has contracted with Frisbey/GMAC Real Estate of Petoskey, Michigan, to assist in the marketing and sale of the Units. The Developer has not contracted with a maintenance contractor on behalf of the Association. The Developer is not involved in any legal proceedings which would reasonably affect a prospective purchaser's decision to purchase a Unit in this Project.

B. The Association. Crooked River Estates Owners' Association was established as a Michigan non-profit corporation on April 22, 2002. 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 of the Project are controlled by the Developer. As stated in the Bylaws, 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. There are two types of assessments, Operating Assessments and Special Assessments. The Operating Assessments (or "dues") are intended to cover the on-going cost of operation and maintenance of the Project reflected in the annual budget and is due in annual installments (or at the discretion of the Board of Directors). Special Assessments are only approved 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 initial, projected annual budget for the Project is as follows:

Snow removal	\$ 2,125.00
Other common area maintenance	\$ 750.00
Bookkeeping and billing	\$ 250.00
Insurance	\$ 500.00
Reserves required	\$ 375.00
Total:	\$ 4,000.00

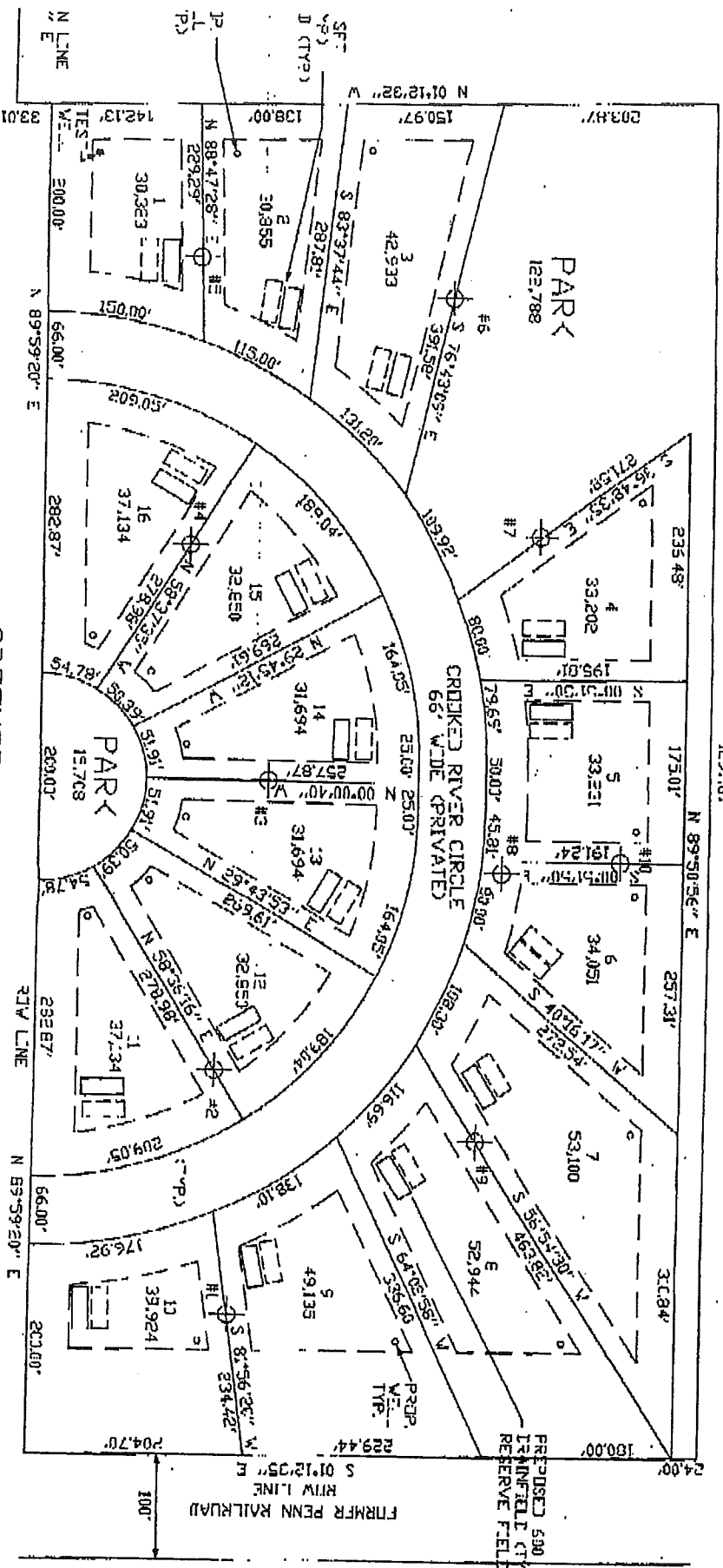
This budget is merely a projection. The Developer has tried to take into account all contingencies, but the budget will have to be adjusted as actual costs are experienced. Each Co-owner is responsible for the maintenance of their Unit and any dwelling built thereon and for the insurance on their own dwelling and contents. Electric, telephone and other utilities are paid for separately by each Co-owner.

The above common expenses are shared by all of the Co-owners based upon their Percentages of Value. The Percentages of Value are based upon the size, location and fair market value of the Units and upon their burden on the Common Elements and have been determined to be equal for all of the Units (6.25%).

Based upon the above, projected budget, the initial Operating Assessment or dues will be \$250.00 per year for each Unit. The dues will be collected one year in advance on July 1<sup>st</sup> of each year. When a person closes on the purchase of their Unit, they will pre-pay the regular assessment for up to two years (to the second June 30<sup>th</sup> following the date of closing). This pre-payment will create a working capital account for the Association and will insure the initial payment of dues. When a Co-owner sells their Unit, they will be reimbursed for the unused portion of these pre-paid dues.

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

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



CROOKED RIVER ROAD  
66' WIDE R.L.W.)

N 89°50'56" E  
1297.67'

W.

24.00'  
100'  
FTRMFR PENN RAILROAD  
RHW LINE  
S 01°12'35" E  
204.70'  
200.00'  
RESERVED 500 SQ FT  
L'NFIELD (TYP)  
RESERVE FIELD

STATE OF MICHIGAN  
EMMET COUNTY  
RECORDED

02 AUG 15 AM 10:57

*Alanna B. Lijew*  
REGISTER OF DEEDS

OFFICE OF  
Treasurer of Emmet County Petoskey, Mich *8-15 20 02*  
I hereby certify that I have examined the records in my  
office and it appears that the taxes on the within  
description have been paid for the past five years and that  
there are no tax liens or titles held by the state of any  
individual for the past five years, Prior to date of deed.  
*William May*  
Deputy County Treasurer

**MASTER DEED**  
**CROOKED RIVER ESTATES CONDOMINIUM**  
(Act 59 of 1978, as Amended)

This Master Deed is made and executed this 21st day of May, 2002, by A.T.T. & K Investments, L.L.C., a Michigan limited liability company, whose address is 421 Walnut, Rochester, Michigan, 48307 ("Developer") in pursuance to the provisions of the Condominium Act, being Act 59 of the Public Acts of 1978, as amended ("Act").

WHEREAS, Developer desires by recording this Master Deed, together with the Condominium Bylaws attached hereto marked Exhibit "A" and together with the Condominium Subdivision Plan attached hereto marked Exhibit "B" and made a part hereof, to establish the real property described in Article II below, together with improvements located and to be located thereon and the appurtenances thereto, as a condominium project under the provisions of the Act.

89+1

NOW, THEREFORE, Developer does, upon the recording of this Master Deed, establish Crooked River Estates Condominium as a condominium project under the Act and does declare that Crooked River Estates Condominium ("Condominium" or "Condominium Project") shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved or in any other manner utilized subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Master Deed and Exhibits "A" and "B", all of which shall be deemed to run with the land and shall be a burden and a benefit to Developer, its successors and assigns, and to any persons acquiring or owning an interest in the Condominium Project, their grantees, successors, heirs, executors and assigns. In furtherance of the establishment of said Condominium Project, it is provided as follows:

**ARTICLE I**  
**TITLE AND NATURE**

This Condominium Project shall be known as Crooked River Estates Condominium, Emmet County Condominium Subdivision Plan No. 258. The Project consists of 16 detached, residential site Units.

The site Units contained in the Condominium, including the number, location, boundaries, dimensions and area of each, are set forth completely in the Condominium Subdivision Plan attached hereto as Exhibit "B". The site Units are for residential purposes only. Each Unit is capable of individual utilization by reason of it adjoining a General Common Element private road that leads to Crooked River Road, which is a public road. Each Co-owner in the Project shall have a particular and exclusive property right to his Unit and the Limited Common Elements appurtenant thereto, and shall have an undivided and inseparable right to share with other Co-owners the General Common Elements of the Project as designated by this Master Deed.

**ARTICLE II  
LEGAL DESCRIPTION**

The real property on which the Project is situated and established by this Master Deed is particularly described as follows:

Part of the South ½ of the Northwest ¼ of Section 27, T36N, R4W, Maple River Township, Emmet County, Michigan; described as follows:

Commencing at the West ¼ corner of said Section 27; thence North 89°59'20" East, along the East-West ¼ line, 1217.04 feet; thence North 1°12'32" West 33.01 feet to the Northerly right-of-way line of Crooked River Road and the Point of Beginning; thence North 1°12'32" West 634.97 feet; thence North 89°50'56" East 1297.67 feet to the Westerly right-of-way line of the Penn Railroad; thence South 1°12'35" East, along said right-of-way line, 638.14 feet to the Northerly right-of-way line of Crooked River Road; thence South 89°59'20" West, along said right-of-way line, 1297.74 feet to the Point of Beginning; Containing 20 acres more or less.

**ARTICLE III  
DEFINITIONS**

Certain terms are utilized not only in this Master Deed and Exhibit "A" and "B" hereto, but are or may be used in various other instruments relating to this Project.

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

Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

Section 1. Act. The "Act" or "Condominium Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

Section 2. Association. "Association" means Crooked River Estates Owners' Association, which is the non-profit Corporation organized under Michigan law of which all Co-Owners shall be members, which Corporation shall administer, operate, manage and maintain the Condominium.

Section 3. Bylaws. "Bylaws" or "Condominium Bylaws" mean Exhibit "A" hereto, being the Bylaws setting forth the substantive rights and obligations of the Co-owners. The Condominium Bylaws shall also serve as the corporate bylaws of the Association.

Section 4. Common Elements. "Common Elements", where used without modification, means both the General and Limited Common Elements described in Article IV hereof.

Section 5. Condominium Documents. "Condominium Documents" wherever used means and includes this Master Deed and Exhibits "A" and "B" hereto and any other instrument referred to in the Master Deed or Bylaws which affects the rights and obligations of a Co-owner in the project.

Section 6. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements and structures thereon, and all easements, rights and

appurtenances belonging to the Condominium.

Section 7. Condominium Project. "Condominium Project", "Condominium" or "Project" means Crooked River Estates Condominium as an approved Condominium Project established in conformity with the provisions of the Act.

Section 8. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit "B" hereto.

Section 9. Co-owner or Owner. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which own one or more Units in the Condominium Project. The term "Owner", wherever used, shall be synonymous with the term "Co-owner".

Section 10. Developer. "Developer" means ATT & K Investments, L.L.C., which has made and executed this Master Deed, and its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, however and wherever such term is used in the Condominium Documents.

Section 11. Development and Sales Period. "Development and Sales Period", for the purposes of the Condominium Documents and the rights reserved to the Developer thereunder, means the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any Unit.

Section 12. Expenses of Administration. "Expenses of Administration" include all costs incurred in the operation and maintenance of the Condominium Project as further provided by the Condominium Documents.

Section 13. Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Section 14. Unit, Condominium Unit or Site Unit. "Unit", "Condominium Unit" or "Site Unit" each mean a single Unit in the Project, as the same may be described in Article V hereof and on Exhibit "B" hereto and shall have the same meaning as the term "Condominium Unit" as defined in the Act. As used in the Condominium Documents and in the Act, the term "Units that may be created" shall mean the maximum number of Units possible in the Condominium based on the maximum number of Units allowed by local zoning in all present and future phases of the Condominium Project. All structures or improvements now or hereafter located within the boundaries of a Unit shall be owned in their entirety by the Co-owner of the Unit within which they are located and shall not, unless otherwise expressly provided in the Condominium Documents, constitute Common Elements.

#### ARTICLE IV COMMON ELEMENTS

The Common Elements of the Project and the respective use and responsibilities for maintenance, decoration, repair or replacement thereof, are as follows:

Section 1. General Common Elements. The General Common Elements are:

(A) Land. The land described in Article II hereof, which are not (i) identified below as Limited

Common Elements or (ii) are not located within the boundaries of a Unit.

(B) Road. The 66 foot wide private road commonly known as Crooked River Circle and as indicated on Sheet 2 of Exhibit "B."

(C) Park. The Park located between Units 3 and 4 as indicated on Sheet 2 of Exhibit "B."

(D) Utilities. Any utilities within the Project (initially only including electrical and telephone transmission or distribution lines) subject to the rights of any public utility, municipality or provider, up to the point where such utility service is diverted from a main line to service a specific Unit.

(E) Miscellaneous. All other Common Elements of the Project not herein designated as Limited Common Elements or not enclosed within the boundaries of a Unit which are intended for common use or are necessary to the existence, upkeep or safety of the Project.

Section 2. Limited Common Elements. The Limited Common Elements are:

(A) Utilities. Any utilities within the Project (initially only including electrical transmission or distribution lines) subject to the rights of any public utility, municipality or provider, from the point where such utility service is diverted from a main line to service a specific Unit or Units, including any related meter or box.

(B) Yards. The Yards, including Front, Side and Rear Yards, which border each of the Units as indicated on Sheet 3 of Exhibit "B". Each Yard shall be deemed "for" and "appurtenant to" the Unit which it adjoins.

(C) Other. Any other Limited Common Elements which appear on Exhibit "B."

Section 3. Use. The use of the Common Elements shall be limited as follows:

(A) General Common Elements. Subject to the rights of the other Co-owners, each Co-owner may use the General Common Elements for the use intended as set forth in this Master Deed and its Exhibits. No Co-owner shall use his Unit or the General Common Elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other Co-owner.

(B) Limited Common Elements. The use of the Limited Common Elements appurtenant to a Unit shall be limited to the Co-owner of the respective Unit.

Section 4. Responsibility. The responsibility for the maintenance, decoration, repair and replacement of the Common Elements shall be as follows:

(A) General Common Elements. The Association shall be responsible for the maintenance, decoration, repair and replacement of the General Common Elements.

(B) Limited Common Elements. The maintenance, decoration, repair and replacement of the Limited Common Elements appurtenant to, or assigned to, a Unit, shall be the responsibility of the respective Co-owner of that Unit.

Each Co-owner shall be responsible for the installation and maintenance of the individual sanitary sewer system and water well serving their respective Unit.

The cost of repair of any damage caused to any of the Common Elements as a result of heavy equipment or trucks during the construction process shall be the responsibility of the Unit Co-owner doing the construction.

#### ARTICLE V

##### UNIT DESCRIPTION AND PERCENTAGE OF VALUE

Section 1. Description of Units. Each Unit in the Condominium Project is described with reference to the Condominium Subdivision Plan as surveyed by Granger and Associates, Inc. and attached hereto as Exhibit "B". Each Site Unit shall consist of the space contained within the Unit boundaries as shown in Exhibit "B" hereto and delineated with heavy outlines.

An undivided interest in the General Common Elements and, except as specifically provided for herein, in the Limited Common Elements, shall be and hereby is, allocated to each Condominium Unit, which interest shall be proportionate to the Percentage of Value assigned to that Unit in Article V, Section 2, below.

Section 2. Percentage of Value. The total value of the Project is 100 percent, and an equal Percentage of Value is allocated to each Condominium Unit. Therefore, the Percentage of Value of each Unit shall be 6.25%. This determination of Percentages of Value was made after reviewing the comparative size, market value, location and allocable expense of maintenance for each Unit in the Project and concluding that there are negligible differences among them when all such factors are taken into account.

If two Units are joined into one Unit as provided for under Section 48 of the Act and Section 6 (A) of Article VIII of this Master Deed, the Percentage of Value of the resulting double Unit shall be equal to 1.50 times the relative Percentage of Value of a single Unit. An amendment to this Master Deed reflecting the joining of two Units shall also set forth the revised Percentages of Value of all Units in the Condominium.

The Percentage of Value of a Unit shall not be affected by the fact that the Co-owner of that Unit has built upon the Unit. The Percentages of Value shall not be changed except in the manner provided in Article VIII expressed in an amendment to this Master Deed, duly approved and recorded. The Percentages of Value are determinative of each Unit's share of expenses of Condominium administration as is specifically set forth in the Association Bylaws.

#### ARTICLE VI

##### EASEMENTS

Section 1. Easement for Maintenance of Encroachments. In the event any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to shifting, settling or moving of building, wall, foundation or support, or due to survey errors or construction deviations, reconstruction, replacement, renovation or repair, an easement shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for the maintenance thereof after rebuilding in the event of any destruction.

Section 2. Easements for Development, Maintenance, Repair and Replacement. The Developer, the Association and all public or private utilities shall have such easements over, under, across and through the Condominium Premises, including all Units and Common Elements as may be necessary to develop

establish, construct, market and operate any Units, dwellings or appurtenances within the land described in Article II hereof, and also to fulfill any responsibilities of installation, maintenance, repair, decoration or replacement which they or any of them are required or permitted to perform under the Condominium Documents or by law.

Any costs incurred in opening and repairing any Common Elements of the Project to install, repair or maintain common services and/or utilities shall be an expense of administration assessed to all Co-owners in accordance with the Condominium Bylaws.

In the event any Co-owner fails to maintain his Unit, its appurtenances and any respective Limited Common Elements in accordance with the standards imposed by the Association and the Condominium Documents, the Developer and/or the Association may enter upon the Unit (but not inside any residential dwelling) and the Limited Common Elements appurtenant thereto and perform any required decoration, maintenance, repair or replacement and assess the costs thereof to the pertinent Co-owner in accordance with the provisions of Article II of the Bylaws.

Section 3. Rights Retained by Developer. The following rights may be exercised by the Developer at any time within six (6) years after the initial recording of this Master Deed:

(A) Utility Easements. The Developer reserves the right to grant easements, rights-of-way and licenses for utilities over, under and across the Condominium to appropriate governmental agencies, public or private utility companies and communications companies and to transfer title to the utilities to said agencies and companies.

(B) Access Easements. The Developer reserves the right to grant such easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium for access purposes or other lawful purposes as may be necessary for the benefit of the Condominium and as may be necessary to access any additional land owned by the Developer. Any additional land owned by the Developer, its successors or assigns, that is not made part of the Condominium and that requires access to a public road through the Condominium shall have a non-exclusive easement over and across the private drives within the Condominium to access a public road.

(C) Construction of Amenities. The Developer reserves the right to build, or not to build any amenities indicated on the Condominium Subdivision Plan as "need not be built".

(D) Sales Facilities. The Developer reserves the right at any time during the Development and Sales Period to maintain offices, model units and similar sales facilities in the Condominium. Developer shall pay all costs related to the use of such facilities while owned by the Developer and shall restore the facilities to habitable status upon termination of use.

Any right reserved by the Developer under this Section may be exercised by the Developer without the consent of any Co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed or its Exhibit "B" recorded in the County Records. All of the Co-owners and mortgagees of Units and other persons interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be required to effectuate the exercise of the rights retained herein.



**ARTICLE VII  
CONVERSION**

This Condominium is established as a convertible condominium in accordance with the provisions of the Act and this Article.

Section 1. Right to Convert. Developer reserves the right, but not an obligation, to convert certain portions of the General Common Elements of the Condominium to other common uses or for the purpose of adding land to adjoining Units as provided hereinbelow. There are no restrictions or limitations on Developer's right to convert the Condominium except as stated in this Article. Nothing herein contained, however, shall in any way obligate Developer to convert these portions of the Condominium.

Section 2. Consent. The consent of any Co-owner shall not be required to convert the Condominium. All of the Co-owners and mortgagees of Units and persons interested or to become interested in the Condominium from time to time shall be deemed to have irrevocably and unanimously consented to such conversion of the Condominium and any amendment or amendments to this Master Deed to effectuate the conversion. All such interested persons irrevocably appoint Developer or its successors as agents and attorney for the purpose of executing such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be made without the necessity of re-recording an entire Master Deed or the exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the exhibits herein.

Section 3. Time Limitation. The Developer's right to convert the Condominium project shall expire six (6) years from the date the Developer last exercised its rights with respect to either expansion, contraction, or rights of convertibility, whichever right was exercised last, but in no event less than six (6) years after the initial recording of this Master Deed.

Section 4. Legal Description. The entire Condominium shall be considered Convertible Area.

Section 5. Successive Conversion. A Convertible Areas may be converted in one amendment to this Master Deed or in successive amendments to this Master Deed, at the same time or at different times in the Developer's discretion. There are no restrictions upon the order in which portions of Convertible Areas may be converted.

Section 6. Use Restrictions. There are no restrictions on the use of a Convertible Area except as specifically set forth in this Master Deed. A Convertible Area may also be used for the placement of utilities.

Section 7. Amendments. If any portion of the Condominium is converted, it shall be converted by an amendment to the Master Deed or by a series of successive amendments to the Master Deed. Any conversion shall be deemed to have occurred at the time of the recording of an amendment to this Master Deed embodying all essential elements of the conversion.

**ARTICLE VIII  
COVENANTS RUNNING WITH THE LAND**

All provisions of the Master Deed and its Exhibits, as amended, shall be construed to be covenants running with the land and with every part thereof and interest therein; and every Co-owner of the property or any part thereof or interest therein, and his heirs, executors, administrators, successors and assigns shall be bound by all of the provisions hereof.

**ARTICLE IX  
AMENDMENTS**

This Master Deed and its Exhibits may be amended as in the following manner:

Section 1. Non-material Amendments. Amendments may be made and recorded by Developer without the consent of Co-owners or mortgagees if the amendment does not materially alter or change the rights of a Co-owner or mortgagee and is for one or more of the purposes stated in Section 3 of this Article. Similar, non-material amendments may be made and recorded by the Association with the consent of not less than one-half (1/2) of the votes of the Co-owners and/or mortgagees. The Association may not make amendments without the written consent of the Developer as long as the Developer owns any Units in the Condominium.

For the purposes of this Article the term "material amendment" shall be deemed to be an amendment which substantially alters the ability of a Co-owner to use and enjoy his or her Unit and the Common Elements.

Section 2. Material Amendments. Except as otherwise provided herein, the Master Deed, Bylaws and Condominium Subdivision Plan may be amended by the Developer or by the Association, even if the amendment will materially alter or change the rights of the Co-owners or mortgagees, with the consent of not less than two-thirds (2/3) of the votes of the Co-owners and/or mortgagees (unless a greater majority is specified in the Condominium Bylaws). A mortgagee shall have one vote for each mortgage held on any issue material to a mortgagee. The Association may make no amendment without the written consent of the Developer as long as the Developer owns any Units in the Condominium. For the purposes of this Article the term "material amendment" shall be deemed to be an amendment which, with regards to a Co-owner, substantially and negatively alters the ability of a Co-owner to use and enjoy his or her Unit, its appurtenant Limited Common Elements, or the General Common Elements or which, with regards to a mortgagee, in the written opinion of an appropriately licensed real estate appraiser, detrimentally changes the value of the Unit in which the mortgagee has an interest.

Section 3. Amendments by Developer. Notwithstanding any contrary provision of this Master Deed or the Condominium Bylaws or Corporate Bylaws (but subject to the limitation of Section 4 of this Article X), Developer reserves the right to amend materially this Master Deed or any of its Exhibits for any of the following purposes:

(A) To re-define common elements and/or adjust Percentages of Value in connection therewith, to re-define any converted area, to allocate the Association's expenses among the Owners and to make any other amendments specifically described and permitted to Developer in any provision of this Master Deed;

(B) To modify the location and size of unsold Condominium Units and their appurtenant Limited Common Elements;

(C) To amend the Condominium Bylaws, subject to any restrictions stated therein;

(D) To correct arithmetic errors, typographical errors, survey or plan errors, deviations in construction or any similar errors in the Master Deed, Plan or Condominium Bylaws or to correct errors in the boundaries or locations of improvements;

(E) To clarify or explain the provisions of the Master Deed or its Exhibits;

(F) To comply with the Act or rules promulgated thereunder or with any requirements of any

governmental or quasi-governmental agency or any financing institution providing mortgages on Units on the Condominium premises;

(G) To make, define or limit easements affecting the Condominium premises;

(H) To record a consolidating Master Deed and/or to designate any improvements shown on the Plan as "must be built", subject to any limitations or obligations imposed by the Act;

(I) To modify or relocate the location of roads, drives or pedestrian walks as may be required by any difficulties encountered during construction as a result of the topography;

(J) To exercise any right which the Developer has reserved to itself herein;

(K) To terminate or eliminate reference to any right which the Developer has reserved to itself herein;

(L) To facilitate conventional mortgage loan financing for existing or prospective Co-owners and to enable the purchase of such mortgage loans by the Federal Home Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association or any other agency of the Federal Government or the State of Michigan;

(M) To relocate boundaries of a Unit as allowed by Section 6 of this Article;

(N) To delete reference to any improvements listed on Exhibit "B" as "proposed" or "need not be built," and

(O) To withdraw undeveloped portions of the Condominium within the ten year period provided by Section 67(3) of the Act.

The foregoing amendments may be made without the consent of Co-owners or mortgagees. The rights reserved to the Developer herein may not be amended except by or with the consent of the Developer. If there is no Co-owner other than the Developer, the Developer may, with the consent of any interested mortgagee, unilaterally amend this Master Deed or any Exhibit thereto. An amendment under this Section shall become effective upon the recording thereof.

Section 4. Limitation on Amendments. Notwithstanding any other provision of this Article, the method or formula used to determine the percentages of value of units in the Condominium, as described in Article V hereof, and any provisions relating to the ability or terms under which a Co-owner may rent a Unit, may not be modified without the consent of each affected Co-owner and mortgagee. A Co-Owner's Condominium Unit dimensions or appurtenant Limited Common Elements may not be modified without the Co-owner's consent. Amendments such as those described in this Section shall be deemed material amendments.

Section 5. Procedures for Amendment.

(A) Co-owners and mortgagees of record shall be notified of proposed amendments not less than 10 days before the amendment is recorded.

(B) A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of a

prescribed majority of Co-owners and mortgagees or based upon the advisory committee's decision, the costs of which are expenses of administration.

(C) A Master Deed amendment, including the consolidating Master Deed, dealing with the addition, withdrawal or modification of Units or other physical characteristics of the project shall comply with the standards prescribed in Section 66 of the Act for preparation of an original Condominium Subdivision Plan.

Section 6. Relocation and Subdivision.

(A) The Developer or any Co-owner or Co-owners shall be permitted to relocate the boundaries between adjoining Condominium Units in accordance with Section 48 of the Act, provided that such relocation shall not violate any setback requirements of the Emmet County Zoning Ordinance, the Act, or the Condominium Documents. The procedure for amendment to the Master Deed to provide for such relocation of boundaries between the Condominium Units shall be as set forth in Section 48 of the Act. When two Units that were separated by side yards are consolidated into a single Unit in this manner, the adjoining side yards between the front and rear lines of the Units shall become part of the resulting Unit.

(B) Neither the Developer nor any Co-owner or Co-owners shall be permitted to subdivide a Condominium Unit in accordance with Section 49 of the Act.

Section 7. Termination of Project.

(A) In accordance with Section 50 of the Act, so long as there is no Co-owner of the project other than Developer, Developer with the consent of any interested Mortgagee, may unilaterally terminate the Condominium Project.

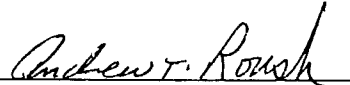
(B) In the event there is a Co-owner of the Project other than Developer, then the Condominium Project may only be terminated in accordance with Section 51 of the Act.

**ARTICLE X  
ASSIGNMENT**

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or Bylaws, including the power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate instrument duly recorded in the office of the Emmet County Register of Deeds.

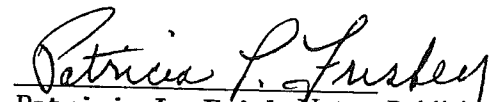
Executed on May 28, 2002.

Signed by:  
A.T.T. & K Investments, L.L.C., a Michigan  
limited liability company

By:   
Andrew T. Roush, Managing Member

State of Michigan )  
County of Emmet)

The foregoing instrument was acknowledged before me this 28day of May, 2002, by Andrew T. Roush, the Managing Member of A.T.T. & K Investments, L.L.C., a Michigan limited liability company, on its behalf.



Patricia L. Frisbey Notary Public  
Emmet County, Michigan  
My Commission expires: March 17, 2003

Drafted By:  
Neil Marzella, Attorney  
P. O. Box 808  
Harbor Springs, MI 49740

STATE OF MICHIGAN  
EMMET COUNTY  
RECORDED

02 AUG 15 AM 10:57

*Blenna L. Sizer*

REGISTER OF DEEDS

OFFICE OF  
Treasurer of Emmet County Petoskey, Mich 8-15 20 02  
I hereby certify that I have examined the records in my office and it appears that the taxes on the within description have been paid for the past five years and that there are no tax liens or titles held by the State of any individual for the past five years. Prior to date of deed.  
*Marilyn May*  
Deputy County Treasurer

**MASTER DEED**  
**CROOKED RIVER ESTATES CONDOMINIUM**  
(Act 59 of 1978, as Amended)

This Master Deed is made and executed this 21st day of May, 2002, by A.T.T. & K Investments, L.L.C., a Michigan limited liability company, whose address is 421 Walnut, Rochester, Michigan, 48307 ("Developer") in pursuance to the provisions of the Condominium Act, being Act 59 of the Public Acts of 1978, as amended ("Act").

WHEREAS, Developer desires by recording this Master Deed, together with the Condominium Bylaws attached hereto marked Exhibit "A" and together with the Condominium Subdivision Plan attached hereto marked Exhibit "B" and made a part hereof, to establish the real property described in Article II below, together with improvements located and to be located thereon and the appurtenances thereto, as a condominium project under the provisions of the Act.

89+1  
NOW, THEREFORE, Developer does, upon the recording of this Master Deed, establish Crooked River Estates Condominium as a condominium project under the Act and does declare that Crooked River Estates Condominium ("Condominium" or "Condominium Project") shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved or in any other manner utilized subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Master Deed and Exhibits "A" and "B", all of which shall be deemed to run with the land and shall be a burden and a benefit to Developer, its successors and assigns, and to any persons acquiring or owning an interest in the Condominium Project, their grantees, successors, heirs, executors and assigns. In furtherance of the establishment of said Condominium Project, it is provided as follows:

**ARTICLE I**  
**TITLE AND NATURE**

This Condominium Project shall be known as Crooked River Estates Condominium, Emmet County Condominium Subdivision Plan No. 258. The Project consists of 16 detached, residential site Units.

The site Units contained in the Condominium, including the number, location, boundaries, dimensions and area of each, are set forth completely in the Condominium Subdivision Plan attached hereto as Exhibit "B". The site Units are for residential purposes only. Each Unit is capable of individual utilization by reason of it adjoining a General Common Element private road that leads to Crooked River Road, which is a public road. Each Co-owner in the Project shall have a particular and exclusive property right to his Unit and the Limited Common Elements appurtenant thereto, and shall have an undivided and inseparable right to share with other Co-owners the General Common Elements of the Project as designated by this Master Deed.

**ARTICLE II  
LEGAL DESCRIPTION**

The real property on which the Project is situated and established by this Master Deed is particularly described as follows:

Part of the South ½ of the Northwest ¼ of Section 27, T36N, R4W, Maple River Township, Emmet County, Michigan; described as follows:

Commencing at the West ¼ corner of said Section 27; thence North 89°59'20" East, along the East-West ¼ line, 1217.04 feet; thence North 1°12'32" West 33.01 feet to the Northerly right-of-way line of Crooked River Road and the Point of Beginning; thence North 1°12'32" West 634.97 feet; thence North 89°50'56" East 1297.67 feet to the Westerly right-of-way line of the Penn Railroad; thence South 1°12'35" East, along said right-of-way line, 638.14 feet to the Northerly right-of-way line of Crooked River Road; thence South 89°59'20" West, along said right-of-way line, 1297.74 feet to the Point of Beginning; Containing 20 acres more or less.

**ARTICLE III  
DEFINITIONS**

Certain terms are utilized not only in this Master Deed and Exhibit "A" and "B" hereto, but are or may be used in various other instruments relating to this Project.

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

Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

Section 1. Act. The "Act" or "Condominium Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

Section 2. Association. "Association" means Crooked River Estates Owners' Association, which is the non-profit Corporation organized under Michigan law of which all Co-Owners shall be members, which Corporation shall administer, operate, manage and maintain the Condominium.

Section 3. Bylaws. "Bylaws" or "Condominium Bylaws" mean Exhibit "A" hereto, being the Bylaws setting forth the substantive rights and obligations of the Co-owners. The Condominium Bylaws shall also serve as the corporate bylaws of the Association.

Section 4. Common Elements. "Common Elements", where used without modification, means both the General and Limited Common Elements described in Article IV hereof.

Section 5. Condominium Documents. "Condominium Documents" wherever used means and includes this Master Deed and Exhibits "A" and "B" hereto and any other instrument referred to in the Master Deed or Bylaws which affects the rights and obligations of a Co-owner in the project.

Section 6. Condominium Premises. "Condominium Premises" means and includes the land described in Article II above, all improvements and structures thereon, and all easements, rights and

appurtenances belonging to the Condominium.

Section 7. Condominium Project. "Condominium Project", "Condominium" or "Project" means Crooked River Estates Condominium as an approved Condominium Project established in conformity with the provisions of the Act.

Section 8. Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit "B" hereto.

Section 9. Co-owner or Owner. "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which own one or more Units in the Condominium Project. The term "Owner", wherever used, shall be synonymous with the term "Co-owner".

Section 10. Developer. "Developer" means ATT & K Investments, L.L.C., which has made and executed this Master Deed, and its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, however and wherever such term is used in the Condominium Documents.

Section 11. Development and Sales Period. "Development and Sales Period", for the purposes of the Condominium Documents and the rights reserved to the Developer thereunder, means the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any Unit.

Section 12. Expenses of Administration. "Expenses of Administration" include all costs incurred in the operation and maintenance of the Condominium Project as further provided by the Condominium Documents.

Section 13. Transitional Control Date. "Transitional Control Date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

Section 14. Unit, Condominium Unit or Site Unit. "Unit", "Condominium Unit" or "Site Unit" each mean a single Unit in the Project, as the same may be described in Article V hereof and on Exhibit "B" hereto and shall have the same meaning as the term "Condominium Unit" as defined in the Act. As used in the Condominium Documents and in the Act, the term "Units that may be created" shall mean the maximum number of Units possible in the Condominium based on the maximum number of Units allowed by local zoning in all present and future phases of the Condominium Project. All structures or improvements now or hereafter located within the boundaries of a Unit shall be owned in their entirety by the Co-owner of the Unit within which they are located and shall not, unless otherwise expressly provided in the Condominium Documents, constitute Common Elements.

#### ARTICLE IV COMMON ELEMENTS

The Common Elements of the Project and the respective use and responsibilities for maintenance, decoration, repair or replacement thereof, are as follows:

Section 1. General Common Elements. The General Common Elements are:

(A) Land. The land described in Article II hereof, which are not (i) identified below as Limited



Common Elements or (ii) are not located within the boundaries of a Unit.

(B) Road. The 66 foot wide private road commonly known as Crooked River Circle and as indicated on Sheet 2 of Exhibit "B."

(C) Park. The Park located between Units 3 and 4 as indicated on Sheet 2 of Exhibit "B."

(D) Utilities. Any utilities within the Project (initially only including electrical and telephone transmission or distribution lines) subject to the rights of any public utility, municipality or provider, up to the point where such utility service is diverted from a main line to service a specific Unit.

(E) Miscellaneous. All other Common Elements of the Project not herein designated as Limited Common Elements or not enclosed within the boundaries of a Unit which are intended for common use or are necessary to the existence, upkeep or safety of the Project.

Section 2. Limited Common Elements. The Limited Common Elements are:

(A) Utilities. Any utilities within the Project (initially only including electrical transmission or distribution lines) subject to the rights of any public utility, municipality or provider, from the point where such utility service is diverted from a main line to service a specific Unit or Units, including any related meter or box.

(B) Yards. The Yards, including Front, Side and Rear Yards, which border each of the Units as indicated on Sheet 3 of Exhibit "B". Each Yard shall be deemed "for" and "appurtenant to" the Unit which it adjoins.

(C) Other. Any other Limited Common Elements which appear on Exhibit "B."

Section 3. Use. The use of the Common Elements shall be limited as follows:

(A) General Common Elements. Subject to the rights of the other Co-owners, each Co-owner may use the General Common Elements for the use intended as set forth in this Master Deed and its Exhibits. No Co-owner shall use his Unit or the General Common Elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other Co-owner.

(B) Limited Common Elements. The use of the Limited Common Elements appurtenant to a Unit shall be limited to the Co-owner of the respective Unit.

Section 4. Responsibility. The responsibility for the maintenance, decoration, repair and replacement of the Common Elements shall be as follows:

(A) General Common Elements. The Association shall be responsible for the maintenance, decoration, repair and replacement of the General Common Elements.

(B) Limited Common Elements. The maintenance, decoration, repair and replacement of the Limited Common Elements appurtenant to, or assigned to, a Unit, shall be the responsibility of the respective Co-owner of that Unit.

Each Co-owner shall be responsible for the installation and maintenance of the individual sanitary sewer system and water well serving their respective Unit.

The cost of repair of any damage caused to any of the Common Elements as a result of heavy equipment or trucks during the construction process shall be the responsibility of the Unit Co-owner doing the construction.

#### ARTICLE V

##### UNIT DESCRIPTION AND PERCENTAGE OF VALUE

Section 1. Description of Units. Each Unit in the Condominium Project is described with reference to the Condominium Subdivision Plan as surveyed by Granger and Associates, Inc. and attached hereto as Exhibit "B". Each Site Unit shall consist of the space contained within the Unit boundaries as shown in Exhibit "B" hereto and delineated with heavy outlines.

An undivided interest in the General Common Elements and, except as specifically provided for herein, in the Limited Common Elements, shall be and hereby is, allocated to each Condominium Unit, which interest shall be proportionate to the Percentage of Value assigned to that Unit in Article V, Section 2, below.

Section 2. Percentage of Value. The total value of the Project is 100 percent, and an equal Percentage of Value is allocated to each Condominium Unit. Therefore, the Percentage of Value of each Unit shall be 6.25%. This determination of Percentages of Value was made after reviewing the comparative size, market value, location and allocable expense of maintenance for each Unit in the Project and concluding that there are negligible differences among them when all such factors are taken into account.

If two Units are joined into one Unit as provided for under Section 48 of the Act and Section 6 (A) of Article VIII of this Master Deed, the Percentage of Value of the resulting double Unit shall be equal to 1.50 times the relative Percentage of Value of a single Unit. An amendment to this Master Deed reflecting the joining of two Units shall also set forth the revised Percentages of Value of all Units in the Condominium.

The Percentage of Value of a Unit shall not be affected by the fact that the Co-owner of that Unit has built upon the Unit. The Percentages of Value shall not be changed except in the manner provided in Article VIII expressed in an amendment to this Master Deed, duly approved and recorded. The Percentages of Value are determinative of each Unit's share of expenses of Condominium administration as is specifically set forth in the Association Bylaws.

#### ARTICLE VI

##### EASEMENTS

Section 1. Easement for Maintenance of Encroachments. In the event any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to shifting, settling or moving of building, wall, foundation or support, or due to survey errors or construction deviations, reconstruction, replacement, renovation or repair, an easement shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for the maintenance thereof after rebuilding in the event of any destruction.

Section 2. Easements for Development, Maintenance, Repair and Replacement. The Developer, the Association and all public or private utilities shall have such easements over, under, across and through the Condominium Premises, including all Units and Common Elements as may be necessary to develop

establish, construct, market and operate any Units, dwellings or appurtenances within the land described in Article II hereof, and also to fulfill any responsibilities of installation, maintenance, repair, decoration or replacement which they or any of them are required or permitted to perform under the Condominium Documents or by law.

Any costs incurred in opening and repairing any Common Elements of the Project to install, repair or maintain common services and/or utilities shall be an expense of administration assessed to all Co-owners in accordance with the Condominium Bylaws.

In the event any Co-owner fails to maintain his Unit, its appurtenances and any respective Limited Common Elements in accordance with the standards imposed by the Association and the Condominium Documents, the Developer and/or the Association may enter upon the Unit (but not inside any residential dwelling) and the Limited Common Elements appurtenant thereto and perform any required decoration, maintenance, repair or replacement and assess the costs thereof to the pertinent Co-owner in accordance with the provisions of Article II of the Bylaws.

Section 3. Rights Retained by Developer. The following rights may be exercised by the Developer at any time within six (6) years after the initial recording of this Master Deed:

(A) Utility Easements. The Developer reserves the right to grant easements, rights-of-way and licenses for utilities over, under and across the Condominium to appropriate governmental agencies, public or private utility companies and communications companies and to transfer title to the utilities to said agencies and companies.

(B) Access Easements. The Developer reserves the right to grant such easements, licenses, rights-of-entry and rights-of-way over, under and across the Condominium for access purposes or other lawful purposes as may be necessary for the benefit of the Condominium and as may be necessary to access any additional land owned by the Developer. Any additional land owned by the Developer, its successors or assigns, that is not made part of the Condominium and that requires access to a public road through the Condominium shall have a non-exclusive easement over and across the private drives within the Condominium to access a public road.

(C) Construction of Amenities. The Developer reserves the right to build, or not to build any amenities indicated on the Condominium Subdivision Plan as "need not be built".

(D) Sales Facilities. The Developer reserves the right at any time during the Development and Sales Period to maintain offices, model units and similar sales facilities in the Condominium. Developer shall pay all costs related to the use of such facilities while owned by the Developer and shall restore the facilities to habitable status upon termination of use.

Any right reserved by the Developer under this Section may be exercised by the Developer without the consent of any Co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed or its Exhibit "B" recorded in the County Records. All of the Co-owners and mortgagees of Units and other persons interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendments to this Master Deed as may be required to effectuate the exercise of the rights retained herein.

**ARTICLE VII  
CONVERSION**

This Condominium is established as a convertible condominium in accordance with the provisions of the Act and this Article.

Section 1. Right to Convert. Developer reserves the right, but not an obligation, to convert certain portions of the General Common Elements of the Condominium to other common uses or for the purpose of adding land to adjoining Units as provided hereinbelow. There are no restrictions or limitations on Developer's right to convert the Condominium except as stated in this Article. Nothing herein contained, however, shall in any way obligate Developer to convert these portions of the Condominium.

Section 2. Consent. The consent of any Co-owner shall not be required to convert the Condominium. All of the Co-owners and mortgagees of Units and persons interested or to become interested in the Condominium from time to time shall be deemed to have irrevocably and unanimously consented to such conversion of the Condominium and any amendment or amendments to this Master Deed to effectuate the conversion. All such interested persons irrevocably appoint Developer or its successors as agents and attorney for the purpose of executing such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be made without the necessity of re-recording an entire Master Deed or the exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the exhibits herein.

Section 3. Time Limitation. The Developer's right to convert the Condominium project shall expire six (6) years from the date the Developer last exercised its rights with respect to either expansion, contraction, or rights of convertibility, whichever right was exercised last, but in no event less than six (6) years after the initial recording of this Master Deed.

Section 4. Legal Description. The entire Condominium shall be considered Convertible Area.

Section 5. Successive Conversion. A Convertible Areas may be converted in one amendment to this Master Deed or in successive amendments to this Master Deed, at the same time or at different times in the Developer's discretion. There are no restrictions upon the order in which portions of Convertible Areas may be converted.

Section 6. Use Restrictions. There are no restrictions on the use of a Convertible Area except as specifically set forth in this Master Deed. A Convertible Area may also be used for the placement of utilities.

Section 7. Amendments. If any portion of the Condominium is converted, it shall be converted by an amendment to the Master Deed or by a series of successive amendments to the Master Deed. Any conversion shall be deemed to have occurred at the time of the recording of an amendment to this Master Deed embodying all essential elements of the conversion.

**ARTICLE VIII  
COVENANTS RUNNING WITH THE LAND**

All provisions of the Master Deed and its Exhibits, as amended, shall be construed to be covenants running with the land and with every part thereof and interest therein; and every Co-owner of the property or any part thereof or interest therein, and his heirs, executors, administrators, successors and assigns shall be bound by all of the provisions hereof.

**ARTICLE IX  
AMENDMENTS**

This Master Deed and its Exhibits may be amended as in the following manner:

Section 1. Non-material Amendments. Amendments may be made and recorded by Developer without the consent of Co-owners or mortgagees if the amendment does not materially alter or change the rights of a Co-owner or mortgagee and is for one or more of the purposes stated in Section 3 of this Article. Similar, non-material amendments may be made and recorded by the Association with the consent of not less than one-half (1/2) of the votes of the Co-owners and/or mortgagees. The Association may not make amendments without the written consent of the Developer as long as the Developer owns any Units in the Condominium.

For the purposes of this Article the term "material amendment" shall be deemed to be an amendment which substantially alters the ability of a Co-owner to use and enjoy his or her Unit and the Common Elements.

Section 2. Material Amendments. Except as otherwise provided herein, the Master Deed, Bylaws and Condominium Subdivision Plan may be amended by the Developer or by the Association, even if the amendment will materially alter or change the rights of the Co-owners or mortgagees, with the consent of not less than two-thirds (2/3) of the votes of the Co-owners and/or mortgagees (unless a greater majority is specified in the Condominium Bylaws). A mortgagee shall have one vote for each mortgage held on any issue material to a mortgagee. The Association may make no amendment without the written consent of the Developer as long as the Developer owns any Units in the Condominium. For the purposes of this Article the term "material amendment" shall be deemed to be an amendment which, with regards to a Co-owner, substantially and negatively alters the ability of a Co-owner to use and enjoy his or her Unit, its appurtenant Limited Common Elements, or the General Common Elements or which, with regards to a mortgagee, in the written opinion of an appropriately licensed real estate appraiser, detrimentally changes the value of the Unit in which the mortgagee has an interest.

Section 3. Amendments by Developer. Notwithstanding any contrary provision of this Master Deed or the Condominium Bylaws or Corporate Bylaws (but subject to the limitation of Section 4 of this Article X), Developer reserves the right to amend materially this Master Deed or any of its Exhibits for any of the following purposes:

(A) To re-define common elements and/or adjust Percentages of Value in connection therewith, to re-define any converted area, to allocate the Association's expenses among the Owners and to make any other amendments specifically described and permitted to Developer in any provision of this Master Deed;

(B) To modify the location and size of unsold Condominium Units and their appurtenant Limited Common Elements;

(C) To amend the Condominium Bylaws, subject to any restrictions stated therein;

(D) To correct arithmetic errors, typographical errors, survey or plan errors, deviations in construction or any similar errors in the Master Deed, Plan or Condominium Bylaws or to correct errors in the boundaries or locations of improvements;

(E) To clarify or explain the provisions of the Master Deed or its Exhibits;

(F) To comply with the Act or rules promulgated thereunder or with any requirements of any

governmental or quasi-governmental agency or any financing institution providing mortgages on Units on the Condominium premises;

(G) To make, define or limit easements affecting the Condominium premises;

(H) To record a consolidating Master Deed and/or to designate any improvements shown on the Plan as "must be built", subject to any limitations or obligations imposed by the Act;

(I) To modify or relocate the location of roads, drives or pedestrian walks as may be required by any difficulties encountered during construction as a result of the topography;

(J) To exercise any right which the Developer has reserved to itself herein;

(K) To terminate or eliminate reference to any right which the Developer has reserved to itself herein;

(L) To facilitate conventional mortgage loan financing for existing or prospective Co-owners and to enable the purchase of such mortgage loans by the Federal Home Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association or any other agency of the Federal Government or the State of Michigan;

(M) To relocate boundaries of a Unit as allowed by Section 6 of this Article;

(N) To delete reference to any improvements listed on Exhibit "B" as "proposed" or "need not be built," and

(O) To withdraw undeveloped portions of the Condominium within the ten year period provided by Section 67(3) of the Act.

The foregoing amendments may be made without the consent of Co-owners or mortgagees. The rights reserved to the Developer herein may not be amended except by or with the consent of the Developer. If there is no Co-owner other than the Developer, the Developer may, with the consent of any interested mortgagee, unilaterally amend this Master Deed or any Exhibit thereto. An amendment under this Section shall become effective upon the recording thereof.

Section 4. Limitation on Amendments. Notwithstanding any other provision of this Article, the method or formula used to determine the percentages of value of units in the Condominium, as described in Article V hereof, and any provisions relating to the ability or terms under which a Co-owner may rent a Unit, may not be modified without the consent of each affected Co-owner and mortgagee. A Co-Owner's Condominium Unit dimensions or appurtenant Limited Common Elements may not be modified without the Co-owner's consent. Amendments such as those described in this Section shall be deemed material amendments.

Section 5. Procedures for Amendment.

(A) Co-owners and mortgagees of record shall be notified of proposed amendments not less than 10 days before the amendment is recorded.

(B) A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of a

prescribed majority of Co-owners and mortgagees or based upon the advisory committee's decision, the costs of which are expenses of administration.

(C) A Master Deed amendment, including the consolidating Master Deed, dealing with the addition, withdrawal or modification of Units or other physical characteristics of the project shall comply with the standards prescribed in Section 66 of the Act for preparation of an original Condominium Subdivision Plan.

Section 6. Relocation and Subdivision.

(A) The Developer or any Co-owner or Co-owners shall be permitted to relocate the boundaries between adjoining Condominium Units in accordance with Section 48 of the Act, provided that such relocation shall not violate any setback requirements of the Emmet County Zoning Ordinance, the Act, or the Condominium Documents. The procedure for amendment to the Master Deed to provide for such relocation of boundaries between the Condominium Units shall be as set forth in Section 48 of the Act. When two Units that were separated by side yards are consolidated into a single Unit in this manner, the adjoining side yards between the front and rear lines of the Units shall become part of the resulting Unit.

(B) Neither the Developer nor any Co-owner or Co-owners shall be permitted to subdivide a Condominium Unit in accordance with Section 49 of the Act.

Section 7. Termination of Project.

(A) In accordance with Section 50 of the Act, so long as there is no Co-owner of the project other than Developer, Developer with the consent of any interested Mortgagee, may unilaterally terminate the Condominium Project.

(B) In the event there is a Co-owner of the Project other than Developer, then the Condominium Project may only be terminated in accordance with Section 51 of the Act.

**ARTICLE X  
ASSIGNMENT**

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or Bylaws, including the power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate instrument duly recorded in the office of the Emmet County Register of Deeds.

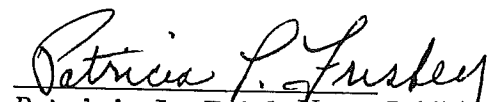
Executed on May 28, 2002.

Signed by:  
A.T.T. & K Investments, L.L.C., a Michigan  
limited liability company

By: Andrew T. Roush  
Andrew T. Roush, Managing Member

State of Michigan )  
County of Emmet)

The foregoing instrument was acknowledged before me this 28day of May, 2002, by Andrew T. Roush, the Managing Member of A.T.T. & K Investments, L.L.C., a Michigan limited liability company, on its behalf.



Patricia L. Frisbey Notary Public  
Emmet County, Michigan

My Commission expires: March 17, 2003

Drafted By:  
Neil Marzella, Attorney  
P. O. Box 808  
Harbor Springs, MI 49740



**EXHIBIT "A"**

**CROOKED RIVER ESTATES CONDOMINIUM**

**BYLAWS**

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**EXHIBIT "A"**  
**CROOKED RIVER ESTATES CONDOMINIUM**  
**BYLAWS**

**ARTICLE I**  
**ASSOCIATION OF OWNERS**

Crooked River Estates Condominium, a residential condominium project located in Maple River Township, Emmet County, Michigan, 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 entitled to membership and no other person or entity shall be entitled to membership. 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. 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. 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 and terms set forth in the aforesaid Condominium Documents.

**ARTICLE II**  
**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, including any special annual escrow payments for sewer system maintenance required by Section 4(A) of Article IV, 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.

adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner, and the 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: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, (2) to provide replacements of existing Common Elements, (3) to provide additions to the Common Elements not exceeding \$1,000 annually for the entire Condominium Project, or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general 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 V, 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 made 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 addition to the Common Elements of a cost exceeding \$1,000 for the entire Condominium Project per year, (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) (but not including those assessment referred to in this Section 2 (A) above, which shall be levied in the sole discretion of the Board of Directors) 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 V, Section 2 of the Master Deed.

Annual assessments as determined in accordance with Article II, Section 2(A) above shall be payable by the Co-owners in annual installments, 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 frequency of the installments can be changed at the discretion of the Board of Directors.

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 constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of assessment before other liens, except tax liens on the Condominium Unit in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record, except that past due assessments which are evidenced by a notice of lien, recorded as set forth in Section 5, have priority over a first mortgage recorded subsequent to the recording of the notice of lien. 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 XXI 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 Emmet 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 Mortgagee. 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 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. Such current expenses shall be limited to liability insurance premiums (but not hazard insurance premiums), road maintenance costs (snow plowing and cleaning), landscaping of General Common Elements and bookkeeping expenses. 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 III 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 IV 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

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.

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 V 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 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 VI 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 V 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 apply to any taking by eminent domain.

Section 6. Notification of FHLMC. In the event any mortgage in the condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") then, upon request therefore by FHLMC, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds \$10,000 in amount or if the damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC exceeds \$1,000.

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

#### ARTICLE VI 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 single-family residential purposes. 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 ordinances of the Township 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 his Unit for the same purposes set forth in Section 1 of this Article VI, 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 Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least one month, unless specifically approved in writing by the Association. 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. The Developer may lease any number of Units in the Condominium in its discretion.

(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:

(1) 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 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. 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 3. 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 the 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 the necessary, local and State governmental authorities. This requirement for prior approval is intended to include the erection of antennas of any sort (including dish antennas), lights, aerials, 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 landscaping plans and a detailed description of any proposed tree trimming or cutting.

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 1,800 total square feet and not less than 1,200 square feet on the ground (or principal) level.

The Developer may, in its sole discretion, approve a dwelling that has a square footage 200 square feet less than the minimums set forth above provided that the dwelling is "stick built" on site and provided that the dwelling has additional amenities such as, but not limited to, covered porches and garages that, in the opinion of the Developer, create an appearance that satisfies the aesthetic purposes of these building restrictions.

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 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 structures must be compatible with the existing dwellings and harmonious with the residential/resort character of the area. No design, material or exterior color which would not be compatible or harmonious shall be allowed.

Modular and manufactured homes that meet BOCA or HUD requirements are allowed. Single wide mobile homes of any type shall not be allowed. The Developer can, at the Developer's sole discretion, require that dormers, gables, or such other breaks in the expanse of wall or roof be added to modular, pre-fabricated and Wausau-type homes before they can be approved. All construction, except the driveway and any approved landscaping, must be within the boundaries of the Unit, except that accessory buildings may be placed or constructed in the rear yards of Units 8-10 provided that they otherwise meet the setback requirements of the County Zoning Ordinance. All construction must be completed within 24 months of commencement, except that certain finish items that require warmer weather for completion. For the purposes of this paragraph, "completion" shall be defined as the issuance of a certificate of occupancy. 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. 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 5/12 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 Co-owner may clear trees and vegetation for his or her building site. A Co-owner may cut, trim or top any other trees on his or her Unit provided that the Co-owner has obtained the prior, written approval of the Developer. A Co-owner may remove dead, diseased or unsafe trees at any time without prior approval.

Within a reasonable time after completion of construction of the dwelling on a Unit, the yards of the Unit shall be seeded with grass or hydro-seed or shall be finished with sod.

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 VI, Section 3 may, in Developer's discretion, be assigned to the Association or other successor to the Developer. Developer's rights under this Article VI, Section 3 shall automatically be assigned to the Association upon the expiration of the Construction 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 Construction 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 II 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" 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 his 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. Sanitary Systems and Water Well Systems. The individual Unit Co-owners shall be responsible for obtaining permits for the construction of on-site water supply and sewage disposal systems and for complying with any standard permit requirements or special conditions imposed by the Northwest Michigan Community Health Agency on a case by case basis. Water wells shall be completed at depths of 95 feet or deeper to allow for sufficient submergence into the aquifer. Wells and septic systems on all Units shall be located according to the site plan prepared by Granger & Associates and dated May 13, 2002. Due to the existence of loamy soils and relatively high water tables, Units 5 and 6 may require sewage disposal systems to be located at or just below grade. The individual Unit Co-owners shall be responsible for maintaining their own water supply and sewage disposal systems.

Section 10. Utilities. All utility lines, including water, gas, electric, telephone and cable TV, must be placed and maintained underground.

Section 11. Liens. Each Co-owner shall promptly discharge any nonconsensual lien which may hereafter be filed against his Unit and shall otherwise abide by the provisions of the Act and these Condominium Documents.

Section 12. Co-owner Maintenance. Each Co-owner shall maintain his Unit and the improvements thereon in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 13. Vehicles. House trailers and commercial vehicles may not be parked or stored upon the Condominium Premises. Inoperable vehicles of any type may not be stored upon the Condominium Premises unless inside of a garage. Commercial vehicles and trucks (such as large semis) shall not be parked in or about the Condominium unless while making deliveries or pickups in the normal course of business. Parking on the General Common private road or in the General Common Park is prohibited. Snowmobiles may be operated within the Condominium, subject to the rules and regulations promulgated by the Board of Directors. The operation of off road vehicles and four wheelers is prohibited within the Condominium.

#### ARTICLE VII 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 and malicious mischief 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. Any mortgagee ballots not returned within 90 days of mailing shall be counted as approval for the change.

#### ARTICLE VIII VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to a vote, the relative value of which shall be equal for each Condominium 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 XI, 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 IX. 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 VIII 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 the relative values (based upon the Percentage of Value) of those Co-owners present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth of designated voting representatives present in person or by proxy, or by written vote, if applicable, at a given meeting of the members of the Association.

#### ARTICLE IX 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 (based upon Percentage of Value) 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 two-thirds (based upon Percentage of Value) 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 XI 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 (based upon Percentage of Value) 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 VIII, 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. 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

**ARTICLE X  
ADVISORY COMMITTEE**

Within one year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of 1/3 of the total number of Units (based upon Percentage of Value), whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least one non-Developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that if more than 50% of the non-Developer Co-owners (based upon Percentage of Value) petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the other Co-owners and to aid in the transition of control of the Association from the Developer to purchaser Co-owners. The Advisory Committee shall cease to exist automatically when the non-Developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. 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 XI  
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 (based on Percentage of Value), at least one of the three Directors, shall be selected 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 Director(s) so elected, the Developer shall then immediately appoint such Director(s) to the Board to serve until the First Annual Meeting of members 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.

(1) Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of 75% of the Units (based upon Percentage of Value), the non-Developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least one Director as long as one Unit remains to be sold. Whenever the two-thirds conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(2) Regardless of the percentage of Units which have been conveyed, upon the expiration of

project, 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 own (based upon Percentage of Value) and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer (based upon Percentage of Value) and for which maintenance expenses are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). 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 IX 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. In addition to the foregoing duties imposed by these Bylaws or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

(A) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.

(B) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

(C) To carry insurance and collect and allocate the proceeds thereof.

(D) To rebuild Common Elements after casualty.

(E) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.

(F) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(G) To borrow money and issue evidence of indebtedness.

purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action must be approved by affirmative vote of all of the members of the Association.

(H) To make rules and regulations in accordance with Article VI, Section 10 of these Bylaws.

(I) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

(J) To enforce the provisions of the Condominium Documents.

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. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than 3 years or which is not terminable by the Association upon 90 days written notice thereof to the other party and no such contract shall violate the 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 (based upon Percentage of Value) 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 VIII, 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, 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 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

Section 14. Fidelity Bonds. The Board of Directors shall 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 XII 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.

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 purposes. 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 XIII FINANCE

Section 1. Records. 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. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

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

time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

**ARTICLE XIV  
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 XV  
AMENDMENTS**

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by 1/3 or more of the Co-owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. Voting. These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 66-2/3% of all Co-owners (based upon Percentage of Value). No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of 66-2/3% of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held.

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the right of a Co-owner or mortgagee.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Emmet County Register of Deeds.

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the project irrespective of whether such persons actually receive a copy of the amendment.

**ARTICLE XVI  
COMPLIANCE**

The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the Project in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of an Unit or an interest therein or the utilization of or entry upon the Condominium Premises shall signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

**ARTICLE XVII  
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 XVIII 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 action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the provisions of the Condominium Documents or the Act.

**ARTICLE XVIII**  
**ASSESSMENT OF FINES**

Section 1. General. The violation by any Co-owner, occupant or guest of any of the provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur as a result of his personal actions or the actions of his family, guests, tenants or any other person admitted through such Co-owner to the Condominium Premises.

Section 2. Procedures. Upon any such violation being alleged by the Board, the following procedures will be followed:

(A) Notice. Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address shown in the notice required to be filed with the Association pursuant to Article VIII, Section 3 of these Bylaws.

(B) Opportunity to Defend. The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, but in no event shall the Co-owner be required to appear less than 10 days from the date of the notice.

(C) Default. Failure to respond to the notice of violation constitutes a default.

(D) Hearing and Decision. Upon appearance by the Co-owner before the Board and presentation of evidence of defense, or, in the event of the Co-owner's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

Section 3. Amounts. Upon violation of any of the provisions of the Condominium Documents and after default of the offending Co-owner or upon the decision of the Board as recited above, the following fines, plus any repair or out-of-pocket expenses or fees incurred, may be levied:

(A) First Violation. Up to \$100.00.

(B) Second Violation. Up to \$200.00 fine.

(C) Third and Subsequent Violations. Up to \$400.00 fine.

Section 4. Continuing Violations. In the event that a violation continues beyond 10 days from the date of the offending Co-owner's hearing at which the Board determines that a violation has occurred, the continuing violation will be treated as a separate and subsequent violation and the new and increased fines may be levied on each occasion of any subsequent violation determination without the necessity of a further hearing or hearings thereon.

Section 5. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable either by separate invoice or together with the next periodic assessment. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Documents, including, without limitation, those described in Article II and Article XVII of these Bylaws.

Failure or delay on the part of the Association in the assessment of any fine does not waive any right the Association has hereunder. Failure to impose a monetary fine for a violation does not limit the Association's right to impose a subsequent, higher fine.

**ARTICLE XIX  
RIGHTS RESERVED TO DEVELOPER**

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Construction and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby). The Developer shall have the right to enforce these Bylaws throughout the Construction and Sales Period, which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

**ARTICLE XX  
SEVERABILITY**

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

EMMET COUNTY CONDOMINIUM SUBDIVISION  
 PLAN No. 258

# CROOKED RIVER ESTATES

PART OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 SECTION 27, T36N, R4W, MAPLE RIVER SECTION 27, T36N, R4W, MAPLE RIVER TOWNSHIP, EMMET COUNTY, MICHIGAN

PROPERTY DESCRIPTION  
 PART OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 SECTION 27, T36N, R4W, MAPLE RIVER TOWNSHIP, EMMET COUNTY, MICHIGAN DESCRIBED AS COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION, THENCE N 89°59'20" E, ALONG THE E-W 1/4 LINE, 1247.04 FT., THENCE N 1°42'32" V 33.01 FT., TO THE NORTHERLY RIGHT OF VAY LINE OF CROOKED RIVER ROAD AND THE POINT OF BEGINNING, THENCE N 1°42'32" V 634.97 FT., THENCE N 89°50'56" E 1297.67 FT., TO THE WESTERLY RIGHT OF VAY LINE OF THE PENN RAILROAD, THENCE S 1°42'35" E, ALONG SAID RIGHT OF VAY LINE, 638.14 FT., TO THE NORTHERLY RIGHT OF VAY LINE OF CROOKED RIVER ROAD, THENCE, S 89°59'20" V, ALONG SAID RIGHT OF VAY LINE, 1297.74 FT., TO THE POINT OF BEGINNING.

ATTENTION COUNTY REGISTER OF DEEDS:  
 THE CONDOMINIUM SUBDIVISION PLAN NUMBER MUST BE ASSIGNED IN CONSECUTIVE SEQUENCE. WHEN A NUMBER HAS BEEN ASSIGNED TO THIS PROJECT, IT MUST BE PROPERLY SHOWN IN THE TITLE AND THE SURVEYOR'S CERTIFICATE ON THIS SHEET.

**SURVEYOR'S CERTIFICATE**

I, JAMES H. GRANGER, LICENSED PROFESSIONAL SURVEYOR OF THE STATE OF MICHIGAN CERTIFY:  
 THAT THE SUBDIVISION PLAN KNOWN AS EMMET COUNTY CONDOMINIUM PLAN No. 258 AS SHOWN ON THE ACCOMPANYING DRAWINGS, REPRESENTS A SURVEY ON THE GROUND MADE UNDER MY DIRECTION AND THAT THERE ARE NO EXISTING ENCROACHMENTS UPON THE LANDS AND THE PROPERTY HEREBY DESCRIBED.

THAT THE REQUIRED MONUMENTS AND IRON MARKERS HAVE BEEN LOCATED IN THE GROUND AS REQUIRED BY RULES PROMULGATED UNDER SECTION 142 OF ACT No. 59 OF THE PUBLIC ACTS OF 1978.

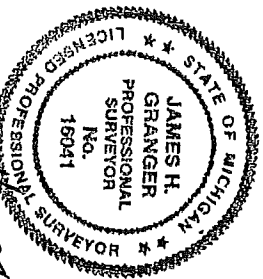
THAT THE ACCURACY OF THIS SURVEY IS WITHIN THE LIMIT REQUIRED BY THE RULES PROMULGATED UNDER SECTION 142 OF ACT No. 59 OF THE PUBLIC ACTS OF 1978.

THAT THE BEARINGS, AS SHOWN, ARE NOTED ON THE SURVEY PLAN AS REQUIRED BY THE RULES PROMULGATED UNDER SECTION 142 OF ACT No. 59 OF THE PUBLIC ACTS OF 1978.

JAMES H. GRANGER, P.E., P.S.  
 LICENSED PROFESSIONAL SURVEYOR  
 REGISTRATION No. 15041  
 GRANGER & ASSOCIATES, INC.  
 224 S. MAIN STREET  
 CHEBOYGAN, MI 49721  
 DATE 5-1-02

DEVELOPER  
 A.T.T. & K INVESTMENTS, LLC  
 421 VALUANT  
 ROCHESTER, MI 48307

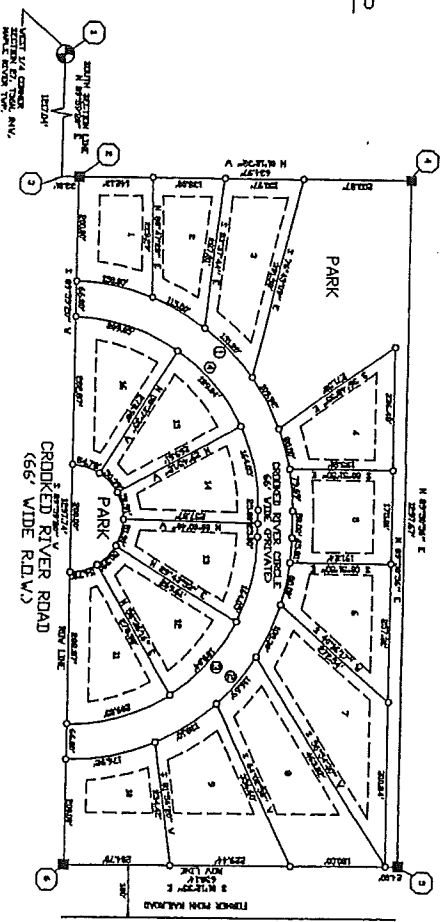
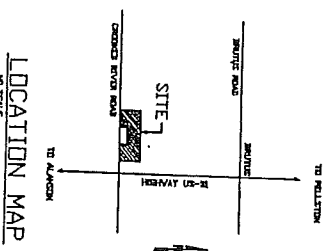
INDEX No.	TITLE
1	COVER
2	BOUNDARY SURVEY PLAN
3	SITE PLAN
4	UTILITY PLAN



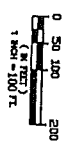
*James H. Granger*

DATE	REVISION	BY	REASON	COUNT	TITLE	SCALE
					COVER	AS SHOWN

**CROOKED RIVER ESTATES**  
 PART OF THE SOUTH 1/2 OF THE NW 1/4 SECTION 27, T36N, R4W,  
 MAPLE RIVER TWP., EMMET CO., MICHIGAN



UNIT	AREA
1	30,323
2	30,855
3	42,933
4	33,202
5	33,231
6	34,051
7	53,100
8	52,944
9	45,135
10	39,924
11	37,134
12	32,850
13	31,694
14	31,694
15	32,850
16	37,134



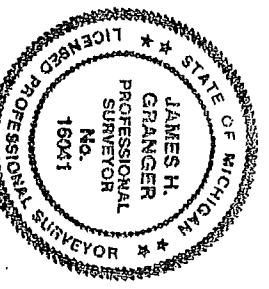
- BEARINGS BASED ON DEED OF RECORD.
- MAJOR BOUNDARY CORNER-4" DIA. X 4' CONCRETE W/CAP #16
- MINOR BOUNDARY CORNER-1/2" IRON V.
- SECTION CORNER
- COORDINATE POINT
- EXTERIOR BOUNDARY LINE
- UNIT BOUNDARY LINE

**COORDINATE SCHEDULE**

No.	NORTHING	EASTING
1	5926.44	1121.48
2	7370.07	1121.48
3	7403.07	1135.28
4	8037.90	1135.28
5	8041.32	1247.29
6	7403.32	1247.29

**CURVE DATA**

No.	RADIUS	ARC	BEARING	DISTANCE
1	433.87	66.5317' N	44°59'20" E	539.44'
2	433.87	66.5317' S	45°00'40" E	539.44'
3	507.87	56.2147' N	45°00'40" V	506.00'
4	507.87	56.2147' S	44°59'20" V	506.00'



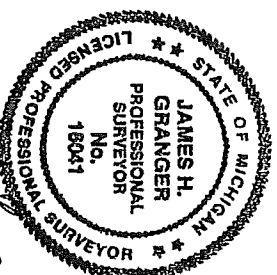
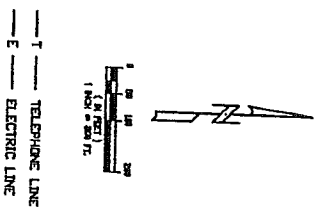
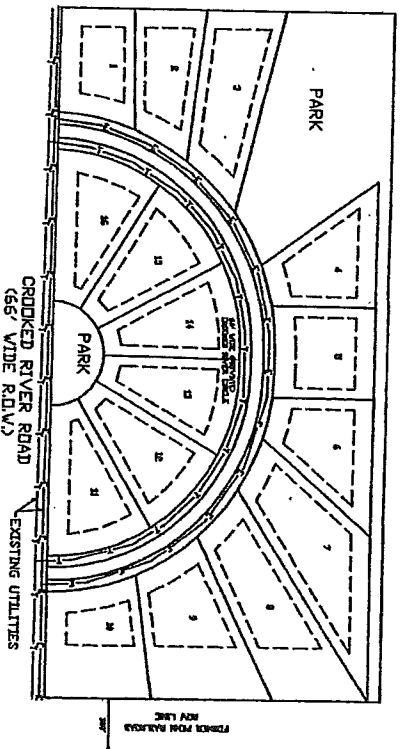
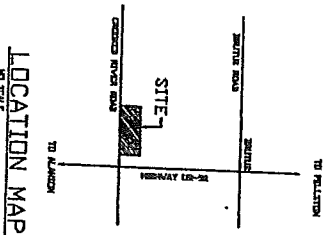
*James H. Granger*

DATE	PREPARED BY	CLIENT	DRAWN BY	TITLE
	J. GRANGER	ATT. & K. INVESTMENTS, LLC 461 WALNUT RICHMOND, MI 48907		BOUNDARY SURVEY PLAN
DATE	APPROVED BY			

AS-BUILT



**CROOKED RIVER ESTATES**  
 PART OF THE SOUTH 1/2 OF THE NW 1/4 SECTION 27, T36N, R4W,  
 MAPLE RIVER TWP., EMMET CO., MICHIGAN



*James H. Granger*

NEED NOT BE BUILT

DATE	DESCRIPTION	BY	REVISION	DATE	DESCRIPTION	BY	REVISION
OWNER	A.T.T. & K. INVESTMENTS, LLC 421 WALNUT ROCHESTER, MI 48307			DESIGNER	James H. Granger 111 E. Jackson / East Lansing, Michigan 48824		
TITLE	UTILITY PLAN						

MICHIGAN DEPARTMENT OF CONSUMER & INDUSTRY SERVICES  
BUREAU OF COMMERCIAL SERVICES

Date Received  
**JUN 05 2002**

(FOR BUREAU USE ONLY)

*See pd.*

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

**FILED**

**JUN 06 2002**

Administrator  
MI DEPT. OF CONSUMER & INDUSTRY SERVICES  
BUREAU OF COMMERCIAL SERVICES

EFFECTIVE DATE:

Neil Marzella, Attorney

P.O. Box 808

Harbor Springs, MI 49740-0808

**RESTATED ARTICLES OF INCORPORATION**

For use by Domestic Nonprofit Corporations

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

1. The present name  
of the corporation is : **CROOKED RIVER ESTATES OWNERS' ASSOCIATION**
2. The identification number assigned by the Bureau is: **774447**
3. All former names of the corporation are: **none other than the above**
4. The date of filing the original Articles of Incorporation was : **April 22, 2002**

*The following Restated Articles of Incorporation supersede the Articles of Incorporation as amended and shall be the Articles of Incorporation of the corporation:*

**ARTICLE I:**

The name of the corporation is: **CROOKED RIVER ESTATES OWNERS' ASSOCIATION**

**ARTICLE II:**

The purposes for which the corporation is organized are as follows:

- A. To manage and administer the affairs of a condominium (hereinafter the "Condominium");
- B. To levy and collect assessments against and from the members of the corporation (the Co-owners) and to use the proceeds thereof for the purposes of the corporation; to enforce assessments through liens, fines and foreclosure proceedings where appropriate;
- C. To carry insurance and to collect and allocate the proceeds thereof;
- D. To restore, repair or rebuild the property after occurrence of an event causing casualty to the common elements of the Condominium; to negotiate on behalf of the Co-owners for any taking of common

**ARTICLE II Continued:**

E. To contract for and employ persons or business entities to assist in management, operation, maintenance, and administration of the Condominium;

F. To make reasonable regulations affecting Co-owners and their tenants concerning the use and enjoyment of the Condominium; to enforce the regulations by all legal methods, including, but not limited to, imposition of fines and late payment charges, eviction proceedings or legal proceedings;

G. To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease any real or personal property, including, but not limited to, any unit in the Condominium, easements, right-of-ways or licenses, or any other real property, whether or not contiguous to the Condominium, for the purposes of providing benefit to the members of the corporation and in furtherance of any of the purposes of the Condominium;

H. To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business to secure the same by mortgage, pledge or other lien, the foregoing subject to limitation in amount and voter approval as provided in the Condominium By-laws;

I. To enforce the provisions of the Master Deed and Condominium By-laws, of these Articles of Incorporation, and of such rules and regulations of the Condominium as may hereafter be adopted; to sue on behalf of the Condominium or the Co-owners thereof; to assert, defend, or settle claims on behalf of Co-owners with respect to the common elements;

J. To do anything required of or permitted to it as administrator of the Condominium by the Master Deed or Condominium By-laws or by Public Act No. 59 of 1978;

K. In general, to enter into any kind of activity, to make and perform any contract and to exercise all powers necessary to the administration, management and operation of the Condominium with all powers conferred upon non-profit corporations by the laws of the State of Michigan.

**ARTICLE III:**

The corporation is organized upon a non-stock basis.

The description and value of its real property assets are: none.

The description and value of its personal property assets are: none.

The corporation is to be financed under the following general plan: assessment of its members.

The corporation is organized on a membership basis.

**ARTICLE IV:**

1. The address of the registered office is: 421 Walnut, Rochester, Michigan 48307

2. Mailing address: same

3. The name of the resident agent at the registered office is: Andrew T. Roush



**ARTICLE V:**

The name and address of the incorporator is as follows: Neil Marzella, Attorney  
P.O. Box 808  
Harbor Springs, MI 49740-0808

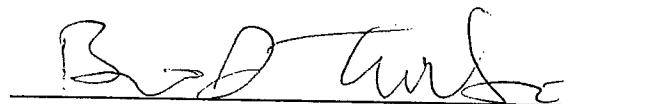
**ARTICLE VI:**

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

Name:	Address:
Andrew T. Roush	421 Walnut, Rochester, Michigan 48307
Thomas Roush	6547 Barbara Avenue, Indian River, Michigan 49749
Brian J. Turbin	311 West Mitchell Street, Petoskey, Michigan 49770

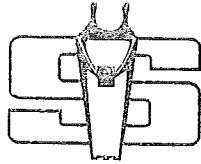
5. These Restated Articles of Incorporation were duly adopted on April 29, 2002, in accordance with the provisions of Section 642 of the Act. These Restated Articles of Incorporation restate, integrate, and do further amend the provisions of the Articles of Incorporation and were duly adopted by the written consent of all of the Members entitled to vote in accordance with Section 407(3) of the Act.

Signed this 21st day of May 2002.



By: Brian Turbin, Vice-President

COMMITMENT FOR TITLE INSURANCE  
ISSUED BY



Sanctity of Contract®

**STEWART TITLE®**  
GUARANTY COMPANY

STEWART TITLE GUARANTY COMPANY, a Texas Corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

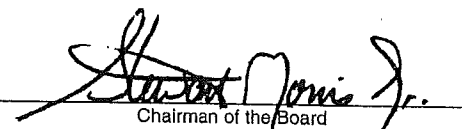
This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

**THIS COMMITMENT IS NOT AN ABSTRACT, EXAMINATION, REPORT, OR REPRESENTATION OF FACT OR TITLE AND DOES NOT CREATE AND SHALL NOT BE THE BASIS OF ANY CLAIM FOR NEGLIGENCE, NEGLIGENT MISREPRESENTATION OR OTHER TORT CLAIM OR ACTION. THE SOLE LIABILITY OF COMPANY AND ITS TITLE INSURANCE AGENT SHALL ARISE UNDER AND BE GOVERNED BY PARAGRAPH 3 OF THE CONDITIONS.**

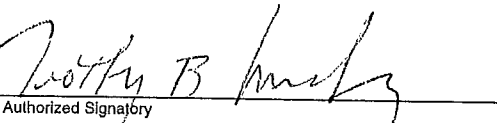
Signed under seal for the Company, but this Commitment shall not be valid or binding until it bears an authorized Countersignature.

IN WITNESS WHEREOF, Stewart Title Guaranty Company has caused its corporate name and seal to be hereunto affixed by its duly authorized officers on the date shown in Schedule A.

**STEWART TITLE®**  
GUARANTY COMPANY

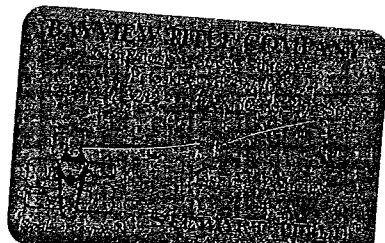
  
Chairman of the Board

Countersigned by:

  
Authorized Signatory



  
President



Company

City, State

## GENERAL REQUIREMENTS

### ALL MORTGAGE POLICIES

- (a) Estoppel certificate on form provided by this Company and signed by or on behalf of all mortgagors.

### ALTA MORTGAGE POLICIES WITHOUT EXCEPTIONS

- (a) Proper sworn statements and waivers showing payments or release of lien rights covering improvements made on subject land in the last 90 days or satisfactory proof that no improvements have been made within the last 90 days.
- (b) Satisfactory survey by an approved surveyor showing no variation in location or dimensions, encroachments, or adverse rights, and such evidence of possession as may be required.

### REQUIREMENTS FOR ISSUANCE OF POLICY OR POLICIES:

1. General requirements as set forth above for Mortgage Policies.
2. Payment to us of the premiums, fees, and charges for the policy.
3. Instruments necessary to create the estate or interest to be insured must be properly executed, delivered and duly filed for record.

## STANDARD EXCEPTIONS

### MORTGAGE POLICIES WITH EXCEPTIONS

- (a) Rights or claims of parties in possession not shown of record.
- (b) Encroachments, overlaps, boundary line disputes, and any matters which would be disclosed by an accurate survey and inspection of the premises.
- (c) Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

### OWNERS POLICIES

- Exceptions (a), (b) and (c) under "Mortgagee Policies with Exceptions".
- (d) Easements and Claims of Easement not shown of record.
  - (e) Taxes or special assessments which are not shown as existing liens by the public records.
  - (f) Rights of Dower, homestead or other marital rights of the spouse, if any, of any individual insured.
  - (g) Existing water, mineral, oil and exploitation rights which are not of record.
  - (h) Restrictions or restrictive Covenants affecting the property described in Schedule A and not appearing in the chain of title to the land.

### EXCEPTIONS FROM COVERAGE TO BE SHOWN ON SCHEDULE "B" OF POLICIES: Unless the same are Eliminated to the satisfaction of the Company.

1. Standard Exceptions as set forth above.
2. Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

**STEWART TITLE GUARANTY COMPANY**

Commitment Number: 12228-01 REV. #1

**COMMITMENT - SCHEDULE A**

1. Commitment Date: **May 23, 2002** at **08:00 AM**
  
2. Policy (or Policies) to be issued:

	Amount
(a) <b>ALTA Owner's Policy (4-6-90)</b>	<b>\$ 1,000.00</b>
Proposed Insured:	
<b>MASTER POLICY (Sample Commitment)</b>	
(b) <b>ALTA Loan Policy (10-17-92)</b>	
Proposed Insured:	
  
3. Fee Simple interest in the land described in this Commitment is owned, at the Commitment Date, by:

**A.T.T. & K. INVESTMENTS, LLC, a Michigan Limited Liability Company**
  
4. The land referred to in this Commitment is described as follows:

Land situated in the Township of Maple River, Emmet County, Michigan:

Commencing at the West 1/4 corner of said Section 27; thence North 89°59'20" East 1217.04 feet along the East and West 1/4 line of said Section 27 to the Point of Beginning; thence continuing North 89°59'20" East 1297.74 feet along said 1/4 line to the Westerly right of way line of the Pennsylvania Railroad; thence North 01°12'35" West 671.32 feet along the Westerly right of way of said Railroad; thence South 89°50'29" West 1297.67 feet; thence South 01°12'35" East 667.98 feet to the Point of Beginning.

**STEWART TITLE GUARANTY COMPANY**

Commitment Number: 12228-01 REV. #1

**COMMITMENT - SCHEDULE B - SECTION I  
REQUIREMENTS**

The following are the requirements to be complied with:

1. Comply with the General Requirements set forth on the inside of the cover to this title commitment.
2. All applicable Standard Exceptions are set forth on the inside of the cover to this title commitment.
3. Record Warranty Deed from A.T.T. & K. INVESTMENTS, LLC, a Michigan Limited Liability Company, to PARTY TO BE INSURED.
4. Furnish insurer with an Operating Agreement from A.T.T. & K. INVESTMENTS, LLC, a Michigan Limited Company, authorizing the above referenced transfer.
5. Payment of unpaid taxes, plus penalty and/or interest, and collection fees, if any, or same to be shown on Final Policy.

**TAXES:**

Tax Roll No. 24-09-14-27-100-011

2001 Summer taxes are paid in the amount of \$203.03.

2001 Winter taxes are paid in the amount of \$87.25.

Prior taxes paid.

2001 taxable value: \$7,217.00 (Non-homestead)

Tax Roll No. 24-09-14-27-100-012

2001 Summer taxes are paid in the amount of \$117.34.

2001 Winter taxes are paid in the amount of \$50.40.

Prior taxes paid.

2001 taxable value: \$4,171.00 (Non-homestead)

**STEWART TITLE GUARANTY COMPANY**

Commitment Number: 12228-01 REV. #1

**COMMITMENT - SCHEDULE B - SECTION II**

**EXCEPTIONS**

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the company:

1. Rights of the public and of any governmental unit in any part thereof taken, used, or deeded for street, road, or highway purposes.
2. Assessments, special or general, unless the roll is open for payment in the office of the County Treasurer.
3. All oil, gas, and minerals, and all rights pertinent thereto.

## CONDITIONS AND STIPULATIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, the Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

## **STEWART TITLE** GUARANTY COMPANY

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at P.O. Box 2029, Houston, Texas 77252.

**CROOKED RIVER ESTATES**  
**CONDOMINIUM ESCROW AGREEMENT**

Agreement made this 25th day of April, 2002, by and between ATT & K Investments, a Michigan limited liability company (hereinafter the "Developer"), and Bayview Title Company, agent for Stewart Title Guaranty Co. (hereinafter the "Escrow Agent").

Whereas the Developer has established a condominium project known as Crooked River Estates Condominium, under and in accordance with the Michigan Condominium Act (Act No. 59, Public Acts of 1978, as amended (hereinafter the "Act");

Whereas the Developer plans to sell units in the project to such persons ("Purchasers") who shall execute and enter into Reservation and Purchase Agreements substantially in the form attached hereto as Exhibit "A" (the "Purchase Agreement");

Whereas all deposits received from Purchasers executing Purchase Agreements are required to be deposited in escrow with a bank, savings and loan association or title company, licensed or authorized to do business in Michigan under and pursuant to the terms and conditions specified by Section 103b of the Act; and

Whereas the parties desire to enter into this Agreement for the purpose of satisfying this escrow requirement of the Act;

Now, Therefore, the parties hereby agree as follows:

1. Deposit of Funds and Documents. The Developer shall promptly deposit with Escrow Agent all funds received as deposits from Purchasers executing a Purchase Agreement, together with a fully executed copy of each Purchase Agreement and, if then available, a signed copy of the receipt of each Purchaser required by Section 84a(3) of the Act acknowledging receipt of the documents required to be delivered by Section 84a(1) of the Act. If not delivered with the initial deposit of funds, the receipt required by Section 84a(3) shall be promptly delivered by Developer upon receipt of the same. Upon receipt of such funds, Escrow Agent shall place the same in a bank account, insured against loss and readily liquid so that they may be disbursed as provided by this Agreement.

2. Interest Earned Upon Escrowed Funds. Escrow Agent shall be under no obligation to earn interest upon the funds held in escrow hereunder.

3. Release of Funds. Escrow Agent shall hold all funds deposited with it in escrow until the occurrence of one of the conditions set forth below, at which time Escrow Agent shall deliver the funds to the party indicated.



(a) Voluntary Withdrawal by Purchaser. If the Purchaser shall withdraw from the Purchase Agreement prior to the time that the Purchase Agreement becomes binding, then within three (3) business days from the date of receipt of notice of such withdrawal from Purchaser or Developer, Escrow Agent shall deliver the escrowed funds to the Purchaser.

(b) Default Prior to Purchase Agreement Becoming Binding. If the Purchaser shall default in performing any obligation of the Purchase Agreement requiring Purchaser's performance prior to the time that the Purchase Agreement becomes binding, and Developer elects to terminate the Purchase Agreement and so notifies Escrow Agent, then Escrow Agent shall promptly deliver the escrowed funds to the Purchaser.

(c) Voluntary Withdrawal by Developer. If Developer decides not to establish the Project as a condominium project or not to establish the Purchaser's unit and so notifies Escrow Agent, the Escrow Agent shall deliver all escrowed funds to the Purchaser.

(d) Inability to Obtain Financing. If the Purchase Agreement is contingent upon any event (i.e.- Purchaser obtaining a mortgage or other financing) and permits the Purchaser to voluntarily withdraw in the event such contingency is not met, and Purchaser duly withdraws as a result and gives notice thereof to Escrow Agent, Escrow Agent shall deliver the escrowed funds to the Purchaser.

(e) Default After Purchase Agreement Becomes Binding. If, after the Purchase Agreement becomes binding, either the Purchaser or the Developer shall default in performing their respective obligations therein set forth, and the non-defaulting party provides notice of such default as required by the Purchase Agreement and provides a copy of such notice to Escrow Agent, then following the passage of such grace period, if any, as may be provided by the Purchase Agreement, Escrow Agent shall deliver all escrowed funds to the non-defaulting party promptly following receipt of a written demand for the same, provided, however, that if prior to the release of such funds Escrow Agent receives a written objection to the notice of default or a written claim of interest in the funds from the alleged defaulting party, then Escrow Agent shall hold or dispose of the funds as provided in Paragraph 7 hereof.

(f) Upon Conveyance of Title to Purchaser. Upon conveyance of title to a unit covered by a Purchase Agreement from the Developer to a Purchaser (or upon execution of a Land Contract between the Developer and a Purchaser in fulfillment of a Purchase Agreement), Escrow Agent shall release to Developer all escrowed funds provided Escrow Agent has confirmed:

(i) That all "must be built" items located within the phase of the Project in which the unit is located are substantially complete, and that all recreational or other facilities intended for common use wherever located within the Project are substantially complete; or

(ii) That, if the structures or improvements described in Subparagraph 3(f)(i) above are not complete, sufficient funds to finance substantial completion are being retained in escrow.

For purpose of structures or improvements of the type described in Subparagraph 3(f)(i) above, the same shall be considered substantially complete when certificates of substantial completion have been furnished therefor by the Developer and by a licensed professional architect or engineer, as described in Paragraph 6.

(g) Release of Funds for Completion of Improvements. Upon furnishing Escrow Agent a certificate from a licensed professional architect or engineer evidencing substantial completion in accordance with the pertinent plans and specifications of a structure, improvement, facility or identifiable portion thereof for which funds or other security have been deposited in escrow, Escrow Agent shall release to Developer the amount of such funds specified by the issuer of the certificate as being attributable to such substantially completed item(s); provided, however, that if the amounts remaining in escrow after any such partial release would be insufficient in the opinion of the issuer of such certificate to finance substantial completion of any remaining incomplete items for which funds or other security have been deposited in escrow, only the amount in escrow in excess of such estimated cost to substantially complete shall be released by Escrow Agent to Developer.

4. Substitute Security. Notwithstanding anything in this Agreement to the contrary, Developer may withdraw all or any part of the escrowed funds prior to the occurrence of any of the events set forth in Paragraph 3 above, provided that Developer shall deliver to Escrow Agent an irrevocable letter of credit in the amount of the funds being withdrawn issued by a Michigan bank or savings and loan and payable only to Escrow Agent.

5. Ultimate Disposition of Funds. After the Transitional Control Date, as defined in the Condominium Documents, upon the request of the Condominium Owners' Association or any interested Co-owner(s), the Escrow Agent shall notify the Developer and the Association or Co-owner(s) of the balance of the funds remaining in escrow for the completion of "must be built" items. After said Transitional Control Date, the funds which have not yet been released to Developer may continue to be held or may be disposed of by Escrow Agent as follows:

(a) Escrow Agent may release such funds or security in accordance with the terms of such written agreement, if any, as may be entered into by and between the Developer and the Condominium Owners' Association, provided that such agreement is entered into subsequent to said Transitional Control Date;

(b) With the consent of the Developer and all other interested parties, Escrow Agent may initiate an arbitration proceeding under the Commercial Arbitration Rules of the American Arbitration Association pursuant to which proceeding both the Developer, the Condominium Owners' Association and all other interested parties shall be named as parties. Escrow Agent shall continue to hold all sums in escrow pending the outcome of the arbitration, but Escrow Agent shall not be a party to such arbitration. All issues relative to disposition of such escrow deposits or other security shall be decided by the arbitrator or arbitration panel and such decision shall be final and binding upon all parties concerned and judgment thereon may be rendered upon such award by any Circuit Court of the State of Michigan. Escrow Agent may in any event

release all such escrow deposits in accordance with the arbitration decision or may commence an interpleader action with respect thereto as provided below; or

(c) Escrow Agent may initiate an interpleader action in any Circuit Court in the State of Michigan naming the Developer, the Condominium Owners' Association and all other interested parties and deposit all funds or other security in escrow with the Clerk of such Court in full satisfaction of its responsibilities under this Agreement.

6. Proof of Occurrences; Confirmation of Substantial Completion; Determination of Cost to Complete. Escrow Agent may require reasonable proof of any event, action or condition stated herein before releasing any funds held by it pursuant to any Purchase Agreement either to a Purchaser thereunder or to the Developer. Whenever Escrow Agent is required hereto to confirm that a facility, element, structure, improvement or identifiable portion of any of the same is substantially complete in accordance with the pertinent plans and specifications therefor, it may base such confirmation entirely upon the certificate of a licensed professional architect or engineer to such effect. Likewise, all estimates and determinations of the cost to substantially complete any incomplete elements, facilities, structures and improvements for which escrowed funds are being specifically maintained under subparagraph 2(g) above shall be made entirely by a licensed professional architect or engineer, and the determination of all amounts to be retained or maintained in the escrow account for the completion of any such elements, facilities, improvements or structures shall be based entirely upon such determinations and estimates as are furnished by such architect or engineer. No inspections of the Condominium Project or any portion thereof by any representative of Escrow Agent shall be deemed necessary hereunder, nor must any cost estimates or determinations be made by Escrow Agent, and Escrow Agent may rely entirely upon certificates, determinations and estimates as described above in retaining and releasing all escrowed funds hereunder.

7. Conflicting Claims. If Escrow Agent receives conflicting instructions or claims to the funds or documents held in escrow, then it may take any one or more of the following actions:

(a) It may hold all or any portion of the funds and documents affected by the conflicting instructions or claims in escrow and take no further action until otherwise directed, either by mutual written instructions from all interested parties or final order of a Court of competent jurisdiction; or

(b) It may initiate an interpleader action in any Circuit Court in the State of Michigan naming all interested parties as parties and depositing all or any portion of the funds, securities and documents affected by the adverse claims with the Clerk of such Court in full satisfaction of its responsibilities under this Agreement.

8. Status and Liability of Escrow Agent. Upon delivering or applying all funds deposited with it hereunder in accordance with this Agreement, and after performing the obligations and services required by law and in all Purchase Agreements, Escrow Agent shall be released from any further liability under this Agreement and the Purchase Agreements, it being

expressly understood that Escrow Agent's liability is limited by the terms and the provisions set forth in this Agreement and the Purchase Agreements. By acceptance of this Agreement, both Developer and Escrow Agent acknowledge that Escrow Agent is acting in the capacity of a depository and that Escrow Agent is not responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted to it by Developer or the nature, extent or quality of construction of any unit, facility or improvement. Escrow Agent shall not be responsible for the failure of any bank used as a depository for funds received pursuant to this Agreement.

9. Notices. All notices required or permitted to be given pursuant to this Agreement and all notices of change of address shall be sufficient if personally delivered or sent by certified mail, postage prepaid and return receipt requested, addressed to the recipient at the address shown below each party's signature on this Agreement or the pertinent Purchase Agreement. For purposes of calculating time periods under the provisions of this Agreement, all notices shall be deemed effective upon mailing or personal delivery, whichever is applicable.

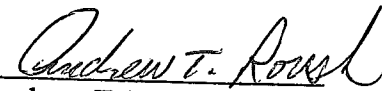
10. Attorney Fees and Costs. The Developer (or the Purchaser, Condominium Owners' Association or Co-owner(s), should the arbitrator(s) or Court determine that the Purchaser, Condominium Owners' Association or Co-owner(s) are at fault and should bear all or part of the responsibility therefore) shall reimburse the Escrow Agent for its reasonable attorney fees and costs resulting from the Escrow Agent having to initiate an arbitration or interpleader action pursuant to Paragraphs 5 or 7 above.

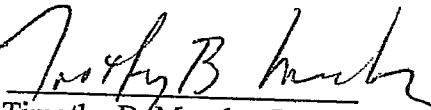
11. Construction. This Agreement shall be subject to, and construed in all respects in accordance with, the laws of the State of Michigan.

Executed effective the date first set forth above.

Developer:  
ATT & K Investments, L.L.C.  
a Michigan limited liability company

Escrow Agent:  
Bayview Title Company, agent for  
Stewart Title Guaranty Co.

By:   
Andrew T. Roush, Member

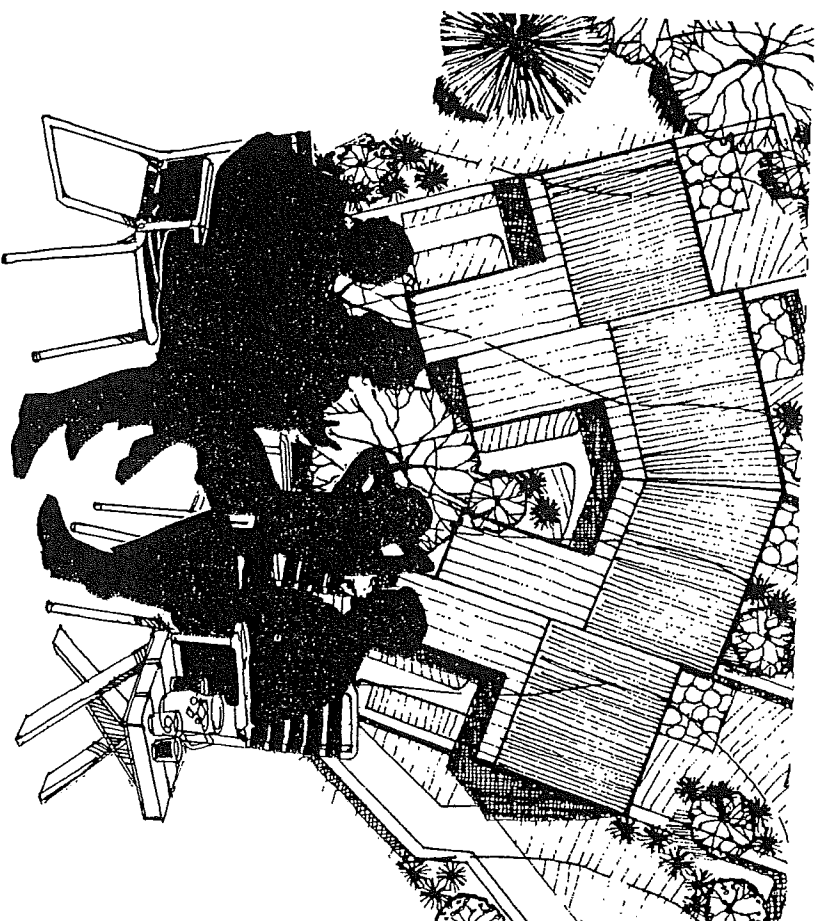
By:   
Timothy B. Murphy, Its President

421 Walnut  
Rochester, MI 48307

616 Petoskey Street  
Petoskey, MI 49770

# The Condominium Buyers Handbook

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



## Introduction

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

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

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

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

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

## Do You Know . . .

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

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



## What Is a Condominium

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


What, actually, is a condominium?

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

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

### Limited or General Common Elements

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



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

### Condo Advantages

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

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

### How They Began

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

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

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

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

## The Buyer and the Developer

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

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

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

## Advertising and Sales

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

- The developer or salesman cannot advertise or tell you or a
- that your unit will automatically increase in value if you wish to sell in the future;
  - that you must act quickly to purchase a unit because of limited availability or because the price will increase, unless this is actually the case;
  - that you will receive a discount or savings, or that you will receive "free" goods or services for purchasing a unit, unless this is actually the case.

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

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

## Preliminary Reservation Agreements and Purchase Agreements

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

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



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

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

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

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

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

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

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

## **The Master Deed, Condominium Bylaws and the Disclosure Statement**

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

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

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

### **What Percent of the Project Do You Own?**

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



## ***Read the Fine Print!***

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


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

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

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

## ***Warranties***

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



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

## ***Conversions—How Good?***

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

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

## Pitfalls and Safeguards

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

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

1. *Pitfall*—Yielding to a high pressure sales pitch by signing contracts or agreements which you do not fully understand.  
*Safeguard*—Do not take a chance on losing your investment. Carefully review all documents and seek professional assistance.
2. *Pitfall*—Falling for a sales pitch which emphasizes the advantages of equity buildup and maintenance-free living, but does not point out the responsibilities of owning a condominium.  
*Safeguard*—Do not be gullible; get all the facts and weigh them. Owning a condominium is not the same as renting an apartment where you can rely on the landlord to maintain your building. You and other co-owners are your own landlords and will be collectively responsible for arranging for the upkeep of your project.
3. *Pitfall*—Entering into a binding purchase agreement which does not depend on your being able to obtain a mortgage commitment or acceptable financing.

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

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

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

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

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

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

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

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



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

## The Buyer and the Association

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

### Who's in Charge?

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

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

### Associations Have Bylaws, Too!

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



## Responsibilities and Rights The Association

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

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

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

## The Co-owners

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

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

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



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

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

## and More Questions . . .

Some additional questions often asked by prospective buyers are:

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

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

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

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

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



## What to Do If You Have a Complaint

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

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

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

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

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

### 1. For Construction Defects:

#### A. Your local building inspector

B. Michigan Department of Commerce,  
Bureau of Commercial Services, Enforcement Division,  
P.O. Box 30018, Ottawa Building North,  
Lansing, MI 48909  
Telephone: (517) 373-9153

### 2. For Sales Misrepresentations of licensed residential businesspeople or real estate brokers:

Michigan Department of Commerce,  
Bureau of Commercial Services, Enforcement Division,  
P.O. Box 30018, Ottawa Building North,  
Lansing, MI 48909  
Telephone: (517) 373-9153

### 3. Actions Regarding Purchase Agreement or Master Deed

Corporation and Securities Bureau  
Michigan Department of Commerce,  
P.O. Box 30222, Lansing, Michigan 48909  
Telephone: (517) 334-6203

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

The Condominium Act now provides in Section 145 upon receipt of an oral or written complaint with respect to a developer of a condominium project, the Corporation and Securities Bureau shall forward a copy of the complaint to the affected developer, and shall mail a notice of the available remedies to the complainant. At the end of the handbook is a section entitled, "Available Remedies Under the Condominium Act."

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

## Remember:

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

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

## What the Words Mean

### Assessment (Operating)

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

### Assessment (Special)

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

### Association of Co-Owners

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

### Condominium Bylaws

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

### Association Bylaws

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

### Common Interest

The percentage of undivided interest in the common elements of the project as expressed in the master deed.

### Co-Owner

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

### Default

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

#### **Easement**

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

#### **Escrow Funds**

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

#### **Liability and Hazard Insurance (Association)**

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

#### **Lien**

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

#### **Limited Common Element**

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

#### **Master Deed**

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

#### **Mortgage Commitment**

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

#### **Reserve Funds (Replacement)**

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

#### **Taxes**

Local real estate taxes are levied on the individual units and on the condominium association.

#### **Undivided Interest**

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



## Available Remedies Under The Condominium Act

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

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

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

A purchaser or association of co-owners considering this remedy should consult with their legal advisor.
2. The right to arbitration under Section 144 of the Act. Section 144 provides:
  - “(1) A contract to settle by arbitration may be executed by the developer and any claimant with respect to any claim against the developer that might be the subject of a civil action.
  - (2) At the exclusive option of the purchaser, co-owner or person occupying a restricted unit under section 104b, a contract to settle by arbitration shall be executed by the developer with respect to any claim that might be the subject of a civil action against the developer, which claim involves an amount less than \$2,500.00 and arises out of or relates to a purchase agreement, condominium unit, or project.
  - (3) At the exclusive option of the association of co-owners, a contract to settle by arbitration shall be executed by the developer with respect to any claim that might be the subject of a civil action against the developer, which claim arises out of or related to the common elements of condominium project, if the amount of the claim is \$10,000.00 or less.
3. The right to lodge a complaint pursuant to Article 5 of the Occupational Code (Section 501 to 522 of 1980 P.A. 299).  

A condominium developer may be required to be a licensed residential builder under the Occupational Code. Complaint concerning construction would be filed with the Department Licensing and Regulation, Complaint Division, P.O. Box 3 Lansing, Michigan 48909.
4. The right to initiate an investigation or bring an action under Michigan Consumer Protection Act, 1976 P.A. 331.

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

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

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

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

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