PURCHASER INFORMATION BOOKLET



FARMINGTON HILLS, MICHIGAN

Timbercrest Developed By:

12/MB Limited Partnership 31550 Northwestern Highway Suite 200 Farmington Hills, Michigan 48334

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BYLAWS SUMMARY

The Association Bylaws are an important part of our existence as a community. It is up to each individual homeowner to be aware of the Bylaws that govern your property. Below is a summary of some of the more relevant parts of our Bylaws.

Now that the subdivision is fully occupied, and the issues of starting up a new subdivision are mostly behind us, we can focus on improving the quality of life for those in the subdivision. Bylaws enforcement is one way to accomplish this improvement. Remember, this is your subdivision, whatever goes on here impacts the value of your property.

If you are aware of any violations of the Bylaws please contact a member of your Board of Directors. Please also contact us if you would be willing to serve on the Bylaws Committee.

UPKEEP OF YOUR PROPERTY

It shall be the responsibility of each Site Owner to prevent the development of any unclean, unsightly or unkempt conditions of buildings or ground on the Owner's Site which shall tend to substantially decrease the beauty of the Condominum as a whole or any specific area thereof...except by the Developer...no building materials, landscaping materials or firewood shall be stockpiled on any Site. (Article VI, Section 5)

APPROPRIATE LANDSCAPING

...All Sites shall be sodded and appropriately landscaped within 90 days of occupancy. If, however, occupancy of the Residence occurs after October 1st, then the Site shall be sodded and appropriately landscaped by June 1st of the following year. (Article VI Restrictions; subsection (c))

INAPPROPRIATE ACTIVITIES

No noxious or offensive activity shall be performed upon any Site, or shall anything be done thereon tending to cause embarrassment, discomfort, aunoyance or misance to other Sites or Site owners. (Article VI, Section 4)

TRASH CANS

Trash receptacles shall at all times be maintained inside each individual garage... (Article VI, Section 5)

LAWN ORNAMENTS ETC.

No lawn ornaments, sculptures or statues shall be placed or permitted to remain on any Site without prior written permission of the Board of Directors. (Article VI Section 5)

ITEMS DETRIMENTAL TO APPEARANCE OF THE CONDIMINIUM

In general, no activity shall be carried on nor condition maintained by an Owner, either in a Site or upon the Common elements, which is detrimental to the appearance of the Condominium. (Article VI Section 5)

PETS

Only two household pets may be kept on a Site at any time. Any pets kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. (Article VI section 6)

BASKETBALL HOOPS

Basketball hoops and play areas are permitted subject to strict compliance with the following restrictions:

- (a) All basketball hoops shall be on ground mounted posts located at least 30 feet from the curb of the road (s) adjacent to the Site.
- (b) The ground mounted post for the basketball hoop shall be located at least 5 feet from the sideline of the Site.
- (c) No florescent or bright colors shall be permitted for wither the post or the backboard. The ground mounted post shall be painted black and the backboard of the basketball hoop shall be clear.

NOTE: The Board of Directors has allowed portable basketball hoops as long as they are treated like any other toy, to be brought out only when used and stored, out of sight form the street, when not in use. Hoops are not to be place on Common property nor on any sidewalk or street. (Article VI section 8)

ANTENNAS, AERIALS AND DISHES

No outside television antenna or other antenna, or aerial, saucer, dish or similar device shall be placed, constructed, altered or maintained on any Site, unless the Board of Directors determines in its sole discretion that the absence of an outside antenna causes substantial hardship with respect to a particular Site. (Article VI, Section 13)

DOG KENNELS AND RUNS

Dog Kennels or runs or other enclosed shelters for permitted animals shall not exceed 150 square feet in size, shall be an integral part of the approved Residence, shall be located in the rear of the Residence only and shall extend no more than 12 feet beyond the rear of the Residence. The location and design of fencing for dog kennels, runs and similar shelters shall be approved by the Board of Directors, and if necessary the municipality... (Article VI, Section 14)

FENCES

No fence or wall of any kind shall be erected or maintained on any Site without the express prior written consent of the Board of Directors. (Article VI, Section 17)

FIREARMS

No owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots, or other similar weapons, projectiles or devices anywhere on or about the Condominium. (Article VI, Section 20)

NOTE: We had some problem with this last 4th of July. Guns were fired in the subdivision. If you hear, witness or know of anyone using a firearm in the subdivision **CALL THE POLICE IMMEDIATELY!** They are better equipped (than your Board of Directors) to respond quickly and solve the problem. The Board can be notified and take action at a later date.

DECKS AND OTHER STRUCTURES

A Site Owner may only construct, install or place on a Site those Structures that have been approved in writing by the [Association]...A Site Owner shall submit two copies of the aforedescribed documents to the [Association], and the [Association] shall retain one copy of each document for its records. The [Association] shall have 30 days after receipt of all required plans and specifications to issue a written approval or denial. (Article VI, Section 2 (b))

FINES AND PENALTIES

Article XVIII Section 1. (c) Assessment of Fines and Penalties.

In the event the Board determines that an Owner has violated any provision of these by-laws or documents, the Board may assess fines or penalties against said Owner, but only after providing written notice to said Owner of the alleged violation, fine and/or penalty. Notice of each such violation, fine or penalty shall also state a reasonable time during which the Owner has to cure or correct any violation of these documents or by-laws. In administering any fines or penalties, the Board shall apply the following steps:

Step 1:

Written Warning

Step 2:

\$100 Fine

Step 3:

\$500 Fine

ARTICLE VI RESTRICTIONS

Section 4. Activities. [insert at end of paragraph] In addition to any noise or nuisance prohibition provided by local ordinance, statute or law, or elsewhere in these by- laws, no work or construction noise or nuisance activity (e.g. the operation of any motorized tools, snowblowers, lawn mowers, drills or other mechanical devices) shall be permitted on any lot or common area between the hours of 9:00 p.m. and 7:00 a.m. of the following day. The foregoing provision shall not apply in the event of a snow emergency as declared by the Farmington Community School District.

ARTICLE XII OFFICERS

Section 1. (b). First and Second Vice Presidents.

- (1) First Vice President. The First Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. The First Vice President shall also perform such other duties as shall, from time to time, be imposed by the Board of Directors.
- (2) Second Vice President. The Second Vice President shall take the place of the First Vice President and perform the First Vice President's duties whenever the First Vice President shall be absent or unable to act. The Second Vice President shall also take the place of the President and perform the President's duties whenever the President and the First Vice President shall be absent or unable to act. The Second Vice President shall also perform such other duties as shall, from time to time, be imposed by the Board of Directors.

ARTICLE XVIII REMEDIES

Section 1. (c) Assessment of Fines and Penalties. In the event the Board determines that an Owner has violated any provision of these by-laws or documents, the Board may assess fines or penalties against said Owner, but only after providing written notice to said Owner of the alleged violation, fine and/or penalty. Notice of each such violation, fine or penalty shall also state a reasonable time during which the Owner has to cure or correct any violation of these documents or by-laws. In administering any fines or penalties, the Board shall apply the following steps:

Step 1: Written Warning

Step 2: \$100 Fine

Step 3: \$500 Fine

Nothing in the foregoing paragraph, however, shall preclude the Board from seeking and recovering any other remedies or fees permitted by these by-laws or law. In response to any written notice of a fine or penalty, an Owner may request an appeal or waiver by: i) notifying the Board of Directors in writing of the reasons why said violation, fines or penalties should be waived; or ii) notifying the Board in writing of the Owner's desire to appear before the full Board and for an opportunity to be heard concerning the imposition of any such fines and penalties. The Owner's failure to so respond shall be construed as an acceptance of any such fines or penalties.

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TIMBERCREST

FARMINGTON HILLS, MICHIGAN

Dear Purchaser:

Welcome to Timbercrest. This booklet includes the documents required by Michigan law for the formation of a condominium. It will serve as a reference point for any questions you may have concerning the operation, maintenance and legal status of your condominium unit. It contains an Information Statement about section 84a of the Condominium Act, Disclosure Statement, Builder's Supplement to Disclosure Statement, Master Deed, Condominium Bylaws (which are also the Corporate Bylaws), Articles of Incorporation, Escrow Agreement and Notice to Purchasers and Mortgagees.

Sincerely.

12/MB LIMITED PARTNERSHIP

PURCHASER INFORMATION BOOKLET

FOR

TIMBERCREST

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ARTICLES OF INCORPORATION OF TIMBERCREST CONDOMINIUM ASSOCIATION

ESCROW AGREEMENT

NOTICE TO PURCHASERS

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TIMBERCREST

INFORMATION STATEMENT

Notice to Purchasers: Paraphrased below are provisions of section 84a of the Michigan Condominium Act ("Act"), which is being submitted to Purchasers to comply with the requirements of the Act. By signing below, Purchasers acknowledge that they have reviewed this Statement and have received from Builder a copy of the recorded master deed, and its exhibits, signed purchase agreement, escrow agreement, Condominium Buyer's Handbook, disclosure statement and builder's supplement to the disclosure statement.

Section 84a of the Act provides in part:

- (1) The developer shall provide copies of all of the following documents to a prospective purchaser of a condominium unit, other than a business condominium unit:
 - (a) The recorded master deed.
- (b) A copy of a purchase agreement that conforms with section 84 (of the Act), and that is in a form in which the purchaser may sign the agreement, together with a copy of the escrow agreement.
- (c) A condominium buyer's handbook. The handbook shall contain, in a prominent location and in boldface type, the name, telephone number, and address of the person designated by the administrator to respond to complaints. The handbook shall contain a listing of the available remedies as provided in section 145 (of the Act).
 - (d) A disclosure statement relating to the project containing all of the following:
- (i) An explanation of the association of co-owners' possible liability pursuant to section 58 (of the Act).
- (ii) The names, addresses, and previous experience with condominium projects of each developer and any management agency, real estate broker, and residential builder, and residential maintenance and alteration contractor.
 - (iii) A projected budget for the first year of operation of association of co-owners.
 - (iv) An explanation of the escrow arrangement.
- (v) Any express Warranties undertaken by the developer, together with a statement that express warranties are not provided unless specifically stated.
- (vi) If the condominium project is an expandable condominium project, an explanation of the contents of the master deed relating to the election to expand the project prescribed in section 32 (of the Act), and an explanation of the material consequences of expanding the project.
- (vii) If the condominium project is a contractible condominium project, an explanation of the contents of the master deed relating to the election to contract the project prescribed in section 33 (of the Act), an explanation of the material consequences of contracting the project, and a statement that any structures or improvements proposed to be located in a contractible area need not be built.
- (viii) If section 66(2)(j) (of the Act) is applicable, an identification of all structures and improvements labeled pursuant to section 66 (of the Act) "need not be built".

(ix) If section 66(2)(j) (of the Act) is applicable, the extent to which financial arrangement have been provided for Completion of all structures and improvements labeled pursuant to section 66 (of the Act) "must built".
Other material information about the condominium project and the developer that the administrator requires by rule.
(e) If a project is a conversion condominium, the developer shall disclose the following addition information:
(i) A statement, if known, of the condition of the main components of the building, including the roofs; foundations; external and supporting walls; heating, cooling, mechanical ventilating, electrical, and plumbin systems; and structural components. If the condition of any of the components of the building listed in this subparagraph unknown, the developer shall fully disclose that fact.
(ii) A list of any outstanding building code or other municipal regulation violations and the dates the premises were last inspected for compliance with building and housing codes.
(iii) The year or years of completion of construction of the building or buildings in the project
(2) A purchase agreement may be amended by agreement of the purchaser and developer before or after the agreement is signed. An amendment to the purchase agreement does not afford the purchaser any right or time to withdraw in addition to that provided in section 84(2) (of the Act). An amendment to the condominium documents effected in the manner provided in the documents or provided by law does not afford the purchaser any right or time to withdraw in addition to that provided in section 84(2) (of the Act).
(3) At the time the purchaser receives the documents required in subsection (1) the developer shall provide separate form that explains the provisions of this section. The signature of the purchaser upon this form is prima facilities evidence that the documents required in subsection (1) were received and understood by the purchaser.
[Subparagraph 4 intentionally omitted.]
(5) With regard to any documents required under this section, a developer shall not make an untrue statement of a material fact or omit to state a material fad necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
(6) The developer promptly shall amend a document required under this section to reflect any material change or to correct any omission in the document.
(7) In addition to other liabilities and penalties, a developer who violates this section is subject to section 115 (of the Act, which section imposes penalties upon a developer or any other person who fails to comply with the Condominium Act or any rule, agreement or master deed and may make a developer liable to a purchaser of a unit fordamages).
Dated: PURCHASERS:
Site No.

DET 05 67 597 1

APPENDIX A TO TIMBERCREST DISCLOSURE STATEMENT

TIMBERCREST CONDOMINIUM ASSOCIATION

1997 ESTIMATED BUDGET

COMMON AREAS ONLY

165 UNITS

Items of Expense	Estimated Annual Cost
Street Lighting Assessment	\$ 9,900
Snow Removal *	7,984
Landscape Maintenance	7,984
Common Area Insurance	1,996
Storm Sewer Maintenance	1,331
Electricity for Entry Lighting	1,996
Administrative	798
Water for Common Area Irrigation	1,331
Replacement Reserve	2,342
TOTAL ANNUAL ESTIMATED EXPENSES	\$ 35,662
ESTIMATED ANNUAL ASSESSMENT (\$35,662 divided by 165 sites)	\$ 216

Note: The above budget assumes the roads will be accepted as publicly dedicated by the City of Farmington Hills. Until such dedication occurs, the Association will also be responsible for the maintenance, repair and replacement of the roads in Timbercrest. This budget does not include funding for any such maintenance, repairs or replacement.

DISCLOSURE STATEMENT

TIMBERCREST

Farmington Hills, Michigan

Developed By

12/MB LIMITED PARTNERSHIP 31550 Northwestern Highway Suite 200 Farmington Hills, Michigan 48334

Effective Date: December 1, 1995

Timbercrest is a single family residential development comprised of one hundred sixty-five site condominium units.

THIS DISCLOSURE STATEMENT IS NOT A SUBSTITUTE FOR THE MASTER DEED OR OTHER APPLICABLE LEGAL DOCUMENTS. PURCHASERS SHOULD READ ALL SUCH DOCUMENTS TO FULLY ACQUAINT THEMSELVES WITH THE PROJECT AND THEIR RIGHTS AND RESPONSIBILITIES RELATING THERETO.

PRIOR TO PURCHASING A CONDOMINIUM UNIT, PURCHASERS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS.

TIMBERCREST

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DISCLOSURE STATEMENT

TIMBERCREST

I. Introduction.

Condominium development in Michigan is governed largely by the Michigan Condominium Act, being Act 59 of the Michigan Public Acts of 1978, as amended.

This Disclosure Statement and the Builder's Supplement to Disclosure Statement, together with copies of the legal documents required for the creation and operation of the condominium, are furnished to each purchaser pursuant to the requirement of the Michigan Condominium Act that the Developer of a condominium disclose to prospective purchasers the characteristics of the condominium units which are offered for sale. This Disclosure Statement and the Builder's Supplement to Disclosure Statement, along with the documents contained in the Purchaser Information Booklet, are the only authorized description of Timbercrest. The Developer's officers, employees and agents (including but not limited to sales representatives) are not permitted to vary the terms contained therein.

II. The Condominium Concept.

A condominium is a method of subdividing and describing 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 or as otherwise may be applicable to the property. In this Disclosure Statement, and in the other documents contained in the Purchaser Information Booklet, the condominium units in Timbercrest are sometimes referred to as "sites". The terms "unit" and "site" have the same definition in Timbercrest Master Deed and are used interchangeably in the condominium documents.

Each owner receives a deed to the site purchased. Each owner owns, in addition to the site purchased, an undivided interest in the condominium's common facilities ("common elements"). Title to the common elements is included as part of, and is inseparable from, title to the individual sites. Each owner's proportionate share of the common elements is determined by the percentage of value assigned to the owner's site in the Master Deed. The Master Deed, which is described in Section IV of this Disclosure Statement, must be examined carefully to determine each owner's rights and obligations with respect to common elements.

Timbercrest is different from most condominiums in this area because the condominium units in this project consist of only the individual building sites, and the common elements generally do not include the buildings and other improvements to be constructed on the sites. Each site consists of the space contained within the site boundaries as shown in the Condominium Subdivision Plan and delineated with heavy outlines. In the more traditional form of condominium, the units consist of the air space enclosed within each of the buildings, and the common elements include the exterior structural components of the buildings. In Timbercrest, each owner holds an absolute and undivided title to his site and to the home and other improvements built thereon (to the extent such improvements are not designated in the Master Deed as common elements). Each site owner will be responsible for all decoration, maintenance, repair and replacement of the dwelling and other improvements located on his site, including mowing of the lawn area. Unlike more traditional condominiums, each owner in Timbercrest will be responsible for maintaining fire and extended coverage insurance on his site and the home and other improvements located thereon, as well as personal property, liability and other personal insurance coverage. The Association will maintain only liability insurance coverage for occurrences on the general common elements.

All portions of Timbercrest not included within the sites constitute the common elements. Limited common elements are those common elements set aside for use by less than all unit owners. (At present the are no limited common elements in Timbercrest.) General common elements are all common elements other that limited common elements.

The proximity of the sites in Timbercrest and each site owner's right, in common with all other si owners, to use the general common elements, dictates that certain restrictions and obligations be imposed on each owner for the mutual benefit of all owners. The restrictions and obligations are set forth in the Master Deed ar in the Bylaws which are attached as Exhibit A to the Master Deed. All owners and site occupants must t familiar with and abide by such restrictions and obligations.

The management and administration of Timbercrest is the responsibility of Timbercrest Homeowner Association, a Michigan nonprofit corporation of which all owners are members (the "Association"). The nature and duties of the Association are set forth in the Condominium Bylaws attached as Exhibit A to the Master Deep and are summarized in Section VI of this Disclosure Statement.

Except for the year in which a site is first established as part of Timbercrest, real property taxes and assessments are levied individually against each site in Timbercrest. The separate taxes and assessments cove the site and its proportionate share of the common elements. No taxes or assessments are levied independently against the common elements.

The foregoing is necessarily generalized to some degree. Accordingly, each purchaser is urged to carefully review all of the documents contained in the Purchaser Information Booklet for Timbercrest as well as any other documents that have been delivered to the purchaser in connection with this development. Any purchaser having questions pertaining to the legal aspects of the condominium is advised to consult the purchaser's own lawyer or other professional advisor.

III. Description of Timbercrest.

- A. Size, Scope and Physical Characteristics of Timbercrest. Timbercrest has been established as a 165 site residential condominium located in the City of Farmington Hills, Oakland County, Michigan...
- B. Improvements Labeled "Must be Built" or "Need Not be Built". The Condominium Active requires that proposed structures and improvements be labeled in the Condominium Subdivision Plan as either "must be built" or "need not be built." The Condominium Plan identifies all roads and utility mains serving Units 1 through 33, 83 through 86, and 109 through 165 as "must be built", and the proposed street lights, all utility service leads and all roads and other improvements serving Units 34 through 82 and 87 through 108 as "need not be built". Developer is financing the cost of the "must be built" improvements through a construction loan from NBD Bank, N.A.
- C. Recreational Areas and Facilities. There are no recreational areas or facilities within the Timbercrest development. Timbercrest includes an unimproved general common element areas, as shown on the Condominium Subdivision Plan, which are used in part as a storm water retention area and which are also subject to the wetland protection provisions of the Master Deed, which are described in paragraph III.D. below.
- D. Wetland Protection. The wetlands areas shown on the Plan are subject to conservation and preservation whereby the Association and all Timbercrest site owners shall refrain from altering the topography of, placing fill material in, dredging, removing or excavating any soil or materials from, draining surface water

from, constructing or placing any structure on, plowing, tilling, cultivating, or otherwise altering or developing the wetlands areas without first obtaining a permit from the Michigan Department of Natural Resources.

- E. Private Roads. Presently, the roads in Timbercrest are private although Developer intends to dedicate the roads to the public. Timbercrest has access to a public road over the roads included in the condominium. Until publicly dedicated, the roads in Timbercrest will be maintained (including, without limitation, snow removal) by the Association, not the City of Farmington Hills, the board of county road commissioners or any other governmental entity. Replacement, repair and resurfacing will be necessary from time to time as circumstances dictate. It is impossible to estimate with any degree of accuracy future road repair or replacement costs. Until the roads are dedicated, it will be the Association's responsibility to inspect and to perform preventive maintenance of the Timbercrest roads on a regular basis in order to maximize the life of such roads and to minimize repair and replacement costs. The Developer has reserved the right but not the obligation to contract the condominium to exclude the roads after the roads are dedicated to the public.
- F. Utilities. Timbercrest is served by public water and sanitary sewers, as well as natural gas, electric and telephone service. All utilities will be separately metered for payment by the individual site owners.

G. Reserved Rights of Developer.

- (1) Right to Approve Improvements. Until all of the sites in Timbercrest are sold, no dwelling, structure, landscaping or other improvement may be made, nor may exterior modifications of any type be made, without the Developer's prior approval.
- (2) Convertible Areas. In order to facilitate the development and sale of sites in Timbercrest the Developer has reserved the right, at any time on or before six (6) years after recordation of the original Master Deed, to modify, expand or otherwise reconfigure unsold sites and to add to or modify limited and/or general common elements within the convertible areas described in the Master Deed and identified as such on the Condominium Subdivision Plan.
- (3) Contraction of Project. The Developer has reserved the right but not the obligation at any time on or before (6) years after recordation of the original Master Deed to contract the project to exclude the roads after the roads are dedicated to the public.
- (4) Conduct of Commercial Activities. Until all of the sites in Timbercrest have been sold, the Developer has reserved the right to maintain on Timbercrest premises a sales office, advertising display signs, a business office, model homes for sale to site purchasers, storage areas, reasonable parking incident to the use of such areas, and such access to, from and over Timbercrest premises as may be reasonable to enable development and sale of all sites in Timbercrest as well as the sale of homes to be built within sites.
- (5) Right to Amend. The Developer has reserved the right to amend the Master Deed and the Exhibits thereto without approval from site owners or their mortgagees for certain purposes specified in the Master Deed. Those purposes include but are not limited to converting the convertible areas, contracting the condominium (to exclude the roads), correcting errors and for any other purpose so long as the amendment would not materially alter or change the rights of an owner or mortgagee. Further, certain provisions of the Master Deed cannot be amended without Developer approval.

(6) Easements.

- (a) For Development, Maintenance, Repair and Replacement. The Developer has reserved such easements over Timbercrest (including all sites and common elements) as may be required to develop, construct and market the Timbercrest and any residences and other appurtenances thereon; also, to perform any of the Developer's maintenance or repair obligations.
- (b) For Use of Utilities, Roads and Walks. The Developer has reserved easements to utilize, tap, tie into, extend and enlarge all roads, walks and utility lines in Timbercrest in connection with the development of any land adjoining Timbercrest by Developer or Developer's successors or assigns. The Developer has also reserved the right to grant easements for utilities to appropriate governmental agencies and public utilities.
- (7) Enforcement of Condominium Documents. The Developer has reserved the right to enforce the condominium documents as long as the Developer owns any site in Timbercrest.
- (8) General. In the condominium documents and in the Michigan Condominium Act, certain rights and powers are granted or reserved to the Developer to facilitate the development and sale of sites in Timbercrest, including the power to approve or disapprove a variety of proposed acts and uses and the power to secure representation on the Association Board of Directors.

IV. Legal Documentation.

- A. General. Timbercrest was established pursuant to the Master Deed recorded in the Oakland County Records and contained in the Purchaser Information Booklet for the condominium. The Master Deed includes the Bylaws as Exhibit A and the Condominium Subdivision Plan as Exhibit B.
- B. Master Deed. The Master Deed contains the definitions of certain terms used in connection with Timbercrest, the percentage of value assigned to each site in Timbercrest, a general description of the sites and common elements included in Timbercrest and a statement regarding the relative responsibilities for maintaining the common elements. Article VII of the Master Deed covers easements, restrictions and other agreements. Article VIII reserves in favor of the Developer the right to amend the condominium documents for various purposes including but not limited to converting Timbercrest common elements and unsold sites, making changes therein, providing for the correction of errors and complying with the requirements of certain lending institutions. Article IX sets forth Developer's right to convert certain areas of Timbercrest. Article X sets forth the Developer's right to contract Timbercrest to exclude the roads after dedication of the roads to public use.
- C. Bylaws. The Bylaws contain provisions relating to the operation, management and fiscal affairs of Timbercrest and, in particular, set forth the provisions relating to the assessment of Association members for the purpose of paying the costs of operation of Timbercrest. Article VI of the Bylaws contains provisions permitting the adoption of rules and regulations governing the general common elements. Article VI also contains certain restrictions upon the ownership, occupancy and use of Timbercrest.
- D. Condominium Subdivision Plan. The Condominium Subdivision Plan is a three-dimensional survey depicting the physical location and boundaries of each of the sites and all of the common elements of Timbercrest. The architectural and building specifications and use restriction set forth in the Bylaws govern the

development and use of each site in Timbercrest. All improvements made within any site, including the construction of a residence or any other improvement, and the use and occupancy thereof, must comply fully with the architectural and building specifications and use restrictions established by the Bylaws.

V. Developer's Background and Experience.

Developer, 12/MB Limited Partnership, a Michigan limited partnership was formed in 1994. The Developer was formed for the purpose of developing Timbercrest and adjoining land and has no prior experience in condominium development. There are no pending judicial or administrative proceedings involving Timbercrest or the Developer.

VI. Operation of Timbercrest.

- A. The Association. The responsibility for management and maintenance of Timbercrest is vested in the Association. As each individual purchaser acquires title to a site in Timbercrest, the purchaser will also become a member of the Association. The Articles of Incorporation of the Association are in the Purchaser Information Booklet and along with the Bylaws control procedural operations of the Association. The Association is governed by its Board of Directors whose initial members are designees of the Developer. Until a successor Board of Directors is elected by the members, the Association will be controlled by the Directors named by Developer. Developer's rights of representation on the Association's Board of Directors are set forth in Article XI of the Bylaws.
- B. Percentages of Value. The percentage of value of each site in Timbercrest is equal. The percentage of value assigned to each site determines, among other things, the value of each owner's vote and the owner's proportionate share of regular and special Association assessments and of the proceeds of administration of Timbercrest.

C. Project Finances.

- Budget. Article II of the Bylaws requires the Board of Directors to adopt an annual budget for the operation of Timbercrest. The Association's only source of revenue to fund its budget is by the assessment of its members. The initial budget for Timbercrest was formulated by the Developer and is intended to provide for the normal and reasonably predictable expenses of administration of Timbercrest, and includes a reserve for replacement of the major general common element improvements of Timbercrest. To the extent that estimates prove inaccurate during actual operations and to the extent that the goods and services necessary to service Timbercrest change in cost in the future, the budget and the expenses of the Association also will require revision. The initial budget of the Association has been included as Appendix A to this Disclosure Statement. Developer does not represent or warrant that the budget attached as Appendix A accurately reflects the assessments which will be charged by the Association.
- Assessments. Except as set forth below with respect to the Developer, each owner of a site in Timbercrest must pay for the expenses of general administration of the Association in proportion to the percentage of value assigned to the site(s) the owner owns. The Board of Directors may also levy special assessments in accordance with the provisions of Article II, Section 3(b) of the Bylaws. As set forth in Article II, Section 9 of the Bylaws, the Developer does not pay Association assessments for the sites it owns until they are occupied but does reimburse the Association for certain expenses it may incur for such sites.

- (3) Foreclosure of Lien. The Association has a lien on each site to secure payment of Association assessments. The Bylaws provide that the Association may foreclose its lien in the sam fashion that mortgages may be foreclosed by action or by advertisement under Michigan law.
- (4) Possible Additional Liability. It is possible for owners to become obligated to pay percentage share of assessment delinquencies incurred by other owners. This can happen if a delinquent owner defaults on a first mortgage and if the mortgagee forecloses. The delinquent assessments then become a common expense which is reallocated to all the owners, including the first mortgagee, ir accordance with the percentages of value in the Master Deed. The Michigan Condominium Act (Section 58) provides:

If the mortgagee of a first mortgage of record or other purchaser of a condominium unit obtains title to the condominium unit as a result of foreclosure of the first mortgage, such person, its successors and assigns, is not liable for the assessments by the [Association] chargeable to the unit which became due prior to the acquisition of title to the unit by such person. The unpaid assessments are deemed to be common expenses collectible from all of the condominium unit owners including such persons, its successors and assigns.

- D. Condominium Association Management. No management agent has been selected for the project. Professional management is not required by the condominium documents and is not deemed by the Developer to be necessary for this project. It is anticipated that the development will be self-managed by its owner-members. If a management agent is retained, the budget would have to be increased to cover the costs thereof.
- E. Insurance. The condominium documents require that the Association carry fire and extended coverage, vandalism and malicious mischief and liability insurance and workers' compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the general common elements of Timbercrest. The insurance policies have deductible clauses and, to the extent thereof, losses will be borne by the Association. The Board of Directors is responsible for obtaining insurance coverage for the Association. Each owner's pro rata share of the annual Association insurance premiums is included in the monthly assessment. The Association insurance policies are available for inspection during normal working hours. A copy of the Certificate of Insurance with respect to Timbercrest general common elements will be furnished to each owner upon request. The insurance coverage carried by the Association will not cover the homes built on individual sites, any other improvements to the sites, yard areas or any personal property of any owner.

Each owner is responsible for obtaining coverage with respect to the owner's site, the home built thereon, the owner's yard area and any other improvements to the site and yard area and to the extent indicated in Article IV of the Bylaws. The Association should periodically review all insurance coverage to be assured of its continued adequacy and each owner should do the same with respect to the owner's personal insurance.

F. Restrictions on Ownership, Occupancy and Use. Article VI of the Bylaws contains comprehensive restrictions on the use of sites and the common elements. It is impossible to paraphrase these restrictions without risking the omission of some portion that may be of significance to a purchaser. Consequently, each purchaser should examine the restrictions with care to be sure that they do not infringe upon an important intended use. The following is a list of certain of the most significant restrictions:

- (1) Sites and yard areas are to be used only for residential purposes and construction of residences and other permitted structures.
 - (2) No savage or dangerous animals shall be kept.
- (3) There are substantial limitations upon physical changes which may be made to the common elements in Timbercrest, and upon the uses to which the common elements and sites may be put. All sites and yard areas in Timbercrest are subject to the substantial restrictions on the type and quality of improvements that may be made to any site or yard area, including the construction of a home or any other structure, all as provided in Article VI of the Bylaws.
- (4) Reasonable regulations may be adopted by the Board of Directors of the Association concerning the use of common elements, without vote of the owners.
- Subject to the requirements set forth in Section 21 of Article VI, an owner (including Developer) may rent sites owned at any time for any term of occupancy not less than thirty (30) days. An owner must disclose the owner's intention to lease a site and provide a copy of the exact lease form to the Association at least ten (10) days before presenting a lease to a potential lessee. Developer reserves the right to lease sites and hereby notifies all owners that it may do so if market conditions so require.

None of the restrictions apply to the commercial activities or signs of the Developer.

VII. Condominium Project Warranties.

The Developer is warranting only that the roads which are labelled "must be built" on the Plans and the general common element utility mains along those roads will be installed to serve Timbercrest as shown on the Condominium Subdivision Plan. The site and Condominium property (including but not limited to the roads and utility mains) are delivered in their "as is, where is" condition. THE LIMITED WARRANTY DESCRIBED IN THIS PARAGRAPH IS THE ONLY WARRANTY APPLICABLE TO THE SITES, ROADS AND GENERAL COMMON ELEMENT UTILITY MAINS. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF FITNESS, MERCHANTABILITY OR HABITABILITY, ARE DISCLAIMED AND EXCLUDED. THE DEVELOPER MAKES NO WARRANTY OR REPRESENTATION REGARDING THE RESIDENCES TO BE CONSTRUCTED ON THE INDIVIDUAL SITES.

VIII. Purpose of Disclosure Statement and Builder's Supplement to Disclosure Statement.

This Disclosure Statement and the Builder's Supplement to Disclosure Statement included in the Purchaser Information Booklet each paraphrase various provisions of the Purchase Agreement, Escrow Agreement, Master Deed, Limited Warranty and other documents required by law. They are not a complete statement of all the provisions of those documents which may be important to purchasers. In an attempt to be more readable, this Disclosure Statement and the Builder's Supplement to Disclosure Statement each omit most legal phrases, definitions and detailed provisions of the other documents. Certain of the terms used herein and in the Builder's Supplement to Disclosure Statement are defined in the Michigan Condominium Act, as amended. This Disclosure Statement and the Builder's Supplement to Disclosure Statement are not substitutes for the legal documents which they draw information from, and the rights of purchasers and other parties will be controlled by the other legal documents and not by this Disclosure Statement or the Builder's Supplement to Disclosure Statement.

Developer has prepared this Disclosure Statement, and the Builder has prepared the Builder's Supplement to Disclosure Statement in good faith, in reliance upon sources of information believed to be accurate and in a effort to disclose material facts about Timbercrest. Developer and Builder disclaim liability to any purchaser for misstatements herein or in the Builder's Supplement to Disclosure Statement (or for omissions which make statements herein or in the Builder's Supplement to Disclosure Statement appear misleading) if such misstatement were made by Developer or Builder in good faith, or were immaterial in nature, or were not relied upon by the purchaser, or did not result in any damages to the purchaser.

Each purchaser is urged to engage a competent lawyer or other advisor in connection with the purchaser' decision to purchase a site. In accepting title to a site in Timbercrest, each purchaser shall be deemed to have waived any claim or right arising out of or relating to any immaterial defect, omission or misstatement in thi Disclosure Statement or the Builder's Supplement to Disclosure Statement. In preparing this Disclosure Statemen and the Builder's Supplement to Disclosure Statement and the other condominium documents, Developer's counsel has not undertaken professional responsibility to the association or to any owners or mortgagees for the completeness, accuracy, or validity of the condominium documents.

The Michigan Department of Commerce publishes The Condominium Buyers Handbook which has been delivered to you. The Developer assumes no obligation, liability, or responsibility as to the statements contained therein or omitted from The Condominium Buyers Handbook.

DET05.6-454.1

BUILDER'S SUPPLEMENT TO TIMBERCREST DISCLOSURE STATEMENT

I. Builder's Background and Experience.

Builder, M.J.C. West, Inc., 46401 Romeo Plank Road, Suite One, Mt. Clemens, MI 48044, is licensed as a residential builder and broker. Builder was formed in 1993 and has built homes in Willow Ridge West, a residential site condominium in Commerce Township. Builder is unaware of any pending judicial or administrative proceedings involving Builder, Timbercrest or 12/MB Limited Partnership (the Developer of Timbercrest).

II. Rights and Obligations Between Builder and Owners.

- Before Closing. The respective obligations of the Builder and the purchaser of a site in Timbercrest prior to closing are set forth in the Purchase Agreement and the accompanying Escrow Agreement. Those documents contain, among other provisions, the provisions relating to the disposition of earnest money deposits advanced by the purchaser prior to closing and the anticipated closing adjustments, and should be closely examined by all purchasers. The Escrow Agreement provides that only the purchaser's initial deposit under a Purchase Agreement must be placed in escrow. All other progress payments under the Purchase Agreement relate to the construction of the purchaser's home and will not be escrowed. The Escrow Agreement provides for the release of an escrow deposit to any purchaser who withdraws from a Purchase Agreement in accordance with the Purchase Agreement. Such a withdrawal is permitted by each Purchase Agreement if it takes place within nine business days after the purchaser has received all of the condominium documents or if the condominium documents are changed in a way that materially reduces the purchaser's rights. The Escrow Agreement also provides that a deposit will be released to the Builder if the purchaser defaults in any obligation under the Purchase Agreement after the Purchase Agreement has become binding upon the The Escrow Agreement provides, pursuant to Section 103b of the Michigan Condominium Act, that the escrow agent shall maintain sufficient funds or other security to complete improvements labeled as "must be built" on the Condominium Subdivision Plan until such improvements are substantially complete. Only the roads and utility main improvements are designated as "must be built" on the Plan, and all such improvements are substantially complete. The Escrow Agreement also provides that escrowed deposits will be released to the Builder when the closing of the sale takes place provided that improvements labeled "must be built" are substantially complete or other conditions of the Escrow Agreement are met. Each person purchaser of a site will receive a copy of the Escrow Agreement.
- B. At Closing. Each purchaser will receive by warranty deed fee simple title to the purchaser's site subject to the condominium documents, easements, restrictions and other agreements of record and all governmental limitations.

C. After Closing.

- (1) General. Subsequent to the purchase of the site, the legal relationship between the Builder and the owner are governed by the Master Deed, except to the extent that any provisions of the Purchase Agreement are intended to survive the closing.
- Express warranties are not provided unless (2)Limited Warranty. specifically stated in the Purchase Agreement. The only warranty provided by Builder is the limited warranty provided to purchaser prior to closing. Among other things, the limited warranty does not apply to defects or damages which are the result of normal expansion or contraction or the result of other normal characteristics of building materials. Prior to closing the purchaser must carefully inspect the home built by Builder on the site. In the event any defects in material or workmanship exist which are covered by the limited warranty, a written list of such defects must be made and presented to Builder prior to closing. Builder shall not be required to correct defects which are covered by the limited warranty prior to closing but shall do so as promptly as possible after the closing at Builder's own expense. After the closing, Builder's obligation to correct defects in the home shall be strictly limited to those defects which are covered by the limited warranty and were listed by the purchaser in writing prior to the closing and those defects which are covered by the limited warranty and which are latent and could not have been discovered by the purchaser prior to closing. The limited warranty on purchaser's home shall extend for a period of one year after closing. Written notice of any defect in the home must be given to Builder within the applicable one-year period in order to be covered by the limited warranty. Builder's obligations under the warranty are limited to repair and replacement. As to items not of Builder's manufacture, such as any air conditioner, water heater, refrigerator, range, dishwasher or other appliances, Builder will assign to purchaser the manufacturer's warranty, without recourse. Builder makes no warranty on such items. THE LIMITED WARRANTY DESCRIBED HEREIN IS THE ONLY WARRANTY APPLICABLE. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED. WHETHER ARISING UNDER STATE LAW OR THE MAGNUSON-MOSS WARRANTY ACT, INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF FITNESS, MERCHANTABILITY OR HABITABILITY, ARE DISCLAIMED AND EXCLUDED.
- (3) Limitation of Builder's Liability. The Purchase Agreement strictly limits Builder's liability whether in contract, tort, under any warranty, in negligence or otherwise, to the obligations provided in Builder's limited warranty. Builder is not liable to purchaser for or responsible to compensate or indemnify purchaser for any damages, claim, demand, loss, cost, or expense resulting from an alleged claim of breach of warranty, whether relating to injury to persons, property, or otherwise, or relating to the presence of any toxic or hazardous waste, substance or contaminant, including without limitation radon gas, in, on, or under the purchaser's site and home, the Timbercrest development, or the real estate adjacent to or in close proximity with the Timbercrest development. The Purchase Agreement further provides that Builder shall in no

circumstances be liable for any consequential, incidental, special or secondary damages, even if Builder has been advised of the possibility of such damages. All of purchaser's rights relating to the Purchase Agreement, the limited warranty and the site may be asserted only by purchaser and not by any association or class representative. Builder makes no representations or warranties (other than the limited warranty described above) in the Purchase Agreement or otherwise concerning the site. Timbercrest, the value or resale value of the site, the real estate adjacent to or in close proximity with Timbercrest or the condition of the air, the soils, surface waters, and groundwaters in, on or under the site. Timbercrest or such adjacent or proximate real estate. Purchaser should make its own investigation prior to executing the Purchase Agreement with respect to each of the foregoing. Without purchaser's agreement to and acknowledgement of the provisions of the Purchase Agreement and limited warranty described above, Builder would not agree to sell the purchaser's site to purchaser.

III. Radon Gas.

Radon is a naturally-occurring, colorless and odorless radioactive gas formed by the breakdown of uranium and radium deposits in the soil. Radon can escape from the soil and enter buildings. Preliminary studies by the United States Environmental Protection Agency (EPA) suggest that prolonged exposure to radon may result in adverse health consequences.

The extent to which an area or site may be exposed to radon depends upon a number of factors, including natural geologic conditions, prior land use, groundwater, construction materials and techniques, ventilation and air-conditioning systems, and homeowner maintenance. Because of the multitude of factors involved, it is difficult to predict whether a specific residence may be subject to high radon levels unless specific tests are conducted by experts in the area.

Builder neither has nor claims any expertise in radon, and it does not provide advice to homeowners about the acceptable levels or possible health hazards of radon. It is possible that tests or studies might disclose information which a purchaser might consider significant in deciding whether to purchase a site in Timbercrest from Builder. Builder assumes no responsibility to make any tests or studies.

The EPA, as well as state and local regulatory authorities, are best equipped to render advice regarding the risks which may exist in a particular area, the risks associated with radon exposure, the methods available to detect and measure radon levels, and whether remedial measures may be advisable in particular circumstances to reduce the risk of radon exposure. The EPA has published two guides which are available to interested persons: "A Citizen's Guide to Radon: What It Is and What To Do About It" and "Radon Reduction Methods: A Homeowner's Guide."

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Recorded on December 1, 1995, in Liber 15854, pages 651 through 721, Oakland County Records

MASTER DEED

TIMBERCREST A SINGLE FAMILY RESIDENTIAL SITE CONDOMINIUM

OAKLAND COUNTY CONDOMINIUM SUBDIVISION PLAN NO. 949

This Master Deed is made and executed this 17th day of November, 1995, by 12/MB Limited Partnership, a Michigan limited partnership (hereinafter referred to as "Developer"), whose address is 31550 Northwestern Highway, Suite 200, Farmington Hills, Michigan 48334.

WITNESSETH:

WHEREAS, Developer desires by recording this Master Deed, together with the Condominium Bylaws attached hereto as Exhibit A and the Condominium Subdivision Plan attached hereto as Exhibit B (both of which are hereby incorporated by reference and made a part hereof), to establish the real property described in Article II below, together with the improvements located thereon, and the appurtenances thereto, as a condominium under the provisions of the Condominium Act of Michigan.

NOW, THEREFORE, upon the recording hereof. Developer establishes Timbercrest as a Condominium under the Condominium Act and declares that the Condominium shall be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner utilized, subject to the provisions of said Act, and to the covenants, conditions, restrictions, uses, limitations, and affirmative obligations set forth in this Master Deed and the Exhibits hereto, all of which shall be deemed to run with the land and shall be a burden and a benefit to the Developer, its successors and assigns, and any persons acquiring or owning an interest in the said real property, their grantees, successors, heirs, executors, administrators and assigns.

ARTICLE I

TITLE AND NATURE

The Condominium shall be known as Timbercrest, Oakland County Condominium Subdivision Plan No. 949. The architectural plans and specifications for each Residence of the Condominium will be filed with the City of Farmington Hills. The number, boundaries, dimensions and area of each Unit in the Condominium are set forth in the Condominium Subdivision Plan attached as Exhibit B hereto. Each Unit is capable of individual use, having its own access to a Common Element of the Condominium or directly to a public road. Each Co-owner in the Condominium shall have an exclusive right to the Unit owned and shall have undivided and inseparable rights to share with other Co-owners the Common Elements of the

Condominium as designated by the Master Deed. Co-owners shall have voting rights in the Timbercrest Homeowners Association as set forth herein and in the Bylaws and Articles of Incorporation of such Association.

ARTICLE II

LEGAL DESCRIPTION

The land which comprises the Condominium established by this Master Deed is a parcel of land in the City of Farmington Hills, Oakland County, Michigan described as follows:

PART OF THE NORTHWEST 1/4 OF SECTION 13 AND ALSO PART OF THE SOUTHWEST 1/4 OF SECTION 13, TWP. 1 NORTH, RGE. 9 EAST, CITY OF FARMINGTON HILLS, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS BEGINNING AT A POINT, SAID POINT BEING DISTANT S 89°12'00" E, 1306.20 FEET ALONG THE NORTH LINE OF SAID SECTION 13 AND S 00°04'34" E, 60.00 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 13: THENCE, FROM SAID POINT-OF-BEGINNING, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF 12 MILE ROAD (120 FEET WIDE) AND CONTINUING ALONG SAID RIGHT-OF-WAY LINE, S 89°12'00" E, 198.00 FEET; THENCE, S 00°04'34" E, 600.00 FEET: THENCE, N 89°12'00" W, 198.00 FEET; THENCE, S 00°04'34" E, 1986.43 FEET PARTLY ALONG THE WEST LINE OF "GREENCASTLE" SUBDIVISION, AS RECORDED IN LIBER 67 PAGE 28, OAKLAND COUNTY RECORDS: THENCE, ALONG THE SOUTH LINE OF SAID SUBDIVISION, S 89°03'16" E, 1315.50 FEET TO THE CENTER OF SAID SECTION 13: THENCE, ALONG THE NORTH/SOUTH 1/4 LINE OF SAID SECTION 13, S 00°10'56" W. 600.25 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF I-696 FREEWAY (300 FEET WIDE); THENCE, ALONG SAID RIGHT-OF-WAY LINE THE FOLLOWING THREE (3) COURSES: (1) N 88°51'22" W, 67.99 FEET (2) 1133.58 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 2667.79 FEET, A CENTRAL ANGLE OF 24°20'45" AND A LONG CHORD LENGTH OF 1125.08 FEET WHICH BEARS N 76°41'00" W. AND (3) N 64°30'37" W. 1518.10 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF MIDDLEBELT ROAD (VARIABLE WIDTH); THENCE, ALONG SAID RIGHT-OF-WAY LINE N 00°14'40" E, 428.92 FEET; THENCE, N 89°45'20" W. 40.00 FEET: THENCE, N 00°14'40" E. 961.72 FEET; THENCE, S 89°45'20" E, 134.46 FEET; THENCE N 21°51'12" E, 37.07 FEET; THENCE 149.27 FEET ALONG THE ARC OF A CURVE TO THE RIGHT. SAID CURVE HAVING A RADIUS OF 89.00 FEET, A CENTRAL ANGLE OF 96"05'51" AND A LONG CHORD LENGTH OF 132.38 FEET WHICH BEARS N 58°45'58" E: THENCE, N 36°20'01" E, 39.42 FEET; THENCE, N 00°14'40" E, 72.99 FEET;

THENCE. S 89°12′00″ E. 210.76 FEET; THENCE. N 00°14′40″ E. 710.00 FEET TO THE SOUTH RIGHT OF WAY LINE OF TWELVE MILE ROAD. THENCE, S 89°12′00″ E. 751.53 FEET ALONG SAID RIGHT-OF-WAY LINE OF 12 MILE ROAD TO THE POINT-OF-BEGINNING. CONTAINING 82.75 ACRES AND SUBJECT TO EASEMENTS, RESTRICTIONS AND RIGHTS-OF-WAY OF RECORD. AND ALL GOVERNMENTAL LIMITATIONS.

ARTICLE III

DEFINITIONS

Certain terms used in this Master Deed and the Exhibits hereto, and in the Articles of Incorporation and Bylaws of the Timbercrest Homeowners Association are defined as follows:

- (a) The "Act" or "Condominium Act" means Act 59 of the Public Acts of Michigan of 1978, as amended.
- (b) "Association" means the Michigan nonprofit corporation, the Timbercrest Condominium Association, of which all Co-owners shall be members, which Association shall administer, operate, manage and maintain the Condominium. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless specifically reserved to its members by the Condominium Documents or the laws of the State of Michigan.
- (c) "Bylaws" means Exhibit A hereto, which are the Bylaws required for the Condominium and also the Bylaws required for the Association.
- (d) "Common Elements" means the portions of the Condominium other than the Condominium Units.
- (e) "Condominium" means Timbercrest as a Condominium established pursuant to the provisions of the Act, and includes the land and the buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging to the Condominium.
- (f) "Condominium Documents." wherever used, means and includes this Master Deed and the Exhibits hereto and the Articles of Incorporation of the Association.
- (g) "Condominium Site", "Condominium Unit", "Site" or "Unit" means the volume of space constituting a single complete Unit designed and intended for separate ownership and use in the Condominium as such space may be described on Exhibit B hereto and all structures and improvements within such space.

- (h) "Condominium Subdivision Plan" or "Plan" means the Plan attached to this Master Deed as Exhibit B. The Plan assigns a number to each Condominium Unit and includes a description of the nature, location and approximate size of certain Common Elements.
- (i) "Co-owner" or "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Units in the Condominium. Developer is a Co-owner as long as Developer owns one or more Units.
- (j) "Developer" means 12/MB Limited Partnership, a Michigan limited partnership, its successors or assigns. All development rights reserved to Developer herein are assignable in writing; provided, however, that conveyances of Units by Developer, including the conveyance of Units to a "successor developer" pursuant to Section 135 of the Act, shall not serve to assign Developer's development rights unless the instrument of conveyance expressly so states.
- (k) "General Common Elements" means the Common Elements other than the Limited Common Elements.
- (l) "Limited Common Elements" means a portion of the Common Elements reserved in this Master Deed for the exclusive use of less than all of the Co-owners.
- (m) "Master Deed" means this document to which the Condominium Bylaws and Condominium Subdivision Plan are attached as exhibits.
- (n) "Mortgagee" means the named mortgagee or owner of any mortgage on all or any portion of the Condominium.
- (o) "Percentage of Value" means the percentage assigned to each Condominium Unit in this Master Deed. The Percentages of Value of all Units shall total one hundred (100%) percent. Percentages of Value shall be determinative only with respect to those matters to which they are specifically deemed to relate either in the Condominium Documents or in the Act.
- (p) "Person" means an individual, firm, corporation, partnership, association, trust, the state or an agency of the state or other legal entity, or any combination thereof.
- (q) "Residence" means a residential dwelling together with an attached garage constructed within the perimeter of a Unit in accordance with the architectural and building specifications and use restrictions set forth in this Master Deed.
- (r) "Structure" means any Residence, building, driveway, parking area, structure, dwelling, garage, shed, outbuilding, fence, wall, gazebo, hedge, in ground swimming pool, or any other improvement of a permanent or substantial nature constructed within the perimeter of a Unit.

(s) "Transitional Control Date" means the date on which the 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.

ARTICLE IV

COMMON ELEMENTS

The Common Elements of the Condominium described in Exhibit B attached hereto and the respective responsibilities for maintenance, decoration, repair, replacement, restoration or renovation thereof are as follows:

(a) The General Common Elements are:

- (1) The land (excluding any part thereof included in the Units) and beneficial easements, if any, described in Article II hereof, including all landscaped and open space areas, except to the extent any of the foregoing are designated herein or in the Plan as Limited Common Elements.
- (2) The roads throughout the Condominium, as shown and designated on the Plan, so long as neither the Developer nor the Association has dedicated the roads to public use through the acceptance of such a dedication by the County of Oakland, the City of Farmington Hills or any other governmental entity. Developer intends to dedicate the roads in the Condominium to public use as soon as practicable after the recordation of this Master Deed, and Developer has reserved the right and power to dedicate the roads in Article VII of this Master Deed.
- (3) The storm water drainage system throughout the Condominium, including below-ground and above-ground systems, and the electrical, gas, water, sanitary sewer, storm sewer, telephone, street lighting, plumbing and cable television (if any) networks or systems throughout the Condominium, including that contained within Units to the extent that the portion within the Unit is a main that also services other Units (leads connecting utility mains to Residences built within Units are not Common Elements). Some or all of the utility lines, systems and mains described above may be owned by the local public authority or by the company that is providing the appurtenant service. Accordingly, such utility lines, systems and mains shall be General Common Elements only to the extent of the Co-owners' interest therein, if any, and Developer makes no warranty with respect to the nature or extent of such interest, if any.

- (4) Such other elements of the Condominium not herein designated as Limited Common Elements which are not enclosed within the boundaries of a Unit.
- (b) The Limited Common Elements are the areas, if any, depicted on the Plan as Limited Common Elements and are limited to the use of the Co-owners of the Units to which such Limited Common Elements are assigned on the Plan. There are currently no Limited Common Elements in the Condominium, but Developer has reserved the right to create Limited Common Elements in Article IX of this Master Deed.
- (c) The respective responsibilities for the maintenance, repair and replacement of all Common Elements shall be as follows:
 - (1) The Association shall maintain, repair and replace all General Common Elements and any landscaped areas in the cul-de-sac islands and the entrance way located in the roads (even if the roads are publicly dedicated) and the expense thereof shall be assessed to the Co-owners in proportion to the Percentages of Value stated in Article VI hereof, subject to any provision of the Condominium Documents expressly to the contrary.
 - (2) It is anticipated that separate Residences will be constructed within the Units depicted on the Plan. The responsibility for, and the costs of maintenance, decoration, repair and replacement of the Residence and all other improvements within each Unit shall be borne by the Co-owner of the Unit which is served thereby; provided, however, that the structure, exterior color or appearance of any Residence and any other improvements within a Unit shall not be changed without the prior written specific approval of such change from the Board of Directors of the Association. The Residences and other improvements within each Unit shall conform in all respects to the architectural and building specifications and use restrictions provided in the Bylaws, this Master Deed, the rules and regulations, if any, of the Association and applicable ordinances of the municipality in which the Unit is located.
 - (3) Each Co-owner shall maintain, repair and replace all Limited Common Elements, if any, appurtenant to the Co-owner's Unit. In connection with any amendment made by the Developer pursuant to Article IX hereof, Developer may designate additional Limited Common Elements that are to be maintained, decorated, repaired and replaced at Co-owners expense or, in proper cases, at Association expense.
 - (4) The cost of repair of damage to a Common Element caused by a Co-owner, or family member or invitee of a Co-owner, shall be assessed against the Co-owner.

ARTICLE V

USE OF PREMISES

Each Unit shall only be used for residential purposes. All Residences, Structures and other improvements constructed in the Unit shall comply with the terms, provisions and conditions of this Master Deed and the Condominium Bylaws. No person shall use any Unit or the Common Elements in any manner inconsistent with the purposes of the Condominium or in any manner which will interfere with or impair the rights of any other Co-owner in the use and enjoyment of the Condominium.

ARTICLE VI

CONDOMINIUM UNIT DESCRIPTION AND PERCENTAGE OF VALUE

The Condominium consists of 165 residential Units. Each Unit is described in this paragraph with reference to the Condominium Subdivision Plan attached hereto as Exhibit B. Each Unit shall include all that space contained within the Unit boundaries as shown on the Plan and delineated with heavy outlines. For all purposes, individual Units may hereafter be defined and described by reference to this Master Deed and the individual number assigned to the Unit in the Plan. The Percentage of Value assigned to each Unit shall be determinative of the proportionate share of each respective Co-owner in the proceeds and expenses of the Association and the Value of such Co-owner's vote at meetings of the Association and the undivided interest of the Co-owner in the Common Elements. The total percentage value of the Condominium is 100%. Each Unit Percentage of Value shall be equal and shall be the number obtained by dividing 100 by the number of Units included in the Condominium. The method and formula used by Developer to establish the foregoing Percentages was to determine that the expenses incurred by the Association in connection with the Units should be approximately equal.

ARTICLE VII

EASEMENTS, RESTRICTIONS AND AGREEMENTS

The Condominium is subject to the following easements: restrictions and agreements:

(a) Developer (on its behalf and on behalf of its successors) hereby reserves permanent easements for ingress and egress over the roads and walks in the Condominium and permanent easements to use, tap into, enlarge or extend all roads, walks and utility lines in the Condominium, including, without limitation, all communications, water, gas, electric, storm and

sanitary sewer lines, and any pumps, sprinklers or water retention areas, all of which easements shall be for the benefit of any land adjoining the Condominium if now owned or hereafter acquired by Developer or its successors or assigns. These easements shall run with the land in perpetuity. Developer has no financial obligation to support such easements.

- (b) Developer intends to, and by recordation of this Master Deed reserves the right and power to, dedicate all the roads in the Condominium to public use, and all persons acquiring any interest in the Condominium, including without limitation all Co-owners and mortgagees, shall be deemed irrevocably to have appointed Developer and its successors as agent and attorney-in-fact to make such dedication and to act in behalf of all co-owners and their mortgagees in any statutory or special assessment proceedings with respect to the dedicated roads. After certificates of occupancy are issued for Residences in 100% of the Units in the Condominium, the foregoing rights and powers may be exercised by the Association.
- (c) Developer also reserves the right and power to grant easements over, or dedicate, portions of any of the Common Elements for utility, drainage, street, safety, conservation or construction purposes, and to dedicate the easements over the Units for the purposes and in the areas shown on the Plan, and all persons acquiring any interest in the Condominium, including without limitation all Co-owners and mortgagees shall be deemed to have appointed Developer and its successors as agent and attorney-in-fact to make such easements or dedications. After certificates of occupancy are issued for Residences in 100% of the Units in the Condominium, the foregoing right and power may be exercised by the Association.
- (d) 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 a building, or due to survey errors or construction deviations, reconstruction or repair, reciprocal easements shall exist for the maintenance of such encroachment for as long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction.
- (e) There shall be easements to and in favor of the Association, and its officers, directors, agents and designees (and the Developer prior to the First Annual Meeting), in, on and over all Units, for access to the Units and the exterior of each of the Residences and appurtenances that are constructed within each Unit to conduct any activities authorized by this Master Deed or the Condominium Bylaws.
- (f) The Developer, the Association and all public and private utility companies shall have such easements over, under, across and through the Condominium, including all Units and Common Elements, as may be necessary to fulfill any responsibilities of maintenance, repair or replacement which they or any of them are required or permitted to perform under the Condominium Documents or by law or to respond to any emergency or common need of the Condominium.

- Easements for the construction, installation and maintenance of public utilities, and for drainage facilities, are reserved as shown on the Plan. Within all of the foregoing easements, unless the necessary approvals are obtained from the municipality in which the Unit is located and any other appropriate municipal authority and except for the paving necessary for each Residence's driveway, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of such service facilities and utilities, including underground electrical and telephone local distribution systems, or which may change, obstruct or retard the flow or direction of water in and through drainage in the easements, nor shall any change, which may obstruct or retard the flow of surface water or be detrimental to the property of others, be made by the occupant in the finished grade of any Unit once established by the builder upon completion of construction of the Residence thereon. The easement area of each Unit and all improvements in it shall be maintained (in a presentable condition continuously) by the Unit Owner, except for those improvements for which a public authority or utility company is responsible, and the Unit Co-Owner shall be liable for damage to service facilities and utilities thereon, including damage to electric, gas, and telephone distribution lines and facilities therein. Except as may be otherwise provided herein, each Unit Co-Owner shall maintain the surface area of easements within the Co-Owner's Unit, to keep weeds out, to keep the area free of trash and debris, and to take such action as may be necessary to eliminate or minimize surface erosion.
- (h) The architectural and building specifications and use restriction set forth in Article VI of the Bylaws govern the development and use of each Unit in the Condominium along with the provisions of this Master Deed and the Condominium Subdivision Plan. All improvements made within any Unit, including the construction of a Residence and any other structure, and the use and occupancy thereof, shall comply fully with the architectural and building specifications and use restrictions established by Article VI of the Bylaws. The terms, provisions, restrictions and conditions of Article VI of the Bylaws are incorporated fully herein by this reference.
- (i) Development and use of the Condominium is subject to the terms, conditions and provisions of the Timbercrest Planned Unit Development Agreement with the City of Farmington Hills, dated October 6, 1994 and recorded in Liber 15022, Page 616, Oakland County Records. Among other things, the Timbercrest Planned Unit Development Agreement requires that all General Common Elements (other than road rights-of-way) remain substantially undeveloped, excluding only the utility and drainage improvements as shown on the Plan. By recordation of this Master Deed, the Developer declares that the "Woodland Preservation Park" described in the Timbercrest Planned Unit Development Agreement shall be conserved and preserved in perpetuity by the Association for the benefit of all Unit Owners.

ARTICLE VIII

AMENDMENTS

This Master Deed and any Exhibit hereto may be amended in the following manner:

- (a) Amendments may be made and recorded by Developer or by the Association.
- (b) If the amendment will materially change the rights of the Co-owners or Mortgagees, then such amendment requires the consent of not less than two-thirds (2/3) in value of the votes of the Co-owners and Mortgagees of the Units (unless a greater majority is specified in the Condominium Bylaws). A Mortgagee shall have one vote for each mortgage held.
- (c) Notwithstanding subparagraph (b) above, but subject to the limitation of subparagraph (d) below, Developer reserves the right to amend this Master Deed or any of its Exhibits for any of the following purposes without the consent of Co-owners or Mortgagees:
 - (1) To delete unsold Units and to modify the locations, types and sizes of unsold Units and the General and/or Limited Common Elements adjoining or appurtenant to unsold Units;
 - (2) To amend the Condominium Bylaws, subject to any restrictions on amendments stated therein;
 - (3) To correct arithmetic errors, typographical errors, survey errors, or any similar errors in the Master Deed, Plan or Condominium Bylaws;
 - (4) To clarify or explain the provisions of the Master Deed or its exhibits;
 - (5) 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 or proposing to provide a mortgage on any Unit or to satisfy the title requirements of any title insurer insuring or proposing to insure title to any Unit;
 - (6) To convert the Convertible Areas of the Condominium and to redefine Common Elements and Units and adjust Percentages of Value in connection therewith:
 - (7) To make, define or limit easements affecting the Condominium:
 - (8) To record an "as-built" Condominium Subdivision Plan and/or consolidating master deed; and

- (9) To amend the description of land included in the Condominium as set forth in Article II of this Master Deed and on the Plan in the event the roads in the Condominium are dedicated to public use to Oakland County or the City of Farmington Hills or any other governmental agency or to comply with the requirements of any governmental agency; provided, however, that no such amendment may alter the size of any Unit without the consent of the Co-owner and mortgagee of the affected Unit.
- (d) Notwithstanding any other provision of this Article VIII, the method or formula used to determine the Percentages of Value for Units in the Condominium, as described above, and any provisions relating to the ability or terms under which a Co-owner may rent a Unit to others, 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. The Association may make no amendment which materially changes the rights of Developer without the written consent of the Developer as long as the Developer owns any Units in the Condominium.

ARTICLE IX

CONVERTIBLE AREAS

- (a) The Common Elements and all Units have been designated on the Condominium Subdivision Plan as Convertible Areas within which the Units and Common Elements may be modified and within which Units may be expanded, moved, deleted and created as provided in this Article IX. The Developer reserves the right, but not an obligation, to convert the Convertible Areas.
- (b) The Developer reserves the right, in its sole discretion, during a period ending 6 years from the date of recording this Master Deed, to modify the size, location, and configuration of any Unit that it owns in the Condominium, and to make corresponding changes to the Common Elements, subject to the requirements of local ordinances and building authorities. The changes could include (by way of illustration and not limitation) the deletion of Units from the Condominium and the substitution of General and Limited Common Elements therefor. The maximum number of units in the Condominium may not exceed 165 units.
- (c) All improvements constructed or installed within the Convertible Areas described above shall be restricted exclusively to residential use and to such Common Elements as are compatible with residential use. There are no other restrictions upon such improvements except those which are imposed by state law, local ordinances or building authorities.
- (d) The consent of any Co-owner shall not be required to convert the Convertible Areas. All of the Co-owners and Mortgagees and other 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 Convertible Areas and any amendment or amendments to this

Master Deed to effectuate the conversion and to any reallocation of Percentages of Value of existing Units which Developer may determine necessary in connection with such amendment or amendments. All such interested persons irrevocably appoint the Developer or its successors, as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording 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 hereto. Nothing herein contained, however, shall in any way obligate Developer to convert the Convertible Areas. These provisions give notice to all Co-owners, Mortgagees and other persons acquiring interests in the Condominium that such amendments of this Master Deed may be made and recorded, and no further notice of such amendment shall be required.

(e) All modifications to Units and Common Elements made pursuant to this Article IX shall be given effect by appropriate amendments to this Master Deed in the manner provided by law, which amendments shall be prepared by and at the discretion of the Developer and in which the Percentages of Value set forth in Article VI hereof shall be proportionately readjusted. if the Developer deems it to be applicable, in order to preserve a total value of 100% for the entire Condominium resulting from such amendments to this Master Deed. The precise determination of the readjustments in Percentages of Value shall be made within the sole judgment of Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among Percentages of Value based upon the original method and formula described in Article VI of this Master Deed. Such amendments to the Master Deed shall also contain such further definitions and redefinitions of General or Limited Common Elements as may be necessary to adequately describe and service the Units and Common Elements being modified by such amendments. In connection with any such amendments. Developer shall have the right to change the nature of any Common Element previously included in the Condominium for any purpose reasonably necessary to achieve the purposes of this Article IX.

ARTICLE X

CONTRACTION OF CONDOMINIUM

(a) As of the date this Master Deed is recorded, the Developer intends to dedicate to public use the roads and road right of ways shown on the Condominium Plan. Developer therefore reserves the right to withdraw from the Condominium that portion of the land described in Article II that consists of the Condominium roads and road right of way(s) as the same are shown on the Condominium Plan. At the option of the Developer, within a period ending no later than 6 years from the date of recording this Master Deed, the land included in the Condominium may be contracted to withdraw from the Condominium roads and road right of ways dedicated to public use.

- (b) In connection with such contraction, Developer unconditionally reserves the right to withdraw from the Condominium that portion of the land described in Article II that is dedicated to public use as a road and/or road right of way. The withdrawal of such land pursuant to this Article X shall be effected by an amendment of the Master Deed as provided in paragraph (d) below and by a single conveyance of all roads and road rights of way in the Condominium to the City of Farmington Hills (or other appropriate governmental unit having jurisdiction).
- (c) Apart from satisfying any governmental conditions to dedication of the road and road right of ways, there are no restrictions on Developer's right to contract the Condominium as provided in this Article X.
- (d) The consent of any Co-owner shall not be required to contract the Condominium or to dedicate the roads and road right of ways to public use. All of the Co-owners and Mortgagees and other persons interested or to become interested in the Condominium from time to time shall be deemed to have irrevocably and unanimously consented to such contraction of the Condominium and any amendment or amendments to this Master Deed to effectuate the contraction. All such interested persons irrevocably appoint the Developer or its successors, as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of rerecording 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 hereto. Nothing herein contained, however, shall in any way obligate Developer to dedicate the roads and road right of ways in the Condominium to public use or to thereafter contract the Condominium as herein provided. These provisions give notice to all Co-owners, Mortgagees and other persons acquiring interests in the Condominium that such amendments of this Master Deed may be made and recorded, and no further notice of such amendment shall be required.

ARTICLE XI

ASSIGNMENT

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, 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 appropriate instrument in writing duly recorded in the office of the Oakland County Register of Deeds.

IN WITNESS WHEREOF, Developer has caused this Master Deed to be executed the day and year first above written.

12/MB LIMITED PARTNERSHIP, a Michigan limited partnership

By: 12/MB G.P. INC., its general partner

/S/ Kevin Kohls Kevin Kohls	Ву: _		ames M. Galbraith s M. Galbraith
/S/ John Athanas Johm Athanas		Its:	Vice President
STATE OF MICHIGAN)			

The foregoing instrument was acknowledged before me this 17th day of November, 1995, by James M. Galbraith, who is the Vice President of 12/MB G.P., Inc, the general partner of 12/MB Limited Partnership, a Michigan limited partnership, on behalf of the limited partnership.

DRAFTED BY AND WHEN RECORDED

RETURN TO:

Jacqueline Stevens

Macomb
County, Michigan
Acting in Oakland County

Kevin M. Kohls, Esq.

My Commission Expires: 10-3-99

Kevin M. Kohls, Esq. Honigman Miller Schwartz and Cohn 2290 First National Building Detroit, Michigan 48226-3501 (313) 256-7811

COUNTY OF OAKLAND)

) ss.

DET05/64611 1

TIMBERCREST

A SINGLE FAMILY RESIDENTIAL CONDOMINIUM

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF OWNERS

Timbercrest, a residential condominium located in the City of Farmington Hills, Oakland County, Michigan, shall be administered by an Association of Owners which shall be a nonprofit corporation, herein referred to as 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 in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to the Owner's Site. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium available at reasonable hours to Owners, prospective purchasers and prospective mortgagees of Sites in the Condominium. The Association, all Owners in the Condominium and all persons using or entering upon or acquiring any interest in any Site therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents. All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit or as set forth in the Act.

ARTICLE II

ASSESSMENTS

The Association's levying of assessments against the Condominium Sites and collection of such assessments from the Owners in order to pay the expenses arising from the management, administration and operation of the Association shall be governed by the following provisions:

- Section 1. <u>Taxes Assessed on Personal Property Owned or Possessed in Common.</u> 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 Owners, and personal property taxes based thereon shall be treated as expenses of administration.
- Section 2. Receipts and Expenditures Affecting Administration. Expenditures affecting administration of the Condominium shall include all costs incurred in satisfaction of any liability arising within, caused by or connected with the Common Elements or the administration of the Condominium. Receipts affecting administration of the Condominium shall include all sums received by the Association as proceeds of, or pursuant to, a policy of insurance securing the interests of the Owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of the Condominium.
- Section 3. <u>Determination of Assessments</u>. Assessments shall be determined in accordance with the following provisions:
- (a) The Annual Budget and Regular Annual Assessments. 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, including a reasonable allowance for contingencies and reserves. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each 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 Owner shall not affect or in any way diminish the liability of any Owner for any existing or future assessments. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular annual payments as set forth in Section 5 below rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget (excluding that portion of the budget allocated to the reserve fund itself) on a non-cumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate, the Association should carefully analyze the Condominium to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. The Board of Directors shall annually consider the needs of the Condominium to determine if a greater amount should be set aside in reserve or if additional reserve funds should be established for any other purposes. The regular annual Association assessments provided in this Article II. Section 3(a) shall be levied in the sole discretion of the Board of Directors.
- (b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the Owners as hereinafter provided to meet other appropriate requirements of the Association. Special assessments referred to in this subparagraph (b) shall be levied only with the prior approval of more than 60% of all Owners in number and in value. 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 or of the members thereof. Notwithstanding the foregoing, a special assessment for road improvements may be levied with the prior approval of 51% of all Owners in number and in value. All road improvement special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 4. <u>Apportionment of Assessments</u>. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Owners to cover expenses of management, administration and operation of the Condominium shall be apportioned among and paid by the Owners in accordance with the Percentage of Value assigned to each Site in Article VI of the Master Deed.

Section 5. Payment of Assessments and Penalty for Default. Annual assessments as determined in accordance with Article II, Section 3(a) above shall be payable annually by Owners, commencing with acceptance of a deed to or a land contract vendee's interest in a Site. or with the acquisition of fee simple title to a Site by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Each assessment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of 7% per annum until each assessment is paid in full. The Board of Directors may also adopt uniform late charges pursuant to Section 10 of Article VI of these Bylaws. Each Owner (whether I or more persons) shall be, and remain, personally liable for the payment of all assessments (including interest, late charges and costs of collection and enforcement of payment) levied against the Site which may be levied while such Owner is the owner thereof, except a land contract purchaser from any Owner including the Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which, if applicable, such land contract seller actually takes possession of the Site following extinguishment of all rights of the land contract purchaser in the Site. Payments on account of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest and other charges for late payment on such assessments; and third, to installments in default in order of their due dates. An Owner selling a Site shall not be entitled to any refund whatsoever from the Association with respect to any reserve, account or other asset of the Association.

Section 6. <u>Effect of Waiver of Use or Abandonment of Site</u>. An Owner's waiver of the use or enjoyment of any of the Common Elements or abandonment of the Owner's Site shall not exempt the Owner from liability for the Owner's contribution toward the expenses of administration.

Section 7. 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. The Association may also discontinue the furnishing of any utilities or other services to an Owner in default upon seven (7) days' written notice to such Owner of its intention to do so. An Owner in default shall not be entitled to vote at any meeting of the Association so long as such default continues. In a judicial foreclosure action, a receiver may be appointed to and empowered to take possession of the Site (if the Site is not occupied by the Owner) and to lease the Site and collect and apply the rental therefrom. All of these remedies shall be cumulative and not alternative.
- (b) Foreclosure Proceedings. Each Owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the statutory lien that secures 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 the parties to such actions. Further, each Owner and every other person who from time to time has any interest in the Condominium shall be deemed to have authorized and empowered the Association to sell or cause to be sold the Site with respect to which the assessment(s) is or are delinquent to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by Michigan law. The Association, acting on behalf of all Owners, may bid at the foreclosure sale, and acquire, hold, lease, mortgage, or convey the Site sold.
- (c) <u>Notice of Action</u>. The Association may not commence proceedings to foreclose a lien for unpaid assessments without recording and serving a notice of lien in the following manner:
- (i) The notice of lien shall set forth the legal description of the Condominium Site or Sites to which the lien attaches, the name of the Owner of record thereof, the amount due the Association as of the date of the notice, exclusive of interest, costs, attorneys fees and future assessments.
- (ii) The notice of lien shall be in recordable form, executed by an authorized representative of the Association, and may contain such other information as the Association deems appropriate.

- (iii) The notice of lien shall be recorded in the office of the register of deeds in the county in which the Condominium is situated and shall be served upon the delinquent Owner by first class mail, postage prepaid, addressed to the last known address of the Owner at least ten (10) days in advance of the commencement of the foreclosure proceedings.
- (d) <u>Expenses of Collection</u>. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, plus any late charges, shall be chargeable to the Owner in default and shall be secured by the lien on the Site.
- Section 8. <u>Liability of Mortgagee</u>. Notwithstanding any other provisions of the Condominium Documents, if the mortgagee of a first mortgage of record or other purchaser of a Condominium Site obtains title to the Condominium Site as a result of foreclosure of the first mortgage, such person, its successors and assigns, is not liable for the assessments by the Association chargeable to the Site which became due prior to the acquisition of title to the Site by such person and the expiration of the period of redemption from such foreclosure. The unpaid assessments are deemed to be common expenses collectible from all of the Condominium Site Owners including such persons, its successors and assigns.
- Section 9. <u>Developer's Responsibility for Assessments</u>. Notwithstanding any other provisions of the Condominium Documents to the contrary, the Developer shall not pay regular annual Association assessments for Sites which are owned by the Developer so long as the Sites are vacant and unoccupied, but the Developer shall at all times pay all expenses of maintaining the Sites that it owns, including the improvements located therein. Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Site 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.
- Unpaid Assessments Due on Site Sale: Statement of Unpaid Assessments. Section 10. Upon the sale or conveyance of a Condominium Site, all unpaid assessments against the Condominium Site shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan or any subdivision thereof for taxes or special assessments due and unpaid on the Site and (b) payments due under first mortgages having priority thereto. A purchaser of a Condominium Site is entitled to a written statement from the Association setting forth the amount of unpaid assessments outstanding against the Site and the purchaser is not liable for any unpaid assessment in excess of the amount set forth in such written statement, nor shall the Site be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the Association as provided herein at least five days before the sale, or to pay unpaid assessments against the Site at the closing of the Site purchase if such a statement was requested, shall be liable for any unpaid assessments against the Site together with interest, costs and attorneys' fees incurred in connection with the collection thereof.

- Section 11. <u>Property Taxes and Special Assessments</u>. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.
- Section 12. <u>Construction Liens</u>. 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.

ARTICLE III

JUDICIAL ACTIONS AND CLAIMS

Actions on behalf of and against the Owners shall be brought in the name of the Association. The Association may assert, defend or settle claims on behalf of all Owners in connection with the Common Elements of the Condominium. The commencement of any such civil action (other than one to enforce or collect delinquent assessments) shall require the approval of a majority in value of the Owners.

ARTICLE IV

INSURANCE

- Section 1. <u>Extent of Coverage</u>. The Association shall, to the extent appropriate given the nature of the Common Elements of the Condominium, 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 Common Elements and such other insurance as the Board of Directors deems advisable. All such insurance shall be carried and administered in accordance with the following provisions:
- (a) <u>Responsibilities of Association</u>. All such insurance shall be purchased by the Association for the benefit of the Association, and the Owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners.
- (b) <u>Insurance of the Common Elements</u>. All Common Elements of the Condominium shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the appropriate percentage of maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.
- (c) <u>Premium Expenses</u>. All premiums on insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

- (d) 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 Owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for 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 Condominium unless all of the institutional holders of first mortgages on Sites in the Condominium have given their prior written approval.
- Section 2. Authority of Association to Settle Insurance Claims. Each Owner, by ownership of a Site in the Condominium, shall be deemed to appoint the Association as the Owner's 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 workmen's compensation insurance, if applicable, pertinent to the Common Elements, with such insurer as may, from time to time, be designated to provide such insurance for the Condominium. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. Responsibilities of Owners. Each Owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the Site owned together with the Residence and all other improvements therein, for the Owner's personal property located therein or thereon or elsewhere on the Condominium. All such insurance shall be carried by each Owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Owner also shall be obligated to obtain insurance coverage for personal liability for occurrences within the Site owned the and improvements located therein. Each Owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Owner hereunder. In the event of the failure of an Owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such Owner and the premiums therefor shall constitute a lien against the Owner's Site which may be collected from the Owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each Owner shall be obligated to obtain any other personal insurance coverage that the Owner wishes to carry. The Association shall under no circumstances have any obligation to obtain any of the insurance coverage described in this Section 3 or any liability to any person for failure to do so.

Section 4. <u>Waiver of Right of Subrogation</u>. The Association and all Owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Owner or the Association.

ARTICLE V

RECONSTRUCTION OR REPAIR

- Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium is damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:
- (a) <u>Common Elements</u>. If the damaged property is a Common Element, the damaged property shall be rebuilt or repaired unless by a determination to the contrary is made by all Owners and first mortgagees of Sites in the Condominium.
- (b) <u>Site or Improvements Therein</u>. If the damaged property is a Site or any improvements therein, the Owner of such Site alone shall determine whether to rebuild or repair the damaged property, subject to the direction and determination of any mortgagee of such Site and the rights of any other person or entity having an interest in such property, and the Owner shall be solely responsible for such any reconstruction or repair that the Owner elects to make. The Owner shall in any event remove all debris and restore the Owner's Site and the improvements therein to a clean and sightly condition satisfactory to the Association 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 Site unless the Owners unanimously decide otherwise.
- Section 3. Association Responsibility for Repair and Reconstruction. Immediately after a casualty causing damage to property for which the Association has the responsibility of 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, assessments shall be made against all Owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation. Assessments pursuant to this Article V. Section 3 may be made by the Association without a vote of the Owners.

- Section 4. <u>Timely Reconstruction and Repair</u>. Subject to Section 1(a) of this Article V, if damage to the Common Elements adversely affects the appearance of the Condominium, the Association shall proceed with replacement of the damaged property without delay.
- Section 5. <u>Eminent Domain</u>. The following provisions shall control upon any taking by eminent domain:
- (a) The provisions of Section 133 of the Condominium Act of Michigan shall apply.
- (b) In the event the Condominium continues after a taking by eminent domain, the remaining portion of the Condominium shall be re-surveyed and the Master Deed amended accordingly by the Association.
- (c) In the event any Site 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 of the Sites in the Condominium.
- Section 6. Notices to Certain Mortgagees. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), or in the event any mortgage is held by or insured by the United States Department of Housing and Urban Development ("HUD"), the Association shall give FHLMC and HUD 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, or any loss to or taking of any Site, or part thereof, if the loss or taking exceeds \$10,000 in amount.

Section 7. <u>Priority of Mortgagees in Proceeds</u>. Nothing contained in the Condominium Documents shall be construed to give an Owner or any other party priority over any rights of first mortgagees of Condominium Sites pursuant to their mortgages in the case of a distribution to Condominium Site owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Sites and/or Common Elements.

ARTICLE VI

RESTRICTIONS

Section 1. <u>Uses Permitted.</u> No Site shall be used for other than residential purposes and construction of a Residence and other permitted Structures therein in conformance with the Condominium Documents. No Owner shall carry on any commercial activities anywhere on the premises of the Condominium. Notwithstanding the foregoing, Developer may conduct any of the activities expressly described in the Master Deed or its exhibits.

Section 2. Architectural Control.

- (a) <u>Purpose of Architectural Control</u>. The Developer intends and desires that all Structures within the Condominium be architecturally harmonious and architecturally pleasing and that the design and location of such Structures take into account the preservation of trees and the natural environment of the Condominium. In order to insure that such goals are accomplished, the Developer shall, in its sole discretion, have the right to approve or disapprove the appearance, construction, materials, proposed location, design, specifications and any other attribute of any Structure.
- Prior Approval of Proposed Structures. Except as otherwise expressly provided herein, the Developer shall have exclusive jurisdiction over the rights of approval and enforcement set forth in the Condominium Documents. A Site Owner may only construct, install or place on a Site those Structures that have been approved in writing by the in the manner set forth herein. Developer may construct or authorize any improvements on a Site that Developer in its sole discretion elects to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations in the Condominium Documents. Before constructing any Residence or making any exterior improvement, change, or elevation change upon any Site, an Owner shall receive the written approval of the Developer. No application for a building permit or application for any other governmental approval or construction shall be filed until written approval of the Developer is received. The Developer shall approve in advance the licensed residential builder engaged by the Owner to construct a Residence and any other improvements in the Owner's Site. The Developer may require that such builder or Owner furnish to the Association adequate security, in the Developer's sole discretion, to protect the Association against costs and expenses which it might incur in connection with the failure to complete construction in a timely and diligent manner in accordance with the approved plans and specifications for the Residence and other improvements. No Structure may be erected, installed, or placed upon or in any Site unless the Owner of such Site has submitted the following documentation to the Developer, and the Developer has approved all of such documentation in writing:

- (i) <u>Survey</u>. A topographic survey of the Site prepared and certified by a licensed engineer or architect showing existing and proposed grades, the location of all trees in excess of 3 inches in diameter, and the proposed location of each Structure located or to be located upon the Site.
- (ii) <u>Architectural Plans</u>. Construction and architectural plans prepared and certified by a licensed engineer or architect including dimensioned floor plans, typical sections and all elevations for the Structure to be constructed upon or in the Site.
- (iii) <u>Specifications</u>. Specifications for each Structure prepared and certified by a licensed architect or engineer setting forth the type and quality of all materials and workmanship and including a detailed finish schedule for all exterior materials, products and finishes, with actual samples of all exterior materials.
- (iv) <u>Construction Schedule</u>. A construction schedule specifying the commencement and completion dates of construction of the Structures, as well as such other dates as the Developer may specify for completion of stages of the Structures.

A Site Owner shall submit two copies of the aforedescribed documents to the Developer, and the Developer shall retain one copy of each document for its records. The Developer shall have 30 days after the receipt of all required plans and specifications to issue a written approval or denial. If the Developer fails to issue a written approval or denial of the plans and specifications within the 30 day period, then written approval will not be required and the plans and specifications submitted shall be deemed to comply with this Section.

- (c) Assignment of Developer's Approval Rights. Developer's rights under this Article VI, Section 2 may, in Developer's sole discretion, be assigned to the Association or other successor to Developer. There shall be no surrender of this right prior to the issuance of certificates of occupancy of Residences in 100% of the Sites in the Condominium, except in a written instrument in recordable form executed by Developer and specifically assigning to the Association or other successor(s) to Developer the rights of approval and enforcement set forth in this Section 2 of Article VI. From and after the date of such assignment or later expiration of Developer's exclusive powers, the Board of Directors of the Association shall exercise all such powers, and Developer shall have no further responsibilities with respect to any matters of approval or enforcement set forth herein.
- Section 3. <u>Building Restrictions</u>. Except as otherwise permitted herein, no Structure may be constructed, installed, or placed on a Site except for one detached Residence which shall not exceed the Zoning Ordinance height limitation of the municipality in which the Structure is located and which Residence shall include an attached two-car garage and appropriate driveway and parking areas, subject further to the following restrictions:

- (a) <u>Minimum Residence Size</u> All Residences built in the Condominium shall contain the minimum square footage required at the time of construction by the municipality in which the Site is located. In addition to the foregoing, each Residence shall contain, at a minimum, the following "livable floor areas":
 - (i) A one story Residence shall have a minimum livable floor area of 1400 square feet.
 - (ii) A one and one-half story Residence shall have a minimum livable floor area of 1600 square feet.
 - (iii) A two story Residence shall have a minimum livable floor area of 1800 square feet.

As used herein, "livable floor area" shall be calculated by measuring from internal wall to internal wall, and shall exclude garages, patios, decks, open porches, terraces, basements, storage sheds and like areas even if attached to the Residence. Livable floor area shall include, however, enclosed porches if the roof of the porch forms an integral part of the Residence. Developer reserves the right, in its sole discretion, to increase the minimum livable floor area for all unbolt Residences in the Condominium.

- (b) <u>Site Boundary Lines</u>. In no event shall a Structure be placed, erected, installed or located on any Site nearer to the front, side or rear Site boundary line than is permitted at the time the Structure is installed by the ordinances of the municipality in which the Site is located.
- (c) <u>Completion of Construction and Landscaping</u>. The exterior of all Residences and other Structures must be completed as soon as practical after construction commences, except where such completion is impossible or would result in great hardship to the owner or builder due to strikes, fires, national emergency or natural calamities. All Sites shall be sodded and appropriately landscaped within 90 days of occupancy. If, however, occupancy of the Residence occurs after October 1st, then the Site shall be sodded and appropriately landscaped by June 1st of the following year.
- (d) <u>Garages</u>. All garages shall be attached to the Residence. Developer shall have the sole and conclusive authority to determine whether a proposed garage design is attached to the Residence.
 - (e) <u>Roofs</u>. Flat roofs are prohibited.
- (f) <u>Driveway</u>. All driveways shall be paved with concrete or asphalt and shall be completed prior to occupancy, if weather permits.

- (g) Air Conditioners and Similar Equipment. No external air conditioning unit shall be placed in or attached to a window or wall in the front of any Residence. No external air conditioning unit shall be placed in or attached to any window or wall of any Residence without the prior written approval of the Board of Directors. No compressor or other component of a central air conditioning system (or similar system, such as a heat pump) shall be so located upon any Site so as to be visible from the street on which such Site fronts, and, to the extent reasonably possible, all such external equipment shall be located on the Site so as to minimize the negative impact thereof on any adjoining Site, in the terms of noise and appearance. In general, such equipment shall be located only in the rear yard (not in any side yard area), within five feet (5') of the rear wall of the Residence.
- (h) Tree Protection and Preservation. Trees measuring six inches or more in diameter at 42" above ground level may not be removed without the written approval of the Developer. Prior to commencement of construction, each Site Owner shall submit to the Developer a plan for the preservation of trees in connection with the construction process. The Site Owner shall not commence construction unless such plan is approved by the Developer. It shall be the responsibility of each Site Owner to maintain and preserve all large trees within the Site, which responsibility includes welling trees, if necessary.
- (i) <u>Public Utilities.</u> All public utilities such as water main, sanitary sewers, storm sewers, gas mains, electric and telephone local distribution lines, cable television lines, and all connections to same, either private or otherwise, shall be installed underground. However, above-ground transformers, pedestals and other above-ground electric and telephone utility installations and distribution systems and surface and off-site drainage channels and facilities, as well as street lighting stanchions, shall be permitted.
- construction, installation and maintenance of public utilities, and for drainage facilities, are reserved as shown on the Plan. Within all of the foregoing easements, unless the necessary approvals are obtained from the appropriate municipal authority and except for the paving necessary for each Residence's driveway, no Structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of such service facilities and utilities, including underground electrical and telephone local distribution systems, or which may change, obstruct or retard the flow or direction of water in and through drainage in the easements, nor shall any change, which may obstruct or retard the flow of surface water or be detrimental to the property of others, be made by the Owner in the finished grade of any Site once established by the builder upon completion of construction of the Residence thereon. The easement area of each Site and all improvements in it shall be maintained (in a presentable condition continuously) by the Site Owner, except for those improvements for which a public authority or utility company is responsible, and the Site Owner shall be liable for damage to service facilities and utilities thereon, including damage to electric.

gas, and telephone distribution lines and facilities therein. Except as may be otherwise provided herein, each Site Owner shall maintain the surface area of easements within the Owner's Site, to keep weeds out, to keep the area free of trash and debris, and to take such action as may be necessary to eliminate or minimize surface erosion.

Section 4. Activities. No noxious or offensive activity shall be performed upon any Site, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the other Sites or Site owners. There shall not be maintained any animals or device or thing of any sort whose normal activities or existence is in any way noxious, noisy, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the reasonable enjoyment of other Sites in the Condominium. The Board of Directors of the Association shall be the final arbiter of whether a particular animal, device, or thing is in violation of the foregoing restrictions. No Owner shall do or permit anything to be done or keep or permit to be kept in the Owner's Site, Residence 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 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, which increased cost may be assessed to and collected from the Owner in the manner provided in Article II hereof.

Aesthetics. The Common Elements shall not be used for storage of Section 5. supplies, materials, personal property or trash or refuse of any kind, except as provided in the Master Deed or in duly adopted rules and regulations of the Association. All rubbish, trash, garbage and other waste shall be regularly removed from each Site and shall not be allowed to accumulate therein. Trash receptacles shall at all times be maintained inside each individual garage and shall not be permitted to remain elsewhere except for such short periods of time as may be reasonably necessary to permit periodic collection of trash. It shall be the responsibility of each Site Owner to prevent the development of any unclean, unsightly or unkempt conditions of buildings or ground on the Owner's Site which shall tend to substantially decrease the beauty of the Condominium as a whole or any specific area thereof. No lawn ornaments, sculptures or statues shall be placed or permitted to remain on any Site without the prior written permission of the Board of Directors. No unsightly condition shall be maintained upon any court yard, deck, patio or porch and only furniture and equipment consistent with ordinary court yard, deck, patio or porch use shall be permitted to remain there during seasons when the same are reasonably in use and no furniture or equipment of any kind shall be stored on decks, patios or porches during seasons when the same are not reasonably in use. The yard area within each Site and surrounding each Residence shall not be used in any way for the drying, shaking, or airing of clothing or other fabrics. Except by the Developer so long as Developer owns and offers for sale at least one (1) Site in the Condominium, no building materials, landscaping materials or firewood shall be stockpiled on any Site. In general, no activity shall be carried on nor condition maintained by an Owner, either in a Site or upon the Common Elements, which is detrimental to the appearance of the Condominium.

- Section 6. Animals or Pets. No animals or fowl (except household pets) shall be kept or maintained on any Site. Only two household pets may be kept on a Site at any time. Any pets kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No animal may be permitted to run loose upon the Common Elements, and any animal shall at all times be attended by a responsible person while on the Common Elements. Any person who causes or permits an animal to be brought or kept on the Condominium property shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the Condominium property.
- Section 7. <u>Vehicles</u>. No trailers, boats, aircraft, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobile trailers, jet skis, jet ski trailers or other recreational vehicles, or any other vehicles, other than passenger cars, passenger vans, pick-up trucks and so-called "Blazer"-type vehicles shall be parked or maintained on any Site unless in a suitable private garage which is built in accordance with the restrictions set forth in the Condominium Documents. No vehicle that is used to promote a commercial enterprise, or used in connection with such an enterprise, shall be parked in the Condominium, or on any Site, unless parked in a garage as provided above, except while making deliveries or pickups in the normal course of business. Use of motorized vehicles of any kind in off-road General Common Element areas is expressly prohibited.
- Section 8. <u>Basketball Hoops and Play Areas</u>. Basketball hoops and play areas are permitted subject to strict compliance with the following restrictions:
- (a) All basketball hoops shall be on ground mounted posts located at least 30 feet from the curb of the road(s) adjacent to the Site.
- (b) The ground mounted post for the basketball hoop shall be located at least 5 feet from the side line of the Site.
- (c) No florescent or bright colors shall be permitted for either the post or the backboard. The ground mounted post shall be painted black and the backboard of the basketball hoop shall be clear.

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Section 9. <u>Signs. Advertising and Mailboxes.</u> No commercial signs, except "for sale" signs of a normal and usual size, shape and material, shall be erected or maintained on any Site except with the written permission of the Board of Directors or except as may be required by legal proceedings. If such permission is granted, the Board of Directors reserves the right to restrict size, color and content of such signs. All mailboxes, delivery receptacles and the like shall be of a standard color, size and style determined by the Board of Directors and shall be erected only in areas designated by the Board of Directors.

- Section 10. Rules and Regulations. Reasonable regulations consistent with all laws and the Condominium Documents concerning the use of the Common Elements or the rights and responsibilities of the Owners and the Association with respect to the Condominium or the manner of operation of the Association and of the Condominium 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 Owners or posted on a General Common Element. Any such regulation or amendment may be revoked at any time by the affirmative vote of a majority of the Owners.
- Section 11. <u>Public Road Access Restriction</u>. The sole means of access for every Site in the Condominium to and from Twelve Mile Road and Middlebelt Road shall be over the Condominium roads depicted on the Condominium Plan. Direct access to Twelve Mile Road or Middlebelt Road from any Site is prohibited.
- Section 12. <u>Landscaping</u>. No Owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements unless approved by the Board of Directors in writing or unless permitted by the Master Deed or the regulations of the Association.
- Section 13. <u>Television Antenna and Similar Devices</u>. No outside television antenna or other antenna, or aerial, saucer, dish or similar device shall be placed, constructed, altered or maintained on any Site, unless the Board of Directors determines in its sole discretion that the absence of an outside antenna causes substantial hardship with respect to a particular Site.
- Section 14. <u>Dog Kennels and Similar Shelters</u>. Dog kennels or runs or other enclosed shelters for permitted animals shall not exceed 150 square feet in size, shall be an integral part of the approved Residence, shall be located in the rear of the Residence only and shall extend no more than 12 feet beyond the rear of the Residence. The location and design of fencing for dog kennels, runs and similar shelters shall be approved by the Board of Directors and, if necessary, the municipality in which the Residence is located. Any such fence shall be made of wood with a height not to exceed four feet. If the fence is visible from the street it shall be screened with suitable landscaping, the suitability of which shall be determined by the Board of Directors. Each Site Owner must keep any such kennel, shelter or run in clean and sanitary condition.
- Section 15. Outbuildings and Other Structures. No Structure of a temporary character shall be placed upon any Site at any time. No temporary occupancy shall be permitted in an unfinished Residence. The use of a trailer for materials and supplies to be used by a building in the construction of a Residence and which shall be removed from the premises upon enclosure of the Residence, may be allowed with the written consent of the Board of Directors which shall have the sole discretion to approve or disapprove same. No old or used buildings of any kind shall be brought on any Site or into the Condominium. No accessory buildings shall be permitted

on any Site. No mobile home, trailer, house or camping trailer, tent, shack, tool storage shed, barn, tree house, or other similar outbuilding or Structure shall be placed on any Site at any time, either temporarily or permanently. Plans for a swimming or bath house must be specifically approved by the Developer.

Section 16. Swimming Pools. No above or in-ground swimming pools shall be erected or maintained on or in any Site without the prior written approval of the Board of Directors. All permitted swimming pools must be approved by the Board of Directors as to size, location, materials and type of construction, including the design of any fencing required by the municipality in which the Site is located. The maximum height and linear footage of any fencing permitted by this Section shall not exceed the minimum allowed by the municipality in which the Site is located. Chain-link fences of any kind or nature are expressly prohibited.

Section 17. Fences. No fence or wall of any kind shall be erected or maintained on any Site without the express prior written consent of the Board of Directors, which shall have the sole and absolute discretion to determine the suitability of the locations, design, shape, height, size and materials for any such fence or wall. No fence, wall or hedge shall be located nearer to any front lot line than is permitted pursuant to the Zoning Ordinance of the municipality in which the Site is located. No fence, wall or hedge shall be maintained or erected which blocks or hinders vision at street intersections. No full yard or chain-link fencing shall be permitted.

Section 18. Owner Maintenance. Each Owner shall maintain the Site owned, the Residence constructed therein and any Limited Common Elements appurtenant thereto for which the Owner has maintenance responsibility in a safe, clean and sanitary condition. All vacant and unimproved Sites must remain free of debris, litter, and trash and be cleaned up regularly. All grass and weeds on any vacant and unimproved Site must be mowed at least once monthly or more often if required by the Developer. Where a Residence is under construction within a Site, all debris, construction debris, unusable materials, litter and trash must be cleaned up and removed every Friday afternoon and more often if required by the Board of Directors. Each 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 utilities located in or on any Site which are appurtenant to or which may affect any other Site. Each 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 the Owner or the Owner's 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 excluded by virtue of a deductible provision, in which case the responsible 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 Owner in the manner provided in Article II hereof.

- Section 19. <u>Common Elements</u>. The Common Elements shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended. No Owner may leave personal property of any description (including by way of example and not limitation bicycles, vehicles, chairs and benches) unattended on or about the Common Elements. Use of all Common Elements may be limited to such times and in such manner as the Board of Directors shall determine by duly adopted regulations.
- Section 20. <u>Alterations and Modifications of the Common Elements</u>. No Owner shall make changes in any of the Common Elements, limited or general, without the express written approval of the Board of Directors. The Board of Directors may approve only such modifications as do not impair the soundness, safety, utility or appearance of the Condominium as provided herein.
- Section 21. <u>Weapons</u>. No Owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots, or other similar weapons, projectiles or devices anywhere on or about the Condominium.
- Section 22. <u>Leasing and Rental</u>. Owners, including Developer, may rent any number of Sites at any time for any term of occupancy not less than six (6) months and covering not less than the entire Site, subject to the following:
- (a) <u>Disclosure of Lease Terms to Association</u>. An Owner, including the Developer, desiring to rent or lease a Site shall disclose that fact in writing to the Association at least ten (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 compliance with the Condominium Documents. If Developer desires to rent Sites before the Transitional Control Date, it shall notify either the Advisory Committee or each Owner in writing.
- (b) <u>Compliance with Condominium Documents</u>. 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.
- (c) <u>Procedures in the Event of Non-Compliance with Condominium Documents</u>. If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:
- (i) The Association shall notify the Owner by certified mail advising of the alleged violation by the tenant.

- (ii) The Owner shall have 30 days (or such additional time as may be granted by the Association if the Owner is diligently proceeding to cure) 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 30 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 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 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 Owner liable for any damages to the Common Elements caused by the Owner or tenant in connection with the Site or Condominium.
- Association for Assessments. When an Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying the Residence within the Owner's Site under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant.
- Section 23. <u>Grading Plan for Condominium and Surface Water Drainage</u>. The grade of any Site in the Condominium may not be changed from the grading and soil erosion control plans approved by the City of Farmington Hills (which grading and soil erosion control plans may be subsequently amended from time to time as conditions require and as subsequently approved by the City of Farmington Hills), without the written consent of the Board of Directors and any governmental authority having jurisdiction.
- (a) It shall be the responsibility of each Owner to maintain the surface drainage grades of the Owner's Site as established by the Developer. Each Owner covenants not to change the surface grade of the Owner's Site in a manner which will materially increase or decrease the storm water flowing onto or off of the Owner's Site and will not block, pond or obstruct surface water. The Board of Directors of the Association shall enforce this covenant and may enter upon any of the Sites in the Condominium to correct any violation of this covenant and shall charge the costs of the correction to the Owner and such costs shall be a lien upon the Site.
- (b) It shall be the responsibility of each Owner to assure that the footing drains on the Owner's Site, if any, are clear of obstructions and are installed in accordance with the storm sewer plans approved by the City of Farmington Hills, which Storm Sewer and Paving Plan may be subsequently amended from time to time as conditions require and subsequently approved by the City of Farmington Hills. It shall be the responsibility of each Owner to

maintain the footing drains within Owner's Site. If any owner shall fail to maintain the footing drains or shall fail to have the drains properly installed as part of the storm water drainage system, the Association may enter upon the Site of such Owner and perform all necessary connections, repairs and maintenance of the footing drains. The costs for such connections, repairs and maintenance shall be charged to the Owner and shall be a lien upon the Site.

Section 24. Non-Disturbance of Wetlands. The General Common Elements include wetland areas that are protected by the Goemaere-Anderson Wetland Protection Act, Public Act No. 203 of 1979. Under the provisions of the Goemaere-Anderson Wetland Protection Act, activities affecting wetland areas may only be undertaken after a permit has been obtained from the Michigan Department of Natural Resources. Restricted activities include any disturbance of a wetland by depositing material in the wetland, dredging or removing material from the wetland, draining water from the wetland and constructing, operating or maintaining any use or development in the wetland. In order to assure that no inadvertent violations of the Goemaere-Anderson Wetland Protection Act occur, no Owner may disturb the wetland areas in the General Common Elements.

Section 25. Reserved Rights of Developer.

- (a) Prior Approval by Developer. Until certificates of occupancy are issued for Residences in 100% of the Sites in the Condominium, no buildings, landscaping, paving, fences, walls, retaining walls, drives, decks, walks or other Structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any Structure be made (including in color or design), except interior alterations of Residences, until plans and specifications are approved by the Developer as provided in Section 2 of this Article VI.
- (b) <u>Developer's Rights in Furtherance of Development and Sales</u>. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards of the Developer with respect to unoccupied Sites owned by the Developer, or of the Association in furtherance of its powers and purposes. Notwithstanding anything to the contrary elsewhere herein contained, until all Sites in the entire planned Condominium are sold by Developer, Developer shall have the right to maintain a sales office, a business office, a construction office, model units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Condominium as may be reasonable to enable development and sale of the entire Condominium by the Developer.
- (c) Enforcement of Bylaws. The Condominium shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private residential community for the benefit of the Owners and all persons having interests in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then the Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping

required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws prior to the First Annual Meeting, which right of enforcement shall include without limitation an action to restrain the Association or any Owner from any activity prohibited by these Bylaws.

Association and their respective agents the right to enter upon any Site for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of Developer detracts from the overall beauty, setting and safety of the Condominium. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. Declarant and the Association and their respective agents may likewise enter upon such land to remove any trash which has collected on such Site without such entrance and removal being deemed a trespass. The provisions of this paragraph shall not be construed as an obligation on the part of Developer or the Association to mow, clear, cut, or prune any Site nor to provide garbage or trash removal services.

Section 26. Planned Unit Development Agreement. Development and use of the Condominium is subject to the terms, conditions and provisions of the Timbercrest Planned Unit Development Agreement with the City of Farmington Hills, dated October 6, 1994 and recorded in Liber 15022, Page 616, Oakland County Records. Among other things, the Timbercrest Planned Unit Development Agreement requires that all General Common Elements (other than road rights-of-way) remain substantially undeveloped, excluding only the utility and drainage improvements as shown on the Plan. By recordation of this Master Deed, the Developer declares that the "Woodland Preservation Park" described in the Timbercrest Planned Unit Development Agreement shall be conserved and preserved in perpetuity by the Association for the benefit of all Unit Owners.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Owner who mortgages its Site 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 Sites". The Association may, at the written request of a mortgagee of any such Site, report any unpaid assessments due from the Owner of such Site. The Association shall give to the holder of any first mortgage covering any Site in the Condominium written notification of any default in the performance of the obligations of the Owner of such Site that is not cured within 60 days.

Section 2. <u>Insurance</u>. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage.

Section 3. <u>Notification of Meetings</u>. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Site 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.

ARTICLE VIII

VOTING

- Section 1. <u>Vote</u>. Except as limited in these Bylaws, each Owner shall be entitled to one vote for each Condominium Site owned when voting by number and one vote, the value of which shall equal the Percentage of Value percentage allocated to the Sites owned by such Owner as set forth in the Master Deed, when voting by value. Voting shall be by value unless otherwise expressly required by the Condominium Documents or by law. In the case of any Site owned jointly by more than one Owner, the voting right appurtenant to that Site may be exercised jointly as a single vote or may be split if all the joint Owners of the Site so agree in writing.
- Section 2. <u>Eligibility to Vote</u>. No Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until the Owner has presented evidence of ownership of a Site in the Condominium to the Association. Except as provided in Article XI, Section 2 of these Bylaws, no 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 Owner may be cast only by the individual representative designated by such Owner in the notice required in Section 3 of this Article VIII or by a proxy given by such individual representative.
- Section 3. <u>Designation of Voting Representative</u>. Each 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 communications from the Association on behalf of such Owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Site or Sites owned by the Owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Owner. Such notice shall be signed and dated by the Owner. The individual representative designated may be changed by the Owner at any time by filing a new notice in the manner herein provided. At any meeting the filing of such written notice as a prerequisite to voting may be waived by the chairman of the meeting.
- Section 4. <u>Annual Meeting</u>. There shall be an annual meeting of the Owners commencing with the First Annual Meeting held as provided in Article IX. Section 2 hereof. Other meetings shall be held as provided for in Article IX hereof. Notice of the time, place and subject matter of all meetings shall be given by mailing the same to each individual representative designated by the respective Owners.

Section 5. Quorum. The presence in person or by proxy of more than one-half (1/2) in value of the Owners qualified to vote 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 such 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 6. <u>Voting</u>. 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 7. <u>Majority</u>. Unless otherwise required by law or by the Condominium Documents, any action which could be authorized at a meeting of the members shall be authorized by an affirmative vote of more than fifty (50%) percent in value. The foregoing statement and any other provision of the Master Deed or these Bylaws requiring the approval of a majority (or other stated percentage) of the members shall be construed to mean, unless otherwise specifically stated, a majority (or other stated percentage) in value of the votes cast by those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the Owners duly called and held.

ARTICLE IX

MEETINGS

Section 1. <u>Place of Meeting</u>. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with 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 the Developer. The First Annual Meeting may be called at any time in the Developer's discretion after the first conveyance of legal or equitable title of a Site in the Condominium to a non-developer Owner. As provided in Article XI, Section 2 hereof, the First Annual Meeting shall be held on or before one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Owners of seventy-five (75%) in number of the Sites that may be created in the Condominium or fifty-four (54) months after the first conveyance of legal or equitable title to a non-developer Owner of a Site in the Condominium, whichever first occurs. The 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 ten (10) days' written notice thereof shall be given to each Owner.

- Section 3. <u>Annual Meetings</u>. Annual meetings of members of the Association shall be held on the third Tuesday of March each succeeding year (commencing the third Tuesday of March of the calendar year following the year in which the First Annual Meeting is held) at such time and place as shall be determined by the Board of Directors. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of these Bylaws. The Owners may also transact at annual meetings such other business of the Association as may properly come before them.
- Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the Owners presented to the Secretary of the Association, but only after the First Annual Meeting has been held. 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 Owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Owner at the address shown in the notice required by Article VIII, Section 3 of these Bylaws to be filed with the Association 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 Owners cannot be held because a quorum is not in attendance, the Owners who are present may adjourn the meeting to a time not less than ten (10) days from the time the original meeting was called, and notice of the meeting shall be provided as set forth in Section 5 of this Article IX.
- 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) determination of whether quorum is present; (c) proof of notice of meeting or waiver of notice; (d) reading of minutes of preceding meeting; (e) reports of officers; (f) reports of committees; (g) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors or officers); (h) election of Directors (at annual meeting or special

meetings held for such purpose); (i) unfinished business; and (j) new business. Meetings of members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Action Without Meeting. Any action which may be taken at a meeting of Section 8. 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 of this Article IX 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 specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot 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 votes or total percentage of approvals which equals or exceeds the number of votes or percentage of approvals 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. <u>Minutes: Presumption of Notice</u>. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE X

ADVISORY COMMITTEE

An advisory committee of non-developer Owners shall be established either one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Owners of one-third (1/3) of the Sites that may be created, or one year after the initial conveyance of legal or equitable title to a non-developer Owner of a Site in the Condominium, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the association of Owners. The advisory committee shall cease to exist when a majority of the Board of Directors of the Association is elected by the non-developer Owners.

ARTICLE XI

BOARD OF DIRECTORS

Section 1. <u>Number and Qualification of Directors</u>. The Board of Directors shall consist of five 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. After the First Annual Meeting, the number of directors may be increased or decreased by action of the Board of Directors, provided that the Board of Directors shall be comprised of at least five members.

Section 2. Election of Directors.

- (a) <u>First Board of Directors</u>. 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 Owners to the Board. Elections for non-developer Owner directors shall be held as provided in subsections (b) and (c) below.
- Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Owners of twenty-five (25%) percent of the Sites that may be created, at least one director and not less than twenty-five (25%) percent of the Board of Directors shall be elected by non-developer Owners. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Owners of fifty (50%) percent of the Sites that may be created, not less than thirty-three and one-third (33 1/3%) percent of the Board of Directors shall be elected by non-developer Owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-developer Owners and request that they hold a meeting and elect the required director. Upon certification by the Owners to the Developer of the director so elected, the Developer shall then immediately appoint such director to the Board to serve until the First Annual Meeting of members unless the director is removed pursuant to Section 7 of this Article XI or the director resigns or becomes incapacitated.

(c) <u>Election of Directors at and After First Annual Meeting.</u>

(i) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Owners of seventy-five (75%) percent of the Sites that may be created, and before conveyance of ninety (90%) percent of such Sites, the First Annual Meeting shall be called and the non-developer Owners shall elect all directors on the Board of Directors, except that the Developer shall have the right to designate at least one director as long as the Developer owns and offers for sale at least ten (10%) percent of the Sites in the Condominium or as long as ten (10%) percent of the Sites remain that may be created.

- (ii) Notwithstanding the formula provided in subsection (i), 54 months after the first conveyance of legal or equitable title to a non-developer Owner of a Site in the Condominium, if title to at least seventy-five (75%) percent of the Sites that may be created has not been conveyed to non-developer Owners, the First Annual Meeting shall be called and the non-developer Owners shall have the right to elect as provided in the Condominium Documents, a number of members of the Board of Directors equal to the percentage of Sites they hold, and the Developer has the right to elect, as provided in the Condominium Documents, a number of members of the board equal to the percentage of Sites which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the board as determined in the Condominium Documents.
- (iii) If the calculation of the percentage of members of the Board of Directors that the non-developer Owners have the right to elect under this Section 2, or if the product of the number of members of the Board of Directors multiplied by the percentage of Sites held by the non-developer Owners under this Section 2 results in a right of non-developer Owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (i) of this Section 2(c).
- (iv) At the First Annual Meeting one-half (1/2) of the directors (rounded up if fractional) shall be elected for a term of two years and the remaining directors shall be elected for a term of one year. At such meeting, all nominees shall stand for election as one slate and the number of persons equal to one-half of the number of directors (rounded up if fractional) who receive the highest number of votes shall be elected for terms of two years and the number of persons equal to the remaining directors to be elected who receive the next highest number of votes shall be elected for terms of one year. After the First Annual Meeting, the term of office (except for directors elected at the First Annual Meeting for one year terms) of each director shall be two years. The directors shall hold office until their successors have been elected and hold their first meeting.
- (v) Once the Owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Owners to elect directors and conduct other business shall be held in accordance with the provisions of Article IX, Section 3 hereof.
- (vi) As used in this section, the term "Sites that may be created" means the maximum number of Sites which may be included in the Condominium in accordance with any limitation stated in the Master Deed or imposed by law.

- Section 3. <u>Powers and Duties</u>. 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 necessary thereto subject always to the Condominium Documents and applicable laws.
- 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 and the Common Elements thereof.
- (b) To levy and collect assessments against and 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 improvements 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.
- (f) To own, maintain, improve, operate and manage, and to buy, sell, convey, assign, mortgage or lease (as Landlord or Tenant) any real or personal property (including any Site 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 evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by 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 Directors 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, in which the maximum term is greater than 3 years or which is not terminable by the Association upon ninety (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. <u>Vacancies</u>. 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 a 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 Owner elected directors which occur prior to the Transitional Control Date may be filled only through election by non-developer 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 fifty (50%) percent in number and in value of all of the Owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal quorum set forth in Article VIII, Section 5. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the directors selected by it at any time or from time to time in its sole discretion. Likewise, any director selected by the non-developer 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. <u>First Meeting</u>. The first meeting of a newly elected Board of Directors shall be held within ten (10) 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 legally to constitute such meeting, providing a majority of the whole Board shall be present.

- Section 9. <u>Regular Meetings</u>. 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 ten (10) days prior to the date named for such meeting.
- Section 10. <u>Special Meetings</u>. 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. <u>Waiver of Notice</u>. 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 is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon twenty-four (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 in the minutes thereof, shall constitute the presence of such director for purposes of determining a quorum.
- Section 13. <u>First Board of Directors</u>. All of the actions (including, without limitation, the adoption of these Bylaws and any Rules and Regulations for the Association, and any undertaking or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association named in its Articles of Incorporation or any successors thereto appointed before the First Annual Meeting of Owners shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the Owners.
- Section 14. <u>Fidelity Bonds</u>. 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 premiums 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, and shall preside at all meetings of the Association and of the Board of Directors. The President 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 in the President's discretion as may be deemed appropriate to assist in the conduct of the affairs of the Association.
- (b) <u>Vice President</u>. The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the 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 by the Board of Directors.
- (c) <u>Secretary</u>. 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 and shall have charge of the corporate seal and of such books and papers as the Board of Directors may direct; and shall, in general, perform all duties incident to the office of the Secretary.
- (d) <u>Treasurer</u>. 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. The Treasurer 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. <u>Election</u>. 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 the officer's successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. <u>Duties</u>. 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

SEAL

The Board of Directors may adopt a seal on behalf of the Association which shall have inscribed thereon the name of the Association, the words "corporate seal", and "Michigan".

ARTICLE XIV

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 Owners. Such accounts and all other Association records shall be open for inspection by the Owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each 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 Site in the Condominium shall be entitled to receive a copy of such annual audited financial statement within ninety (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. <u>Fiscal Year</u>. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Board. The commencement date of the fiscal year shall be subject to change by the Board for accounting reasons or other good cause.

Section 3. <u>Bank.</u> Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Board and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in 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 XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, incurred by or imposed upon the director or officer in connection with any proceeding to which the director or officer may be a party, or may become involved, by reason of the director or officer being or having been a director or officer of the Association, whether or not 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 such director's 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 ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Owners thereof. Further, 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 XVI

AMENDMENTS

These Bylaws may be amended by the Association or by the Developer in the manner provided in the Master Deed. Any amendment to these Bylaws shall become effective upon recordation in the office of the register of deeds in the county in which the Condominium is located. A copy of each amendment to these Bylaws shall be made available to every member of the Association after adoption; provided however, that any amendment adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium

irrespective of whether such persons actually receive a copy of the amendment. These Bylaws may not be amended in any manner to eliminate or conflict with any mandatory provision of the Act or any applicable law or any provision of the Master Deed; nor may they be amended to materially reduce or eliminate the rights of any first mortgagees without the consent of the mortgagees affected.

ARTICLE XVII

COMPLIANCE

The Association and all present or future Owners, tenants, future tenants, or any other persons acquiring an interest in or using the Condominium in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Site or an interest therein or the utilization of or entry upon the Condominium 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 XVIII

REMEDIES

- Section 1. <u>Default by an Owner.</u> Any default by an Owner shall entitle the Association or another Owner or Owners to the following relief:
- (a) <u>Legal Action</u>. Failure to comply with any of the terms or provisions of the Condominium Documents or the regulations of the Association shall be grounds for relief, which may include without limitation 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 Owner or Owners.
- (b) Recovery of Costs. In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court. In no event shall any Owner be entitled to recover such attorneys' fees.
- Section 2. <u>No Waiver</u>. The failure of the Association or of any 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 Owner to enforce such right, provision, covenant or condition in the future.

- Section 3. <u>Cumulative Rights. Remedies and Privileges</u>. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall 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 4. <u>Enforcement of Provisions of Condominium Documents</u>. An Owner may maintain an action against the Association and its officers and directors to compel such persons to enforce the provisions of the Condominium Documents. An Owner may maintain an action against any other Owner for injunctive relief or for damages or any combination thereof for noncompliance with the Condominium Documents or the Act.

ARTICLE XIX

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 disputes, claims or grievances arising among or between the 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 question 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. <u>Judicial Relief</u>. In the absence of the election and written consent of the parties pursuant to Section I above, no Owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.
- Section 3. <u>Election of Remedies</u>. Such election and written consent by 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 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.

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12/MB LIMITED PARTNERSHIP MICHIGAN LIMITED PARTNERSHIP 31550 Northwestern Hvv. Suite 200 Farmington Hills, Michigan 40334 Phone No. (B10) 737-1470 Fax No. (010) 737-1934



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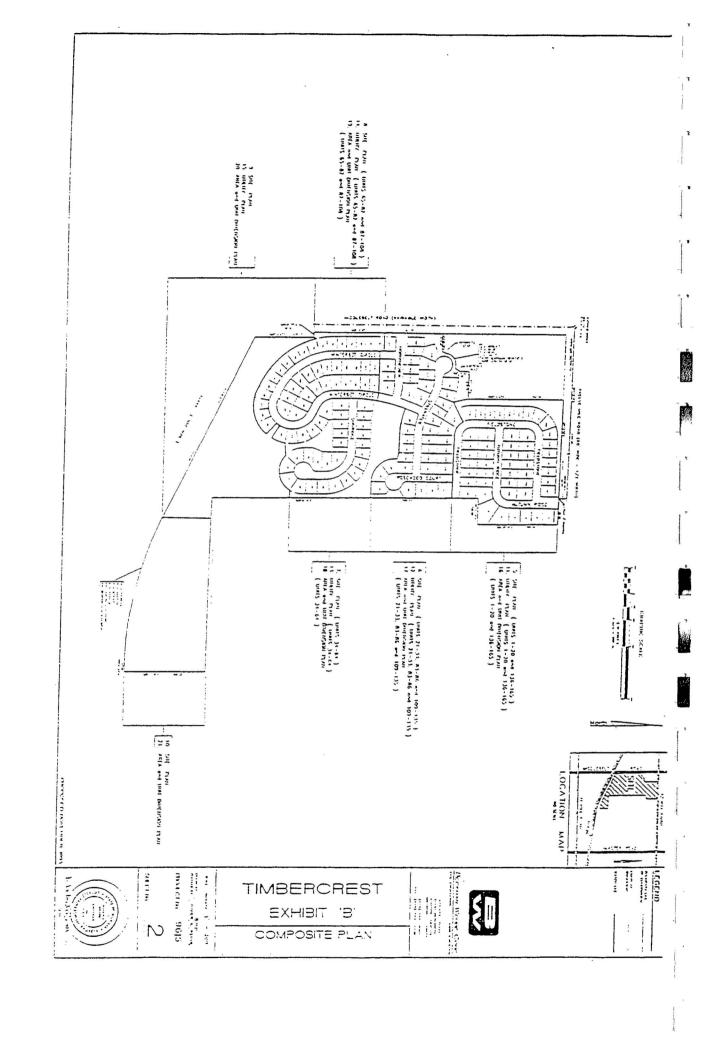
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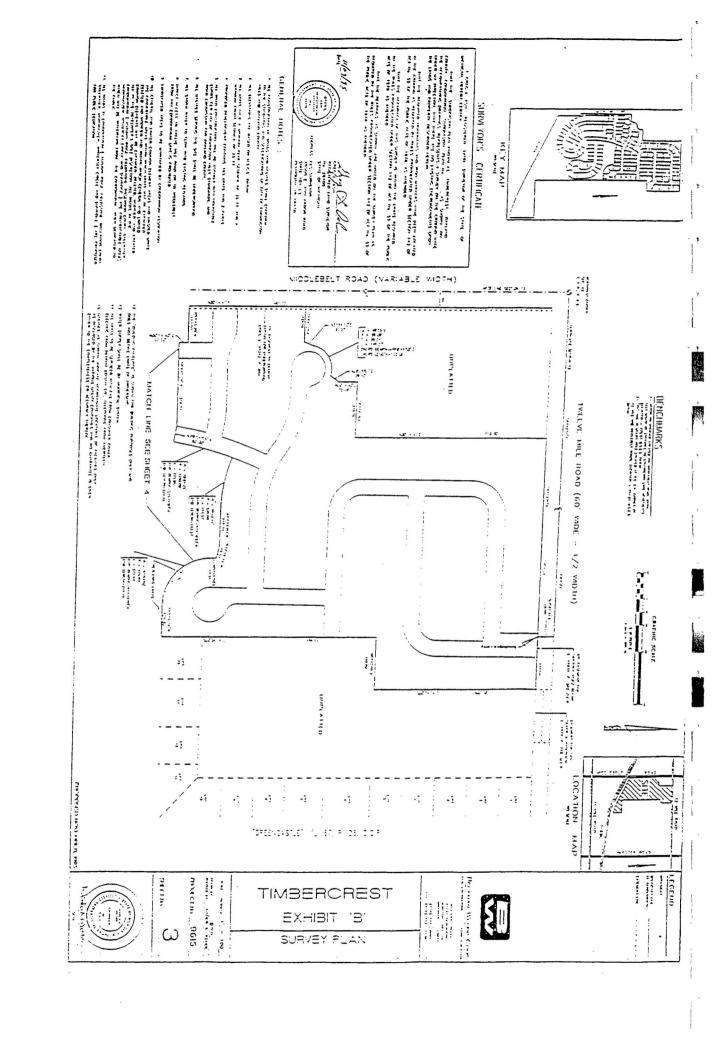


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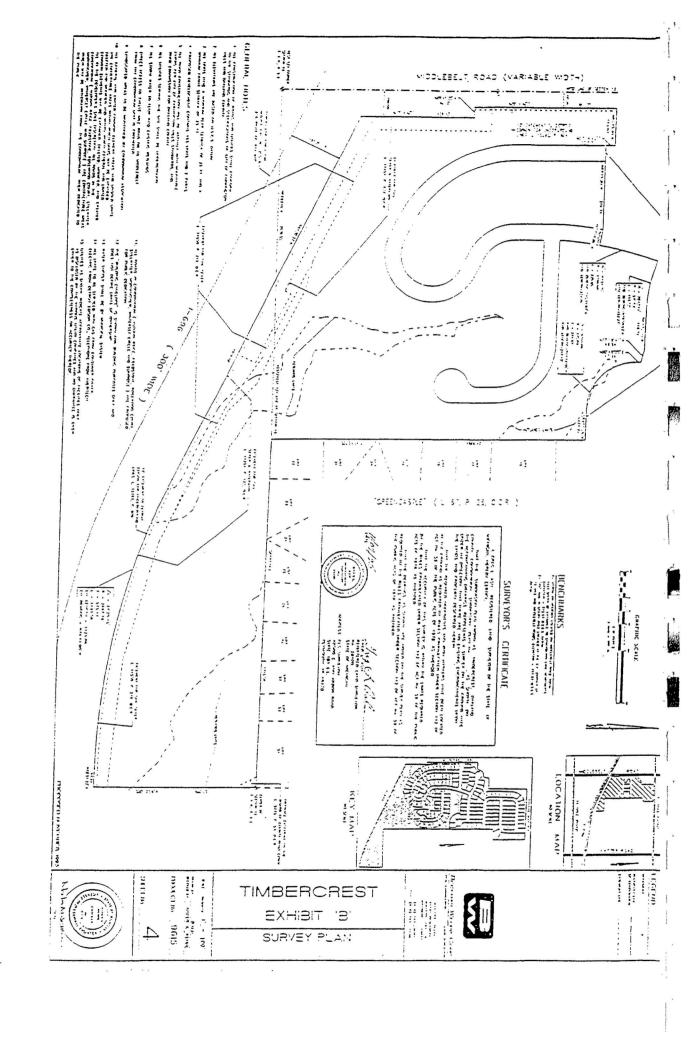
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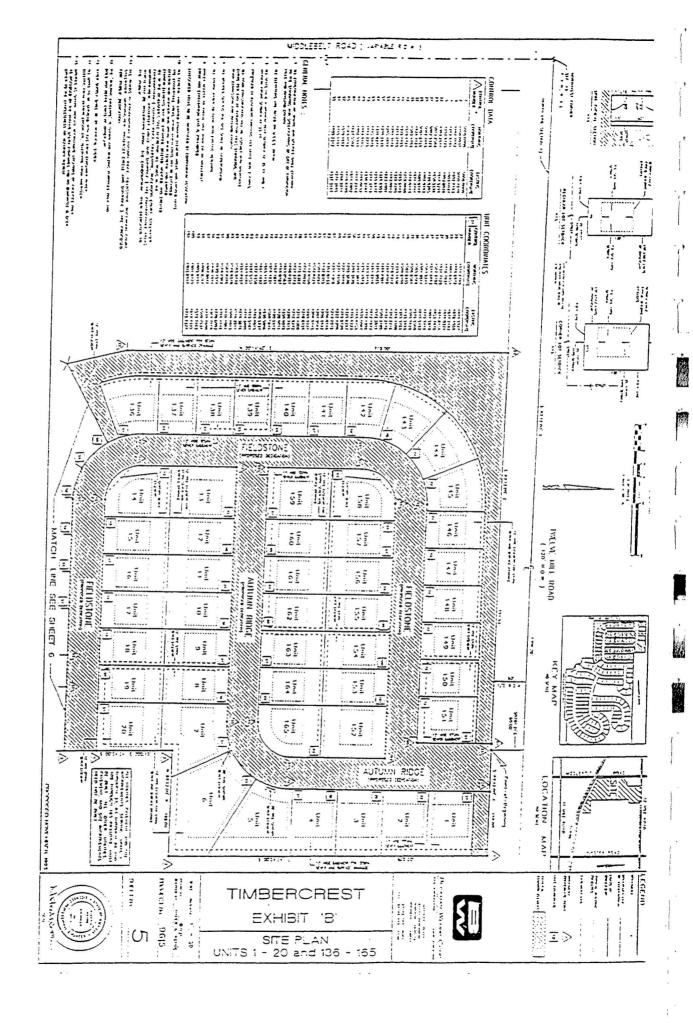


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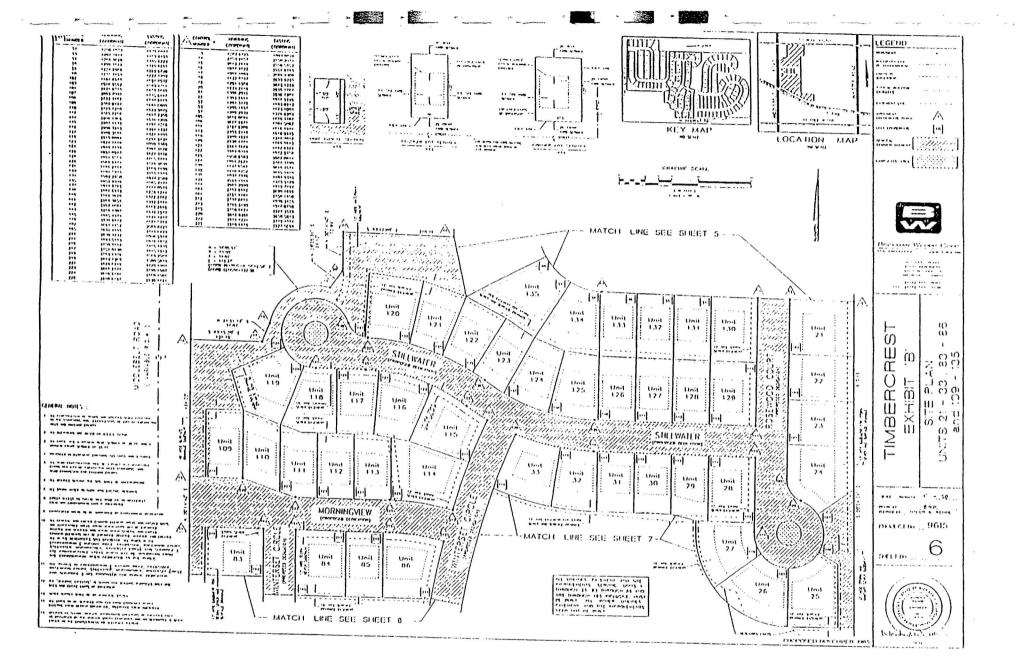


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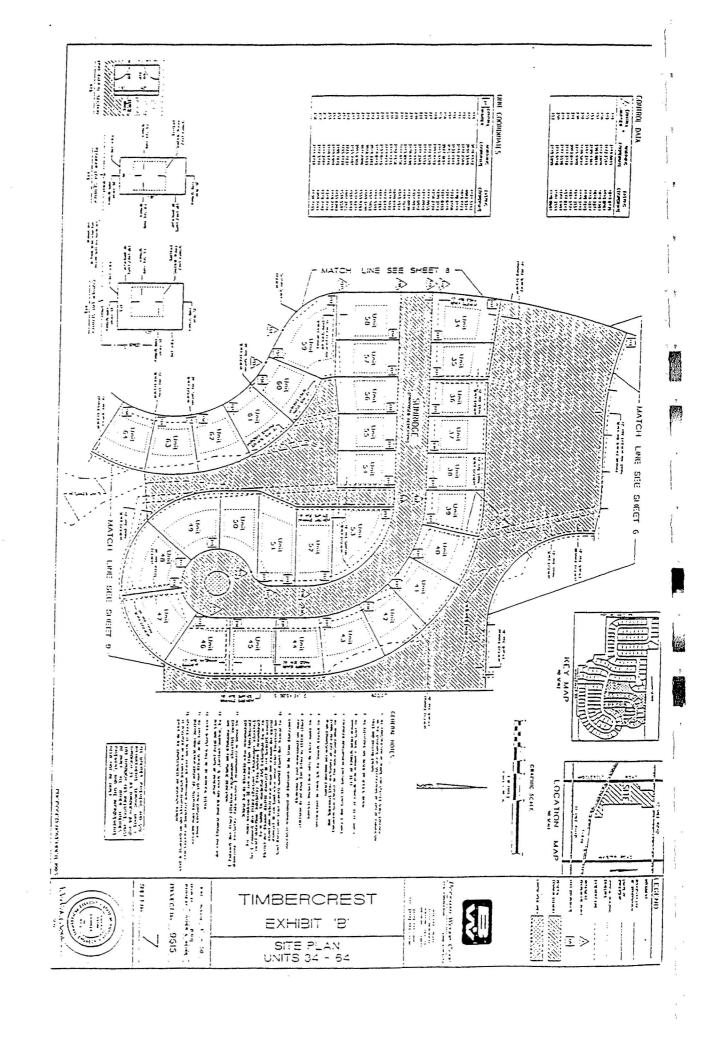
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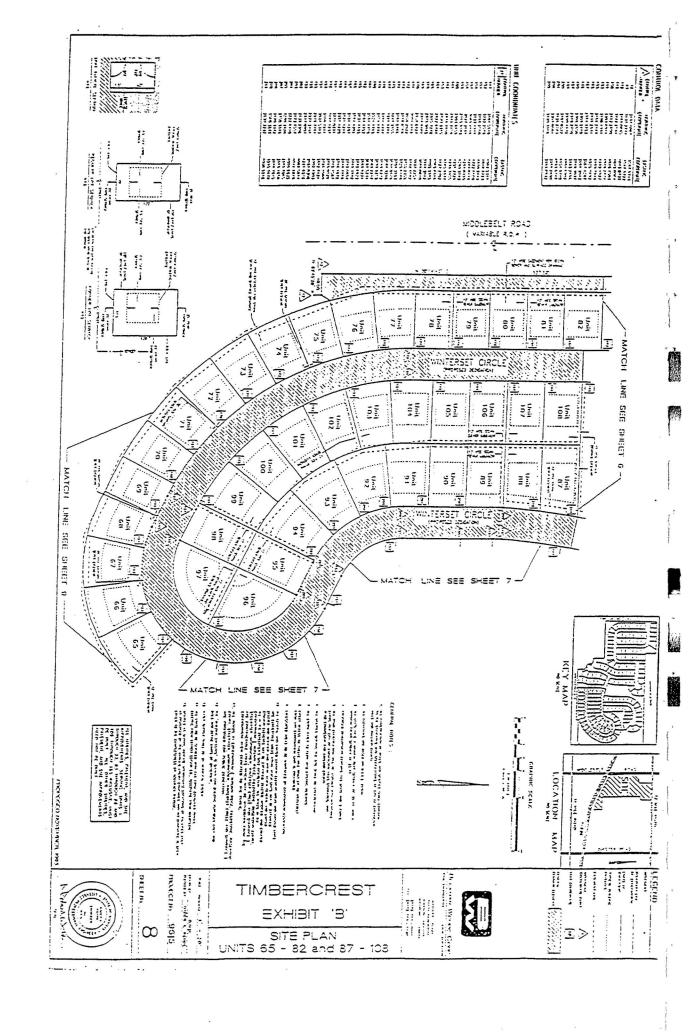
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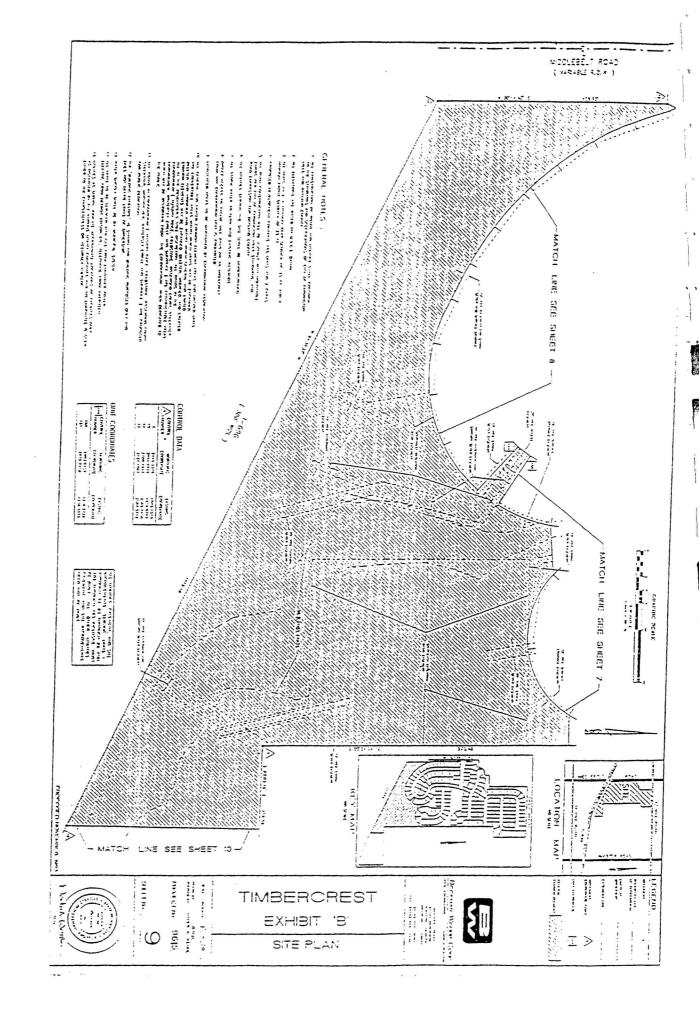
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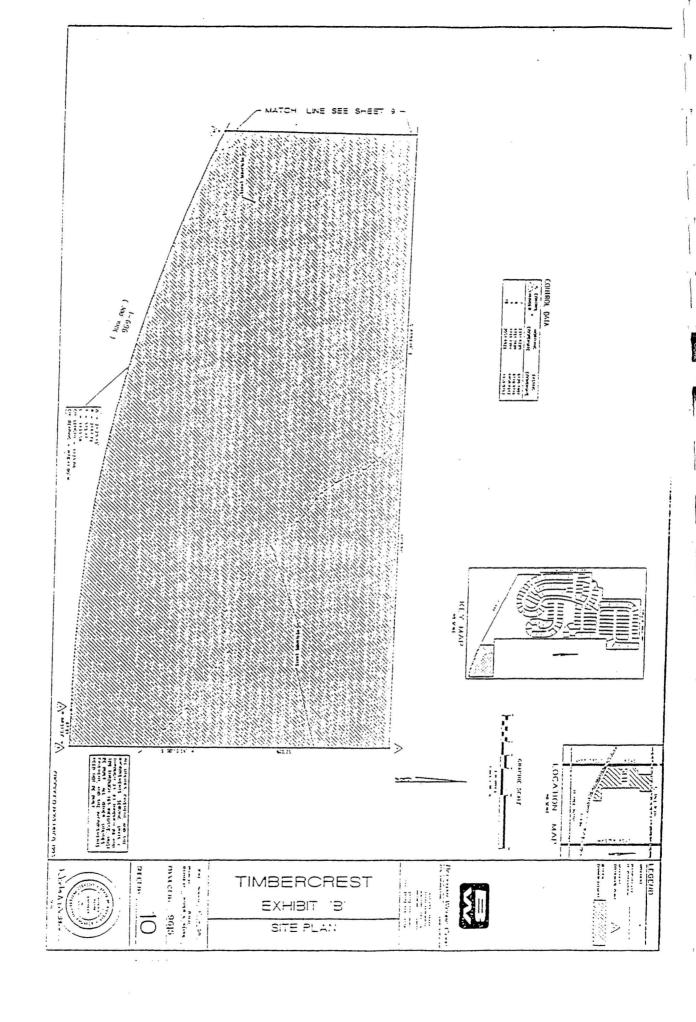
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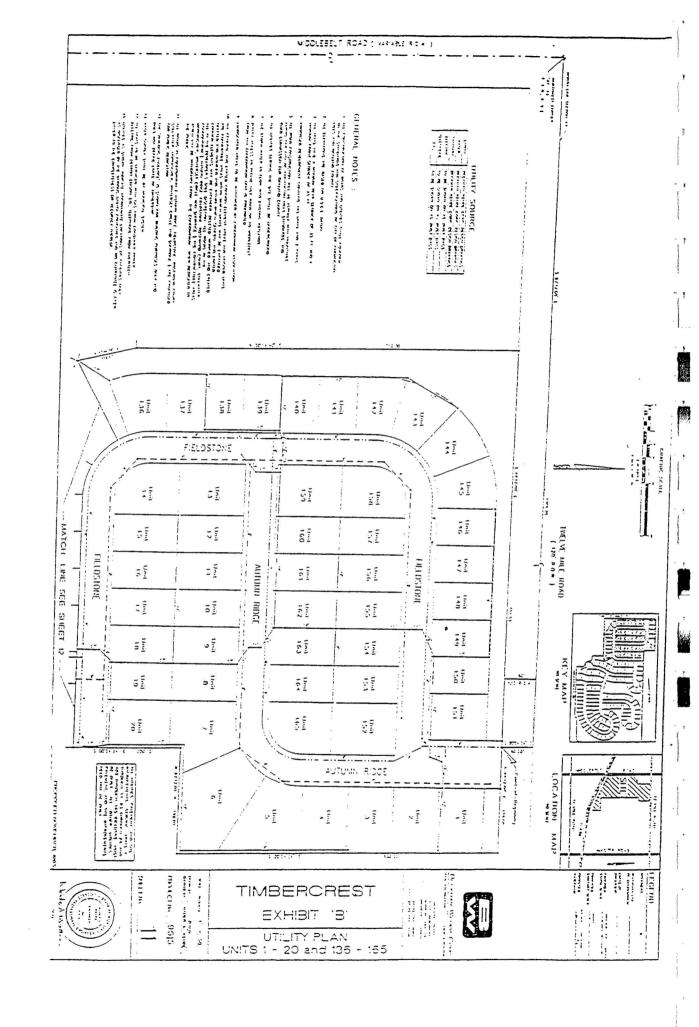
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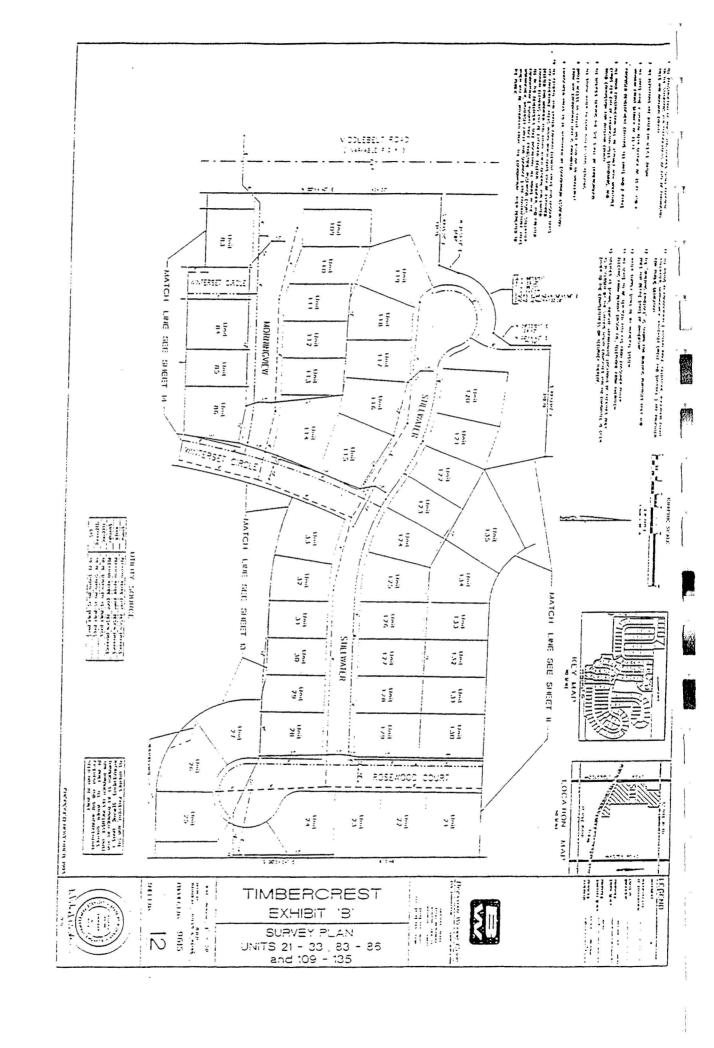
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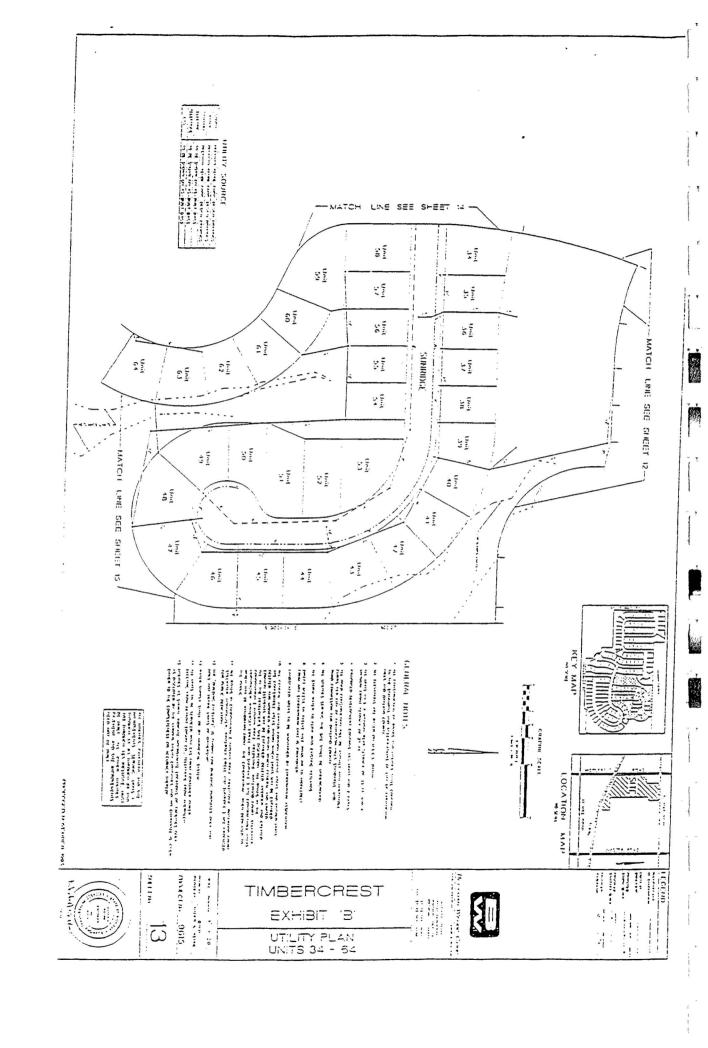


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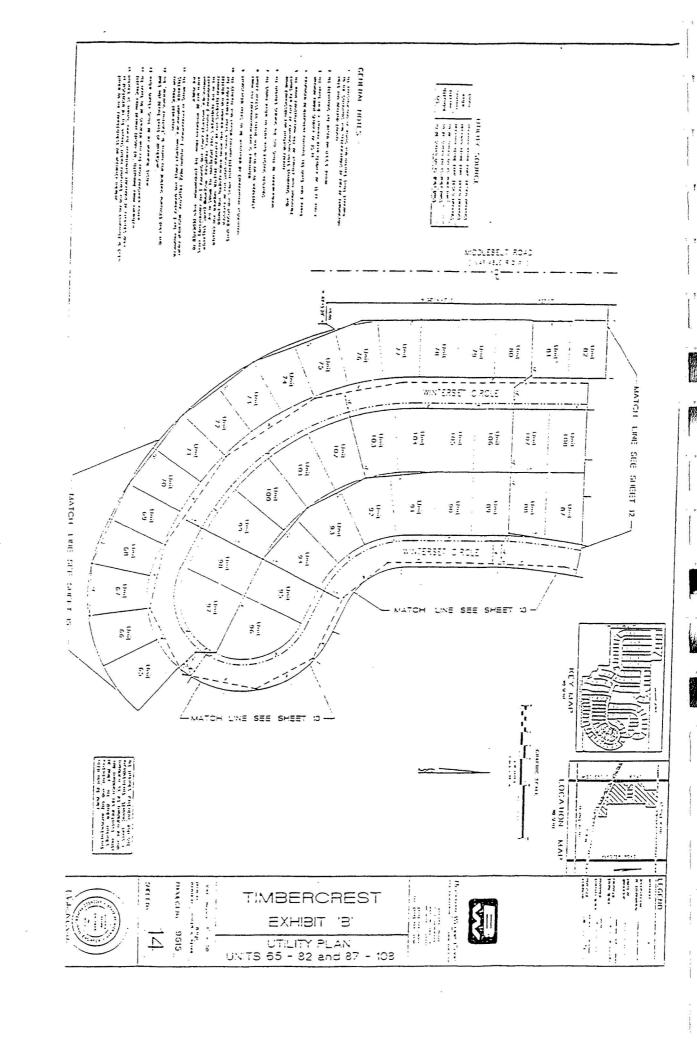


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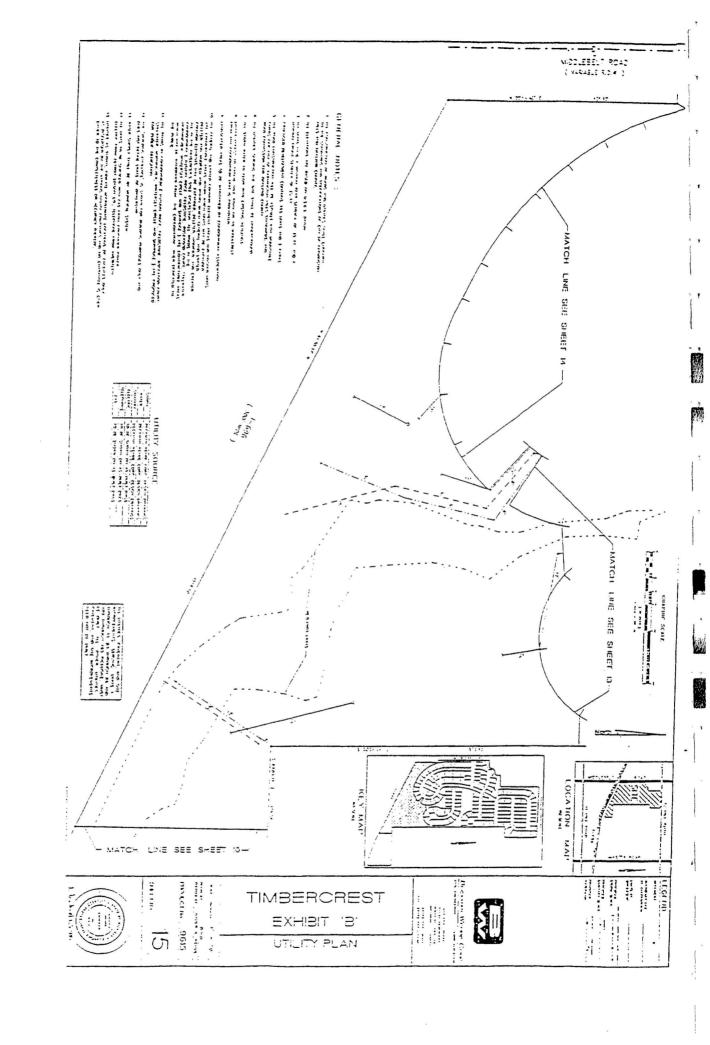


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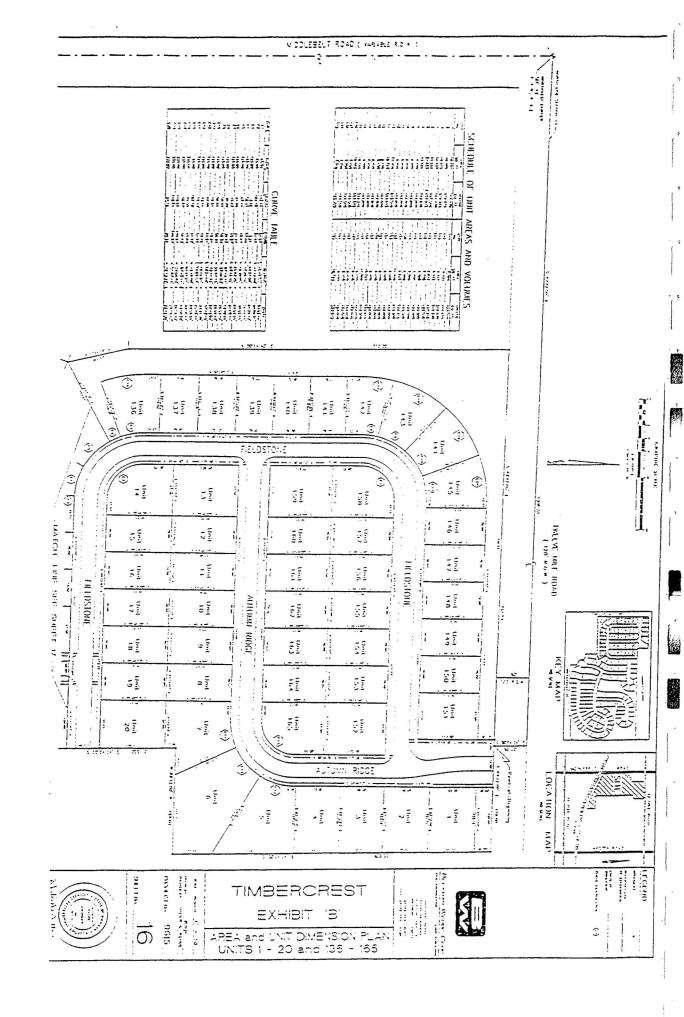


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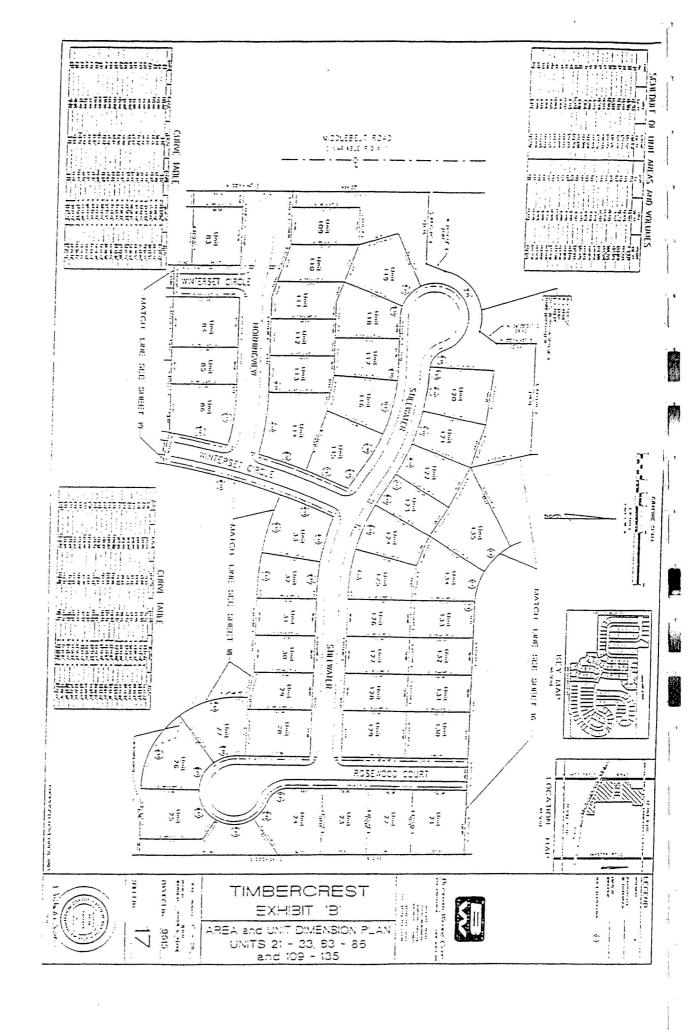


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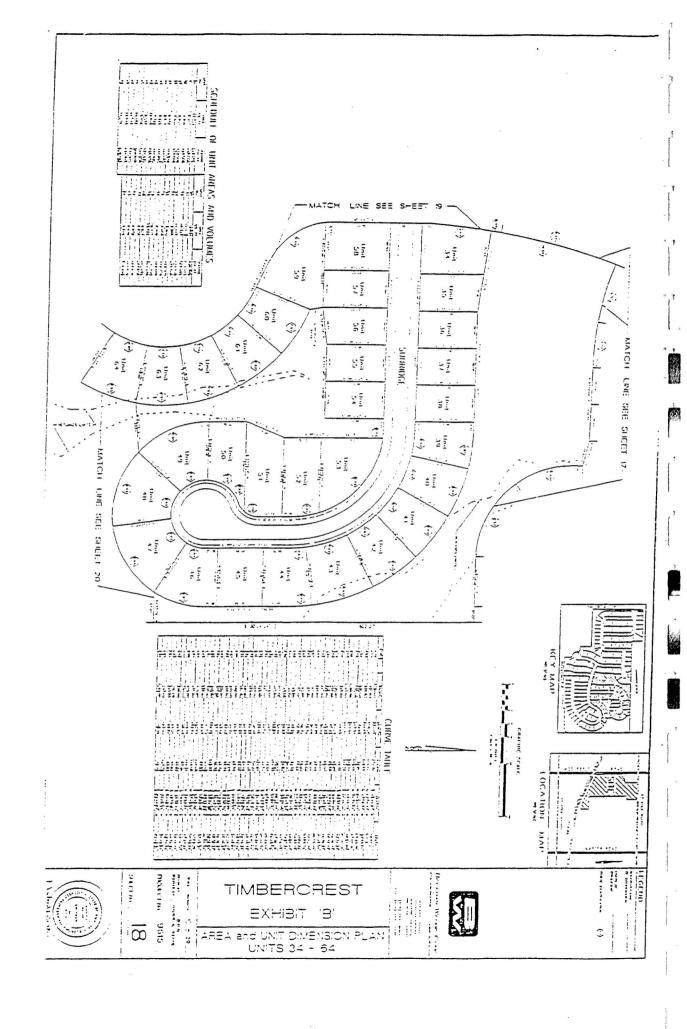


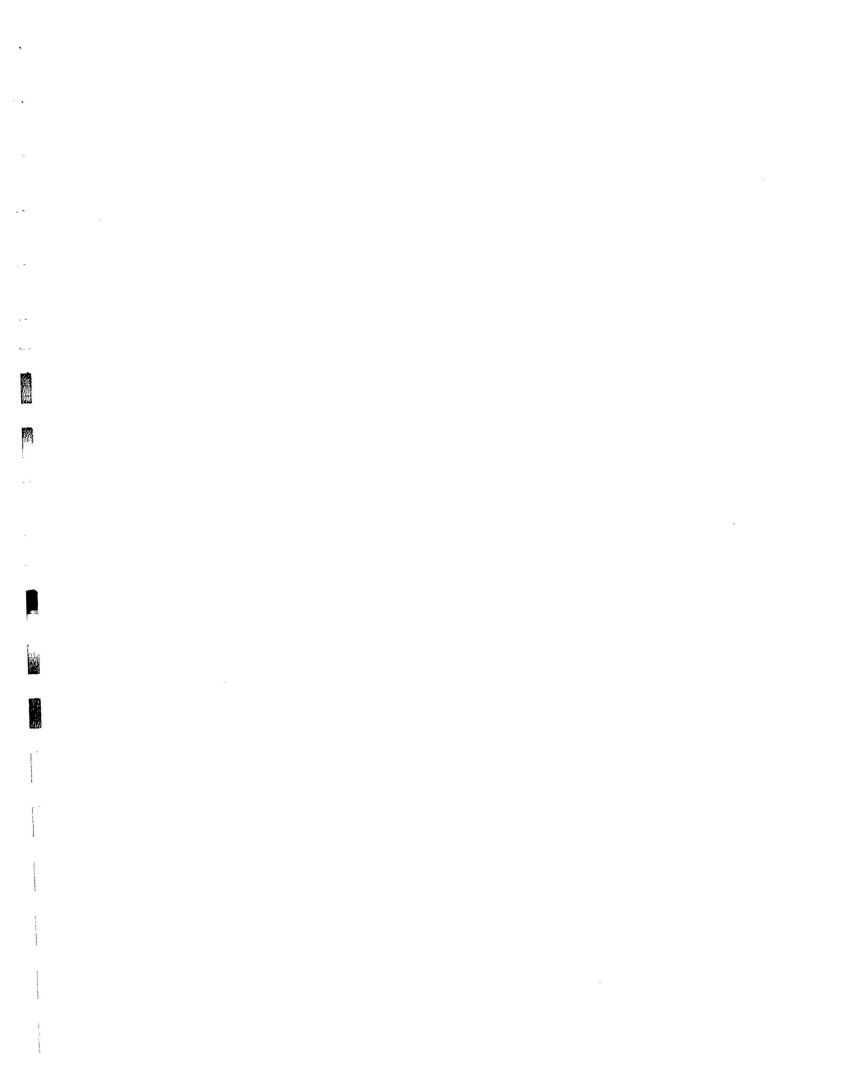
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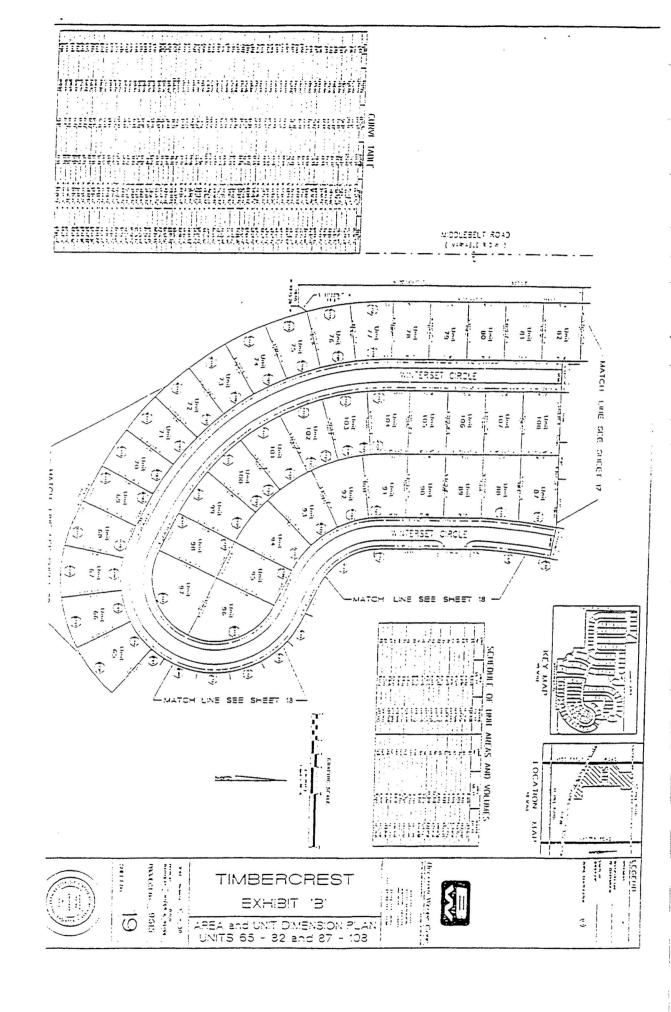
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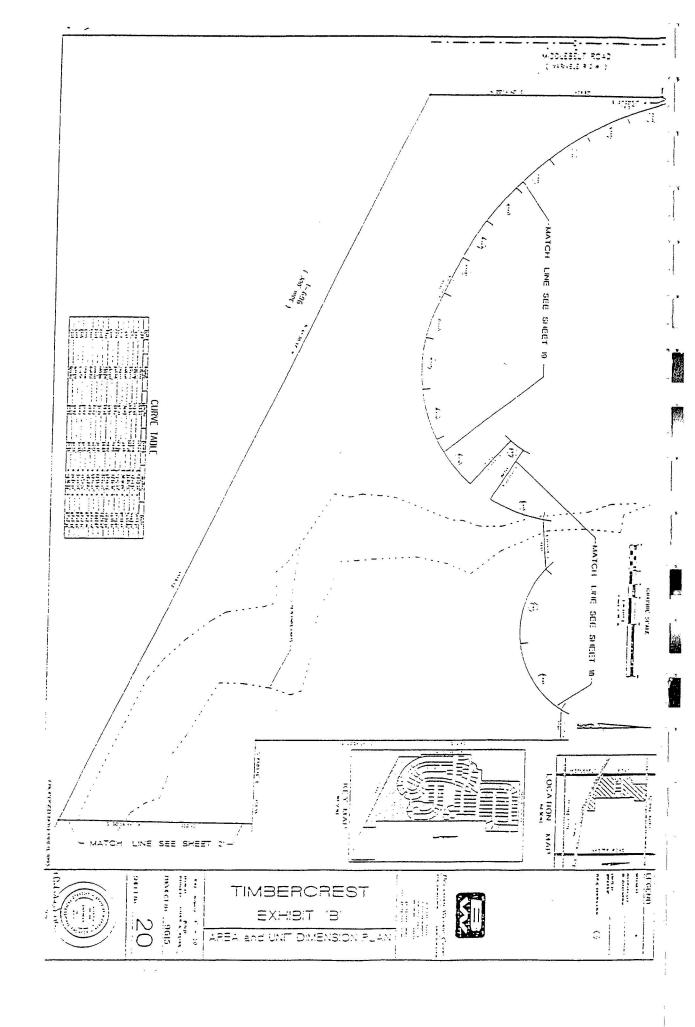
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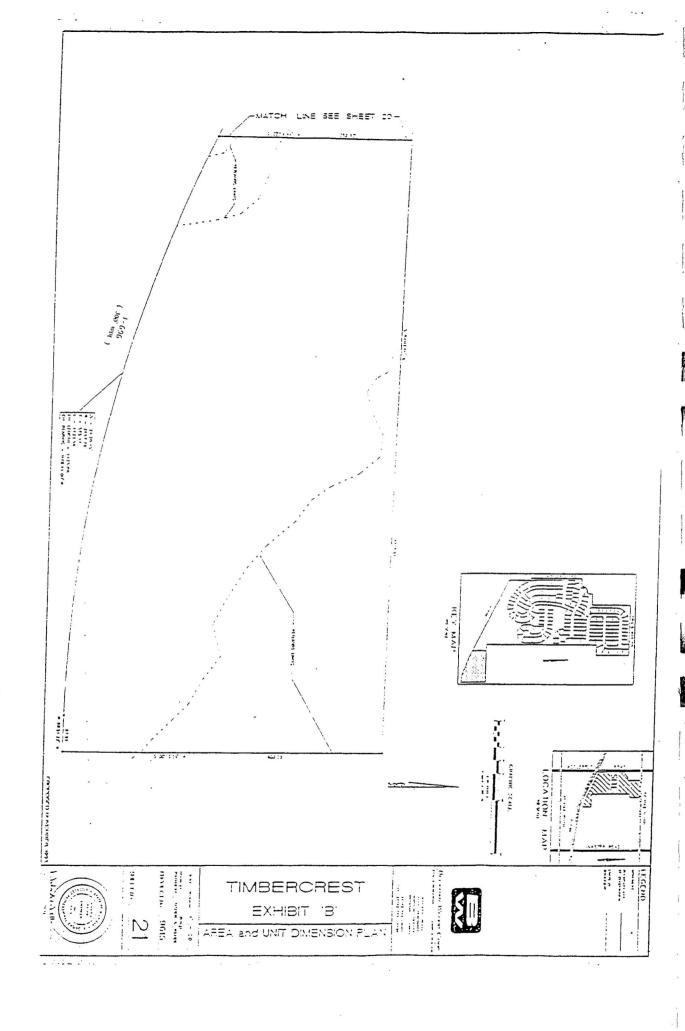




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ARTICLES OF INCORPORATION

MICHIGAN NON-PROFIT CORPORATION

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

ARTICLE I

The name of the corporation is Timbercrest Homeowners Association.

ARTICLE II

The purposes for which the corporation is organized are:

- (a) To manage and administer the affairs of and to maintain Timbercrest, a condominium according to the Master Deed thereof recorded in Liber 15854, Pages 651 through 721, Oakland County Records, being Oakland County Condominium Subdivision Plan No. 949 (hereinafter called "Condominium");
- (b) To levy and collect assessments against and from the Co-owner members of the corporation and to use the proceeds thereof for the purposes of the corporation;
 - (c) To carry insurance and to collect and allocate the proceeds thereof;
 - (d) To rebuild improvements after casualty;
- (e) To contract for and employ persons, firms, or corporations to assist in management, operation, maintenance, and administration of the Condominium;
- (f) To make and enforce reasonable regulations concerning the use and enjoyment of the Condominium:
- (g) To own, maintain and improve, and to buy, or operate, manage, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and personal property, (including Condominium units, easements, rights-of-way and licenses) on behalf of the corporation, for the purpose of providing benefit to the members of the corporation and in furtherance of any of the purposes of the corporation:
- (h) To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien;
- (i) To enforce the provisions of the Master Deed and Bylaws of the Condominium, and the provisions of these Articles of Incorporation and such bylaws and rules and regulations of the corporation as may hereafter be adopted;
- (j) To do anything required of or permitted to its as administrator of the Condominium by the Condominium Master Deed or Bylaws or by the Michigan Condominium Act:

(k) To make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of the Condominium and to the accomplishment of any of the purposes thereof.

ARTICLE III

The corporation is organized upon a nonstock, membership basis.

The assets of the corporation are:

Real Property:

None

Personal Property:

None

The corporation is to be financed under the following general plan:

Assessment of members owning units in the Condominium.

ARTICLE IV

The address of the registered office is:

31550 Northwestern Highway Suite 200 Farmington Hills, Michigan 48334

The mailing address of the registered office is the same as above.

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

James M. Galbrath

ARTICLE V

The names and business addresses of the incorporator is:

Kevin M. Kohls Honigman Miller Schwartz and Cohn 2290 First National Building Detroit, Michigan 48226

ARTICLE VI

The term of the corporate existence is perpetual.

ARTICLE VII

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

- (a) Each Co-owner (including the Developer named in the Condominium Master Deed) of a unit in the Condominium shall be a member of the corporation, and no other person or entity shall be entitled to membership, except that the subscriber hereto shall be a member until such time as his membership shall terminate, as hereinafter provided.
- (b) Membership in the corporation (except with respect to the incorporator, who shall cease to be a member upon the qualification of membership of any Co-owner) shall be established by the acquisition of fee simple to a unit in the Condominium and by recording with the Register of Deeds in the County where the Condominium is located a deed or other instrument establishing a change of record title to such unit and the furnishing of evidence of same satisfactory to the corporation, the new Co-owner thereby becoming a member of the corporation, and the membership of the prior Co-owner thereby being terminated. The Developer of the Condominium shall become a member of the corporation immediately upon establishment of the Condominium. Land contract vendees of units shall be members if the land contract instrument expressly conveys the vendor's interest as a member of the corporation in which event the vendor's membership shall terminate as to the unit sold.
- (c) The share of a member in the funds and assets of the corporation cannot be assigned, pledged, encumbered or transferred in any manner except as an appurtenance to the member's unit in the Condominium.
 - (d) Voting by members shall be in accordance with the provisions of the bylaws of this corporation.

ARTICLE VIII

A volunteer director (as defined in Section 110 of Act 162, Public Acts of 1982, as amended) of the corporation shall not be personally liable to the corporation or its members for monetary damages for breach of the director's fiduciary duty arising under any applicable law. However, this Article shall not eliminate or limit the liability of a director for any of the following:

- (1) A breach of the director's duty of loyalty to the corporation or its members.
- (2) Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law.
 - (3) A violation of Section 551(1) of Act 162, Public Acts of 1982, as amended.
 - (4) A transaction from which the director derived an improper personal benefit.
 - (5) An act or omission occurring before the date this document is filed.
 - (6) An act or omission that is grossly negligent.

Any repeal or modification of this Article shall not adversely affect any right or protection of any director of the corporation existing at the time of, or for or with respect to, any acts or omissions occurring before such repeal or modification.

ARTICLE IX

These Articles of Incorporation may only be amended by the consent of fifty-one percent (51%) of the members of the corporation.

Signed this 1st day of December, 1995.

/S/ Kevin M. Kohls	
KEVIN M. KOHLS	

DET05 54881 1

ESCROW AGREEMENT

THIS AGREEMENT is made as of the 10th day of November, 1995, between M.J.C. West, Inc., a Michigan corporation ("Builder"), and Chicago Title Insurance Company by its agent The Philip F. Greco Title Company ("Escrow Agent").

WHEREAS, Builder is buying and developing Units in Timbercrest, a residential site condominium in Michigan; and

WHEREAS, Builder is selling homes built in Units in Timbercrest and is entering into Purchase Agreements and/or Reservation Agreements in substantially the form attached hereto which provide for the sale of such Units and which require that deposits be held in an escrow account with Escrow Agent; and

WHEREAS, the parties hereto desire to enter into this Escrow Agreement to establish an escrow account for the benefit of Builder and for the benefit of such Purchasers; and

WHEREAS, Escrow Agent is acting as an independent party hereunder pursuant to this Escrow Agreement and the Michigan Condominium Act (Act No. 59, Public Acts of 1978, as amended, hereinafter the "Act") for the benefit of Builder and all Purchasers and not as the agent of any one or less than all of such parties.

NOW, THEREFORE, it is agreed as follows:

- 1. Builder shall, promptly after receipt, transmit to Escrow Agent all sums deposited for escrow under a Purchase Agreement or Reservation Agreement, together with a fully executed copy of such Agreement. If a Purchaser who has deposited funds under a Reservation Agreement subsequently signs a Purchase Agreement, such funds shall be treated as a Deposit under the Purchase Agreement. If a Purchaser in a Reservation Agreement withdraws from such Agreement prior to signing a Purchase Agreement then the Deposit under the Reservation Agreement shall promptly be refunded to such Purchaser.
- 2. The sums paid to Escrow Agent under the terms of any Purchase Agreement shall be held and released to Builder or Purchaser only upon the conditions hereinafter set forth:
 - A. The escrowed funds shall be released to Purchaser upon the following circumstances:
- (i) If the Purchase Agreement is contingent upon Purchaser obtaining a mortgage and Purchaser diligently pursues a mortgage application but fails to obtain such mortgage Escrow Agent shall release to Purchaser all sums held by it pursuant to said Agreement.
- (ii) In the event that a Purchaser duly withdraws from a Purchase Agreement prior to the time the Agreement becomes binding under Paragraph 3 of the General Provisions thereof, or withdraws from the Agreement pursuant to Paragraph 2 of the General Provisions thereof, Escrow Agent shall, within three business days from the date of receipt of written notice of such withdrawal, release to Purchaser all of Purchaser's deposits held thereunder.
- B. After a Purchase Agreement has become binding upon the Purchaser, then in the event that Purchaser defaults in making any payments required by said Agreement or in fulfilling any other obligations thereunder for a period of 10 days after written notice by Builder to Purchaser, Escrow Agent shall release sums held pursuant to the Purchase Agreement to Builder in accordance with the terms of said Agreement.
- C. Upon conveyance of title to a Unit from Builder to Purchaser (or upon execution of a land contract between Builder and Purchaser in fulfillment of a Purchase Agreement) and upon issuance of a Certificate of Occupancy with respect to the Unit if required by local public ordinance, Escrow Agent shall release to Builder all sums held in escrow under such Agreement provided Escrow Agent has received a certificate signed by a licensed professional engineer of architect confirming:
- (i) That those portions of the phase of the Condominium in which such Purchaser's Unit is located and which on the Condominium Subdivision Plan are labeled "must be built" are substantially complete; and
- (ii) That recreational facilities or other similar facilities and all other common elements or facilities intended for common use, wherever located, which on the Condominium Subdivision Plan are labeled "must be built" are substantially complete.

If the elements or facilities labeled "must be built" and referred to above are not substantially complete, consufficient funds to finance substantial completion of such elements or facilities shall be retained in escrow and the balance may be released. All funds required to be retained in escrow may be released, however, if other adequate security shall have been arranged as provided below. Determination of amounts necessary to finance substantial completion shall be determined by the certificate a licensed professional architect or engineer. For purposes of applying the above provisions, the phase of the Condominium in which Purchaser's Unit is located shall be substantially complete when all utility mains and leads and access roads (to the extent such items are designated on the Condominium Subdivision Plan as "must be built") are substantially complete as evidenced by certificates substantial completion issued by a licensed professional architect or engineers described hereinafter. Improvements of the tyle described in subparagraph (ii) above shall be substantially complete when certificates of substantial completion have been issued therefor by a licensed professional architect or engineer described hereafter.

- D. It is understood that the Builder will be depositing only the purchaser's initial deposit with Escrow Agent, to be held and delivered in accordance with the terms and conditions of this Escrow Agreement, said sum being deemed to relate to the Purchase of the Condominium Site. It is further understood and agreed that all other sums ("progress payments") under the Purchase Agreeme relate to the construction of the home on the Site and that all such progress payments will be paid directly to Builder by the Purchas and will not be placed in escrow with Escrow Agent.
- E. Upon furnishing Escrow Agent a certificate from a licensed architect or engineer evidencing substantial completion 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 Builder the amount of such funds or other security specified by the issuer of the certificate as being attributable to such substantially completed items, provided, however, the if the amounts remaining in escrow after any 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 Builder.
- F. Escrow Agent shall be under no obligation to earn interest upon the escrowed sums held pursuant hereto. In the event that interest upon such sums is earned, however, all such interest shall be separately accounted for by Escrow Agent and shall be held in escrow and released as and when principal deposits are released hereunder; provided, however, that all interest earned on deposit refunded to a Purchaser upon such Purchaser's withdrawal from a Purchase Agreement shall be paid to Builder. Any interest paic to Builder and shall not be credited to Purchaser for any reason.
- G. If Builder requests that all or any portion of the escrowed funds held hereunder be delivered to it prior to the time it otherwise becomes entitled to receive such funds, Escrow Agent may release such funds to Builder if Builder has placed with Escrow Agent security in form and substance satisfactory to Escrow Agent securing full repayment of said sums, as may be permitted by law.
- H. If Escrow Agent is holding in escrow funds or other security for completion of incomplete elements or facilities under 103b(7) of the Act, such funds or other security shall be administered by Escrow Agent in the following manner:
 - (i) Escrow Agent shall upon request give all notices required by the Act.
- (ii) If Builder, the Condominium Association and any other party or parties asserting a claim to or interest in the escrow deposit enter into a written agreement (satisfactory in its terms and conditions to Escrow Agent for Escrow Agent's protection, as determined by Escrow Agent in its absolute and sole discretion), as to the disposition of the funds or security in escrow under 103b(7) of the Act, Escrow Agent shall release such funds or security in accordance with the terms of such written agreement among such parties.
- (iii) Except as provided above, Escrow Agent shall be under no obligation to release any such escrowed funds or security, * but Escrow Agent may, in its absolute and sole discretion, at any time take either of the following actions:
- (a) Initiate an interpleader action in any circuit court in Michigan naming Builder and the Condominium Association and all others and interested parties as parties and deposit all funds or other security in escrow under 103b(7) of the Act with the clerk of such court in full discharge of its responsibilities under this Agreement; or
- (b) Initiate an arbitration proceeding under the Commercial Arbitration Rules of the American Arbitration Association bursuant to which proceeding both the Builder and the Condominium Association shall be named as parties. Escrow Agent shall continue to hold all sums in escrow under 103b(7) of the Act pending the outcome of such arbitration, but Escrow Agent shall not be a party to such arbitration. All issues relating 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 accord with the arbitration decision or may commence an interpleader action with respect thereto as provided above.

- I. Notwithstanding any other provision herein to the contrary, Escrow Agent shall be under no obligation to release funds deposited hereunder to any party until it can satisfactorily ascertain that the funds deposited have been paid, settled and fully collected as such terms are defined under the provisions of MCL 440.4101, et seq.
- 3. Escrow Agent may require reasonable proof of occurrence of any of the events, actions or conditions stated herein before releasing any sums held by it pursuant to any Purchase Agreement or Reservation Agreement either to a Purchaser thereunder or to a Builder. Whenever Escrow Agent is required hereunder to receive the certification of a licensed professional architect or engineer, Escrow Agent may rely entirely upon any such certificate. All estimates and determinations of the cost to substantially complete any incomplete items for which escrowed funds are being held hereunder shall be made entirely by a licensed professional engineer or architect, the determinations of all amounts to be retained in escrow for the completion of any such items shall be based entirely upon such determinations and estimates as are furnished by such engineer or architect. Escrow Agent shall have no duty whatsoever at any time to inspect the Condominium or make any cost estimates or determinations, and Escrow Agent may rely entirely upon such certificates, determinations and estimates as are provided for herein for retaining and releasing escrowed funds.
- 4. Upon release of the funds deposited with Escrow Agent pursuant to any Purchase Agreement or Reservation Agreement and this Escrow Agreement, Escrow Agent shall be released from any further liability, it being expressly understood that Escrow Agent's liability is limited by the terms and provisions set forth in this Escrow Agreement, and that by acceptance of any escrow deposit, Escrow Agent is acting in the capacity of a depository and is not, as such, responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted to it, or the marketability of title to any Unit. Escrow Agent is not responsible for the failure of any bank used by it as a depository for funds received by it under this Escrow Agreement. Escrow Agent is not a guarantor of performance by Builder under the Condominium Documents or any Purchase Agreement or Reservation Agreement. Escrow Agent undertakes no responsibilities whatever with respect to the nature, extent or quality of Builder's actions or performance of Builder's obligations. As long as Escrow Agent relies in good faith upon any certificate, cost estimate or determination provided for herein, Escrow Agent shall have no liability whatever to Builder, any Purchaser, any Co-owner or any other party for any error in such certificate, cost estimate or determination or for any act or omission by Escrow Agent in reliance thereon. Escrow Agent's liability hereunder shall in all events be limited to return, to the party or parties entitled thereto, of the funds deposited in escrow less any reasonable expenses which Escrow Agent may incur in the administration of such funds or otherwise hereunder, including, without limitation, reasonable attorneys' fees and litigation expenses paid in connection with the defense, negotiation or analysis of claims against it, by reason of litigation or otherwise, arising out of the administration of such escrowed funds, all of which costs Escrow Agent shall be entitled without notice to deduct from amounts on deposit hereunder.
- 5. All notices required or permitted hereunder and all notices of change of address shall be deemed sufficient if personally delivered or sent by registered mail, postage prepaid and return receipt requested, addressed to the recipient party at the address shown below such party's signature to this Agreement or upon the applicable Purchase Agreement or Reservation Agreement. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon mailing or personal delivery, whatever is applicable.

BUILDER:

M.J.C. WEST, INC., a Michigan corporation

By:/s/ Michael A. Chirco

Its: Authorized Agent

46401 Romeo Plank Road Suite One Mt. Clemens, MI 48044 (313) 263-1203 petts 64701 ESCROW AGENT:

CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, by its agent THE PHILIP F. GRECO TITLE COMPANY

Bv:/s/ Stella Neaves

Its: Authorized Agent

185 Elizabeth Lake Road Pontiac, MI 48053 (313) 333-3090

NOTICE TO PURCHASERS

Re: Private Roads

The roads in Timbercrest are general common elements and, until accepted as publicly dedicated by the City of Farmington Hills, will be maintained by the Timbercrest Condominium Association and not by the board of county road commissioners or any other governmental agency.

NOTICE TO PURCHASERS AND MORTGAGEES

Re: Amendments to Master Deed

This is to notify you that the initial Master Deed establishing Timbercrest permits Developer to amend the Master Deed in connection with the conversion of certain areas in the Condominium into units and/or common elements. Such amendments may be made by the Developer in the manner provided in the Master Deed without the consent of co-owners or mortgagees.

DEVELOPER

12/MB LIMITED PARTNERSHIP

DET /5 57907 I

ESCROW AGREEMENT

THIS AGREEMENT is made as of the	day of	, 1995, between M.J.C. West, Inc., a Michigan corporation ("Builder")
and Chicago Title Insurance Company by its	s agent	The Philip F. Greco Title Company ("Escrow Agent").

WHEREAS, Builder is buying and developing Units in Timbercrest, a residential site condominium in Michigan; and

WHEREAS, Builder is selling homes built in Units in Timbercrest and is entering into Purchase Agreements and/or Reservation Agreements in substantially the form attached hereto which provide for the sale of such Units and which require that deposits be held in an escrow account with Escrow Agent; and

WHEREAS, the parties hereto desire to enter into this Escrow Agreement to establish an escrow account for the benefit of Builder and for the benefit of such Purchasers; and

WHEREAS, Escrow Agent is acting as an independent party hereunder pursuant to this Escrow Agreement and the Michigan Condominium Act (Act No. 59, Public Acts of 1978, as amended, hereinafter the "Act") for the benefit of Builder and all Purchasers and not as the agent of any one or less than all of such parties.

NOW, THEREFORE, it is agreed as follows:

- 1. Builder shall, promptly after receipt, transmit to Escrow Agent all sums deposited for escrow under a Purchase Agreement or Reservation Agreement, together with a fully executed copy of such Agreement. If a Purchaser who has deposited funds under a Reservation Agreement subsequently signs a Purchase Agreement, such funds shall be treated as a Deposit under the Purchase Agreement. If a Purchaser in a Reservation Agreement withdraws from such Agreement prior to signing a Purchase Agreement then the Deposit under the Reservation Agreement shall promptly be refunded to such Purchaser.
- 2. The sums paid to Escrow Agent under the terms of any Purchase Agreement shall be held and released to Builder or Purchaser only upon the conditions hereinafter set forth:
 - A. The escrowed funds shall be released to Purchaser upon the following circumstances:
- (i) If the Purchase Agreement is contingent upon Purchaser obtaining a mortgage and Purchaser diligently pursues a mortgage application but fails to obtain such mortgage Escrow Agent shall release to Purchaser all sums held by it pursuant to said Agreement.
- (ii) In the event that a Purchaser duly withdraws from a Purchase Agreement prior to the time the Agreement becomes binding under paragraph 6 thereof, or withdraws from the Agreement pursuant to Paragraph 5 thereof, Escrow Agent shall, within three business days from the date of receipt of written notice of such withdrawal, release to Purchaser all of Purchaser's deposits held thereunder.
- B. After a Purchase Agreement has become binding upon the Purchaser, then in the event that Purchaser defaults in making any payments required by said Agreement or in fulfilling any other obligations thereunder for a period of 10 days after written notice by Builder to Purchaser, Escrow Agent shall release sums held pursuant to the Purchase Agreement to Builder in accordance with the terms of said Agreement.
- C. Upon conveyance of title to a Unit from Builder to Purchaser (or upon execution of a land contract between Builder and Purchaser in fulfillment of a Purchase Agreement) and upon issuance of a Certificate of Occupancy with respect to the Unit if required by local public ordinance, Escrow Agent shall release to Builder all sums held in escrow under such Agreement provided Escrow Agent has received a certificate signed by a licensed professional engineer of architect confirming:
- (i) That those portions of the phase of the Condominium in which such Purchaser's Unit is located and which on the Condominium Subdivision Plan are labeled "must be built" are substantially complete; and
- (ii) That recreational facilities or other similar facilities and all other common elements or facilities intended for common use, wherever located, which on the Condominium Subdivision Plan are labeled "must be built" are substantially complete.

If the elements or facilities labeled "must be built" and referred to above are not substantially complete, onl sufficient funds to finance substantial completion of such elements or facilities shall be retained in escrow and the balance may be released. All funds required to be retained in escrow may be released, however, if other adequate security shall have been arranged as provided below. Determination of amounts necessary to finance substantial completion shall be determined by the certificate of a licensed professional architect or engineer. For purposes of applying the above provisions, the phase of the Condominium in which Purchaser's Unit is located shall be substantially complete when all utility mains and leads and access roads (to the extent such items are designated on the Condominium Subdivision Plan as "must be built") are substantially complete as evidenced by certificates of substantial completion issued by a licensed professional architect or engineers described hereinafter. Improvements of the type described in subparagraph (ii) above shall be substantially complete when certificates of substantial completion have been issued therefor by a licensed professional architect or engineer described hereafter.

- D. It is understood that the Builder will be depositing only the purchaser's initial deposit with Escrow Agent, to be held and delivered in accordance with the terms and conditions of this Escrow Agreement, said sum being deemed to relate to the Purchase of the Condominium Site. It is further understood and agreed that all other sums ("progress payments") under the Purchase Agreement relate to the construction of the home on the Site and that all such progress payments will be paid directly to Builder by the Purchaser and will not be placed in escrow with Escrow Agent.
- E. Upon furnishing Escrow Agent a certificate from a licensed 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 Builder the amount of such funds or other security specified by the issuer of the certificate as being attributable to such substantially completed items, provided, however, that if the amounts remaining in escrow after any 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 Builder.
- F. Escrow Agent shall be under no obligation to earn interest upon the escrowed sums held pursuant hereto. In the event that interest upon such sums is earned, however, all such interest shall be separately accounted for by Escrow Agent and shall be held in escrow and released as and when principal deposits are released hereunder; provided, however, that all interest earned on deposits refunded to a Purchaser upon such Purchaser's withdrawal from a Purchase Agreement shall be paid to Builder. Any interest paid to Builder and shall not be credited to Purchaser for any reason.
- G. If Builder requests that all or any portion of the escrowed funds held hereunder be delivered to it prior to the time it otherwise becomes entitled to receive such funds, Escrow Agent may release such funds to Builder if Builder has placed with Escrow Agent security in form and substance satisfactory to Escrow Agent securing full repayment of said sums, as may be permitted by law.
- H. If Escrow Agent is holding in escrow funds or other security for completion of incomplete elements or facilities under 103b(7) of the Act, such funds or other security shall be administered by Escrow Agent in the following manner:
 - (i) Escrow Agent shall upon request give all notices required by the Act.
- (ii) If Builder, the Condominium Association and any other party or parties asserting a claim to or interest in the escrow deposit enter into a written agreement (satisfactory in its terms and conditions to Escrow Agent for Escrow Agent's protection, as determined by Escrow Agent in its absolute and sole discretion), as to the disposition of the funds or security in escrow under 103b(7) of the Act, Escrow Agent shall release such funds or security in accordance with the terms of such written agreement among such parties.
- (iii) Except as provided above, Escrow Agent shall be under no obligation to release any such escrowed funds or security, but Escrow Agent may, in its absolute and sole discretion, at any time take either of the following actions:
- (a) Initiate an interpleader action in any circuit court in Michigan naming Builder and the Condominium Association and all others and interested parties as parties and deposit all funds or other security in escrow under 103h(7) of the Act with the clerk of such court in full discharge of its responsibilities under this Agreement; or
- (b) Initiate an arbitration proceeding under the Commercial Arbitration Rules of the American Arbitration Association pursuant to which proceeding both the Builder and the Condominium Association shall be named as parties. Escrow Agent shall continue to hold all sums in escrow under 103b(7) of the Act pending the outcome of such arbitration, but Escrow Agent shall not be a party to such arbitration. All issues relating 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 accord with the arbitration decision or may commence an interpleader action with respect thereto as provided above.

- I. Notwithstanding any other provision herein to the contrary, Escrow Agent shall be under no obligation to release funds deposited hereunder to any party until it can satisfactorily ascertain that the funds deposited have been paid, settled and fully collected as such terms are defined under the provisions of MCL 440.4101, et seq.
- 3. Escrow Agent may require reasonable proof of occurrence of any of the events, actions or conditions stated herein before releasing any sums held by it pursuant to any Purchase Agreement or Reservation Agreement either to a Purchaser thereunder or to a Builder. Whenever Escrow Agent is required hereunder to receive the certification of a licensed professional architect or engineer, Escrow Agent may rely entirely upon any such certificate. All estimates and determinations of the cost to substantially complete any incomplete items for which escrowed funds are being held hereunder shall be made entirely by a licensed professional engineer or architect, the determinations of all amounts to be retained in escrow for the completion of any such items shall be based entirely upon such determinations and estimates as are furnished by such engineer or architect. Escrow Agent shall have no duty whatsoever at any time to inspect the Condominium or make any cost estimates or determinations, and Escrow Agent may rely entirely upon such certificates, determinations and estimates as are provided for herein for retaining and releasing escrowed funds.
- 4. Upon release of the funds deposited with Escrow Agent pursuant to any Purchase Agreement or Reservation Agreement and this Escrow Agreement, Escrow Agent shall be released from any further liability, it being expressly understood that Escrow Agent's liability is limited by the terms and provisions set forth in this Escrow Agreement, and that by acceptance of any escrow deposit, Escrow Agent is acting in the capacity of a depository and is not, as such, responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted to it, or the marketability of title to any Unit. Escrow Agent is not responsible for the failure of any bank used by it as a depository for funds received by it under this Escrow Agreement. Escrow Agent is not a guarantor of performance by Builder under the Condominium Documents or any Purchase Agreement or Reservation Agreement. Escrow Agent undertakes no responsibilities whatever with respect to the nature, extent or quality of Builder's actions or performance of Builder's obligations. As long as Escrow Agent relies in good faith upon any certificate, cost estimate or determination provided for herein, Escrow Agent shall have no liability whatever to Builder, any Purchaser, any Co-owner or any other party for any error in such certificate, cost estimate or determination or for any act or omission by Escrow Agent in reliance thereon. Escrow Agent's liability hereunder shall in all events be limited to return, to the party or parties entitled thereto, of the funds deposited in escrow less any reasonable expenses which Escrow Agent may incur in the administration of such funds or otherwise hereunder, including, without limitation, reasonable attorneys' fees and litigation expenses paid in connection with the defense, negotiation or analysis of claims against it, by reason of litigation or otherwise, arising out of the administration of such escrowed funds, all of which costs Escrow Agent shall be entitled without notice to deduct from amounts on deposit hereunder.
- 5. All notices required or permitted hereunder and all notices of change of address shall be deemed sufficient if personally delivered or sent by registered mail, postage prepaid and return receipt requested, addressed to the recipient party at the address shown below such party's signature to this Agreement or upon the applicable Purchase Agreement or Reservation Agreement. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon mailing or personal delivery, whatever is applicable.

BUILDER:	ESCROW AGENT:
M.J.C. WEST, INC., a Michigan corporation	CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, by its agent THE PHILIP F. GRECO TITLE COMPANY
By:	Ву:
Its: Authorized Agent	lts:
46401 Romeo Plank Road Suite One Mt. Clemens, MI 48044	185 Elizabeth Lake Road Pontiac, MI 48053 (313) 333-3090

(313) 263-1203 DET05/64000 I

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LIMITED WARRANTY

Legal Description:	
Site No	Builder's Plan
Timbercrest	Elevation
Oakland County Condominium Subdivision	Address:
Plan No. 949	

This Limited Warranty is made by M.J.C. West, Inc., a Michigan corporation (the "Builder"), whose address is 46401 Romeo Plank Road, Suite One, Mt. Clemens, Michigan 48044, according to the following terms and conditions.

- 1. COVERAGE. Builder warrants, subject to the terms and exclusions set forth herein, that for the period of one year after the date of closing (the date Builder conveys legal or equitable title to the Timbercrest home to Purchaser), purchaser's home shall be free from substantial defects in materials and workmanship.
- 2. MANUFACTURER'S WARRANTIES. Builder assigns and passes through to Purchaser, to the extent permitted by the terms of such warranties and by law, and as are effective on the date of closing, the manufacturers' and suppliers' warranties on all "Consumer Products" sold by Builder to Purchaser whether as part of the home or separately, as the same may be defined from time to time by Public Law No. 93-637, commonly known as the Magnuson-Moss Act", or any regulations promulgated thereunder. The following are examples of "Consumer Products", although not every home includes all of these items and some homes may include "Consumer Products" not in this list: furnaces, ranges, ovens, dishwashers, garbage disposals, hot water heaters and air conditioners. The manufacturer's warranties will be given to you at the time of your final pre-closing walk-through and you should read them carefully. If necessary, you should mail any return post cards to record the warranties with the manufacturer.
- 3. EXCLUSIONS FROM COVERAGE. Builder does not assume any responsibility or liability whatsoever for any defects or other matters pertaining to the common elements of Timbercrest (including without limitation the roads, curbs, and utility lines within the Timbercrest development) or any of the following, all of which are excluded from coverage under this Limited Warranty:
- a. Defects in "Consumers Products" as defined in the Magnuson-Moss Act or the regulations promulgated thereunder. Builder has assigned to Purchaser all warranties of "Consumer Products" furnished to Builder by suppliers or manufacturers, but those warranties will be solely the obligation of such suppliers and manufacturers and Builder has no obligation or liability with respect to those warranties. You should follow the procedures in these warranties if defects are detected in items covered by them.
 - b. Damage due to ordinary wear and tear, abusive use, or lack of proper maintenance of your home.
- c. Except as otherwise provided in Builder's written policy regarding service adjustments, defects which are the result of characteristics common to the materials used, including defects which arise from normal settlement or shifting or normal expansion or contraction of the materials, and, including, without implied limitation, the following: warping and deflecting of wood; fading, chalking and checking of paint due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks or masonry; drying, shrinking and cracking of caulking and weather-stripping; cracks and chipping in tile or cement and heaving of tile or cement; chipping and cracking of ceramic tile and grout discoloration and grout falling out; nailpops; and settling of your home or the ground under your home or under and around other homes or common elements.
- d. Damage to or destruction of any tree, shrub plant or any sod placed on your site or elsewhere in the Timbercrest development, whether or not native to the development, existing after completion of construction of your home, regardless of Builder's care in planting or protecting the same in either their original or relocated site.
- e. Defects in any items or materials installed or replaced by you or any other person except Builder or the authorized agents and subcontractors of Builder acting at Builder's request.
- f. Work done by you or any other person except Builder or Builder's authorized agents and subcontractors acting at Builder's request.
 - g. Loss or injury due to the elements.
 - h. Conditions resulting from condensation on, or expansion or contraction of materials.
- i. ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL OR SECONDARY DAMAGES ARISING OUT OF ANY DEFECTS IN MATERIALS OR WORKMANSHIP OR ARISING OUT OF ANY BREACH OF THIS LIMITED WARRANTY. In no event will Builder be liable for such damages even if Builder has been advised of the possibility of such damages, nor shall Builder be liable for or responsible to compensate or indemnify Purchaser for any damage, claim, demand, loss, cost or expense resulting from an alleged claim of breach of warranty hereunder, whether relating to injury to persons, property, or otherwise, or relating to the presence of any toxic or hazardous waste, substance, or contaminant, including without limitation radon gas, in, on, or under the site or the home thereon, the Timbercrest development or the real estate adjacent to or in close proximity with the Timbercrest development.

- 4. FINAL PRE-CLOSING WALK-THROUGH LIST. You will be allowed a final walk-through of the completed home prior to closing. You should carefully inspect the home. In the event any defects in materials or workmanship exist per this Limited Warranty, a written list of such defects must be made and presented to Builder prior to closing. The Builder shall not be required to correct such defects prior to closing but shall do so as promptly as possible after the closing at Builder's own expense. After the closing, Builder's obligation to correct defects in the home shall be strictly limited to those defects which are covered by this Limited Warranty and which were listed by the Purchaser in writing prior to the closing and those defects which are covered by this Limited Warranty and are latent and could not have been discovered by the Purchaser prior to closing. NICKS OR CRACKS ON PLUMBING FIXTURES, APPLIANCES, MIRRORED BI-FOLD DOORS, MIRRORS, COUNTER TOPS, CERAMIC TILE, TUB SCRATCHES OR CHIPS, MARBLE OR OTHER MATERIALS WILL NOT BE REPAIRED UNLESS NOTED ON YOUR FINAL PRE-CLOSING WALK-THROUGH LIST.
- 5. CLAIMS PROCEDURE AFTER CLOSING. If a defect appears that you reasonably believe is covered by this Limited Warranty, you must file a written Warranty Service Request with Builder at its address noted above. Builder has no responsibility or liability hereunder for any claim which is not received by Builder made prior to the expiration of the one-year Limited Warranty period set forth in paragraph 1. If delay will cause extra damage, please call us. To eliminate misunderstandings and to protect your interests, however, other than emergency items ail communications must be in writing.

You must sign an acknowledgment of the completion of each repair made pursuant to this Limited Warranty on the repair order, as each repair is completed. Your failure to sign an acknowledgment upon request will terminate this Limited Warranty and relieve Builder of any further obligation to make additional repairs.

- 6. REMEDY. Upon receipt of a claim of defect, Builder's authorized agent shall investigate the same. If upon such investigation it is determined that a defective item that is covered by this Limited Warranty exists, Builder will repair or replace it at no charge to you within a reasonable period that should not exceed 60 days, unless extraordinary inclement weather, material shortages or labor problems create unforeseen delays. The decision whether to repair or replace shall be made solely by Builder. All work performed hereunder shall be done by Builder or its authorized agents. REPAIR OR REPLACEMENT OF DEFECTIVE ITEMS IS YOUR SOLE AND EXCLUSIVE REMEDY UNDER THIS LIMITED WARRANTY.
- 7. NOT TRANSFERABLE. This Limited Warranty is offered only to the first purchaser of the home. If you sell, assign or otherwise transfer all or a portion of your home, this Limited Warranty shall automatically terminate as of the date of such sale, assignment or transfer.
- 8. NO OTHER WARRANTIES. THIS LIMITED WARRANTY IS THE ONLY WARRANTY MADE BY BUILDER. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING UNDER STATE LAW OR THE MAGNUSON-MOSS WARRANTY ACT INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF FITNESS, MERCHANTABILITY OR HABITABILITY, ARE DISCLAIMED AND EXCLUDED. EXCEPT AS EXPRESSLY SET FORTH IN THIS LIMITED WARRANTY BUILDER HAS MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE HOME, THE TIMBERCREST DEVELOPMENT, THE VALUE OR RESALE VALUE OF THE HOME, THE REAL ESTATE ADJACENT TO OR IN CLOSE PROXIMITY WITH THE TIMBERCREST DEVELOPMENT OR THE CONDITION OF THE AIR, THE SOILS, SURFACE WATERS, AND GROUND WATERS IN, ON, OR UNDER THE SITE OR THE HOME, THE TIMBERCREST DEVELOPMENT OR SUCH ADJACENT OR PROXIMATE REAL ESTATE. PURCHASER HAS MADE ITS OWN INVESTIGATION WITH RESPECT TO THE FOREGOING.
 - 9. APPLICABLE LAW. This Limited Warranty shall be construed in all respect and governed by the laws of the State of Michigan.

BUILDER:	PURCHASER(S):	PURCHASER(S):		
M.J.C. WEST, INC. 46401 Romeo Plank Road, Suite One Mt. Clemens, MI 48044	Signature	Date		
Ву:	Signature	Date		
Date:	Address			
	Phone			

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LAW OFFICES

HONIGMAN MILLER SCHWARTZ AND COHN

A PARTHERSHIP INCLUDING PROFESSIONAL CORPORATIONS
2290 FIRST NATIONAL BUILDING

DETROIT, MICHIGAN 48226-3583

KEVIN KOHLS

DIRECT DIAL NUMBER (313) 258-7811 FAX 13131 952-0176

Lansing, Michigan West Palm Brach, Florida Tampa, Florida Orlando, Florida

May 6, 1996

VIA HAND DELIVERY

Mr. James M. Galbraith Lautrec Limited 31550 Northwestern Hwy. Suite #200 Farmington Hills, Michigan 48334

Re: Timbercrest

Dear Jim:

Enclosed for your signature are two execution originals of the First Amendment of Master Deed for Timbercrest. You should return the signed originals to me for recording with the Oakland County Register of Deeds.

Please call should you have any questions.

Very truly yours,

HONIGMAN MILLER SCHWARTZ AND COHN

Bv.

Kevin Kohle

kmk/bw

Enclosures

P.S. The Mortgagee's Consent Form will follow via facsimile this afternoon.

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(6) Resements.

- (a) For Development, Maintenance, Repair and Replacement. The Developer has reserved such easements over Timbercrest (including all sites and common elements) as may be required to develop, construct and market the Timbercrest and any residences and other appurtenances thereon; also, to perform any of the Developer's maintenance or repair obligations.
- (b) For Use of Utilities, Roads and Walks. The Developer has reserved casements to utilize, tap, tie into, extend and enlarge all roads, walks and utility lines in Timbercrest in connection with the development of any land adjoining Timbercrest by Developer or Developer's successors or assigns. The Developer has also reserved the right to grant easements for utilities to appropriate governmental agencies and public utilities.
- (7) Enforcement of Condominium Documents. The Developer has reserved the right to emforce the condominium documents as long as the Developer owns any site in Timbercress.
- (8) General. In the condominium documents and in the Michigan Condominium Act, certain rights and powers are granted or reserved to the Developer to facilitate the development and sale of sites in Timbercrest, including the power to approve or disapprove a variety of proposed acts and uses and the power to secure representation on the Association Board of Directors.
- H. Street Lighting Assessments. The City of Farmington Hills has established a street lighting assessment for Timbercrest. Each Owner will be responsible to now the City of Farmington Hills the Owner's proportionals share of the annual assessment for street lighting maintenance and operating costs. Although it is impossible to accurately forecast the future street lighting operating and maintenance costs. Detroit Edison estimates such costs will initially average \$55 \$60 per year per home site.

IV. Lacal Documentation.

- A. General. Timbercrest was established pursuant to the Master Deed recorded in the Oakland County Records and contained in the Purchaser Information Booklet for the condominium. The Master Deed includes the Bylaws as Exhibit A and the Condominium Subdivision Plan as Exhibit B.
- B. Master Daed. The Master Deed contains the definitions of certain terms used in connection with Timbercrest, the percentage of value assigned to each size in Timbercrest, a general description of the sites and common elements included in Timbercrest and a statement regarding the relative responsibilities for maintaining the common elements. Article VII of the Master Deed covers easements, restrictions and other agreements. Article VIII reserves in favor of the Developer the right to amend the condominium documents for various purposes including but not limited to converting Timbercrest common elements and unsold sites, making changes therein, providing for the correction of errors and complying with the requirements of certain lending institutions. Article IX sets forth Developer's right to convert certain areas of Timbercrest. Article X sets forth the Developer's right to contract Timbercrest to exclude the roads after dedication of the roads to public use.
- C. Bylaws. The Bylaws contain provisions relating to the operation, management and fiscal affairs of Timberserest and, in particular, set forth the provisions relating to the assessment of Association members for

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FIRST AMENDMENT OF MASTER DEED

TIMBERCREST A SINGLE FAMILY RESIDENTIAL SITE CONDOMINIUM

OAKLAND COUNTY CONDOMINIUM SUBDIVISION PLAN NO. 949

This First Amendment of Master Deed is made and executed this _____ day of May, 1996, by 12/MB Limited Partnership, a Michigan limited partnership (hereinafter referred to as "Developer"), whose address is 31550 Northwestern Highway, Suite 200, Farmington Hills, Michigan 48334.

WITNESSETH:

WHEREAS, Developer made and recorded a condominium Master Deed establishing Timbercrest (the "Condominium") as Oakland County Condominium Subdivision Plan No. 949 situated in the City of Farmington Hills, which Master Deed was recorded on December 1, 1995 in Liber 15854, Pages 651 through 721, Oakland County Records with respect to the property legally described on Exhibit A; and

WHEREAS, Developer declared in the original Master Deed the right to amend the Master Deed and by this First Amendment the Developer, as the owner of all Units in the Condominium, intends to amend the Master Deed.

THEREFORE, Developer hereby amends the Condominium in the following manner:

- 1. Article VII of the original Master Deed is amended to add the following new subparagraph (j):
 - "(j) Developer intends to execute an agreement or petition with the City of Farmington Hills for public lighting improvements benefitting the Condominium. The agreement or petition will provide that all Coowners of the Condominium shall pay a proportionate share of the cost of maintaining, repairing and replacing a street lighting system in the public rights of way in the Condominium. The Developer's agreement with the City regarding the street lighting system will run with the land and will be binding on all persons acquiring an interest in the Condominium. All persons acquiring any interest in the Condominium, including without limitation, all Co-owners and Mortgagees, shall be deemed irrevocably to have appointed Developer and its successors as agent and attorney in fact to make such dedication and to act in behalf of all Co-owners and their Mortgagees in any statutory or special assessment proceedings with respect to a street lighting system serving the Condominium."

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2. Except as expressly amended herein, all other terms and provisions of the original Master Deed and its Exhibits, as amended, shall continue in full force and effect, including without limitation those provisions which permit Developer to make future expansions or conversions of the Condominium and amendments to the Master Deed.

IN WITNESS WHEREOF, Developer has caused this First Amendment of Master Deed to be executed the day and year first above written.

WITNESSES:	12/MB LIMITED PARTNERSHIP, a Michigan limited partnership			
	By: Its:	12/MB G.P. INC., General Partner		
		By: James M. Galbraith Its: Vice President		
State of Michigan)) ss. County of Oakland) The foregoing instrument was acknowle by James M. Galbraith, who is the Vice President Market Partnership, a Michigan limited	dent of			
Commissi	on Expi	, Notary Public County, Michigan ration:		

DRAFTED BY AND WHEN RECORDED RETURN TO:

Kevin Kohls, Esq. Honigman Miller Schwartz and Cohn 2290 First National Building Detroit, Michigan 48226-3501 (313) 256-7811

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EXHIBIT A TO FIRST AMENDMENT OF MASTER DEED

PART OF THE NORTHWEST 1/4 OF SECTION 13 AND ALSO PART OF THE SOUTHWEST 1/4 OF SECTION 13, TWP. 1 NORTH, RGE. 9 EAST, CITY OF FARMINGTON HILLS, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS BEGINNING AT A POINT, SAID POINT BEING DISTANT S 89°12'00" E, 1306.20 FEET ALONG THE NORTH LINE OF SAID SECTION 13 AND S 00°04'34" E, 60,00 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 13: THENCE, FROM SAID POINT-OF-BEGINNING, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF 12 MILE ROAD (120 FEET WIDE) AND CONTINUING ALONG SAID RIGHT-OF-WAY LINE, S 89°12'00" E, 198.00 FEET; THENCE, S 00°04'34" E, 600.00 FEET; THENCE, N 89°12'00" W, 198.00 FEET: THENCE, S 00°04'34" E, 1986.43 FEET PARTLY ALONG THE WEST LINE OF "GREENCASTLE" SUBDIVISION, AS RECORDED IN LIBER 67 PAGE 28. OAKLAND COUNTY RECORDS: THENCE, ALONG THE SOUTH LINE OF SAID SUBDIVISION, S 89°03'16" E, 1315.50 FEET TO THE CENTER OF SAID SECTION 13; THENCE, ALONG THE NORTH/SOUTH 1/4 LINE OF SAID SECTION 13, S 00°10'56" W. 600.25 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF 1-696 FREEWAY (300 FEET WIDE); THENCE, ALONG SAID RIGHT-OF-WAY LINE THE FOLLOWING THREE (3) COURSES: (1) N 88°51'22" W, 67.99 FEET (2) 1133.58 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 2667.79 FEET, A CENTRAL ANGLE OF 24°20'45" AND A LONG CHORD LENGTH OF 1125.08 FEET WHICH BEARS N 76°41'00" W. AND (3) N 64°30'37" W, 1518.10 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF MIDDLEBELT ROAD (VARIABLE WIDTH): THENCE, ALONG SAID RIGHT-OF-WAY LINE N 00°14'40" E. 428.92 FEET; THENCE, N 89°45'20" W, 40.00 FEET; THENCE, N 00°14'40" E, 961.72 FEET; THENCE, S 89°45'20" E, 134.46 FEET; THENCE N 21°51'12" E, 37.07 FEET; THENCE 149.27 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 89.00 FEET, A CENTRAL ANGLE OF 96°05'51" AND A LONG CHORD LENGTH OF 132.38 FEET WHICH BEARS N 58"45'58" E; THENCE, N 36"20'01" E, 39.42 FEET; THENCE, N 00°14'40" E, 72.99 FEET; THENCE, S 89°12'00" E, 210.76 FEET; THENCE, N 00°14'40" E, 710.00 FEET TO THE SOUTH RIGHT OF WAY LINE OF TWELVE MILE ROAD. THENCE, S 89°12'00" E, 751.53 FEET ALONG SAID RIGHT-OF-WAY LINE OF 12 MILE ROAD TO THE POINT-OF-BEGINNING. CONTAINING 82.75 ACRES AND SUBJECT TO EASEMENTS, RESTRICTIONS AND RIGHTS-OF-WAY OF RECORD, AND ALL GOVERNMENTAL LIMITATIONS.

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