

**DISCLOSURE STATEMENT**

**HURON MEADOWS, a condominium**

Developer: Huron Meadows Development, L.L.C.  
904 Starkweather Avenue  
Plymouth, Michigan 48170  
734-453-2240

Huron Meadows is a thirty-six (36) unit residential condominium which may not be further expanded in size.

THIS DISCLOSURE STATEMENT IS NOT A SUBSTITUTE FOR THE MASTER DEED, THE CONDOMINIUM BUYER'S HANDBOOK OR OTHER APPLICABLE LEGAL DOCUMENTS, AND BUYERS SHOULD READ ALL SUCH DOCUMENTS TO FULLY ACQUAINT THEMSELVES WITH THE PROJECT AND THEIR RIGHTS AND RESPONSIBILITIES RELATING TO THE PROJECT.

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

Effective date: August 4, 2003.

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#### **I. INTRODUCTION**

Condominium development in Michigan is governed largely by statute. Prior to July 1, 1978, condominium development was regulated under Act 229 of the Michigan Public Acts of 1963, and since that date has been governed by Act 59 of the Michigan Public Acts of 1978 (the Michigan Condominium Act).

This Disclosure Statement, together with copies of the legal documents required for the creation and operation of the project, are furnished to each purchaser pursuant to the requirement of Michigan law that the Developer of a condominium project disclose to prospective purchasers the characteristics of the condominium units which are offered for sale.

#### **II. THE CONDOMINIUM PROJECT**

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

Each owner receives a warranty deed to his individual condominium unit. Each owner owns, in addition to his unit, an undivided interest in the common facilities ("common elements") which service the project. Title to the common elements is included as part of, and is inseparable from, title to the individual condominium units. Each owner's proportionate share of the common elements is determined by the percentage of value assigned to his unit in the Master Deed described in Section IV of this Disclosure Statement.

All portions of the project not included within the units constitute the common elements. Limited common elements are those common elements which are set aside for use by less than all unit owners. General common elements are all common elements other than limited common elements.

The relative close proximity of residents dictates that certain restrictions and obligations be imposed on each for the mutual benefit of all co-owners. Such restrictions and obligations are contained in the Condominium By-Laws which are recorded as part of the Master Deed. All of the Condominium documents are prepared with the goal of allowing each co-owner a maximum amount of individual freedom and discretion without allowing any one co-owner to infringe upon the rights and interests of the group at large. All co-owners and residents must be familiar with and abide by such documents if a condominium project is to be an enjoyable place to live.

The management and administration of a condominium project is the responsibility of the Condominium Association, which is a non-profit corporation of which all co-owners automatically are members. One of the primary tasks of the Board of Directors of any Association is to enforce the provision requiring each co-owner to pay monthly assessments to the Association to meet expenses of administration of the project. Pursuant to the provisions of Michigan law and the Condominium documents, such assessments constitute a lien against the co-owner's unit and, in the event a co-owner fails to pay the monthly assessments attributable to his unit, the Board of Directors may cause the lien to be foreclosed. The Board of Directors is also obligated to enforce the other provisions of the Condominium documents and is given broad remedial rights in the event such provisions are violated, including the right to sue for money damages and for injunctive relief.

Except for the year in which the project is established or, in the case of units added to a project by amendment to the Master Deed, the year in which any such amendment is recorded, real property taxes and assessments are levied individually against each unit in the project. The separate taxes and assessments cover the unit and its proportionate share of the common elements. No taxes or assessments are levied independently against the common elements. In the year in which the project is established the taxes and assessments for the units covered by the Master Deed usually are billed to the Developer and are paid by the co-owners of such units in proportion to the percentages of value assigned to the units owned by them.

Although the foregoing is generally accurate as applied to most condominium developments, the details of each development may vary substantially. Accordingly, each purchaser is urged to carefully review all of the documents contained in the condominium document packet that has been delivered to the purchaser in connection with this development. Any purchaser having questions pertaining to the legal aspects of the project is advised to consult his own lawyer or other professional advisor.

### **III. DESCRIPTION OF THE CONDOMINIUM PROJECT**

A. General. Huron Meadows is a thirty-six (36) unit condominium located on the west side of Prospect Road in Ypsilanti Township, Washtenaw County, Michigan.

B. Private Roads and Parking. Huron Meadows is accessed off of the west side of Prospect Road by Benjamin and Stewart Drives, which are private roads. Each unit has a two car garage with two parking spaces on the limited common elements in front of the garage.

C. Utilities. Huron Meadows is served by public water, sanitary and storm sewer and other utilities.

D. Recreational Facilities. This project does not contain any recreational facilities as general common elements, although the Developer has deposited Ten Thousand Dollars (\$10,000.00) in escrow with the Township of Ypsilanti for the purchase of playground equipment by the Association.

E. Reserved Rights of Developer.

1. Conduct of Commercial Activities. Until all of the units in the project have been sold, the Developer has reserved the right to maintain on the condominium premises a sales office, a business office, model units, storage areas, reasonable parking incident to the use of such areas, and such access to, from and over the condominium premises as may be reasonable to enable development and sale of the entire project. The Developer is obligated to restore the areas so utilized to habitable status upon termination of use.
2. Right to Amend. The Developer has reserved the right to amend the Master Deed without approval from co-owners and mortgagees for the purpose of correcting errors and for any other purpose so long as the amendment would not materially change the rights of a co-owner or mortgagee. Further, certain provisions of the Master Deed cannot be amended without the Developer's approval.
3. Easements for Maintenance, Repair and Replacement. The Developer has reserved such easements over the condominium project (including all of the land, structures, buildings, and improvements therein) as may be required to perform any of Developer's and the Association's maintenance, repair, decoration, or replacement obligations.
4. Enforcement of By-Laws. The Developer has reserved the right to enforce the By-Laws as long as the Developer owns any unit in the project that it offers for sale.
5. General. In the Condominium documents and the Condominium Act, certain rights and powers are granted or reserved to the Developer to facilitate the development and sale of the project as a condominium, including the power to approve or disapprove a variety of proposed acts and uses and the power to secure representation on the Board of Directors of the Association.

#### IV. LEGAL DOCUMENTATION

A. General. Huron Meadows was established as a condominium project pursuant to the Master Deed for the project recorded in the Washtenaw County Records and contained in the Huron Meadows Condominium documents. The Master Deed includes the Condominium By-Laws 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 the Condominium documents, the percentage of value assigned to each unit in the project, a general description of the units and general and limited common elements included in the project, and a statement regarding the relative responsibilities for maintaining the common elements. Article IX reserves in favor of the Developer the right to amend the condominium documents to make immaterial changes therein, to provide for the correction of errors and to comply with the requirements of certain lending institutions.

C. Condominium By-Laws. The Condominium By-Laws contain provisions relating to the operation, management and fiscal affairs of the condominium and, in particular, set forth the provisions relating to assessments of Association members for the purpose of paying the costs of operation of the condominium project. Article VI contains certain restrictions upon the ownership, occupancy and use of the condominium project. Article VI also contains provisions permitting the adoption of rules and regulations governing the common elements. At the present time, no rules and regulations have been adopted by the Board of Directors of the Association.

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

#### V. THE DEVELOPER

A. Developer's Background and Experience. Huron Meadows Development, L.L.C., is a Michigan limited liability company that was created to develop Huron Meadows. David Hajciar is one of the members and he is a Michigan licensed residential builder. While the Developer has no prior experience in condominium development, Huron Meadows will be the second condominium in which David Hajciar has been involved. He previously was an investor in the development of Liberty Square in Brownston Township, Wayne County, Michigan.

B. Legal Proceedings Involving the Condominium Project or the Developer. The Developer is not presently aware of any legal or administrative proceedings involving the condominium project or the Developer.

## VI. OPERATION AND MANAGEMENT OF THE CONDOMINIUM PROJECT

A. The Condominium Association. The Condominium will be maintained and administered by the Huron Meadows Condominium Association, which has been incorporated as a non-profit corporation under Michigan law. The Articles of Incorporation and By-Laws of the Association are contained in the Condominium document packet and govern the procedural operations of the Association. The Association is governed by its Board of Directors, whose initial members are designees of the Developer.

Within 120 days after conveyance to purchasers of twelve (12) units or one year from the date of the first conveyance, whichever first occurs, the Developer shall establish an Advisory Committee to serve as liaison between the nondeveloper co-owners and the Developer.

Within 120 days after conveyance of title to nine (9) of the units, one of the three Directors will be selected by the nondeveloper co-owners of units. Within 120 days after the conveyance of title to twenty-seven (27) of the units, the nondeveloper co-owners shall elect all Directors, except that the Developer shall have the right to designate at least one Director as long as it owns at least one unit in the project. Regardless of the number of units conveyed, 54 months after the first conveyance the nondeveloper co-owners may elect Directors in proportion to the number of units that they own.

The first annual meeting may be convened at any time after fifty percent (50%) of the units have been sold and must be held on or before the expiration of 120 days after twenty-seven (27) of the units have been sold or within 54 months after conveyance of the first unit, which ever first occurs. At the first annual meeting, the nondeveloper co-owners of the Association will elect Directors, and the Directors in turn shall elect officers for the Association. The Developer's voting rights are set forth in Article I, Section 2 of the Condominium By-Laws.

B. Percentages of Value. The percentages of value for Huron Meadows are equal and the percentage of value assigned to each unit determines, among other things, the value of each co-owner's vote and his proportionate share of regular and special Association assessments and of the proceeds of administration of the project.

### C. Project Finances.

1. Budget. Article II of the Condominium By-Laws requires the Board of Directors to adopt an annual budget for the operation of the project. The initial budget for the project was formulated by the Developer and is intended to provide for the normal and reasonably predictable expenses of administration of the project, and includes a reserve for

replacement of major structural and other components of the project in the future. Inasmuch as the budget must necessarily be prepared in advance, it reflects the estimates of expenses made by the Developer based in part upon bids, in part upon experience of the prior owners, and in part upon the estimates of others. To the extent that estimates prove inaccurate during actual operations and to the extent that the goods and services necessary to service the condominium project change in cost in the future, the budget and the expenses of the Association will require revision, which revision generally will normally occur in connection with the annual adoption of a budget by the Board. The current budget of the Association has been included as Appendix I to this Disclosure Statement.

2. Assessments. Except as set forth below with respect to the Developer, each co-owner of a unit in the project must contribute equally to the Association to defray expenses of administration. Assessments are based upon the percentages of value assigned to the units. The Board of Directors may also levy special assessments in accordance with the provisions of Article II, Section 3 of the Condominium By-Laws.

Until the first annual meeting of members, the Developer, although a member of the Association, is not required to pay Association assessments. Instead, the Developer must contribute only its proportionate share of the Association's expenses actually incurred, as described in Article II, Section 7 of the Condominium By-Laws. After the first annual meeting of members, the Developer must contribute to the Association in accordance with the percentages of value assigned to completed units owned by it. The Developer is, of course, required to maintain at its own expense all incomplete units owned by it.

3. Foreclosure of Lien. The Association has a lien to secure payment of Association assessments, and the Condominium By-Laws provide that the Association may foreclose its lien in the same fashion that mortgages may be foreclosed by action or by advertisement under Michigan law. By closing on the purchase of a unit, each purchaser will be deemed to have waived notice of any proceedings brought by the Association to foreclose its lien by advertisement and any notice of a hearing prior to the sale of his unit.

D. Condominium Association Management Contract. The Condominium By-Laws require that the Association employ a professional management agent

condominium units 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 more significant restrictions:

1. Units are to be used for single-family residential purposes.
2. No co-owner may lease his unit for less than an initial term of six (6) months without the approval of the Association. All proposed lease transactions must be disclosed to the Association at least ten (10) days before presenting a lease to a potential lessee.
3. No animals may be maintained by any co-owner unless approved in writing in advance by the Association. Certain breeds of dogs shall not be permitted to occupy a unit in the Condominium.
4. There are substantial limitations upon physical changes which may be made to the units and common elements in the project, and upon the uses to which the common elements and units may be put.
5. Reasonable regulations may be adopted by the Board of Directors of the Association concerning the use of common elements without vote of the co-owners.

None of the restrictions apply to the commercial activities or signs of the Developer, and the Developer is also not subject to the restrictions upon the lease of any of the units owned by it.

## **VII. RIGHTS AND OBLIGATIONS BETWEEN DEVELOPER AND CO-OWNERS**

A. Before Closing. The respective obligations of the Developer and the purchaser of a condominium unit in the project prior to closing are set forth in the Purchase Agreement and the Escrow Agreement. Those documents should be closely examined by all purchasers in order to ascertain the disposition of earnest money deposits advanced by the purchaser at the time of closing, anticipated closing adjustments and the obligations of both parties with respect to any modifications to the standard unit or extra installations. The Escrow Agreement provides, pursuant to Section 103b of the Condominium Act, that the escrow agent shall maintain sufficient funds or other security to complete those improvements shown as "must be built" on the Condominium Subdivision Plan until such improvements are



substantially complete. Funds retained in escrow are not to be released to the Developer until issuance of a certificate of occupancy, if applicable, conveyance to a purchaser of title to a unit and confirmation by the escrow agent that all improvements labeled "must be built" are substantially complete. Dearborn Community Bank is providing the financing necessary to complete the construction of all improvements shown on the Condominium Subdivision Plan as "must be built".

B. At Closing. Each purchaser will receive a warranty deed evidencing fee simple title to his unit, subject to no liens or encumbrances other than the Condominium documents and those other easements and restrictions that are specifically set forth in the condominium documents and title insurance commitment. The Developer's obligation to close unit sales is subject to no contingencies other than the completion of the respective units.

C. After Closing.

1. General. Subsequent to the purchase of the unit, relations between the Developer and the co-owner are governed by the Master Deed and the Condominium Act, except to the extent that any contractual provisions of the Purchase Agreement are intended to survive the closing.
2. Condominium Project Warranties. There is a one-year warranty given by the Developer for workmanship or materials. In the event that a co-owner gives the Developer written notice of alleged defects in workmanship or materials and requests inspection thereof within one year after the date of closing the sale of the unit, the Developer shall inspect the co-owner's unit. When such inspection reveals defects in workmanship or materials, the Developer shall make reasonable and necessary repairs to cure such defects without cost to the co-owner. The Developer in no way guarantees, however, against tile or cement cracks, the settlement of the unit or the building in which it is located, or the expansion or contraction of wood. There is no guarantee of the co-owner's unit other than as specified herein. The warranty is not transferable to subsequent owners of the unit. The Developer will transfer to the co-owner at closing all manufacturer's warranties on appliances sold with the unit. There is also a similar one-year warranty covering the general common elements commencing from the date the first unit is conveyed or from completion, whichever is later.

## VIII. LOCAL GOVERNMENT, TAXES AND UTILITY SERVICE

A. Local Government. The project is located in the Township of Ypsilanti and the Ypsilanti School District.

B. Real Property Taxes. Taxes upon the condominium units are assessed by the Township of Ypsilanti, the County of Washtenaw, the Ypsilanti School District, the Washtenaw Intermediate School District, and Washtenaw Community College. Pursuant to Michigan law, taxes are required to be assessed on the basis of fifty percent (50%) of true cash value. During the year in which the Condominium Master Deed was initially recorded or when any amendment adding units to the project is recorded, real property taxes attributable to each unit may, under the Act, constitute an expense of administration to be shared by the co-owners of such units in proportion to their respective percentages of value. Thus, in that initial year the Association may receive one tax bill with respect to the newly added units which must be paid by the Association rather than by the individual co-owners of such units. In such event, the Developer will contribute to payment of taxes its proportionate share for such units as it owns at the time the taxes fall due. In subsequent years (or in the initial year if the assessor elects to apportion taxes in the year of establishment of the Condominium), each co-owner will receive an individual tax bill attributable to his unit only. It is impossible to determine with accuracy the amount of real property taxes which will fall due in subsequent years since those taxes are a function of both property values and tax rates which may either rise or fall.

C. Building Inspections. Approval of the building plans for the project was by the Ypsilanti Township Building Department and inspection of construction is by such Department.

D. Utilities. Utility services to the condominium premises are provided as follows:

1. Sanitary sewer and water: Ypsilanti Community Utilities Authority.
2. Storm sewer: Condominium Association.
3. Electricity: DTE Energy.
4. Natural gas: DTE Energy.
5. Telephone: SBC
6. Cable television: Comcast.

## **IX. PURPOSE OF DISCLOSURE STATEMENT**

The Developer has prepared this Disclosure Statement in good faith, in reliance upon sources of information believed to be accurate and in an effort to disclose material facts about the project. Each purchaser is urged to engage a competent lawyer or other advisor in connection with his or her decision to purchase a unit. In accepting title to the unit in the condominium project, 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 this Disclosure Statement. The terms used herein are defined in the Condominium Act.

The Michigan Department of Commerce has published the Condominium Buyer's Handbook which the Developer has delivered to you. The Developer assumes no obligation, liability or responsibility to the statements contained therein or omitted from the Condominium Buyer's Handbook.

The descriptions of the Master Deed and other instruments contained herein are summary only and may or may not completely and adequately express the content of the various Condominium documents. Each purchaser is referred to the original Master Deed and other original instruments contained in the Condominium document packet. Legal phraseology, technical terms and terms of art have been minimized and brevity has been the objective to the extent consistent with the purposes of this Disclosure Statement as set forth in the Michigan Condominium Act and rules of the Michigan Department of Commerce.

**HURON MEADOWS CONDOMINIUM ASSOCIATION**

**PROPOSED BUDGET**

36 Units - Ypsilanti Township, Michigan

Income:

Association Fees (\$134/unit/month)	\$57,978
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Expenses:

Tax Accounting	\$ 350	
Legal	250	
Management Fees	6,480	
Postage/Copying/Misc.	160	
Taxes	60	
Property Insurance	8,600	
Electricity (Irrigation System)	600	
Water/Sewer	8,000	
Trash Removal	2,300	
Mowing	6,400	
Grounds Services/Supplies	3,200	
Snow Removal	9,000	
Lawn Fertilization	1,800	
Repair Services/Contracted Reps.	4,000	
Repair Supplies	500	
Extermination Contract	<u>480</u>	
Total Expenses		\$52,180

Deposits to Reserve (10% of Budget)	<u>5,798</u>	
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Total Expenses and Reserve Contribution		\$57,978
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