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PAGE 933

MASTER DEED

RIVER GARDENS ESTATES

A

MICHIGAN

CONDOMINIUM

ASSOCIATION



PURCHASER INFORMATION BOOKLET

FOR

RIVER GARDENS ESTATES

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**MASTER DEED****RIVER GARDENS ESTATES**

THIS MASTER DEED is made and executed on this 25 day of Nov, 2003, by **HWWS ENTERPRISES, LLC**, a Nevada Limited Liability Company, hereinafter referred to as the "Developer", whose business address is situated at 350 S. Center St., Suite 500, Reno, Nevada, and whose office mailing address is situated at P.O. Box 430, Saline, Michigan, in pursuance of the provisions of the Michigan Condominium Act as amended (being Act 59 of the Public Acts of 1978, as amended, including, but not limited to, those amendments contained in Act 538 of the Public Acts of 1982, Act 113 of the Public Acts of 1983 and Act 36 of the Public Acts of 1998), hereinafter referred to as the "Act".

WITNESSETH:

WHEREAS, the Developer is the owner of certain real property located in the City of **Milan**, County of **Monroe**, **Michigan**, and more particularly described as follows:

(See attached Schedule 1)

WHEREAS, the Developer desires, by recording this Master Deed, together with the By-Laws attached hereto as Exhibit "A" and together with 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, together with the improvements located and to be located thereon and the appurtenances thereto, as a condominium project under the provisions of the Act:

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



ARTICLE I

DEFINITIONS

Certain terms are utilized not only in this Master Deed and Exhibits "A and "B" hereto, but are or may be used in various other instruments such as, by way of example and not in limitation, the Articles of Incorporation and Rules and Regulations of the **RIVER GARDENS ESTATES Condominium Association**, a Michigan non-profit corporation, and deeds, mortgages, liens, land contracts, easements, and other instruments affecting the establishment of or transfer of interests in **RIVER GARDENS ESTATES** as a condominium. Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

(1) The "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended, including, but not limited to, those amendments contained in Act 538 of the Public Acts of 1982, Act 113 of the Public Acts of 1983 and Act 36 of the Public Acts of 1998.

(2) "Association" means **RIVER GARDENS ESTATES Condominium Association**, a non-profit corporation organized under the laws of the State of Michigan, of which all co-owners shall be members, which corporation shall administer, operate, manage, and maintain the Condominium project. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless specifically reserved to its members by the Condominium documents or the laws of the State of Michigan, and any reference to the Association shall, where appropriate, also constitute a reference to its Board of Directors.

(3) "Building envelope" means the portion of each unit within which the owner thereof may construct improvements such as a residence. No structures may be built outside of the building envelope within each unit as shown on Exhibit "B" attached hereto without the advance written approval of the Association and the City of Milan, if applicable.

(4) "By-Laws" means Exhibit "A" hereto, being the By-Laws setting forth the substantive rights and obligations of the co-owners and required by Sections 3(8), 53 and 54 of the Act to be recorded as part of the Master Deed. The By-Laws shall also constitute the corporate By-Laws of the Association as provided for under the Michigan Non-Profit Corporation Act.

(5) "Common elements", where used without modification, shall mean both the general and limited common elements described in Article IV hereof.

(6) "Condominium documents" wherever used means and includes this Master Deed and Exhibits "A" and "B" hereto, the Articles of Incorporation and the Rules and Regulations, if any, of the Association.



(7) "Condominium premises" means and includes the land, the buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging to RIVER GARDENS ESTATES condominium project as described above.

(8) "Condominium", "condominium project" or "project" means RIVER GARDENS ESTATES condominium project established in conformity with the provisions of the Act.

(9) "Condominium Subdivision Plan" means Exhibit "B" hereto.

(10) "Consolidating Master Deed" means the final amended Master Deed which shall describe RIVER GARDENS ESTATES as a condominium project and shall reflect the entire land area added to the Condominium from time to time under Article IX and all condominium units and common elements therein, and which shall express percentages of value pertinent to each condominium unit as finally readjusted. Such Consolidating Master Deed, when recorded in the Office of the Monroe County Register of Deeds, shall supersede all previously recorded Master Deeds for RIVER GARDENS ESTATES.

(11) "Construction and sales period" means, for the purposes of the Condominium documents and the rights reserved to the Developer thereunder, the period commencing with the recording of the Master Deed and continuing as long as the Developer owns any unit which it offers for sale or for so long as the Developer is entitled to expand the project as provided in Article IX hereof, whichever is longer.

(12) "Co-owner" or "member" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof who or which owns legal or equitable title to one or more units in the condominium project. The term "owner", wherever used, shall be synonymous with the term "co-owner". "Co-owner" shall also include a land contract vendee.

(13) "Developer" means HWWS Enterprises, LLC, a Nevada limited liability company, with David A. Shaffer and Darlene Shaffer as Managers, who has made and executed this Master Deed, and its successors and assigns.

(14) "First annual meeting" means the initial meeting at which non-developer co-owners are permitted to vote for the election of all Directors and upon all other matters which properly may be brought before the meeting. Such meeting (i) may be held at any time, in the Developer's sole discretion, after fifty percent (50%) of the units which may be created are sold, and (ii) must be held within (a) 52 months from the date of the first unit conveyance, or (b) 120 days after seventy-five percent (75%) of all units which may be created are sold, whichever occurs first. The maximum number of units that may be added to the project pursuant to Article IX hereof shall be included in the calculation of the number of units which may be created.



(15) "Transitional control date" means the date on which a Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

(16) "Unit" means a single condominium unit in RIVER GARDENS ESTATES, as described in Article V hereof and in Exhibit "B" hereto, and shall have the same meaning as "condominium unit" as defined in the Act. No unit shall be divided into more than one building site.

(17) Terms not defined herein, but defined in the Act, shall carry the meaning given them in the Act unless the context clearly indicates to the contrary. Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where the same would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where the same would be appropriate.

ARTICLE II

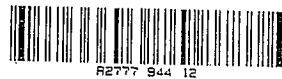
TITLE OF PROJECT

The condominium project shall be known as RIVER GARDENS ESTATES, Monroe County Condominium Subdivision Plan No. 53. The engineering and architectural plans for the project (including all dwellings and other improvements to be constructed therein) were or will be approved by, and are or will be on file with the Milan Building Department. The condominium project is established in accordance with the Act.

ARTICLE III

NATURE OF PROJECT

The units contained in the Condominium, including the number, boundaries, dimensions, and area of each condominium unit therein, are set forth completely in the Condominium Subdivision Plan attached as Exhibit "B" hereto. Each unit has been created for residential purposes and each unit is capable of individual utilization on account of having its own access to a public right-of-way or a common element of the condominium project. Each co-owner in the condominium project shall have an exclusive right to his condominium unit and shall have undivided and inseparable rights to share with other co-owners the common elements of the condominium project as are designated by this Master Deed.



ARTICLE IV

COMMON ELEMENTS

The common elements of the project described in Exhibit "B" attached hereto and the respective responsibilities for the maintenance, decoration, repair, or replacement thereof are as follows:

(1) The general common elements are:

(a) The land described in page one hereof (other than that portion thereof described in Article V below and in Exhibit "B" hereto as constituting the condominium units or limited common elements appurtenant thereto), including improvements not designated as limited common elements and not located within the boundaries of a condominium unit. Those structures and improvements that now or hereafter are located within the boundaries of a condominium unit shall be owned in their entirety by the co-owner of the unit in which they are located and shall not, unless otherwise expressly provided in the Condominium documents, constitute common elements;

(b) The electrical wiring network throughout the project, including street lights, up to the perimeter line of a unit;

(c) The gas line network throughout the project up to the perimeter line of a unit;

(d) The telephone, television and telecommunication wiring networks throughout the project up to the perimeter line of a unit;

(e) The water distribution system, sanitary sewer system and storm water drainage system throughout the project up to the perimeter line of a unit;

(f) Such other elements of the project not herein designated as general or limited common elements which are not located within the perimeter of a unit and which are intended for common use or necessary to the existence, upkeep and safety of the project;

(g) Some or all of the utility lines (including mains and service leads) and equipment described in Article IV, paragraphs (1) (b), (c), (d) and (e) may be owned by the local municipal authority or by the company that is providing the pertinent utility service. Accordingly, such utility lines, systems and equipment shall be general common elements only to the extent of the co-owners' interest therein, if any, and the Developer makes no warranty whatever with respect to the nature or extent of such interest, if any.



(2) Limited common elements shall be subject to the exclusive use and enjoyment of the co-owner of the unit or units to which such limited common elements are appurtenant. No limited common elements have been designated as such in this Master Deed because there are no limited common elements in the project. If any limited common elements are included in the project at any time hereafter, they shall be shown on amendments to the Condominium Subdivision Plan.

(3) The respective responsibilities for the maintenance, decoration, repair, and replacement of the common elements or certain mechanical devices and for the payment of utility bills are as follows:

(a) **Association Responsibilities.** The costs of maintenance, repair and replacement of all general common elements in the project shall be borne by the Association, subject to any provision of the Condominium documents expressly to the contrary. The Association also shall have the maintenance responsibilities set forth in Article X hereof.

(b) **Co-Owner Responsibilities.** The co-owners individually shall be responsible for the cost of construction, decorating, maintaining, repairing a building on a unit and all property located within a building on a unit, all utilities attributable to his unit, and for the maintenance, repair and replacement that (i) is expressly assigned to them by any provision of the Condominium documents, or (ii) is not expressly assigned to the Association by any provision of the Condominium documents; but none of the co-owners shall be responsible individually for maintenance, repair or replacement of any general common elements except as specifically provided in Article VI, Section 14 of the By-Laws. In the event a co-owner fails to maintain, repair or replace any items for which he is responsible, the Association (and/or the Developer during the construction and sales period) shall have the right, but not the obligation, to take whatever action or actions it deems desirable to so maintain, repair or replace any of such improvements made within a unit, all at the expense of the co-owner of the unit. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or the Developer's) right to take any such action at a future time. All costs incurred by the Association or the Developer in performing any responsibilities under this Article IV which are required, in the first instance to be borne by any co-owner, shall be assessed against such co-owner and shall be due and payable with his monthly assessment next falling due; further, the lien for nonpayment shall attach as in all cases of regular assessments and such assessments may be enforced by the use of all means available to the Association under the condominium documents and by law for the collection of regular assessments including, without limitation, legal action, foreclosure of the lien securing payment and imposition of fines.



(4) As provided in Article VI, Section 16 of the Condominium By-Laws, the decoration and maintenance of all common elements is subject to such written standards as may be established by the Board of Directors or its Environmental Control Committee, if the Board determines to appoint such a Committee.

ARTICLE V

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

(1) Each unit of, the condominium project is described in this paragraph with reference to the Condominium Subdivision Plan of **RIVER GARDENS ESTATES** as surveyed by Apex Consultants Engineers, and attached hereto as Exhibit "B". Each unit shall consist of the space contained within the unit boundaries as shown on Exhibit "B" hereto and delineated with heavy outlines, together with all appurtenances thereto.

(2) The percentage value assigned to all units shall be equal. The determination that percentages of value should be equal was made after reviewing the comparative characteristics of each unit in the project and concluding that there are no material differences among the units insofar as the allocation of percentages of value is concerned. The percentage of value assigned to each unit shall be determinative of each co-owner's respective share of the common elements of the condominium project, the proportionate share of each respective co-owner in the proceeds and the expenses of administration and the value of such co-owner's vote at meetings of the Association. The total value of the project is one hundred percent (100%).

ARTICLE VI

RIGHTS OF MORTGAGEES

Notwithstanding any other provision in this Master Deed or the Condominium By-Laws or any other documents, the following provisions shall apply and may not be amended or deleted without the prior written consent of the holders of first mortgages on at least two-thirds (2/3) of the condominium units of record:

(1) A first mortgagee, at its request, is entitled to written notification from the Association of any default by the co-owner of such condominium unit in the performance of such co-owner's obligations under the Condominium documents which is not cured within sixty (60) days.

(2) Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure shall be exempt from any "right of first refusal" contained in the Condominium documents and shall be free to sell or lease such unit without regard to any such provision.



(3) Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure shall not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the mortgagee (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all units, including the mortgaged condominium unit).

(4) Unless at least two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each mortgage owned) and co-owners (other than the Developer) of the individual condominium units have given their prior written approval, the Association shall not be entitled to:

- (a) by act or omission seek to abandon or terminate the condominium project;
- (b) change the pro rata interest or obligations of any condominium unit for the purpose of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each unit in the common elements;
- (c) partition or subdivide any condominium unit;
- (d) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed a transfer within the meaning of this clause;
- (e) use hazard insurance proceeds for losses to any condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the units and/or common elements of the condominium project;

provided, however, if there is now or hereafter provision for addition to or expansion of the condominium project, then a change in the pro-rata interest or obligations of any individual unit for (i) the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro-rata share of ownership of each unit in the common elements will be permitted provided that the provision pursuant to which the Condominium is subject for addition or expansion complies with the following limitations:

- (a) unit owners have a minimum percentage undivided interest in the common elements, and a corresponding maximum interest subject to diminution to no less than such minimum, each such percentage interest being stated in the Master Deed;



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(b) the conditions on which any change in such percentage of undivided interest in common elements may take place are fully described in the Master Deed, together with a description of the real property which will become subject to the Condominium if such alternative percentage interest becomes effective; and

(c) no change in the percentage interests in the common elements may be effected pursuant to such provision more than six (6) years after the date the Master Deed becomes effective.

(5) Each first mortgagee has the right to examine the books and records of the Association and the condominium project.

(6) No condominium unit owner, or any other party, shall have priority over any rights of first mortgagees of condominium units pursuant to their mortgages in the case of a distribution to condominium unit owners of insurance proceeds or condemnation awards for losses to or a taking of condominium units and/or common elements.

(7) Any agreement for professional management of the condominium regime or any other contract providing for services which exists between the Association and the Developer or affiliates of the Developer is voidable by the Board of Directors of the Association on the transitional control date or within ninety (90) days thereafter, and on thirty (30) days' written notice at any time thereafter without cause or payment of a termination fee.

ARTICLE VII

DAMAGE TO CONDOMINIUM

In the event the Condominium is partially or totally damaged or destroyed or partially taken by eminent domain, the repair, reconstruction or disposition of the property shall be as provided by the By-Laws attached hereto as Exhibit "A".

ARTICLE VIII

EASEMENTS FOR UTILITIES

There shall be easements to, through and over the entire project, including all of the land, for the continuing maintenance and repair of all utilities in the Condominium. In the event any improvements located on one unit encroach upon a common element, easements shall exist for the maintenance of such encroachment for so long as such encroachment exists and for maintenance, repair and replacement thereof following damage or destruction. The Board of Directors of the Association may grant easements over or through or dedicate any portion of any general common element of the Condominium for utility, roadway or safety purposes.



ARTICLE IX

EXPANSION OF CONDOMINIUM

The condominium project established pursuant to the initial Master Deed of **RIVER GARDENS ESTATES** and consisting of fifteen (15) described units is intended to be the first and only stage of the herein-described project and shall contain in its entirety not more than fifteen (15) units.

ARTICLE X

EASEMENTS FOR MAINTENANCE

There shall be easements to and in favor of the Association, and its officers, directors, agents, and designees, in, on and over all units and common elements in the project for access to the units and the exterior of each of the residential dwellings that is constructed within the project to permit the maintenance, repair and replacement thereof in accordance with the terms hereof. Except as otherwise expressly provided herein, and in the absence of performance of such work by the respective co-owners, the Association shall be responsible for performing the routine maintenance of the exteriors, including roofs, of all residential dwellings constructed in the project and any portion of a unit that consists primarily of grass and that is not enclosed by a fence or is otherwise inaccessible to lawn maintenance equipment; provided, however, that if a majority of all co-owners so agree in writing, the Association's liability with respect to such responsibilities as set forth hereinabove may be discontinued. In the event a majority of the co-owners do so agree, an affidavit to that effect shall be made by an officer of the Association and recorded in the office of the Monroe County Register of Deeds, and a copy thereof delivered to each co-owner. In no event shall any such election be made at any time during which the Developer owns a majority of the units in the project. If such work is performed upon a unit by the Association, the individual co-owner thereof shall reimburse the Association for all costs thereof within fifteen (15) days of billing or the Association shall have the right to recover its expenses in the same manner as established for the collection of assessments in Article II of the By-Laws. In addition to the foregoing, the co-owners shall be individually responsible for the costs of maintenance, repair and replacement of all improvements in each unit, regardless of the cause of such maintenance, repair and replacement. In no event shall the Association be liable for the maintenance, repair or replacement of any portion of the interior of any such dwelling. There also shall exist easements to and in favor of the Association, and its officers, directors, agents, and designees, in, on and over all units and common elements of the project for access to and maintenance of those common elements of the project for which the Association may from time to time be responsible. The Association shall in no event be obligated to repair any dwelling or other improvement located within or appurtenant to a unit to the extent the repair is necessitated on account of any occurrence with respect to which a co-owner is required under the Condominium documents to maintain insurance coverage, nor shall the Association be obligated to make any capital expenditures of any type whatever with respect to such dwellings or improvements or to perform any maintenance or



repair thereon other than routine maintenance and repair of a type generally required on an ongoing basis throughout the project. The Association shall have no responsibility to perform maintenance, repair or replacement of improvements made on condominium units unless the respective co-owners thereof fail to perform such work themselves.

ARTICLE XI

RESERVATION OF ACCESS EASEMENTS

The Developer reserves for the benefit of itself, its agents, employees, guests, invitees, independent contractors, successors and assigns, perpetual easements for the unrestricted use of all roads, driveways and walkways now or hereafter located in the Condominium project for the purposes of ingress and egress to and from all or any portion of the parcel described in Article IX or any portion or portions thereof and any other land contiguous to the **RIVER GARDENS ESTATES** condominium premises in furtherance of any legitimate purpose.

ARTICLE XII

RESERVATION OF UTILITY EASEMENTS

The Developer also hereby reserves for the benefit of itself, its agents, employees, independent contractors, successors and assigns, and for the benefit of any appropriate utility company, and all future owners of the land described in Article IX or any portion or portions thereof and any other land contiguous to **RIVER GARDENS ESTATES** or to said land described in Article IX which may be now owned or hereafter acquired by the Developer, perpetual easements to utilize, tap, tie into, extend, and enlarge all utility mains located on the land described in page one of the Master Deed; provided, however, that the effect of such tap-in, tie-in, extension, and enlargement privileges shall not unduly burden the existing utility lines as determined by the appropriate governmental authorities. In the event the Developer, its successors or assigns, utilizes, taps, ties into, extends, or enlarges any utilities located on the condominium premises, it shall be obligated to pay all of the expenses reasonably necessary to restore the condominium premises to their state immediately prior to such utilization, tapping, tying-in, extension, or enlargement.

The Developer further reserves to itself, and its successors and assigns, the right to terminate and revoke any utility or other easement granted in this Master Deed at such time as the particular easement has become unnecessary. This may occur, by way of example but not limitation, when water or sewer systems are connected to municipal systems or when a water or sewer system or other utility easement is relocated to coordinate further and future development of land in the vicinity of the project. No utility easement may be terminated or revoked unless and until all units served by it are adequately served by an appropriate substitute or replacement utility easement on a shared maintenance basis. Any termination or revocation of any such easement shall be effected by the recordation of an appropriate amendment to this Master Deed in accordance with the requirements of the Act.



ARTICLE XIII

FUTURE UTILITY EASEMENTS

The Developer further reserves the right at any time to grant easements for utilities to, over, under, across and through the general common elements of the condominium premises to appropriate governmental agencies or public utility companies and to transfer title to utilities to governmental agencies or to utility companies. Any such easement or transfer of title may be made by the Developer without the consent of any co-owner, mortgagee or other person and shall be evidenced by an appropriate amendment to this Master Deed and to Exhibit "B" hereto, recorded in the Monroe County Records. All of the co-owners and mortgagees of units and other persons interested or to become interested in the project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed as may be required to effectuate the foregoing grant of easement or transfer of title.

ARTICLE XIV

FUTURE EASEMENTS, LICENSES AND RIGHTS-OF-WAY

The Association, acting through its lawfully constituted Board of Directors (including any Board of Directors acting prior to the transitional control date) shall be empowered and obligated to grant such easements, licenses, rights-of-entry, and rights-of-way over, under and across the general common elements of the condominium premises for utility purposes, access purposes or other lawful purposes as may be necessary for the benefit of the Condominium or for the benefit of any other land described in Article IX hereof; subject, however, to the approval of the Developer during the construction and sales period. No easement created under the Condominium documents may be modified nor may any of the obligations with respect thereto be varied without the consent of each person benefitted thereby.

ARTICLE XV

ACCESS EASEMENTS

The Developer, the Association and all public or private utilities shall have such easements to, over, under, across, and through the condominium premises, 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. These easements include, without limitation, the right of the Association to obtain access to the unit during reasonable hours.



ARTICLE XVI

AMENDMENT OR TERMINATION

Except as provided in preceding paragraphs as set forth above, the condominium project shall not be terminated or any of the provisions of this Master Deed or Exhibits attached hereto amended unless done in compliance with the following provisions:

(1) Prior to the first annual meeting of members of the Association, the Developer (without the consent of any co-owner or any other person), for itself and for the Association of co-owners hereby expressly reserve the right to amend this Master Deed and the plans attached as Exhibit "B" in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the By-Laws attached hereto as Exhibit "A" as do not materially alter or change the rights of any co-owners in the project or impair the security of any mortgagee, including, but not limited to, amendments for the purpose of maintaining this Master Deed in compliance with the Act and of facilitating conventional mortgage loan financing for existing or prospective co-owners and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans Administration, the Department of Housing and Urban Development, or by any other institutional participant in the secondary mortgage market which purchases or insures mortgages.

(2) After the first annual meeting of members of the Association, the Association may (acting through a majority of its Board of Directors and without the consent of any co-owner or any other person) amend this Master Deed and the plans attached as Exhibit "B" in order to correct survey or other errors made in such documents and to make such other amendments to such instruments and to the By-Laws attached hereto as Exhibit "A" as do not materially alter or change the rights of any co-owners in the project or impair the security of any mortgagee, including, but not limited to, amendments for the purpose of maintaining this Master Deed in compliance with the Act and of facilitating conventional mortgage loan financing for existing or prospective co-owners and to enable the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans Administration, the Department of Housing and Urban Development, or by any other institutional participant in the secondary mortgage market which purchases or insures mortgages.

(3) If there is no co-owner other than the Developer, the Developer, with the consent of any interested mortgagee, may unilaterally terminate the condominium project or amend the Master Deed. A termination or amendment under this section shall become effective upon the recordation thereof if executed by the Developer.



(4) In no event, unless eighty percent (80%) of the unaffiliated co-owners (other than the Developer) of the condominium units to which all of the votes in the Association appertains, the mortgagees of two-third (2/3) of the first mortgages covering the condominiums and the Developer (if at any time it owns any units) have given their prior written approval, shall the Association be entitled to (i) by any act or omission seek to abandon or terminate the Condominium Project; (ii) change the pro rata interest or obligations of any individual condominium unit for the purpose of (a) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (b) determining the pro rata share of ownership of each condominium unit and the common elements; or (iii) partition or subdivide any condominium unit.

(5) Agreement of the required majority of co-owners and mortgagees to the termination of the Condominium shall be evidenced by their execution of the termination agreement or of ratifications thereof, and the termination shall become effective only when the agreement is duly recorded.

(6) Upon recordation of an instrument terminating a condominium project, the property constituting the condominium project shall be owned by the co-owners as tenants in common in proportion to their respective undivided interests in the common elements immediately before recordation. As long as the tenancy in common lasts, each co-owner or the heirs, successors or assigns thereof shall have an exclusive right of occupancy of that portion of the property which formerly constituted the condominium unit.

(7) Upon recordation of an instrument terminating a condominium project, any rights the co-owners may have to the assets of the Association shall be in proportion to their respective undivided interests in the common elements immediately before recordation, except that common profits shall be distributed in accordance with the Condominium documents and the Act.

(8) The Condominium documents may be amended by the Developer, on behalf of itself, and on behalf of the Association, for a proper purpose without the consent of co-owners, mortgagees and other interested parties, including changes deemed necessary to comply with the Act and the modification of sizes of unsold condominium units, as long as the amendments do not materially alter or change the rights of the co-owners, mortgagees or other interested parties.

(9) The Condominium documents may be amended for a proper purpose, other than as set forth above, even if the amendment will materially alter or change the rights of the co-owners, mortgagees or other interested parties, with the prior written consent of not less than two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each mortgage owned) and co-owners (other than the Developer) of the individual condominium units. A co-owner's condominium unit dimensions or the nature or extent of any appurtenant limited common elements or the responsibility for maintenance, repair and replacement thereof may not be modified in any material way without his consent and that of his mortgagee.



(10) A person causing or requesting an amendment to the Condominium documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of a prescribed majority of co-owners or based upon the Advisory Committee's decision, the costs of which shall be deemed expenses of administration.

(11) A Master Deed amendment, including any Consolidating Master Deed, dealing with the addition, withdrawal or modification of units or other physical characteristics of the project shall comply with the standards prescribed in the Act for preparation of an original Condominium Subdivision Plan for the project.

(12) During the construction and sales period, Articles VIII through this Article XVI shall not be amended, nor shall the provisions hereof be modified by any other amendment to this Master Deed, without the written consent of the Developer.

(13) The restrictions contained in this Article XVI on Amendments shall not in any way affect the rights of the Developer as set forth elsewhere in this Master Deed, such as in Articles IV and V.

(14) Co-owners and mortgagees of record shall be notified in writing of proposed amendments not less than ten (10) days before the amendment is recorded at their address reflected on the condominium records.

(15) An amendment to this Master Deed shall not be effective until the amendment is recorded. A copy of the recorded amendment shall be delivered to each co-owner.

ARTICLE XVII

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 Monroe County Register of Deeds.

ARTICLE XVIII

CONTRACTION OF CONDOMINIUM

(1) As of the date this Master Deed was recorded, the Developer intended to establish a Condominium consisting of 15 units on the land described on page one hereof, all as shown on the Condominium Subdivision Plan. Developer reserves the right, however, to establish a Condominium consisting of fewer units than described above and to withdraw from the Condominium all or some portion of the following described land:



Land in the City of Milan, Monroe County, Michigan described as:

Part of Lots 158, 159 and 160, "Assessor's Plat of the Village of Milan (now the City of Milan)", being part of Section 1 and 2, Town 5 South, Range 6 East, Milan Township (now the City of Milan) Monroe County, Michigan, described as:

Beginning at the Northwest corner of said Lot 160;
thence South 89 degrees 30 minutes 30 seconds East, 19.24 feet (recorded as S. 88° 40' 30" E. 17.63 feet) along the North line of said Lot 160;
thence South 70 degrees 24 minutes 50 seconds East, 150.78 feet (recorded as S. 70° 24' 50" E. 152.49 feet);
thence South 57 degrees 47 minutes 40 seconds East, 41.69 feet;
thence North 57 degrees 45 minutes 50 seconds East, 60.95 feet;
thence South 88 degrees 00 minutes 50 seconds East 100.95 feet;
thence South 56 degrees 25 minutes 40 seconds East, 162.91 feet;
thence South 46 degrees 45 minutes 50 seconds East, 127.50 feet;
thence South 59 degrees 48 minutes 30 seconds East, 217.05 feet;
thence North 72 degrees 26 minutes 40 seconds East, 131.80 feet;
thence North 44 degrees 42 minutes 40 seconds East, 65.89 feet;
thence North 54 degrees 11 minutes 40 seconds East, 58.32 feet;
thence South 80 degrees 34 minutes 50 seconds East, 98.76 feet;
thence North 71 degrees 02 minutes 50 seconds East, 56.16 feet;
thence North 51 degrees 04 minutes 30 seconds East, 70.51 feet;
thence North 08 degrees 46 minutes 40 seconds East, 48.97 feet (recorded as N. 08° 46' 40" E. 87.94 feet) to a point on the East line of said Lot 158;
thence South 00 degrees 13 minutes 23 seconds West, 413.87 feet along said East Lot line to the Southeast corner of said Lot 158;
thence North 76 degrees 12 minutes 40 seconds West 1232.36 feet along the Northerly right-of-way line of Canfield Road to the Southwest corner of said Lot 160;
and thence North 00 degrees 15 minutes 00 seconds East, 235.17 feet along the West line of Lot 160 said line also being the Easterly right-of-way line of Platt Road (66 feet wide) to the point of beginning. Containing 5.93 acres of land, more or less.
Subject to any and all easements or rights-of-way of record, if any.

Commonly known as: 194 Canfield, Milan, Michigan

Parcel No.: 53 040 212 00

(hereinafter referred to as "contractible area"). Therefore, any other provisions of this Master Deed to the contrary notwithstanding, the number of units in this Condominium may, at the option of the Developer, from time to time, within a period ending no later than 6 years from the date of recording the Master Deed, be contracted to any number determined by the Developer in its sole judgment, but in no event shall the number of units be less than 13.

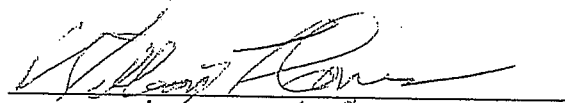


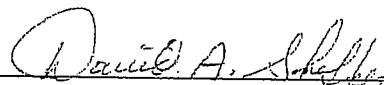
(2) In connection with such contraction, the Developer unconditionally reserves the right to withdraw from the Condominium such portion or portions of the land described in this Article and more aptly described in Exhibit "B" as Lots 9 and 10. The Developer further reserves the right, subsequent to such withdrawal but prior to 6 years from the date of recording the Master Deed, to expand the Condominium as so reduced to include all or any portion of the land so withdrawn. The Developer is currently pursuing approval by the Federal Emergency Management Agency ("FEMA") for permission to develop Lots 9 and 10 as set forth in Exhibit "B." In the event that the development of Lots 9 and 10 is denied by FEMA, or, FEMA's development requirements are determined to be too restrictive or too costly by the Developer, then in such event Lot 9 shall be merged with and become part of Lot 8 and Lot 10 shall be merged with and become part of Lot 11 as such Lots are shown on Exhibit "C."

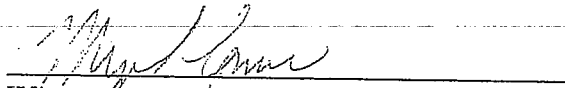


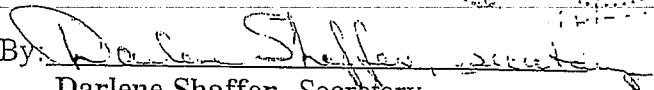
WITNESSES:

HWWS ENTERPRISES, LLC


Witness: WILLIAM L. COMER

By: 
David A. Shaffer, President


Witness: Myra L. Comer

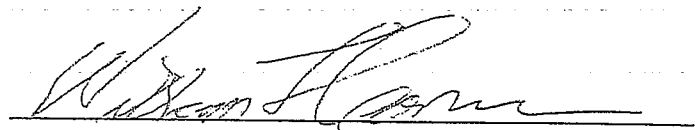
By: 
Darlene Shaffer, Secretary

STATE OF MICHIGAN

COUNTY OF MONROE

On this 25th day of NOVEMBER, 2003, before me, a Notary Public in and for said State, personally appeared **David A. Shaffer** and **Darlene Shaffer**, known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their respective authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and seal.


Notary Public -

My Commission Expires: WILLIAM L. COMER
Notary Public, Clare County, MI
My Commission Expires Feb. 19, 2007

THIS DOCUMENT WAS PREPARED BY:

William L. Comer
CASPER P. CONNOLLY & ASSOCIATES (P-12136)
Attorney & Counselor at Law
2735 Haley Road
White Lake, MI 48383



SCHEDULE 1

Land in the City of Milan, Monroe County, Michigan described as:

Part of Lots 158, 159 and 160, "Assessor's Plat of the Village of Milan (now the City of Milan)", being part of Section 1 and 2, Town 2 South, Range 6 East, Milan Township (now the City of Milan) Monroe County, Michigan, described as:

Beginning at the Northwest corner of said Lot 160;
thence South 89 degrees 30 minutes 30 seconds East, 19.24 feet (recorded as S. 88° 40' 30" E. 17.63 feet) along the North line of said Lot 160;
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and thence North 00 degrees 15 minutes 00 seconds East, 235.17 feet along the West line of Lot 160 said line also being the Easterly right-of-way line of Platt Road (66 feet wide) to the point of beginning. Containing 5.93 acres of land, more or less.
Subject to any and all easements or rights-of-way of record, if any.

Commonly known as: 194 Canfield, Milan, Michigan

Parcel No.: 53 040 212 00

Prior Deed Recording: December 11, 2002, Liber 2333, Page 493, Monroe County Recorder's Office



EXHIBIT "A"

RIVER GARDENS ESTATES

BY-LAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

RIVER GARDENS ESTATES, a residential site condominium project located in the city of Milan, Monroe County, Michigan, shall be administered by an association of co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the condominium project in accordance with the Condominium documents (i.e., Master Deed, these By-Laws, the Articles of Incorporation, By-Laws, Rules and Regulations of the Association) and the laws of the State of Michigan. These By-Laws shall constitute both the By-Laws referred to in the Master Deed and required by Section 3(8) of the Act and the By-Laws provided for under the Michigan Non-Profit Corporation Act. Each co-owner shall be entitled to membership, and no other person or entity shall be entitled to membership. The share of a co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed and other Condominium documents for the condominium project available at reasonable hours to co-owners, prospective purchasers and prospective mortgagees of units in the condominium project. All co-owners in the condominium project and all persons using or entering upon or acquiring any interest in any unit therein or the common elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium documents.

ARTICLE II

ASSESSMENTS

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



Section 1. **Assessments for Common Elements.** All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the common elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the project, and all sums received as the proceeds of or pursuant to any policy of insurance carried by the Association securing the interest of the co-owners against liabilities or losses arising within, caused by, or connected with the common elements or the administration of the condominium project shall constitute receipts affecting the administration of the Condominium Project within the meaning of Section 54(4) of the Act.

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

(a) **Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten percent (10%) of the Association's current annual budget on a non-cumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular project, the Board of Directors should carefully analyze the condominium project to determine if a greater amount should be set aside or if additional reserve funds should be established for other purposes from time to time and, in the event of such a determination, the Board of Directors shall be empowered to establish such greater or other reserves without co-owner approval. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each co-owner shall not affect or in any way diminish the liability of any co-owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium; (2) to provide for the maintenance, repair or replacement of existing common elements; (3) to provide additions to the common elements not exceeding \$8,000.00 annually for the entire condominium project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); or (4) that an emergency exists, then the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of



the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made and levied by the Board of Directors from time to time and approved by the co-owners as hereinafter provided to meet other need, requirements or desires of the Association, including, but not limited to: (1) assessments for capital improvements or additions to the common elements of a cost exceeding \$8,000.00 per year for the entire condominium project (adjusted for increases in the Consumers Price Index used by the United States Department of Labor, Bureau of Vital Statistics, Metropolitan Detroit area, since the date of recording of the initial Master Deed); (2) assessments to purchase a unit upon foreclosure of the lien for assessments described in section 5 hereof; or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph (a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty percent (60%) of all co-owners. The authority to levy assessments pursuant to this subparagraph is solely 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.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the co-owners to cover expenses of administration shall be apportioned among and paid by the co-owners in accordance with the percentage of value allocated to each unit in Article V of the Master Deed, without increase or decrease for the existence of any rights to use of limited common elements appurtenant to a unit. Any other unusual common expenses benefitting less than all of the units, or any expenses incurred as a result of the conduct of less than all those entitled to occupy the Condominium project, or their tenants or invitees, shall be specifically assessed against the unit or units involved, in accordance with such reasonable rules and regulations as shall be adopted by the Board of Directors of the Association. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by co-owners in twelve (12) equal monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a unit, or with the acquisition of fee simple title to a unit by any other means. The 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 installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the rate of seven percent (7%) per annum, plus such additional interest rate surcharge as the Board of Directors shall approve, until each installment is paid in full. Provided, however, that the interest rate and interest rate surcharge combined applying to delinquent amounts shall not exceed the limit set by usury laws in the State of Michigan. The Association may, pursuant to Article XIX, section 4 hereof, levy fines for late payment of assessments in addition



to such interest. Each co-owner (whether one (1) or more persons) shall be, and shall remain, personally liable for the payment of all assessments pertinent to his unit which may be levied while such co-owner is the owner thereof. Payments on account of installments of assessments in default shall be applied as follows: First, to cost of collection and enforcement of payment, including actual attorney's fees (not limited to statutory fees); second, to any interest charges and fines for late payment on such installments; third, to installments in default in order of their due dates.

Section 4. **Waiver of Use or Abandonment of Unit.** No co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

Section 5. **Enforcement.**

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any co-owner in the payment of any installment of the annual assessment levied against his unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a co-owner in default upon seven (7) days written notice to such co-owner of its intention to do so. A co-owner in default shall not be entitled to utilize any of the general common elements of the project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any co-owner of ingress or egress to and from his unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the unit from the co-owner thereof or any persons claiming under him and, if the unit is not occupied, to lease the unit and collect and apply the rental therefrom to any delinquency owed to the Association. When a co-owner is in arrearage to the Association for assessments, the Association may give written notice of arrearage to any person occupying his unit under a lease or rental agreement, and such person, after receiving the notice, shall deduct from rental payments due the member the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not be a breach of the rental agreement or lease by the occupant. All of these remedies shall be cumulative and not alternative and shall not preclude the Association from exercising such other remedies as may be available at law or in equity.

(b) **Foreclosure Proceedings.** Each co-owner, and every other person who from time to time has any interest in the project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement (in accordance with the provisions of Chapter 32 of the Michigan Revised Judicature Act, as amended). The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by



advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each co-owner and every other person who from time to time has any interest in the project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each co-owner of a unit in the project acknowledges that, at the time of acquiring title to such unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject unit.

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by certified mail, return receipt requested and postage prepaid, addressed to the delinquent co-owner(s) at his or their last known address, of a written notice that one or more installments of the annual assessment levied against the pertinent unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth: (1) the affiant's capacity to make the affidavit; (2) the statutory and other authority for the lien; (3) the amount outstanding (exclusive of interest, costs, attorney's fees, and future assessments); (4) the legal description of the subject unit(s); and (5) the name(s) of the co-owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent co-owner or his lawfully designated representative and shall inform him that he may request a judicial hearing by bringing suit against the Association.

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



Section 6. **Liability of Mortgagee.** Notwithstanding any other provision of the Condominium documents, the holder of any first mortgage covering any unit in the project which acquires title to the unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder acquires title to the unit (except for claims for a pro rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all units, including the mortgaged unit).

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

Section 8. **Property Taxes and Special Assessments.** Subsequent to the year in which the Condominium is established, all special assessments and property taxes shall be assessed against the individual units and not upon the total property of the Condominium or any part thereof. Taxes and special assessments which have become a lien against the property of the Condominium in the year of its establishment (as provided in Section 131 of the Act) shall be expenses of administration and shall be paid by the Association. Each unit shall be assessed a percentage of the total bill for such taxes and assessments equal to the percentage of value allocated to it in the Master Deed, and the co-owners owning those units shall reimburse the Association for their unit's share of such bill within ten (10) days after they have been tendered a statement thereof.

Section 9. **Personal Property Tax Assessment of Association Property.** The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the co-owners, and personal property taxes based thereon shall be treated as expenses of administration.



Section 10. **Mechanic's Lien.** A mechanic's lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. **Statement as to Unpaid Assessments.** The purchaser of any unit may request a statement from the Association as to the outstanding amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association, accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the unit itself to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the unit and the proceeds of the sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 12. **Lawsuit Defense Expenses.** Any co-owner bringing an unsuccessful lawsuit against the Association and/or its Board of Directors for the administration of the affairs of the Association, found to be consistent with the provisions contained in the Condominium documents, shall be chargeable for all expenses incurred by the Association. Such expenses may be collected by the Association in the same manner as an assessment.

Section 13. **Books of Account.** The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts affecting the Condominium and its administration of the Condominium and which specify the operating expenses of the Condominium. Such books of account shall specify the maintenance and repair expenses of the common elements and any other expenses incurred on behalf of the Association and co-owners. The co-owners and their mortgagees may inspect the books of account during reasonable working hours on normal working days at a place the Association designates. The books of account shall be audited at least annually by qualified independent auditors, but such audit need not be a certified audit nor must the auditors be certified public accountants. The cost of such audit, and all accounting expense, shall be an expense of administration. Any institutional holder of a mortgage lien on any Condominium unit who so requests shall be given a copy of the audit report within ninety (90) days following the end of the Association's fiscal year. At least once a year, the Association shall prepare and distribute to each co-owner a statement of its financial condition, the contents of which shall be defined by the Association.

Section 14. **Documents to be Kept.** The Association shall keep current copies of the approved Master deed, all amendments thereto, and all other Condominium Documents available for inspection at reasonable hours by co-owners, prospective purchasers and prospective mortgagees of Condominium units.



ARTICLE III

ARBITRATION

Section 1. **Scope and Election.** Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Condominium documents, or any disputes, claims or grievances arising among or between the co-owners or between such co-owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration) and upon written notice to the Association, shall be submitted to arbitration, and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no 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.

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

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

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

Section 3. **Election of Remedies.** Such election and written consent by co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts. Any appeal from an arbitration award shall be deemed a statutory appeal.



ARTICLE IV

INSURANCE

Section 1. **Extent of Coverage.** The Association shall, to the extent appropriate given the nature of the general common elements of the project, carry "all risk" property coverage and liability insurance, fidelity coverage, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the general common elements of the condominium project, and such insurance shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Association. All such insurance shall be purchased by the Association for the benefit of the Association and the co-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 co-owners.

(b) Insurance of Common Elements. All general common elements of the condominium project shall be insured against fire and other perils covered by a standard extended coverage endorsement, if appropriate, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

(c) Premium Expenses. All premiums for insurance purchased by the Association pursuant to these By-Laws 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 co-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 By-Laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied to such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the project unless two-thirds (2/3) of all of the institutional holders of first mortgages on units in the project have given their prior written approval.

Section 2. **Authority of Association to Settle Insurance Claims.** Each co-owner, by ownership of a unit in the condominium project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of "all risk" property coverage, vandalism and malicious mischief, liability insurance, fidelity coverage and workmen's compensation insurance, if applicable, pertinent to the condominium project and the common elements appurtenant thereto, and such insurer as may, from time to time, provide such insurance to the condominium project without limitation on the



generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the co-owners and their 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 co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

Section 3. **Responsibility of Co-Owners.** Each co-owner shall be obligated and responsible for obtaining "all risk" property coverage and vandalism and malicious mischief insurance with respect to his residential dwelling and all other improvements constructed or to be constructed within the perimeter of his condominium unit, and for his personal property located therein or thereon or elsewhere on the condominium project. All such insurance shall be carried by each co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each co-owner also shall be obligated to obtain insurance coverage for his personal liability for his undivided interest as a tenant in common with all other co-owners in the common elements, for occurrences within the perimeter of his unit or the improvements located thereon, and also for alternative living expenses in the event of fire. 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. **Waiver of Right of Subrogation.** The Association and all co-owners shall use their best efforts to cause all property and liability insurance carried by the Association or any co-owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any co-owner or the Association.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. **Responsibility for Reconstruction or Repair.** If any part of the condominium premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:

(a) General Common Elements. If the damaged property is a general common element, the damaged property shall be rebuilt or repaired by the Association unless two-thirds (2/3) of the co-owners and two-thirds (2/3) of the institutional holders of mortgages on any unit in the project unanimously agree to the contrary, and the City of Milan consents to such action.