CITY OF OWOSSO
REGULAR MEETING OF THE CITY COUNCIL
MONDAY, SEPTEMBER 29, 2014
7:00 P.M.

Meeting to be held at City Hall
301 West Main Street

AGENDA

OPENING PRAYER:
PLEDGE OF ALLEGIANCE:
ROLL CALL:
APPROVAL OF THE AGENDA:

ADDRESSING THE CITY COUNCIL

1. Your comments shall be made during times set aside for that purpose.
2. Stand or raise a hand to indicate that you wish to speak.
3. When recognized, give your name and address and direct your comments and/or questions to any City official in attendance.
4. Each person wishing to address the City Council and/or attending officials shall be afforded one opportunity of up to four (4) minutes duration during the first occasion for citizen comments and questions. Each person shall also be afforded one opportunity of up to three (3) minutes duration during the last occasion provided for citizen comments and questions and one opportunity of up to three (3) minutes duration during each public hearing. Comments made during public hearings shall be relevant to the subject for which the public hearings are held.
5. In addition to the opportunities described above, a citizen may respond to questions posed to him or her by the Mayor or members of the Council, provided members have been granted the floor to pose such questions.

CITIZEN COMMENTS AND QUESTIONS

ITEMS OF BUSINESS

Street program tax levy

Osburn Lakes Subdivision issues

NEXT MEETING

Monday, October 06, 2014

BOARDS AND COMMISSIONS OPENINGS

None.

ADJOURNMENT

The City of Owosso will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon seventy-two (72) hours notice to the City of Owosso. Individuals with disabilities requiring auxiliary aids or services should contact the City of Owosso by writing or calling the following: Amy K. Kirkland, City Clerk, 301 West Main Street, Owosso, MI 48867 or at (989) 725-0500. The City of Owosso Website address is www.ci.owosso.mi.us.

Date: September 25, 2014
To: City council
From: City manager
Re: September 29, 2014 work session

For the Monday, September 29, 2014-work session the agenda contains two items: (1) the street program tax levy and (2) Osburn Lakes issues.

1. **Street program tax levy**--The question has been placed on the November 4, 2014 ballot to levy a two-year millage for street improvements. Information is included on the projects proposed from the revenues to be raised by the millage. A second document shows those projects which are projected if the millage is renewed in November, 2016.

   The task before the city council is how to inform the voters as to the purpose of the proposed millage. Make a decision or decisions on what efforts to take to inform the voters: presentations, press conferences, mailings, etc.

   Attachments: Five year pay-as-you-go program
   Information put out by other communities

2. **Osburn Lakes issues**--The first issue is whether or not the master deed should be amended to modify the architectural standards contained in Article VIII RESTRICTIONS AND STANDARDS.

   The second issue is whether to modify the BYLAWS OF THE ASSOCIATION.

   The third issue is whether to modify the RULES AND REGULATIONS OF THE ASSOCIATION.

   The fourth issue is whether a developer can be found to develop the unsold lots in Phase I that belong to the city.

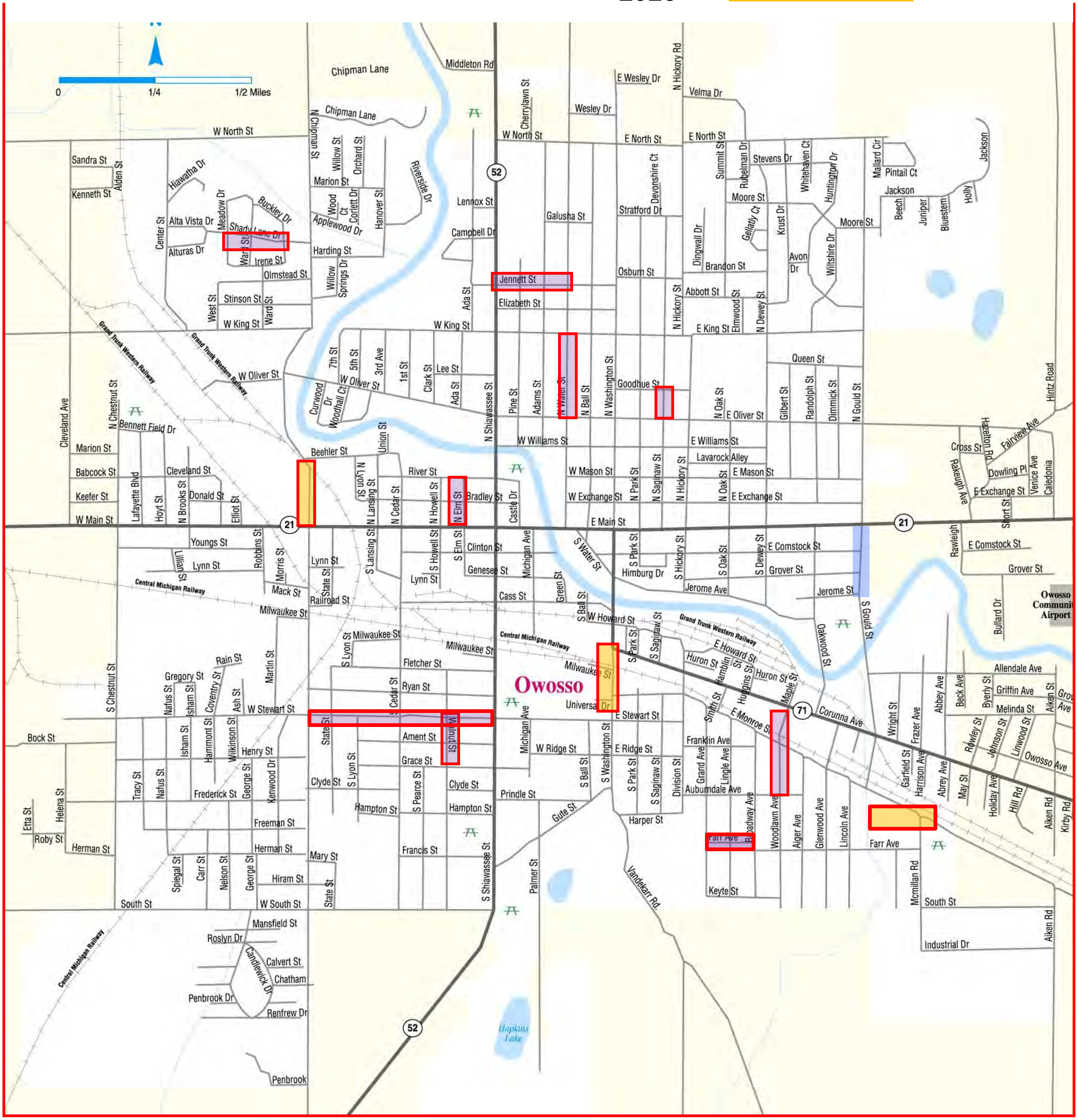
   The fifth issue is how to market the unsold lots in Phase I. Should the city issue a request for proposals for engaging an exclusive realtor to market the unsold lots?

   The sixth issue is what, if anything, to do with the undeveloped property known as Phase II.

   Attachments: Master deed with amendment including condominium bylaws
   Michigan Condominium Act (Act 59 of 1978)

2015

2016


0
1/4
1/2 Miles
Owosso
Owosso Community Airport
Hopkins Lake
Grand Trunk Western Railway
Central Michigan Railway
21
52
71
W North St
E North St
Chipman Lane
Middleton Rd
E Wesley Dr
Wesley Dr
Velma Dr
N Hickory Rd
Sandra St
Kenneth St
Alden St
Hiawatha Dr
Meadow Dr
Buckley Dr
Alta Vista Dr
Alturas Dr
Center St
Shady Lane Dr
Ward St
Irene St
Olmstead St
Stinson St
West St
W King St
Marion St
Harding St
Applewood Dr
Hanover St
Orchard St
Willow St
Riverside Dr
Lennox St
Campbell Dr
Galusha St
Stratford Dr
Devonshire Ct
Stevens Dr
Whitehaven Ct
Huntington Dr
Summit St
Rubelman Dr
Moore St
Mallard Cir
Pintail Ct
Jackson
Beech
Juniper
Bluestem
Holly
Jennett St
Elizabeth St
Osburn St
Brandon St
Abbott St
E King St
Elmwood St
N Dewey St
Krust Dr
Avon Dr
Wiltshire Dr
Dingwall Dr
Ada St
Cherrylawn St
W Oliver St
7th St
5th St
3rd Ave
1st St
Clark St
Lee St
N Shiawassee St
Pine St
Adams St
N Water St
N Ball St
N Washington St
Goodhue St
N Oak St
E Oliver St
Queen St
Gilbert St
Randolph St
Dimmick St
N Gould St
Hintz Road
Cleveland Ave
N Chestnut St
Bennett Field Dr
Marion St
Babcock St
Cleveland St
Keefer St
Donald St
Lafayette Blvd
Hoyt St
N Brooks St
Elliot St
W Main St
Beehler St
Union St
River St
N Lyon St
N Lansing St
N Cedar St
N Howell St
N Elm St
Bradley St
Castle Dr
W Williams St
W Mason St
W Exchange St
N Park St
N Saginaw St
N Hickory St
E Williams St
Lavarock Alley
E Mason St
E Exchange St
Cross St
Fairview Ave
Dowling Pl
E Exchange St
Venice Ave
Caledonia
E Main St
Youngs St
Lynn St
Robbins St
Morris St
Mack St
Milwaukee St
Lynn St
State St
Railroad St
S Lansing St
S Howell St
S Elm St
Clinton St
Genesee St
Michigan Ave
S Water St
S Park St
Himburg Dr
S Hickory St
S Oak St
S Dewey St
E Comstock St
Grover St
Jerome Ave
Jerome St
Rawleigh
E Comstock St
Grover St
Bullard Dr
Cass St
Green St
S Ball St
W Howard St
S Gould St
Oakwood St
E Howard St
Huron St
Maple St
Corunna Ave
Allendale Ave
Griffin Ave
Melinda St
S Chestnut St
Rain St
Gregory St
Martin St
W Stewart St
Fletcher St
Ryan St
S Lyon St
Milwaukee St
University Dr
E Stewart St
Ament St
Grace St
Walnut St
Bock St
Henry St
W Ridge St
E Ridge St
Franklin Ave
Grand Ave
Lingle Ave
Auburndale Ave
Frederick St
Kenwood Dr
Clyde St
Hampton St
Prindle St
S Washington St
S Park St
S Saginaw St
Division St
Broadway Ave
Woodlawn Ave
Alger Ave
Glenwood Ave
Lincoln Ave
Farr Ave
Wright St
Frazer Ave
Abbey Ave
Beck Ave
Byerly St
Owosso Ave
Garfield St
Harrison Ave
May St
Holiday Ave
Hill Rd
Aiken Rd
Kirby Rd
Etta St
Helena St
Roby St
Herman St
Freeman St
Herman St
Harper St
Gute St
Mary St
Francis St
S Pearce St
Hiram St
Spiegal St
Carr St
Nelson St
George St
Vandekarr Rd.
Palmer St
S Shiawassee St
Keyte St
Mcmillan Rd
South St
W South St
South St
Industrial Dr
Mansfield St
Roslyn Dr
Calvert St
Candlewick Dr
Chatham
Penbrook Dr
Renfrew Dr
Penbrook

PAY AS YOU GO
PROJECT LIST
AUGUST, 2014

PROJECT SITE	Budget Amount	Type Work	Average Daily Traffic	CLASS
2015-16 Project Locations:				
W. Stewart Street: Cedar to Shiawassee	$ 125,400.00	Resurface	<5,000	MAJOR
W. Jennett Street: Shiawassee to Water	$ 68,700.00	Resurface	<1,000	LOCAL
N. Saginaw Street: Oliver to Goodhue	$ 20,100.00	Resurface	<1,000	LOCAL
N. Water Street: Oliver to King	$ 65,500.00	Resurface	<2,000	LOCAL
W. Shady Lane Drive: Meadow to Buckley	$ 71,500.00	Resurface	<1,000	LOCAL
S. Walnut Street: Grace Street to Stewart	$ 71,300.00	Resurface	<1,000	LOCAL
S. Woodlawn Ave: Aburndale to Corunna	$ 125,400.00	Resurface	<1,000	LOCAL
E, Farr Ave: Broadway to Glenwood	$ 98,900.00	Resurface	<1,000	LOCAL
N. Elm Street: Main to River	$ 136,200.00	Reconstruction	<1,000	LOCAL
TOTAL PROJECT COST 2015-16	**$ 783,000.00**			
2016-17 Project Locations:				
E. Monroe Street: Gould to City limits	$ 348,500.00	Reconstruction	<3,000	MAJOR
S. Washington Street: Stewart to Corunna	$ 334,000.00	Rehabilitation	<10,000	MAJOR
N. Chipman: Main to Beehler	$ 100,500.00	Resurface	<7,000	MAJOR
TOTAL PROJECT COST 2016-17	**$ 783,000.00**			
2017-21 projects assuming a renewal in 2016				
S. Cedar Street: Stewart to Main	$ 289,900.00	Resurface	<2,000	MAJOR
N & E North Street: Shiawassee to Hickory	$ 252,700.00	Resurface	<4,000	MAJOR
S. Gould Street: Corunna to Main	$ 382,400.00	Resurface	<10,000	MAJOR
N. Park Street: Goodhue to King	$ 55,400.00	Resurface	<2,000	LOCAL
W. Henry Street: Kenwood to Chipman	$ 34,100.00	Resurface	<1,000	LOCAL
N. Seventh Street: Oliver to King	$ 164,800.00	Rehabilitation	<3,000	MAJOR
E. Oliver Street: Washington to Gould	$ 521,400.00	Rehabilitation	<6,000	MAJOR
S. Cedar Street: South to Stewart	$ 471,200.00	Reconstruction	<2,000	MAJOR
S. Chestnut Street: South to Stewart	$ 730,400.00	Reconstruct/Widen	<2,000	MAJOR
E. Howard St: Washington to Park	$ 89,300.00	Reconstruction	<1000	MAJOR
W. King Street: Seventh to Shiawassee	$ 450,000.00	Reconstruction	<6000	MAJOR

Because of the timing of tax collections and special assessments many projects are likely to be delayed until the spring of the second year.
The above schedule assumes that approximately 50% of each project will be special assessed against adjacent property owners.
The above schedule assumes no contributions from federal or state programs or cost sharing with an adjacent township.

Norton Shores Street Millage Ballot Proposal

FREQUENTLY ASKED QUESTIONS ABOUT THE PROPOSED STREET MILLAGE

Why is a street millage being proposed?
A street millage is being proposed because approximately 70% of the City's streets are in need of some level of improvement and the current State funding resources for streets are grossly inadequate to address these needs. As time goes on the streets will continue to deteriorate and will be even more costly to repair.

How much will the millage cost me?
The proposed millage of 1.5 mills is equivalent to $1.50 per $1000 of taxable value of the property. As an example, if your home is valued at $150,000 with a taxable value of $75,000, the millage would cost you $112.50 for one year. Every spring a notice of the taxable value of your property is mailed to you.

How much money will the millage generate annually?
It is projected that the millage will generate $1,450,000 in the first year.

What happens if the millage proposal fails?
If the street millage fails, City Council will consider special assessments on properties abutting streets to be improved on an annual basis. The cost of the entire improvement would be spread among the property owners along the improved streets based on foot frontage. At this time, the estimated cost is $95 per front foot for a reconstruction project and $25 per front foot for a mill and resurface project.

Where is all the tax money going that the City already gets to maintain the streets?
Currently, the only funds the City receives for street maintenance comes through the State as a pass through of the motor fuel (gas) tax. Norton Shores receives approximately $24,000 per mile of major street and $5,000 per mile of local street per year. These funds are barely enough to cover general maintenance such as snow plowing and pothole patching. No money collected from property taxes for general operating goes to the street fund, however, some of the 2 mills that are collected for capital improvements can and has been used for street improvements. If the millage passes, the gas tax money will continue to fund street maintenance needs.

To put these amounts in perspective, even if we were able to save the $5,000 per mile we get for a local street for 100 years, it would equal $500,000 which would only pay for 0.63 mile of street reconstruction.

Why are some streets repaved when they are in good condition while others in worse condition are not?
The streets that are in worse condition typically require total reconstruction of the street which will cost upwards of four times as much as a mill and resurfacing project. This being said, often times streets that aren't in the worst condition receive rehabilitative work to lengthen the life of the street.

What is the difference between reconstruction, milling and resurfacing and micro-surfacing?
When a street undergoes a reconstruction it refers to the removal and replacement of the gravel base and asphalt pavement. This becomes necessary when the pavement reaches a level of deterioration that does not allow the pavement structure to be rehabilitated. A milling and resurfacing is a rehabilitation method whereby the top layer of pavement is ground off and a new pavement surface is applied. Micro-surfacing is a surface treatment that consists of a thin layer of an asphalt based material used as a maintenance measure to seal the street surface to keep moisture out of the pavement structure. Moisture in the pavement structure causes failure and is most visible in the winter and spring in the form of potholes.

How will the streets to be improved be determined?
A couple years ago the City implemented a program (PASER) to rate the quality of the street system, which over time will help City Administration determine the rate of deterioration of the streets and enable the City to target improvements at optimum times. In the meantime, the PASER ratings are utilized to help the City determine the level of improvements needed. This rating, along with other factors such as traffic volumes and patterns, infrastructure needs, accident history, available grant funding (for major streets), and frequency of maintenance needs will be utilized to determine which streets will be improved in a given year.

My street is fairly new; why should I vote for the millage?
Although your street is currently in good condition, eventually it will need to be repaired. We all drive on streets other than the one that is in front of our property so it is important that these streets are maintained. Streets in poor condition can contribute to a higher rate of wear and tear on your vehicle leading to higher repair/maintenance costs. Additionally, good streets contribute to the quality of life in the City and help maintain of property values.

Why is asphalt used for streets instead of concrete?
The initial cost of asphalt has traditionally been more affordable than concrete. With the recent increase in oil prices the cost of asphalt is being directly impacted and the gap of the initial cost between asphalt and concrete is closing. The City is committed to watching the costs of these products and will respond by using the paving method that we feel is the best choice for our streets considering available funding resources.

What is the average life of a street?
A typical street constructed of asphalt has an average life of 20 years, often with some level of restorative work performed at about 12 years. The vast majority of our streets, particularly local streets, were constructed in the early 1980's so they are 25+ years old.

What is the difference between a Major street and a Local street and who makes the determination on the classification?
A Major street as defined by the State is one that provides an extension to a State Route or a County Primary Road to facilitate through traffic; one that provides an integral network to service traffic demands created by industrial, commercial, educational or other traffic generating centers; streets that provide circulation in and around the central business district; streets that are designated truck routes; OR streets that collect traffic from an area served by an extensive

network of local streets. All other public streets within the City are classified as a Local street. Major streets must meet certain design criteria and are recommended for designation by the City, but they must be approved by the Michigan Department of Transportation.

Are there any grant funds available to improve our streets?
There are no grant funds available for Local streets. There are some grants available for Major streets but not enough to satisfy all of the needed improvements. The grants that are received typically require a 20% match from the City.

How can I be guaranteed that this money won't be used for anything but street improvements?
The City Council has committed and included in the proposed Charter amendment that a Street Improvement Fund will be established to be used exclusively for street reconstruction and restoration.

Will any of this money be used for routine maintenance?
The street millage funds will not be used for routine maintenance. Money currently received through the State motor fuel (gas) tax will continue to be used for this work.

Overall, I think the City streets are in good condition, why is it felt that they need to be redone?
The recent rating of the streets, the method of which is recognized as acceptable by the Michigan Department of Transportation, indicates that approximately 70% of our streets are rated at or below a 5 on a 10 scale which is indicative of the need for restoration or reconstruction.

What will happen in 20 years when the millage expires?
In 20 years the millage will expire unless there is a vote of the people to renew the millage upon expiration.

The Mayor's message in the newsletter referred to pay as you go; what does this mean?
In essence, pay as you go means the amount of street repairs completed in a year will not exceed what has been collected from the millage. No money will be borrowed in advance (e.g. bonding); therefore no interest will be paid.

I don't have water or sewer in my street, is new infrastructure included in this millage?
No, new infrastructure is not included in this millage. However, it is the City's practice to have all underground infrastructure in good condition prior to improving a street. If water and/or sanitary sewer are not in place, then this infrastructure will need to be installed prior to any street improvement. The installation of water and sewer will be completed through a special assessment to the property owners abutting the improvement, separate from the street millage.

Grosse Pointe NOW

Volume 14 Issue 3 www.grossepointecity.org Summer 2014

Mayor Dale Scrace

City Council Members

Christopher Boettcher
Donald Parthum Jr.
John Stempfle
Andrew Turnbull
Christopher Walsh
Jean Weipert

City Personnel

- Peter Dame
  City Manager
- Julie Arthurs
  Asst. City Manager/Clerk
- Kimberly Kleinow
  Finance Director
- Stephen Poloni
  Public Safety Director
- Gary Huvaere
  Public Service Director
- Frank Schulte
  Public Service Supervisor
- Pete Randazzo
  Public Service Supervisor
- Christopher Hardenbrook
  Recreation Director

Municipal Judge

- Russell Ethridge

Phone Numbers

City Hall	885-5800
Public Safety	886-3200
Municipal Court	343-5262
Neff Park Office	343-5257

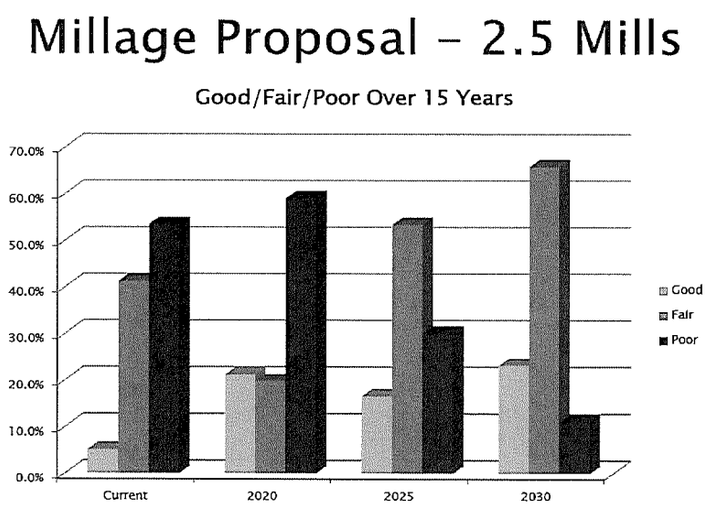
GROSSE POINTE CITY ROAD IMPROVEMENT MILLAGE AUGUST 5 BALLOT

On the August 5 ballot, City of Grosse Pointe residents will be asked whether to support a tax levy dedicated to local road improvements. If approved, up to 2.5 mills annually could be assessed by the City for no longer than 15 years solely to fund a capital improvement plan to fix the City's local streets.

The City's annual street condition reports since 2006 show steady deterioration of the City's road system by only allocating approximately $250,000 toward roads each year. Faced with the projected depletion of the Capital Projects Fund from which road projects are already inadequately funded, the City Council voted unanimously to present the road improvement millage question to citizens. Without allocation of additional revenues for road repairs, even more of the City's roads will fall into poor condition with an even greater cost to fix.

By dedicating a significant new source of funds, the City would be able to institute a comprehensive pavement management plan. Instead of just putting what little funds are available for road repairs into fixing the worst roads, the City would have the ability to fund a capital preventive maintenance program to keep roads from getting to the point where they require total reconstruction. Each year, after the City-wide road condition report, using nationally accepted asset management principles, the City's Engineers would prioritize the needs and apply a mix of fixes to the roads. The goal of the plan would be to raise the average condition of the City's roads significantly over the course of the plan (see the projected rating improvement chart below).

If voters approve the road improvement millage, it would appear as a separate item on the tax bills starting in 2015. The approximately $825,000 raised each year by a 2.5 mill levy would be placed in the City's Highway Fund where it will be tracked and can only be used for the approved purpose. 2.5 mills equals $250 per year for a house with a $100,000 taxable value (which typically is half of its market value of $200,000). The average single family residence in Grosse Pointe has a taxable value of $132,123 (with a market value of $264,246) which would equate to road taxes of $330 for the average single family dwelling.



Continued on page 2

Road Improvement Millage article continued...

NEED MORE INFORMATION?

If you would like more information about the proposed road improvement millage, the City will hold an informational session on Tuesday, July 29, at 7:00 p.m. in the City Council Chambers. The City Engineer and City officials will make an educational presentation and answer questions. The presentation and other background materials are online at www.grossepointcity.org. If you cannot attend the meeting or if you would prefer, please feel free to contact any of your elected officials or the City Manager for information at city@grossepointcity.org or 885-5800.

HOW TO ESTIMATE YOUR STREET IMPROVEMENT MILLAGE AMOUNT

Take a look at the recently mailed 2014 Summer Tax bill. Look for the column labeled "Taxable Value". Take the Taxable Value (not State Equalized Value) of your property and multiply it by .0025. If you do not have your 2014 Summer Tax bill handy, you may also look up your taxable value online at the City's website www.grossepointecity.org under Finance Department's Tax and Assessing information and search for your address. Or if you need help, please contact the Finance Department at 885-5800.

DID YOU KNOW?

- Certain major streets are eligible for federal aid from federal gas taxes. Since 2006, the City has received competitive grant funds to help fix every major street that is eligible for funding, including Kercheval, Cadieux, St. Clair, Waterloo, and Fisher Road.
- The City receives state funds from sales and motor fuel tax receipts for maintenance of its local roads by formula under Act 51. This year's estimated allocation of $317,000 funds routine maintenance such as traffic signal upkeep, pot hole filling and crack sealing. This is more than a quarter of a million dollars short of what is needed to pay everyday needs, which is made up for by an allocation from the General Fund levy of $253,644 in this year's budget.
- Since 2006, the City has conducted a road condition survey annually. Notwithstanding the City's success in obtaining federal grant funds for roads, the average condition of the City's roads has declined over the last eight years with the percentage of roads in poor condition increasing from 16% to 29% in 2013.
- The City has 20 miles of public roads: 16 miles of asphalt/composite streets and 4 miles of concrete streets.
- If the road improvement millage is approved, the total property taxes collected by the City is still estimated to be less than the total property taxes collected in the peak year of 2008.

AUGUST 5 BALLOT LANGUAGE

City of Grosse Pointe Charter
Authorized Proposal to Electors

"Shall the City of Grosse Pointe, Michigan be authorized to levy a new additional millage on the taxable property within the City not to exceed the annual rate of 2.5 mills ($2.50 per thousand dollars of taxable value) for a period not to exceed 15 years, commencing in 2015, for the purpose of reconstruction, resurfacing, repairing and otherwise improving City streets? The estimated amount of revenue that will be collected in the first year that the millage is authorized and levied is $823,911."

Yes ____ No ____

Upcoming Meetings

Council Chambers
17145 Maumee Ave.

July 21	City Council	7:00 pm
August 18	City Council	7:00 pm
September 15	City Council	7:00 pm

Items to Remember

- ***Camp Norbert P. Neff - Friday, August 1 and Saturday, August 2. Registration began July 7 at Neff Park.***
- ***Shop for Sidewalk Sale deals in The Village on July 25-26, 2014.***
- ***Primary Election - Tuesday, August 5, 2014. See page 4.***
- ***Summer Taxes payable without penalty through August 10, 2014.***
- ***All Pointes Outdoor Movie held at Grosse Pointe South Football Field - Saturday, August 16, 2014 from 9:00 - 11:00 pm.***
- ***City Offices closed on Monday, September 1 for the Labor Day holiday.***
- ***Join in on some end of summer fun at "VillageFest" held September 6 & 7, 2014, in The Village on Kercheval Avenue between Cadieux and Neff Road***

PROPOSED MARQUETTE TOWNSHIP ROAD MILLAGE – PRESS RELEASE

August 29, 2014

On Tuesday, August 4, 2014, the Marquette Township Board unanimously approved a Township Local Roads Rehabilitation Millage question to be included on the November 4th State General Election ballot for Marquette Township residents to consider. The proposed millage would amount to a 1.5 mill tax levy (after expiration of the current .85 mill tax levy) for a period of fifteen (15) years. If the millage is passed, ***ALL local roads in the Township are proposed to be repaired within the first three years of the millage period (2015-2017).***

- Through community surveys, planning work sessions and comments received at Township Board meetings, Township residents have consistently stated that the poor surface condition of the local road system is a top priority to address within the community.

- The Charter Township of Marquette does not own or maintain roads located within our boundary. The roads within Marquette Township are owned and controlled by the Marquette County Road Commission (MCRC).

- Sufficient funding is not being generated to support the MCRC maintaining or repairing the Marquette County infrastructure system. Currently, costs to maintain the road system significantly exceeds the available revenues, and the need continues to increase.

- The expiring .85 mil, road millage was approved by the residents to rebuild Werner St., with any remaining balance of the funding being applied to rehabilitate Brookton Rd. This current road millage will expire December 31, 2014.

- Effective January 1, 2015 there will be no local property tax monies going to roads, and state transportation funding has increased only once since 1984. The last increase was in 1997. Legislative inaction makes a state funding increase uncertain in the foreseeable future.

- Marquette Township is proposing an increase of 1.5 mils per year for fifteen years to improve and maintain local streets and roads. The millage will provide approximately $500,000.00 annually. The cost to taxpayers is $150.00 per $100,000.00 of taxable value. In as much as the current .85 mil expires on December 31, 2014 and the proposed 1.5 mils would become effective on January 1, 2015, ***the net effect upon residential taxes will be a .65 mil increase over current, or $65.00 per $100,000.00 of taxable value.***

- Currently, less than 20% of roads in Marquette Township are rated as "good". If approved, the funds generated by the 2015 millage would improve that rating to 80% "good" within the next 3 years.

- The Marquette Township Asset Management plan will guide spending of the millage funds. Asset Management, according to Public Act 199 of 2007, means: an *"ongoing process of maintaining, upgrading and operating physical assets cost-effectively, based on a continuous physical inventory and condition assessment."* The implementation of an asset management decision process allows Marquette Township to make informed decisions for the transportation network with the most accurate information. The process enables stewardship, transparent decision processes and measurable performance.

- The overall plan is focused on improvements that will benefit all Township residents and will also include street lighting, walkability/bikability and stormwater runoff concerns; funded from other resources and not funded by the proposed millage.

- The Marquette Township Board, Road Committee, and staff have prioritized projects based on P.A.S.E.R. (road surface condition) ratings, safety, traffic volumes, road function, school bus routing, emergency routing and non-motorized transportation opportunities.

- Roads not considered for repair by this millage are all of County Road 550. Co. Rd. 550 is currently undergoing extensive rehabilitation, in preparation for Eagle Mine trucking. County Road 492, from the Township's west border to Commerce Drive is currently scheduled for completion in 2016 by the MCRC. Wright Street, from the city limits to the Target intersection is not being considered as part of this millage effort. Finally, Ontario Street, from Werner to Wright Streets is currently scheduled for reconstruction in 2017 by the MCRC and is therefore not being considered as part of this Township rehabilitation program.

- A detailed project list and project map has been created and is available for review on the Marquette Township website (marquettetownship.org) or at the Township Hall. The current list of projects calls for work on 15 miles of the 34 miles of local township roads in 2015. 2016 will see reconstruction and rehabilitation on another 15 miles of local Township roads, with the remaining 4 miles being completed in 2017.

Road Millage Workshops

To be transparent and informative, residents of the Township are invited to a series of work sessions prior to the election on Tuesday, November 4th. Township staff and Road Committee members will be available to answer questions and provide additional information, as needed. The meeting dates and times are also located on the enclosed September calendar and are also denoted below. At your convenience, please take the time to come to the Marquette Township Hall at 1000 Commerce Drive to have your questions answered, to find the cost to you, to find out the road repair schedule, and to become informed about the proposed project.

September Road Millage Workshops:

Monday, September 8th 12-1 PM
Wednesday, September 10th 6-7 PM
Monday, September 15th 12-1 PM
Wednesday, September 17th 6-7 PM
Monday, September 22nd 12-1 PM
Wednesday, September 24th 6-7 PM
Monday, September 29th 12-1 PM

October Road Millage Workshops:

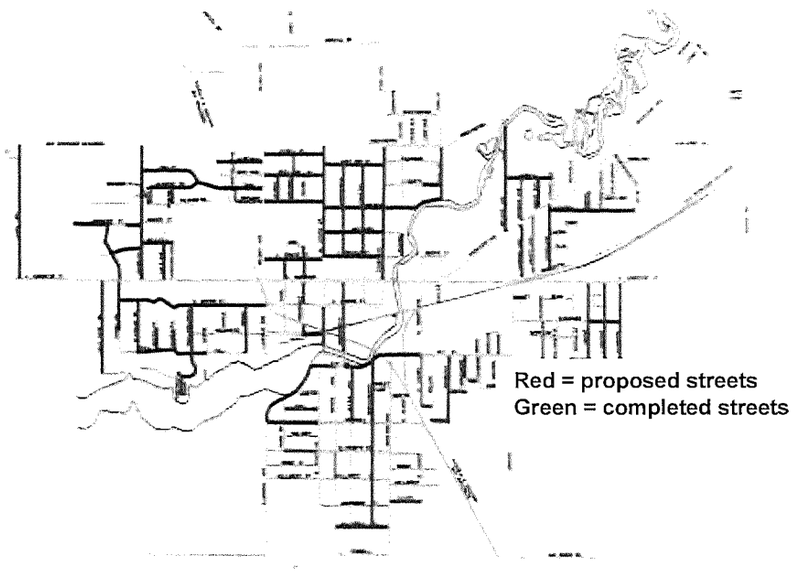
Wednesday, October 1st 6-7 PM
Monday, October 6th 12-1 PM
Wednesday, October 8th 6-7 PM
Monday, October 13th 12-1 PM
Wednesday, October 15th 6-7 PM
Monday, October 20th 12-1 PM
Wednesday, October 22nd 6-7 PM
Monday, October 27th 12-1 PM
Wednesday, October 29th 6-7 PM

We look forward to meeting with our residents in order to answer their questions and provide them with the information they need to make an informed decision regarding the proposed Marquette Township Local Roads Rehabilitation Millage.

Jason McCarthy
Township Planner
Marquette Charter Township

Neighborhood Street Improvement Program Renewal Millage Proposition

With voter approval in 1987, 1991, 1996, 2001 and 2006 the residents of Alma have supported improvements to our street system through dedicated millage programs. With the completion of street work on Virginia, Ferris and Golfside this summer, the City will have performed improvements to the streets identified in the adjacent map with the support of the five approved millage programs. These projects reflect a geographically balanced effort resulting in 15.8 miles of upgraded streets. For the last 25 years, the dedicated millage programs have been the main funding source for street improvements throughout the community. The renewal millage will enable the City to reconstruct the streets needing repair. Many of Alma's 48 miles of streets need rehabilitation. A typical city street is designed to last 25-30 years. The goal of the City should be to perform major street repairs to 1.6 miles every year. The dedicated voter-approved street millage will fund approximately 3/8 of a mile of street reconstruction each year.



Every year, the engineering department inspects all the streets. The department also tracks the conditions of the water and sewer lines. Using water and sewer funds, the City tries to replace sewer and water mains at the same time the streets are rehabilitated. Streets are selected on a formula based on street condition, water main condition and sewer line condition. The City Commission has authorized the placement of a 2.5 Mill Neighborhood Street Improvement Renewal Proposition on the November 8, 2011 ballot. The renewal proposition will provide dedicated funding to systematically upgrade a portion of our streets to an improved status. **All funds raised must be used for street projects**. The proposition is a renewal; therefore passage will not represent a new tax in the upcoming year. Additional information including a list of streets being proposed for reconstruction can be found on the City's website located at **www.ci.alma.mi.us**

CITY OF ALMA
RENEWAL MILLAGE PROPOSITION

Shall the limitation on the amount of taxes which may be assessed against all property in the City of Alma, County of Gratiot, State of Michigan, be increased by 2.5 mills ($2.50 on each $1,000.00) on state taxable value for a period of five years, 2012 through 2016, inclusive, for the rehabilitation, repair and maintenance of public streets and ancillary public infrastructure within the corporate limits of the City of Alma?

The following chart identifies the maximum respective annual cost of the renewal issue on sample state taxable values for properties located in the City of Alma:

Property Market Value	2.5 Mill Street Improvement
$ 20,000.00	$ 25.00
$ 40,000.00	$ 50.00
$ 60,000.00	$ 75.00
$ 80,000.00	$100.00
$100,000.00	$125.00
$120,000.00	$150.00
$140,000.00	$175.00
$160,000.00	$200.00

The Neighborhood Street Renewal Millage Proposition is the **last** issue on the ballot. The City Commission encourages all registered electors to cast their vote on this important local proposition. Polls will be open from 7:00 a.m. to 8:00 p.m. and Dial-A-Ride will be offering free transportation to and from the polls. Call 463-6016 to arrange for a ride.

Voters residing in the City of Alma will have the opportunity to consider a 2.5 Mill Neighborhood Street Improvement Renewal Proposition in the General Election on Tuesday, November 8, 2011. This display is intended to provide you with some background information in order for you to make an informed decision on the proposal. The City Commission encourages you to review this information and exercise your right to vote on Tuesday, November 8th. Polls will be open from 7:00 a.m. to 8:00 p.m. Dial-A-Ride will be offering free transportation to and from the polls on Election Day. Call 463-6016 to arrange for a ride.

Neighborhood Street Improvement Program 2012-2016

Year 1 (2012)

Grove	Hickory to King Park
Rosedale	Grover to Pleasant

Year 2 (2013)

Hill Street	Park Dr. to S. State Street
S. Court Ave	McCann to Ely Street
McCann	S. Court Ave to Valley

Year 3 (2014)

Moyer Ave	Elizabeth to Hillcrest
W. Elizabeth	Park Dr. to S. State
Argyle Rd	Falkirk to Glencoe
Orchard	Charles to Argyle
Slater	Grafton to S. Court

Year 4 (2015)

Hannah Ave	Michigan to Ferris
Pleasant Ave	Rosedale to Eastward
Orchard St	Garfield to Wright
Garfield	Orchard to Iowa

Year 5 (2016)

2nd Ave	W. End to Elwell
Ely St	S. State to Moyer
Hayes	Marquette to Michigan

City of Alma
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On **Tuesday, August 5**, voters in Charlotte will be asked to consider a **City ballot proposal**. This proposal, if passed, would permit the City to levy up to 2.35 additional mills to fund street improvements. The following information has been prepared in an effort to address questions that voters might have regarding these two proposals.

Q1. Who would pay the millage in Charlotte?

A1. Like other property taxes, this millage would be paid by all owners of real and personal property located within the City limits. This would include businesses and industries as well as residents. Properties currently exempt from property taxes, such as schools, churches and government buildings, would also be exempt from this tax.

Q2. What exactly is a millage?

A2. A millage is a tax on property. One mill is equal to one dollar in taxes for every one thousand dollars of **taxable value.** Taxable value cannot be more than one-half of the market value of the property. The proposal, if passed, would increase taxes up to $2.35 for every $1,000 in taxable value.

Q3. So how much would this new millage cost the average residential property owner?

A3. Based on an average taxable value of $42,000, the millage would add $99 to the property tax bill in the first year. Due to projected increases in property values, we estimated that this amount could increase to $107 in the fifth year of the millage.

Q4. I do not have an average house. How much will it cost me?

A4. You can calculate your own tax if you know the taxable value of your property. This amount can be found on a property tax bill, an assessment change notice, or on the "Assessing" tab of the City's website www.charlottemi.org. If you cannot find your taxable value, use half the market value of your house. The easiest way to estimate your tax is to divide the taxable value by 1,000 and multiply by 2.35.

Q5. Could the City levy fewer than 2.35 mills?

A5. It is possible. Each year the City Council sets tax rates when it adopts the budget. If Council determines that it is not necessary to levy the full amount, it could set a lower millage rate. Council could never set a rate higher than 2.35 mills without approval of the voters.

Q6. Why is the City Council asking voters to approve a millage increase.

A6. The City Council looked at several different options to come up with additional revenue to be used to pay for street maintenance and reconstruction. In 2013, a City income tax was proposed but rejected by voters. Some of those who opposed an income tax expressed support for a dedicated millage.

Q7. How much revenue would the millage generate

A7. If Council were to levy the entire 2.35 mills, it is estimated to generate almost $500,000 per year for street reconstruction.

Q8. Would all the revenue generated by millage be used to repair streets?

A8. Not quite. State law provides that the Downtown Development Authority captures a portion of the millage revenue paid by the owners of properties within its boundaries. It is estimated that $1,738 would be captured in the first year and not be used for streets. The remaining $487,680 would be available for street repairs and reconstruction and could not be used for any other purpose.

FAST FACT: It costs $2 million to completely reconstruct 1 mile of a City street.

Q9. Is Eaton County also requesting a millage for roads?

A9. Yes, but this question will not be on the ballot until the November 2014 election. The County is requesting 1.5 mills to be levied over a 12 year period of time. If approved, a portion of the revenue the County collects will be received by the City to use in repairing and resurfacing City streets. This amount would be about 2/3 of the amount the City needs for street reconstruction each year.

Q10. What happens if both the City and County ballot proposals pass?

A10. The City Council could choose not to levy the 2.35 mills approved by City voters or it could choose to levy only a portion of that amount to make up the difference between what is received from the County and the amount required to repair City streets.

FAST FACT: More than 70% of Charlotte city streets are in poor or fair condition.

Q11. The City gets a share of the tax on gasoline. Why does it need additional money?

A11. The City receives about $480,000 each year from the state as its share of the tax on gasoline and of registration fees. These funds are used primarily for street maintenance activities such as snow removal, street sweeping, and patching potholes. Some funds are also used to match grant funds available to rebuild a few designated streets. There are not sufficient funds available from state sources to repair the majority of city streets.

Q12. Why can't the City just reduce costs elsewhere in the budget to find the money it needs to repair streets?

A12. The City has made budget cuts over the last several years by eliminating jobs, freezing wages, cutting employee benefits and through a variety of other measures. Like many cities in Michigan, Charlotte has seen its revenues reduced by cuts that state government has been making in the City's share of the sales tax. Since 2001, state revenue sharing has declined by nearly 30%, a loss of $300,000 annually. Further, the City expects to see revenues reduced by declining property values and as a result of state law changing the way business machinery and equipment is taxed. The City Council has determined that the budget cannot be reduced more without affecting essential services such as police and fire protection.

Q13. Do other cities in Michigan have street millages?

A13. Yes. Alma levies 2.5 mills for street reconstruction. Big Rapids levies 1 mill. In 2013, Sturgis voters approved 3 mills for streets and St. Johns voters approved 4 mills for this purpose. These are provided as examples; it is not known exactly how many cities have dedicated street millages.

Q14. The millage would be levied for five years. Would all the streets be repaired by then?

A14. No. City staff estimates at least $500,000 would need to be spent each and every year for a very long time—maybe forever—just to address the ongoing deterioration of streets that occurs due to use and weather. At the end of five years, there will be much street work still to be completed. It is possible voters would be asked to renew this millage for an additional period so this work could be completed. This would be a decision City Council would have to make at that time. Whether a renewal of the millage would be requested could be affected by the City's fiscal condition and actions that might have been taken by the State of Michigan.

2014 Ballot Proposal

City of Charlotte Road Improvement Millage Proposal

Shall the City of Charlotte impose an additional millage up to 2.35 mills ($2.35 per $1000 of taxable value) for a five year period only, which funds shall be used for the sole purpose of acquiring, extending, altering, constructing or repairing of public streets and highways within the City of Charlotte, which will raise an estimated $487,680 for the general fund and $1,738 for the Downtown Development Authority the first year the millage is levied?

YES _____

NO _____

Do you know the condition rating of your street? Each year the City hires a consultant to evaluate the condition of each City street. This is information we use to plan street work we will undertake. You can learn how your street was rated by visiting http://wp.me/P1yHGc-Lh (Note: case sensitive)

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Ballot Proposal Information

DMA. 90

Document with Amendment

007-07-400-003 (1999-2001)
007-08-200-005
050-540-000-001 (2002-2003) (per City of Owosso)
050-540-000-003 (2003)

1999-2003
128370

MASTER DEED
OSBURN LAKES RESIDENTIAL SITE CONDOMINIUM

THIS MASTER DEED has been executed as of October 20, 2004, by Woodside West, LLC, a Michigan domestic limited liability company, whose address is 5232 South Morrish Road, Swartz Creek, Michigan 48473 (the "Developer"), pursuant to the provisions of the Michigan Condominium Act, as amended.

RECITALS:

A. Woodside West, LLC desires to establish the real property described in Article III below, and all appurtenances to it, together with all improvements at any time located upon that property, as a condominium project under the Act.

B. Woodside West, LLC entered into an exclusive option to purchase real property dated August 27, 2004 with the City of Owosso wherein the City of Owosso granted Woodside West, LLC the right to purchase condominium units.

C. Woodside West, LLC has prepared and executed this Master Deed, together with the Condominium Bylaws attached hereto as Exhibit A and the Condominium Subdivision Plan attached hereto as Exhibit B, to accomplish this purpose.

ARTICLE I

DEFINITIONS

When used in any of the Condominium Documents, or in any other instrument pertaining to the Condominium Project or the creation or transfer of any interest in it, the following terms shall carry the definitions which follow them unless the context clearly indicates to the contrary:

(a) "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended.

(b) "Association" means Osburn Lakes Condominium Association, a not-for-profit corporation organized under the laws of the State of Michigan, of which all co-owners shall be members and which shall administer, operate, manage, and maintain

Rel/ Nemer Rlty. 5232 Morrish Rd Swartz Creek, MI 48473

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the Condominium Project. Any action required of or permitted by the Association shall be exercisable by its Board of Directors unless explicitly reserved to the 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.

(c) "Association Bylaws" means the corporate Bylaws of the Association.

(d) "Common elements," where used without modification, means both the general and limited common elements, as defined in Article V hereof.

(e) "Condominium Bylaws" means Exhibit A hereto, the Bylaws for the Condominium Project.

(f) "Condominium Documents" means and includes this Master Deed, Exhibits A and B hereto, and the Articles of Incorporation, Bylaws and the Rules and Regulations, if any, of the Association.

(g) "Condominium Premises" means and includes the land described in Article III hereof, and all easements, rights and appurtenances belonging to the Condominium Project, as described below.

(h) "Condominium Project" means Osburn Lakes Residential Site Condominium, which is a condominium project established pursuant to the Act.

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

(j) "Condominium unit" or "unit" each means that portion of the Condominium Project designed and intended for separate ownership and use, as described in Article VI hereof and on Exhibit B hereto.

(k) "Co-owner," "owner" or "member" each means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who owns legal or equitable title to a condominium unit (including land contract vendees not in default under the terms of their land contracts) within the Condominium Project, and is, therefore, a member of the Association.

(l) "Developer" means Woodside West, LLC, and its successors and assigns. The Developer of the Condominium controls an option to purchase the real property dedicated to the Condominium and will develop the Condominium.

(m) "Frontage Area" shall mean the area between the boundary of a unit and the paved portion of the road right-of-way, as shown on the Condominium Subdivision Plan attached hereto as Exhibit B.

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Page: 2 of 80
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(n) "Master Deed" means this Master Deed, including Exhibits A and B hereto, both of which are incorporated by reference and made a part hereof.

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

ARTICLE II

DEDICATION

By executing and recording this Master Deed, the Developer establishes Osburn Lakes Residential Site Condominium as a condominium project under the Act. Once established, the Condominium Project shall be held, conveyed, encumbered, leased, occupied, improved and in every manner utilized, subject to (i) the provisions of this Master Deed, and (ii) the Act. The provisions of this Master Deed shall run with the land included in the Condominium Project and bind the Developer, and all persons acquiring or owning an interest in the Condominium Project, or in the real estate dedicated to the Condominium Project, and their grantees, successors, assigns, heirs and personal representatives. The remainder of this Master Deed has been set forth in furtherance of the establishment of the Condominium Project.

ARTICLE III

LEGAL DESCRIPTION

The land which is dedicated to the Condominium Project established hereby is legally described as follows:

PART OF THE NORTHEAST 1/4 OF SECTION 18 AND ALSO PART OF THE SOUTHEAST 1/4 OF SECTION 7, T7N-R3E, CITY OF OWOSSO, SHIAWASSEE COUNTY, MICHIGAN DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE NORTH AND SOUTH 1/4 LINE OF SAID SECTION 18, WHICH IS S 01°03'40" W 574.96 FEET FROM THE NORTH 1/4 CORNER OF SAID SECTION 18, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF SHIAWASSEE COUNTY SUBDIVISION PLAN NO. 8, WOODLAND TRAILS CONDOMINIUM, AS RECORDED IN LIBER 1057, PAGE 8, SHIAWASSEE COUNTY, MICHIGAN RECORDS; THENCE ALONG SAID CONDOMINIUM S 89°01'21" E 870.02 FEET AND N 00°25'59" W 625.15 FEET AND N 89°01'21" W 100.03 FEET; THENCE N 00°25'59" W 383.70 FEET; THENCE S 89°12'50" E 1231.17 FEET; THENCE S 00°30'20" E 437.83 FEET TO THE NORTH LINE OF SECTION 18; THENCE S 01°17'56" W

1098.05 FEET; THENCE S 81°30'01" W 836.77 FEET; THENCE N 90°00'00" W 167.13 FEET; THENCE N 01°03'40" E 313.94 FEET; THENCE N 88°56'20" W 125.00 FEET; THENCE S 01°03'40" W 25.00 FEET; THENCE N 88°56'20" W 60.00 FEET; THENCE N 01°03'40" E 44.41 FEET; THENCE N 88°56'20" W 240.00 FEET; THENCE S 01°03'40" W 35.00 FEET; THENCE N 88°56'20" W 60.00 FEET; THENCE N 01°03'40" E 25.00 FEET; THENCE N 88°56'20" W 120.00 FEET; THENCE S 01°03'40" W 450.00 FEET; THENCE N 88°56'20" W 120.00 FEET; THENCE S 01°03'40" W 48.46 FEET; THENCE N 88°56'20" W 60.00 FEET; THENCE N 01°03'40" E 25.00 FEET; THENCE N 88°56'20" W 205.00 FEET TO SAID NORTH AND SOUTH 1/4 LINE OF SECTION 18; THENCE N 01°03'40" E, ALONG SAID NORTH AND SOUTH 1/4 LINE, 812.36 FEET TO THE PLACE OF BEGINNING, CONTAINING 52.72 GROSS ACRES OF LAND, MORE OR LESS, BEING SUBJECT TO THAT PART NOW USED AS GOULD STREET, SO-CALLED, AND BEING SUBJECT TO ANY RECORDED OR UNRECORDED EASEMENTS OF BENEFIT OR BURDEN.

Together with and subject to easements, restrictions and governmental limitations of record, and easements set forth on the Condominium Subdivision Plan attached as Exhibit B hereto or as declared and reserved in Article VII below.

ARTICLE IV

TITLE AND NATURE

The Condominium Project shall be known as Osbum Lakes Residential Site Condominium, Shiawassee County Subdivision Plan No. 12. Such architectural plans and specifications as may exist for the Condominium Project will be filed with the Register of Deeds, Shiawassee County, Michigan. The improvements contained in the Condominium Project, including the number, boundaries, dimensions and area of each unit, are set forth in the Condominium Subdivision Plan attached hereto as Exhibit B. The Condominium Project contains individual units to be used as building sites for single-family homes. Each unit has been designed and is intended for separate ownership and use, as evidenced by each unit having direct access to a public road within the Condominium Project. Each co-owner in the Condominium Project shall enjoy the exclusive right to occupy his unit and shall have undivided and inseparable rights to share with other co-owners the use and enjoyment of the general common elements.

ARTICLE V

COMMON ELEMENTS

A. *General Common Elements.* The general common elements are:

(1) The real property described in Article III hereof, excluding those portions within the boundaries of any Condominium unit as described in Article VI. A. hereof and shown on Exhibit B hereto, but including easement interests of the Condominium in the property within the boundaries of any unit;

(2) All utility rights-of-way as indicated on the Condominium Subdivision Plan ("Right-of-Way"). Each co-owner shall have the right to build a driveway and place a mailbox upon Frontage Area adjoining his unit and when built, subject, however, to Developer's ability to arrange for front door delivery of mail, the portion of the driveway, but not the ground beneath it, built upon the Frontage Area, shall be as provided in subsection B below, a limited common element;

(3) The main electrical distribution system throughout the Condominium Project located within the Right-of-Way or Easement Area (excluding facilities which serve individual units);

(4) The telephone wiring system throughout the Condominium Project located within the Right-of-Way or Easement Area (excluding facilities which serve individual units);

(5) The gas distribution network throughout the Condominium Project located within the Right-of-Way or Easement Area (excluding facilities which serve individual units);

(6) Any cable television wiring throughout the Condominium Project located within the Right-of-Way or Easement Area (excluding facilities which serve individual units);

(7) The buffer strip located along the outer edge of the Condominium Project, as depicted on the Condominium Subdivision Plan;

(8) Any perimeter fence to be placed upon units or common elements along the exterior and interior boundaries of the Condominium Premises and Expansion Property, as defined herein;

(9) The walking trail depicted on the Gould Engineering site plan of August 12, 2004; and

(10) Such other elements of the Condominium Project not herein designated as common elements which are not enclosed within the boundaries of a unit and which are intended for common use or necessary to the existence, upkeep and safety of the Condominium Project as a whole.

Some or all of the utility lines, systems and equipment described above may be owned by the local public authority or by the company that is providing the pertinent 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 Developer makes no warranty whatever with respect to the nature or extent of such interest. Each co-owner will be responsible for connecting the utilities for his unit to the distribution lines lying within the Right-of-Way or Easement Area at his sole expense.

B. *Limited Common Elements.* The limited common elements are those common elements limited in use to the owners of the unit they abut or to which they appertain.

C. *Upkeep of Common Elements.* The respective responsibilities for the maintenance, decoration, repair and replacement of the common elements are as follows:

(1) The Association shall bear the cost of decorating, maintaining, repairing and replacing all general common elements except (a) to the extent of maintenance, repair or replacement due to the acts or neglects of a co-owner or his agent, guest or invitee, for which such co-owner shall be wholly responsible, unless, and to the extent, any such loss or damage is covered by insurance maintained by the Association; and (b) as provided in subsection (2) of this section.

(2) Each co-owner shall bear the cost of installing and maintaining landscaping within the Frontage Area adjoining his unit; installing, maintaining, repairing and replacing the portion of the driveway built upon the Frontage Area; and of installing, decorating, maintaining, repairing and replacing the mailbox located within the Frontage Area.

(3) Except to the extent of maintenance, repair or replacement due to the act or neglect of another co-owner or his agent, guest or invitee, for which such co-owner shall be wholly responsible, the cost of decorating, maintaining, repairing and replacing all improvements, including landscaping, within the boundaries of a unit, and the cost of meeting the obligations set forth in subsection (2) of this section, will be borne by the co-owner of the unit. The appearance of all buildings, garages, patios, decks, porches (whether open or screened), landscaping and all other improvements within a unit or the Frontage Area appurtenant to it, will, at all times, be subject to the approval of the Association, except that the Association may not disapprove the appearance of an improvement maintained as constructed with the approval of the Developer or the Association.

Any maintenance, repair or replacement obligation to be borne by a co-owner may, if not performed by the co-owner, be performed by or under the direction of the Association, with the cost assessed against the responsible co-owner. The Association shall not, in such case, be responsible for incidental damage to the unit or the Frontage Area, or any improvement or property located within the boundaries of the unit or Frontage Area, of the co-owner who failed to fulfill his obligations.

D. *Residual Damage to Units.* Unless provided otherwise in this Master Deed or in the Condominium Bylaws, damage to a unit, or any improvement or property located

within the boundaries of the unit, caused by the repair, replacement or maintenance activities of the Association of those common elements which must be maintained by the Association shall be repaired at the expense of the Association.

E. *Use of Units and Common Elements.*

(1) No co-owner shall use his unit or the common elements in any manner (i) inconsistent with the purposes of the Condominium Project or (ii) which will unreasonably interfere with or impair the rights of any other co-owner in the use and enjoyment of his unit or the common elements.

(2) No co-owner shall be exempt from contributing toward Expenses of Administration (as defined in the Condominium Bylaws) or from the payment of assessments against his unit by reason of nonuse or waiver of use of the common elements or by the abandonment of his unit.

ARTICLE VI

UNIT DESCRIPTION AND PERCENTAGES OF VALUE

A. *Description.* A description of each unit, with elevations therein referenced to an official benchmark of the United States Geological Survey sufficient to relocate accurately the space enclosed by the description without reference to the unit itself, is set forth in the Condominium Subdivision Plan. Each unit shall consist of all that space within the unit boundaries, as shown on the Condominium Subdivision Plan and delineated in heavy outlines, but not any common elements contained therein. The dimensions shown on the Condominium Subdivision Plan for each unit have been calculated by Gould Engineering in its control plan and site plan.

B. *Percentages of Value.* The total value of the project is 100 percent (100%). All units are hereby assigned an equal percentage of value because all units are expected to have equal allocable expenses of maintenance. The Developer may contract the Condominium by removing existing units in the Contraction Property (as defined in Article IX hereof) or expand the Condominium Project by creating additional units in the Expansion Property (as defined in Article X hereof). Such contraction or expansion will result in a change in the actual percentage of value attributable to each unit in Phase 1. The percentages of value of all Phase I units would, however, remain equal to each other.

A unit's percentage of value shall be determinative of its proportionate share of the common proceeds and Expenses of Administration, the value of its vote at certain meetings of the Association of co-owners and of its undivided interest in the common elements.

ARTICLE VII

EASEMENTS

A. *Easements for Maintenance and Related Matters.* There shall be an easement over and across the Condominium Premises and Expansion Property, as defined herein, for a perimeter fence along or within a reasonable distance of the boundaries of the Condominium Premises and Expansion Property. If all or any portion of a common element encroaches upon a unit due to survey errors, construction deviations, reconstruction, replacement, renovation or repair, an easement shall exist for the maintenance of the encroachment for so long as the encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction. Perpetual easements shall also exist to, through, over, under and across the Condominium Premises, including all units, for the maintenance, repair or replacement of common elements, which easements shall be administered by the Association, and as may be appropriate, for the installation, inspection, maintenance, repair and replacement by the responsible governmental entity or utility company of all utilities in the Condominium Project, including, but not necessarily limited to, light, heat, power and communications. The Association may grant such easements, licenses and rights-of-way over, under and across the Condominium Premises for utility purposes, access purposes or other lawful purposes as may be necessary for connecting a unit to a utility, or for the benefit of the Condominium Project, subject, however, to the approval of the Developer so long as the Developer holds any unit available for sale or so long as any additional unit may be created in the Condominium.

B. *Easements Retained by Developer.*

(1) Easements. In addition to all other rights reserved to it hereunder, the Developer reserves for the benefit of itself, and its agents, employees, guests, invitees, independent contractors, successors and assigns, a perpetual easement for the unrestricted use of any and all rights-of-way, roads and streets now or hereafter located in the Condominium Project for the purpose of (a) ingress to and egress from all or any portion of (i) the Condominium Premises, including any property hereafter contracted out of the Condominium; (ii) the Expansion Property, as defined herein, whether or not it is added to the Condominium Premises; and (iii) any other land in the vicinity of the Condominium Project now owned or hereafter acquired by the Developer, (b) complying with any governmental regulation, or installing and servicing the roads, utilities, drains or perimeter fence, as shown on the Condominium Subdivision Plan attached hereto as Exhibit B, or (c) for any other lawful purpose.

(2) Use of Facilities. The Developer, and its duly authorized agents, representatives and employees, may maintain offices and other facilities on the Condominium Premises and engage in any acts reasonably necessary to facilitate the development and sale of units in the Condominium Project. In connection therewith, the Developer shall have full and free access to all common elements and unsold units.

(3) Easements to Be Clear. No structures will be erected within any Unit which will interfere with the rights of ingress and egress provided above. Any fences, paving or plantings which interfere with the rights of ingress and egress provided above may be removed as necessary when installing or servicing the roads, utilities, drains or perimeter fence, and neither Developer nor Developer's agents will have liability for such removal.

(4) Drainage. No changes will be made in the grading of any areas used as drainage swales which would alter surface run-off drainage patterns without the prior written consent of Developer.

(5) Hook-Up of Utilities. The Developer reserves for the benefit of itself, and its agents, employees, independent contractors, successors and assigns, and for the benefit of any appropriate governmental entity or utility company, perpetual easements to enter upon and cross the Condominium Premises and lay pipes and cables and do all other things reasonably necessary to utilize, tap and tie into, and to construct, extend and enlarge, all utility services or systems now or hereafter located on the property described in Article III hereof to service all or any portion of the Condominium Premises, including any property hereafter contracted out of the Condominium; Expansion Property as defined herein, whether or not it is added to the Condominium Premises; or any other property in the vicinity of the Condominium Project now owned or hereafter acquired by the Developer in furtherance of any lawful purpose.

(6) Utility Lines. All electrical service, cable television and telephone lines will be placed underground.

C. *Termination of Easements.* The Developer reserves 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 a utility easement is relocated to coordinate further and future development of the Condominium Project or other projects located in the vicinity of the Condominium Project. No easement for a utility may be terminated or revoked unless and until all units served by it are adequately served by an appropriate substitute or replacement utility 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.

D. *Financial Support of Easements.* The Association shall financially support all easements described in this Article VII or otherwise pertaining to the Condominium Project, regardless of the rights of others to utilize such easements.

See Amended Article 5a Pages 10, 11 & 11a

ARTICLE VIII

RESTRICTIONS AND STANDARDS

INTRODUCTION

On July 7, 2004, Woodside West, LLC and the City of Owosso entered into a "Second Purchase Agreement". The terms of that agreement are to remain an obligation of the co-owners of the condominium project. The terms of this ARTICLE VIII, RESTRICTIONS AND STANDARDS, cannot be amended without the prior approval of the City of Owosso.

A. The minimum size of a dwelling unit shall be 1078 square feet, except that unit size for Lots 24 through 55 shall be a minimum of 1500 square feet.

B. The minimum roof pitch shall be 7/12.

C. The architectural concept of the homes shall be described in Exhibit C to this Master Deed and shall reflect the features of homes that are characteristic of Owosso's historic neighborhoods or the concept demonstrated in Developer's Heritage Village project at Bristol Road in Swartz Creek.

D. Every dwelling unit shall have a usable front porch with a minimum square footage of 96 square feet.

E. Within Developer's architectural guidelines outdoor lighting on private lots shall be shielded and avoid direct or indirectly reflected light visible from beyond the boundary of a residential lot. This provision shall not apply to lamps less than 1200 lumens or flood lights less than 900 lumens provided that the floodlight does not provide direct glare to traffic or is not directly aimed at adjoining residential buildings.

F. Mutual easement provisions for the walking trail shall be as mapped with the condominium unit adjoining the property on the north side. The trail location and construction plans are subject to a State of Michigan wetlands permit. The Osburn Lakes Residential Site Condominium Association shall maintain and insure all of the trail including those portions of the trail off the premises.

G. Unless specified in the construction plans at 15 feet, underground gas and/or electric utilities easements shall be permitted within a 10 foot zone adjacent to the street right-of-ways.

H. Lakefront/wetland units are to maintain a 25 foot setback from the wetland boundary subject to the terms of the MDEQ wetlands permit, Permit #03-78-0013-P issued on April 20, 2004. Prior to the sale of any unit or commencement of any construction on any unit, the boundary of the wetland areas shall be protected by the placement of a permanent marker, sign, stake, flagging or structure that is clearly visible

Recorded
4/20/2005
Liber 1077 Page
0402

FIRST AMENDMENT OF
MASTER DEED
OSBURN LAKES RESIDENTIAL SITE CONDOMINIUM
(adding Architectural Standards)

(Dedicated pursuant to the provisions of the Michigan Condominium Act, being Act 59, Public Acts of 1978, as amended, MCL 559.101 et seq).

Know all by these presents that Woodside West, LLC, of 5232 South Morrish Road, Swartz Creek, Michigan 48457, being the Developer, pursuant to Section 90 of Act 59, Public Acts of 1978, as amended (MCL 559.190), and the City of Owosso, 301 West Main Street, Owosso, Michigan 48887, amend the Master Deed of Osburn Lakes Residential Site Condominium, said Master Deed having been recorded in Liber 1069, page 159, in the office of the Shiawassee County Register of Deeds on October 22, 2004, as Shiawassee County Condominium Subdivision Plan No. 12, regarding the premises situated in the City of Owosso, County of Shiawassee and State of Michigan, legally described as:

SEE ATTACHED LEGAL DESCRIPTION

as follows:

ARTICLE VIII RESTRICTIONS AND STANDARDS of the Master Deed, filed in the office of the Shiawassee County Register of Deeds at Liber 1069, page 159, is deleted in its entirety and replaced with AMENDED ARTICLE VIII, which is attached hereto and made a part hereof. AMENDED ARTICLE VIII consists of three (3) pages numbered Amended 10, Amended 11 and Amended 11a.

The sole purpose of the FIRST AMENDMENT OF MASTER DEED is to add architectural standards to meet the requirements of the City of Owosso.

This condominium document is being amended pursuant to ARTICLE XII AMENDMENT, without the consent of co-owners or mortgagees as it does not materially alter or change rights of a co-owner or mortgagee. The purpose of the amendments set forth herein is the modification of types and sizes of unsold units and their appurtenant common elements.

The signature of the City of Owosso on this instrument is notice that this amendment has its prior approval.

All other provisions of the Master Deed of Osburn Lakes Residential Site Condominium not amended herein shall remain in full force and effect.

Dated: January 04, 2005

SIGNED:

Woodside West, LLC,

by: _____
Mark A. Nemer
its Member

STATE OF MICHIGAN)
:SS
COUNTY OF GENESEE)

The foregoing instrument was acknowledged before me this 4th day of January, 2005, by Mark A. Nemer, a Member of Woodside West, LLC, a Michigan domestic limited liability company, on behalf of said firm.

Phyllis A. Murdock
Phyllis Murdock, Notary Public
Genesee County, Michigan
My Commission Expires: 07/16/06

PHYLLIS A. MURDOCK
Notary Public, Genesee County, MI
My Commission Expires Jul. 16, 2006

THE CITY OF OWOSSO

by: _____
John C. M. Davis
its Mayor

(signatures continued on following page)

ATTEST:

by: Gail L. Schultz
Gail L. Schultz
its City Clerk

THIS FIRST AMENDMENT TO
THE MASTER DEED WAS
PREPARED BY:
ROBERT M. CHIMOVITZ (P11841)
ATTORNEY AT LAW
512 W. COURT STREET
FLINT, MI 48503
810-238-9615
NEMER\OSBURN LAKES 1ST AMENDED MASTER DEED

RETURN TO:
WOODSIDE WEST, LLC
ATTN: MARK A. NEMER
5232 MORRISH ROAD
SWARTZ CREEK, MI 48473

AMENDED
ARTICLE VIII

RESTRICTIONS AND STANDARDS

INTRODUCTION

On July 7, 2004, Woodside West, LLC and the City of Owosso entered into a "Second Purchase Agreement". The terms of that agreement are to remain an obligation of the co-owners of the condominium project. The terms of this ARTICLE VIII, RESTRICTIONS AND STANDARDS, cannot be amended without the prior approval of the City of Owosso.

A. The minimum size of a dwelling unit shall be 1078 square feet, except that unit size for Units 24 through 55 shall be a minimum of 1500 square feet.

B. The minimum roof pitch shall be 7/12.

C. The architectural concept of the homes shall be described in Exhibit E to this Master Deed and shall reflect the features of homes that are characteristic of Owosso's historic neighborhoods or the concept demonstrated in Developer's Heritage Village project at Bristol Road in Swartz Creek. For home designs which are not described herein, architectural compliance review shall be completed before a purchase agreement may be signed.

For homes wider than fifty (50) feet, the following architectural standards for condominium units 24 through 55 apply:

i. Windows facing the street shall be equipped with mullion or grille pattern dividers;

ii. A large roof expanse facing the street shall be broken with dormers and/or gable projections;

iii. The allowable garage projection in front of the home (to be measured with furthest roof projection of living space or covered porch to the front wall of the garage) shall be:

(a) Front loaded garage - six feet (6'); and

(b) Side yard loaded garage - fourteen feet (14');

iv. The garage door on a front loaded garage shall be of a decorative design, e.g. raised panel and/or window section;

v. All home designs not included in Exhibit B-1 to the Development Agreement may be subject to added architectural features such as dormers, roof eyebrows, shutters, specialty windows (octagon, oval), columns, dentals, porch railings, flower boxes, filigree, fret work;

vi. On a side yard loaded garage, the street facing wall shall have a window wall area no less than ten percent (10%) of the entire wall, in addition to other architectural features such as gable vents or windows, and horizontal division accents in the siding;

vii. On the street facing wall of the structure, thirty-five percent (35%) of that wall shall be faced with a superior finish such as stone - brick architectural siding (fish scale, dog eared, wood shake); and

viii. Nothing herein shall prohibit the homes described in Exhibit B-1 to the Development Agreement from being constructed on Units 24 through 55.

D. Every dwelling unit shall have a usable front porch with a minimum square footage of 96 square feet.

E. Within Developer's architectural guidelines outdoor lighting on private lots shall be shielded and avoid direct or indirectly reflected light visible from beyond the boundary of a residential lot. This provision shall not apply to lamps less than 1200 lumens or flood lights less than 900 lumens provided that the floodlight does not provide direct glare to traffic or is not directly aimed at adjoining residential buildings.

F. Mutual easement provisions for the walking trail shall be as mapped with the condominium unit adjoining the property on the north side. The trail location and construction plans are subject to a State of Michigan wetlands permit. The Osburn Lakes Residential Site Condominium Association shall maintain and insure all of the trail including those portions of the trail off the premises.

G. Unless specified in the construction plans at 15 feet, underground gas and/or electric utilities easements shall be permitted within a 10 foot zone adjacent to the street right-of-ways.

H. Lakefront/wetland units are to maintain a 25 foot setback from the wetland boundary subject to the terms of the MDEQ wetlands permit, Permit #03-78-0013-P issued on April 20, 2004. Prior to the sale of any unit or commencement of any construction on any unit, the boundary of the wetland areas shall be protected by the placement of a permanent marker, sign, stake, flagging or structure that is clearly visible and has an obvious purpose to protect the wetland area on the units. The permanent sign detail from the Gould Engineering July 11, 2003 wetland permit application is an acceptable minimum standard for compliance with this provision.

I. From the date of excavation of a dwelling unit, the structure and landscaping must be completed within 12 months according to the approved building plans.

J. Except for a one week driveway permit from the homeowner's association for recreational vehicles, no recreational vehicles or trailers are to be stored outdoors either in the yard areas or driveways.

K. Developer shall make the maximum feasible effort to arrange for front door delivery of mail.

L. The development of individual lots shall preserve to the maximum feasible extent landmark hardwood trees that are 8" in diameter or greater as measured 4' off the ground.

M. Developer agrees to contract with a third party land manager for the areas defined in a conservation easement zone for the benefit of the occupants of the site condominium and duplex condominium development adjoining the north line of the site condominium. With exception to the trail development to be constructed and maintained by the Developer and eventually the homeowner's association, the purpose of the third party agreement is to preserve and improve the natural character of the conservation zone, to decide on proposed alterations to those areas and to protect native plant and animal species. The third party manager shall be a non-profit corporation organized under the laws of the State of Michigan and established for the purpose of conservation land management. The City of Owosso shall retain the right of review and approval of the selected land management firm, or their successors from time to time, to assure the above standard is achieved.

N. Refuse collection shall be restricted to one refuse company serving the development on one day per week designated under City ordinance. Developer and eventually the homeowner's association shall have the authority to select the service provider, level of service and the term of service. Burning barrels are prohibited.

O. A 15' preserve for a wildlife corridor shall be established for Units 36 through 48. Except for plantings of local vegetation species suitable for a nature area, this corridor cannot be occupied for yard use and must remain without obstructions such as fences or walls.

P. Sidewalks are to be installed at the time the driveways of the dwelling units are constructed. At a time it elects to do so, the City of Owosso shall reserve the right to complete sidewalk construction in front of the site condominium units without dwelling units and apply special assessments to recover the costs of the installation.

and has an obvious purpose to protect the wetland area on the units. The permanent sign detail from the Gould Engineering July 11, 2003 wetland permit application is an acceptable minimum standard for compliance with this provision.

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ARTICLE IX

ALTERATIONS

A. *Boundary Relocations.*

(1) As long as the Developer holds any unit available for sale in the Condominium Project, it may, in its discretion, modify the dimensions of any such unit or units, the general common elements, and any limited common element appurtenant to such unit or units, by enlargement, combination, division, or reduction in size or relocation of boundaries between units, even if such action will result in the elimination of a unit from the Condominium Project. However, no such modifications may be performed which would unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute or amenity of any unit owned by a non-Developer co-owner which adjoins or is proximate to the modified unit. All space in the Condominium Project, since it is or could be affected by such a modification, is hereby designated as "convertible area," whether or not so designated on the Condominium Subdivision Plan. Such space may be converted, in the Developer's sole discretion, into portions of a unit, general common elements or limited common elements, or any combination of these, and the responsibility for maintenance, repair and replacement therefor may be assigned by an amendment to this Master Deed effected solely by Developer without the consent of any other person.

(2) If non-Developer co-owners owning adjoining units, or a non-Developer co-owner and Developer owning adjoining units, desire to relocate the boundaries between those units, then the Board of Directors of the Association shall, upon written application of the co-owners, accompanied by the written approval of all mortgagees of record of the adjoining units, forthwith prepare or cause to be prepared an amendment to this Master Deed duly relocating the boundaries.

B. *Convertible Area.* Not used.

C. *Master Deed Amendment.* No unit modified and no land removed in accordance with the provisions of this section shall be conveyed until an amendment to this Master Deed effectuating such modification or removal is recorded. The Developer or Association may, in connection with any such amendment, readjust percentages of value for all units in a manner which gives recognition to such unit or common element modifications and the method of determination of percentages of value for the Condominium Project described in Article VI. B. above. All of the co-owners and mortgagees of units and other persons interested or to become interested in the Condominium Project from time to time shall be deemed to have unanimously consented to an amendment or amendments to this Master Deed to effectuate the foregoing, including, subject to the limitations set forth herein, the proportionate reallocation of the percentages of value assigned to each unit if there is a change in the number of units. All such interested persons irrevocably appoint Developer and the Association as their agent

and attorney for the purpose of executing such amendment or amendments to the Condominium Documents necessary to effectuate the foregoing.

ARTICLE X

Not used.

ARTICLE XI

ENLARGEMENT OF CONDOMINIUM

A. *Right to Expand.* The Condominium Project is an expandable condominium project, as that term is defined in the Act. The first phase of the Condominium Project established pursuant to this initial Master Deed consists of eighty-three (83) units. Other phases may be added later. The Condominium Project will contain in its entirety no more than 178 units.

The Developer, for itself and its successors and assigns, hereby explicitly reserves the right to expand the Condominium Project without the consent of any of the co-owners. This right may be exercised without any limitations whatsoever, except as expressly provided in this Article XI. The additional land, all or any portion of which may be added to the Condominium Project, is described as follows:

PART OF THE NORTHEAST 1/4 OF SECTION 18, T7N-R3E, CITY OF OWOSSO, SHIAWASSEE COUNTY, MICHIGAN, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE NORTH AND SOUTH 1/4 LINE OF SAID SECTION 18, WHICH IS S 01°03'40" W 1387.32 FEET FROM THE NORTH 1/4 CORNER OF SAID SECTION; THENCE S 88°56'20" E 205.00 FEET; THENCE S 01°03'40" W 25.00 FEET; THENCE S 88°56'20" E 60.00 FEET; THENCE N 01°03'40" E 48.46 FEET; THENCE S 88°56'20" E 120.00 FEET; THENCE N 01°03'40" E 450.00 FEET; THENCE S 88°56'20" E 120.00 FEET; THENCE S 01°03'40" W 25.00 FEET; THENCE S 88°56'20" E 60.00 FEET; THENCE N 01°03'40" E 35.00 FEET; THENCE S 88°56'20" E 240.00 FEET; THENCE S 01°03'40" W 44.41 FEET; THENCE S 88°56'20" E 60.00 FEET; THENCE N 01°03'40" E 25.00 FEET; THENCE S 88°56'20" E 125.00 FEET; THENCE S 01°03'40" W 313.94 FEET; THENCE S 90°00'00" E 167.13 FEET; THENCE N 81°30'01" E 836.77 FEET; THENCE S 01°17'56" W 1547.80 FEET TO THE EAST AND WEST 1/4 LINE OF SAID SECTION; THENCE S 89°41'34" W, ALONG SAID EAST AND WEST 1/4 LINE, 1976.39 FEET TO THE INTERIOR 1/4 CORNER OF SAID SECTION 18; THENCE N 01°03'40" E, ALONG THE NORTH AND SOUTH 1/4 LINE, 1302.80 FEET TO THE PLACE OF BEGINNING, CONTAINING 69.45 GROSS ACRES OF LAND, MORE OR LESS, BEING SUBJECT TO THAT PART NOW USED AS GOULD

STREET, SO-CALLED, AND BEING SUBJECT TO ANY RECORDED OR UNRECORDED EASEMENTS OF BENEFIT OR BURDEN.

(herein referred to as the "Expansion Property").

B. *Restriction upon Expansion.* Expansion of the Condominium Project shall occur without restriction under the following conditions:

(1) The right to elect to expand the Project shall expire six (6) years from the date hereof.

(2) All or any portion of the Expansion Property may be added, but none of it must be added.

(3) There is no limitation as to what portion of the Expansion Property may be added, and any portions added may or may not be contiguous to each other or to the Condominium Project as it exists at the time of any expansion.

(4) Portions of the Expansion Property may be added to the Condominium Project at different times.

(5) The order in which portions of the Expansion Property may be added is not restricted, nor are there any restrictions fixing the boundaries of those portions of the Expansion Property that may be added.

(6) There is no restriction as to the location of any improvements that may be made on any portions of the Expansion Property.

(7) There is no restriction upon the number of condominium units that may be placed on any particular portion of the Expansion Property.

(8) While the Developer presently intends that any expansion will be reasonably compatible with units in Phase I of the Condominium Project, the nature, appearance and location of all additional units, if any, placed upon the Expansion Property, and any structures to be built therein, will be as may be determined by the Developer in its sole judgment without any restrictions whatsoever.

(9) There are no restrictions as to what improvements may be made on the Expansion Property.

(10) There are no restrictions as to the types of condominium units that may be created on the Expansion Property, except that all units in the Condominium Project must be residential condominium units.

(11) The Developer reserves the right, in its sole discretion, to create convertible and contractible area and limited common elements within any portion of the

Expansion Property added to the Condominium Project and to designate general common elements which may subsequently be assigned as limited common elements.

(12) The Condominium Project shall be expanded, if it is expanded, by one or a series of successive amendments to this initial Master Deed, each adding additional land to the Condominium Project as then constituted.

(13) All expansion must be carried out in accordance with the provisions of the Act.

C. *Procedure for Expansion.* Pursuant to this Article X, and any other provisions of this Master Deed to the contrary notwithstanding, the number of units and the amount of real property in the Condominium Project may, at the sole option of the Developer, or its successors and assigns, from time to time, within a period ending no later than six (6) years from the date hereof, be increased by the addition to this Condominium Project of all or any portion of the Expansion Property and the creation of residential units thereon. Such increase in the size of this Condominium Project shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be prepared by and at the discretion of the Developer or its successors or assigns.

(1) The percentages of value set forth in Article VI hereof shall be adjusted proportionately in the event of such expansion in order to preserve a total value of 100 percent (100%) for the entire project resulting from such amendment or amendments to this Master Deed. The precise determination of the readjustments in percentages of value shall be made within the sole judgment of Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among the percentages of value and each unit's anticipated allocable expenses of administration.

(2) Such amendment or amendments to the Master Deed shall also contain such further definitions or redefinitions of general or limited common elements as may be necessary to adequately describe the common elements added to the Condominium Project by such amendment. Such amendment or amendments to the Master Deed shall also contain such modifications of general or limited common elements as may be necessary to adequately service the additional units being added to the Condominium Project by such amendment.

(3) All of the co-owners and mortgagees of units and other persons interested or to become interested in the Condominium Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing and, subject to the limitations set forth herein, to any proportionate reallocation of percentages of value of existing units which Developer may determine to be necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing.

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Such amendments may be effected without the necessity of rerecording an entire Master Deed or the Exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits hereto; PROVIDED, HOWEVER, that a Consolidating Master Deed, when recorded, shall supersede the previously recorded Master Deed and all amendments thereto. Nothing herein contained, however, shall in any way obligate Developer to enlarge the Condominium Project beyond the phase established by this Master Deed, and Developer may, in its discretion, establish all or a portion of said Expansion Property as a rental development, a separate condominium project (or projects), or any other form of development.

ARTICLE XII

AMENDMENT

Except as otherwise expressly provided in this Master Deed, the Condominium Project shall not be terminated, vacated, revoked or abandoned except as provided in the Act, nor may any of the provisions of this Master Deed, including Exhibits A and B, or any other Condominium Document, be amended, except as follows, or as provided in the Condominium Document sought to be amended.

A. *Methods and Conditions.*

(1) The Condominium Documents may be amended without the consent of co-owners or mortgagees for any purpose if the amendment does not materially alter or change the rights of a co-owner or mortgagee. The Developer, for itself and for the Association of co-owners (and the Board, to the extent permitted by the Condominium or Association Bylaws), hereby expressly reserves the right to amend the Condominium Documents for such a purpose. Amendments which do not materially alter or change the rights of a co-owner or mortgagee include, but are not limited to, amendments modifying the types and sizes of unsold units and their appurtenant common elements, correcting survey or other errors made in the Condominium Documents, or for the purpose of facilitating mortgage loan financing for existing or prospective co-owners and to enable the purchase of insurance of such mortgage loans by any institutional participant in the secondary mortgage market which purchases or insures mortgages.

(2) This Master Deed, the Condominium Bylaws (subject to the restrictions set forth in Article XI thereon, and the Condominium Subdivision Plan may be amended, even if the amendment will materially alter or change the rights of the co-owners or their mortgagees, either pursuant to subsection (7) below or by an affirmative vote of two-thirds (2/3) of the votes of the co-owners and two-thirds (2/3) of the first mortgagees. A co-owner will have one vote for each unit owned, including, as to the Developer, all units created by the Master Deed but not yet conveyed. A mortgagee shall have one vote for each first mortgage held. The required votes may be achieved by written consents or by votes at any regular annual meeting or a special meeting called for such purpose, or a combination of votes and consents.

(3) The method or formula used to determine the percentage of value of units in the Project for other than voting purposes, and any provisions relating to the ability or terms under which a co-owner may rent a unit, may not be modified without the consent of each affected co-owner and mortgagee. A co-owner's condominium unit dimensions or appurtenant limited common elements, if any, may not be modified without the co-owner's consent.

(4) In no case, unless (i) all of the first mortgagees, (ii) all co-owners (other than the Developer), and (iii) the Developer (if at the time it owns any units) have given their prior written approval, shall the Association be entitled by any act or omission to seek to abandon or terminate the Condominium Project.

(5) The restrictions contained in this Article XII on Amendments shall not in any way affect the rights of the Developer as set forth elsewhere in this Master Deed.

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

(7) Notwithstanding any contrary provision of the Condominium Documents, Developer reserves the right to amend materially this Master Deed or any of its exhibits for any of the following purposes:

(a) To amend the Condominium Bylaws, subject to any restrictions on amendments stated therein;

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

(c) To clarify or explain the provisions of this Master Deed or its exhibits;

(d) To comply with the Act or rules promulgated thereunder or with any requirements of any governmental or quasi-governmental agency or any financing institution providing mortgages on units in the Condominium Premises;

(e) To create, grant, make, define or limit easements affecting the Condominium Premises;

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

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

(h) To make alterations described in Article VIII above, even if the number of units in the Condominium Project would thereby be reduced.

Amendments of the type described in this subsection (7) may be made by the Developer without the consent of co-owners or mortgagees, and any co-owner or mortgagee having an interest in a unit affected by such an amendment shall join with the Developer in amending this Master Deed.

(8) The rights reserved to Developer in this Master Deed or in the Condominium Bylaws attached hereto as Exhibit A may not be amended except by or with the consent of the Developer.

B. *Recording.*

(1) An amendment to this Master Deed shall not be effective until the amendment is recorded.

(2) A copy of the recorded amendment shall be delivered to each co-owner.

C. *Costs.* A person causing or requesting an amendment to the Condominium Documents shall be responsible for the costs and expenses of the amendment, except for amendments based upon a vote of a prescribed majority of co-owners, based upon the Advisory Committee's decision or based upon Article X, Section 4, of the Condominium Bylaws, the costs of which shall be deemed expenses of administration.

ARTICLE XIII

CONTROLLING LAW

The provisions of the Act, and of the other laws of the State of Michigan and of the United States, shall be applicable to and govern this Master Deed and all activities related hereto.

IN WITNESS WHEREOF, the undersigned has executed this Master Deed as of the date first written above.

(signature on following page)

Woodside West, LLC

by: _____
Mark A. Nemer
its Member

STATE OF MICHIGAN)
:SS
COUNTY OF GENESEE)

The foregoing instrument was acknowledged before me this 20th day of October, 2004, by Mark A. Nemer, a Member of Woodside West, LLC, a Michigan domestic limited liability company, on behalf of said firm.

_____
Robert M. Chimovitz, Notary Public
Genesee County, Michigan
My Commission Expires: 10/17/05

THIS MASTER DEED WAS PREPARED BY:
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NEMER\OSBURN LAKES MASTER DEED 10-20-04

EXHIBIT A

CONDOMINIUM BYLAWS
OF
OSBURN LAKES RESIDENTIAL SITE CONDOMINIUM

ARTICLE I

ASSOCIATION OF CO-OWNERS

Section 1. Organization. Osburn Lakes Residential Site Condominium, a residential site condominium project located in the City of Owosso, Shiawassee County, Michigan (the "Condominium"), shall be administered by an association of co-owners (the "Association") which shall be organized as a not-for-profit corporation under the laws of the State of Michigan. The Association will be responsible for the management, maintenance, operation and administration of the common elements, easements and affairs of the Condominium in accordance with the Master Deed and Bylaws of the Condominium, the Articles of Incorporation, Bylaws, Rules and Regulations of the Association, and the laws of the State of Michigan.

Section 2. Compliance. All present and future co-owners, mortgagees, lessees and all other persons who may in any manner use, enter upon or acquire any interest in the Condominium Premises, or any unit in the Condominium, shall be subject to and comply with the provisions of the Michigan Condominium Act (Act 59, of the Public Acts of 1978, as amended), and the Condominium Documents including, but not necessarily limited to, any provision thereof pertaining to the use and operation of the Condominium Premises and the property of the Condominium. The acceptance of a deed or conveyance, the taking of a mortgage, the execution of a lease or the act of occupancy of a unit, or presence, in the Condominium shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

Section 3. Purpose of Bylaws. These Bylaws govern the general operation, maintenance, administration, use and occupancy of the Condominium, and all such activities shall be performed in accordance with the provisions hereof.

ARTICLE II

MEMBERSHIP AND VOTING

Section 1. Membership. Each co-owner of a unit in the Condominium, present and future, shall be a member of the Association during the term of such ownership, and no other person or entity shall be entitled to membership. Neither membership in the Association nor the share of a member in the funds and assets of the Association shall be

assigned, pledged or transferred in any manner, except as an appurtenance to a unit in the Condominium.

Section 2. Voting Rights. Except as otherwise provided in the Master Deed and in these Bylaws, the co-owners of each unit shall collectively be entitled to one vote when voting by number and one vote, the value of which shall equal the total percentage assigned to the unit or units owned by them in Article VI.B. of the Master Deed, when voting by value. Voting when required or permitted herein, or elsewhere in the Condominium Documents, shall be by value, except in those instances where voting is specifically required to be both in value and in number, and no cumulative votes shall be permitted.

Section 3. Persons Entitled to Vote. For each unit, the co-owners shall file a written certificate designating one individual representative entitled to cast the vote for the unit and to receive all notices and other communications from the Association. The certificate shall be signed by all of the record owners of the unit and filed with the Secretary of the Association. Such certificate shall state the name and address of the individual representative designated, the number or numbers of the unit or units owned, the name and address of the person or persons, firm, corporation, partnership, association, trust or other legal entity who is the co-owner thereof, and shall be signed and dated by the co-owners of record. All certificates shall be valid until revoked, until superseded by a subsequent certificate, or until a change occurs in the record ownership of the unit concerned. The Developer shall, at any meeting, be entitled to cast a vote on behalf of each unit it owns without submitting any proof of ownership.

Section 4. Method of Voting. Votes on a specific issue may be cast in person. In addition, any person entitled to vote at any meeting may also appear and vote via telecommunications equipment, as provided in Article II, Section 6 of the Association Bylaws, or appear and vote (either specifically on an issue or by the general designation of a person to cast a vote) by written proxy. Proxies shall be valid only for the particular meeting designated, and any adjournment thereof, and must be filed with the Association before the appointed time of the meeting.

Section 5. Majority. At any meeting of the members at which a quorum is present, fifty-one percent (51%) in value of the co-owners voting, whether in person, by telecommunications or by proxy, on any particular matter, shall constitute a majority for the approval of such matter, except as otherwise required herein, by the Master Deed, or by law.

ARTICLE III

MEETINGS AND QUORUM

Section 1. First Meeting of Members. The first meeting of the members of the Association may be convened only by the Board of Directors and may be called at any time upon ten (10) days' written notice to all members. In no event, however, shall the

first meeting be held later than (a) one hundred twenty (120) days after legal or equitable title to forty-five (45) Condominium units has been conveyed to non-Developer co-owners; or (b) fifty-four (54) months after the first conveyance of legal or equitable title to a Condominium unit to a non-Developer co-owner, whichever first occurs. The Board of Directors may call meetings of members of the Association for informational or other appropriate purposes prior to the first meeting of members, but no such meeting shall be construed as the first meeting of members. Prior to the first annual meeting, the Developer shall appoint all directors.

Section 2. Advisory Committee. The Developer shall establish an Advisory Committee of non-Developer members upon the passage of (a) one hundred twenty (120) days after legal or equitable title to twenty-four (24) Condominium units has been conveyed to non-Developer co-owners; or (b) one (1) year after the initial conveyance of legal or equitable title to a Condominium unit to a non-Developer co-owner, whichever first occurs. The Advisory Committee shall meet with the Board of Directors from time to time to facilitate communication with the non-Developer members and to aid in transferring control from the Developer to non-Developer members. The Advisory Committee shall be composed of not less than 3 nor more than 4 non-Developer members, who shall be appointed by the Developer in any manner it selects, and who shall serve at the pleasure of the Developer. The Advisory Committee shall automatically dissolve following the election of a majority of the Board of Directors by non-Developer co-owners. Reasonable notice of such meetings shall be provided to all members of the Committee, and such meetings may be open or closed, in the discretion of the Board of Directors.

Section 3. Annual Meetings of Members. Following the first meeting of members, an annual meeting of the members shall be held each year at the time and place specified in the Association Bylaws. At least ten (10) days prior to the date of an annual meeting, written notice of the time, place and purpose of such meeting shall be sent by first-class mail, postage prepaid, to each person entitled to vote at the meeting.

Section 4. Special Meetings of Members. It shall be the duty of the President to call a special meeting of the co-owners upon a petition signed by six (6), in number, of the co-owners and presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and purposes thereof and shall be given at least five (5) days prior to the date of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Quorum of Members. Unless otherwise provided herein, the presence, in person or by proxy, of a majority in value of the co-owners entitled to vote shall constitute a quorum of members. If a quorum shall not be present at any meeting, the members present may adjourn the meeting for not more than six (6) days.

ARTICLE IV

ADMINISTRATION

Section 1. Board of Directors. The business, property and affairs of the Association shall be managed by a Board of Directors consisting of three Directors; provided that the Board of Directors shall be expanded to five (5) directors when legal or equitable title to fifty (50) units has been conveyed to non-Developer co-owners. Until the initial meeting of members as provided in Article III, Section 1, hereof, the Directors designated by the Incorporator, or their appointed successors, shall serve. The entire Board of Directors shall be elected or appointed at the first meeting of the Association, each annual meeting of the Association and at any meeting of the Association called by the Board of Directors for the particular purpose of electing directors, in the following manner:

(a) If legal or equitable title to at least twenty-one (21) units (twenty-five percent (25%) of the units that may be created) has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect one (1) of three (3) directors; provided that if fifty-four (54) months after the first conveyance of legal or equitable title, title to fewer than fifty (50) units has been conveyed, the non-Developer co-owners shall be entitled to elect two (2) of three (3) directors.

(b) If legal or equitable title to at least sixty-three (63) units has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect three (3) of the five (5) directors.

(c) If legal or equitable title to at least sixty-three (63) units (seventy-five percent (75%) of the units that may be created) has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect four (4) of the five (5) directors.

(d) If legal or equitable title to at least seventy-five (75) units (ninety percent (90%) of the units that may be created) has been conveyed to non-Developer co-owners, the non-Developer co-owners shall be entitled to elect all of the directors.

(e) If the number of units that may be created is changed, the number of units stated in subsections (a), (c) and (d) shall be changed to maintain the percentages set forth in those subsections.

(f) All the directors not elected by the non-Developer co-owners pursuant to subsections (a) through (d) inclusive of this Section shall be designated by the Developer.

Whenever the non-Developer members become entitled to elect one or more additional directors pursuant to the above formula, the Board of Directors shall provide due notice of a meeting at which an election of all the directors shall take place. The Board of Directors shall schedule such meeting to occur no later than one hundred twenty

(120) days after the non-Developer members become so entitled or, if such meeting would be the first meeting of the Association, as provided in Article III, Section 1, above. A Board of Directors elected pursuant to these provisions shall serve until the earlier of the next annual meeting of the Association or such time as it has been replaced in accordance with the provisions of these Condominium Bylaws and the Association Bylaws.

Section 2. Powers and Duties. The Association shall have all powers and duties necessary for the administration of the affairs of the Condominium and may do all things which are not prohibited by law or the Condominium Documents or required thereby to be done by the co-owners. The powers and duties to be exercised by the Association through the Board shall include, but shall not be limited to, the power and duty:

(a) To manage and administer the affairs of and to maintain the Condominium, all appurtenances thereto and the common elements, property and easements thereof,

(b) To levy and collect assessments against and from the members of the Association and to use the proceeds therefrom for the purposes of the Association, and to enforce assessments through liens and foreclosure proceedings where, in the judgment of the Directors, appropriate;

(c) To carry insurance and to collect and allocate the proceeds thereof;

(d) To restore, repair or rebuild the common elements of the Condominium, or any portion thereof, and any improvements located thereon, after the occurrence of a casualty and to negotiate on behalf of co-owners in connection with the taking of the Condominium, or any portion thereof, by eminent domain;

(e) To contract for and employ, supervise, and discharge, persons or business entities to assist in the management, operation, maintenance and administration of the Condominium;

(f) To make and amend reasonable rules and regulations consistent with the Michigan Condominium Act, the Master Deed and these Condominium Bylaws affecting co-owners and their tenants, guests, employees and invitees concerning the use and enjoyment of the Condominium and to enforce such regulations by all legal methods, including, but not limited to, the imposition of fines and late payment charges, eviction proceedings or legal proceedings (copies of all such regulations and amendments thereto shall be furnished to all members and shall become effective ten (10) days after mailing or delivery thereof to the designated voting representative, as provided for in Article II, Section 3 above, of each member, and any such regulation or amendment may be revoked at any time at any duly convened meeting of the Association by the affirmative vote of more than 50 percent (50%) of all members in number and in value, except that the members may not revoke any regulation or amendment prior to the first meeting of the Association);

(g) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, license, rent or lease (as landlord or tenant) any real or personal property, including, but not limited to, any common elements or unit in the Condominium, easements, rights-of-way or licenses or any other real property, whether or not contiguous to the Condominium, for the purpose of generating revenues, providing benefit to the members of the Association or in furtherance of any other appropriate purposes of the Association;

(h) To borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Association, and to secure the same by mortgage, pledge or other lien on property owned by the Association; provided, however, that any such action shall first be approved by the affirmative vote of two-thirds (2/3) of all of the members of the Association in value at a meeting of the members duly called;

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

(j) To enforce the provisions of the Master Deed and Bylaws of the Condominium, and the Articles of Incorporation and such Bylaws, rules and regulations of the Association as may hereafter be adopted, and to sue on behalf of the Condominium or the members and to assert, defend or settle claims on behalf of the members with respect to the Condominium;

(k) To do anything required of or permitted by it as administrator of said Condominium by the Condominium Master Deed or Bylaws or the Michigan Condominium Act, as amended;

(l) To provide services to Co-owners;

(m) In general, to enter into any kind of activity; to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of the Condominium and to the accomplishment of any of the purposes thereof not forbidden, and with all powers conferred upon nonprofit corporations by the laws of the State of Michigan.

Provided, however, that, except in the case of licenses, leases or rental arrangements having a duration of one (1) year or less, neither the Board nor the Association shall, by act or omission, abandon, partition, subdivide, encumber, sell or transfer the common elements, or any of them, unless at least two-thirds (2/3) of the first mortgages (based upon one (1) vote for each mortgage owned) and two-thirds (2/3) of

the members in number and value have consented thereto. The Board may, however, grant easements for public utilities or other public purposes consistent with the intended use of the common elements by the Condominium, and no such grant shall be deemed a transfer for the purposes hereof.

Section 3. Managing Agent. The Board may employ, at a compensation established by it, a professional management agent for the Condominium to perform such duties and services as the Board shall authorize, including, but not limited to, the powers and duties set forth in Section 2 of this Article. A "professional management agent" shall mean a person or organization having proven expertise, either from prior experience or by education, in the operation and management of real property. Prior to the transitional control date, the Developer, or any related person or entity, may serve as professional managing agent if so appointed. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any contract providing for services by the Developer or its affiliates, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon the transitional control date or within ninety (90) days thereafter and upon thirty (30) days' written notice for cause. Upon the transitional control date, or within ninety (90) days thereafter, the Board of Directors may terminate a service or management contract with the Developer or its affiliates. In addition, the Board of Directors may terminate any management contract which extends beyond one (1) year after the transitional control date by providing notice of termination to the management agent at least thirty (30) days before the expiration of the one (1) year.

Section 4. Officers. The Association Bylaws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of the officers of the Association and may contain any other provisions pertinent to affairs of the Association not inconsistent herewith. Officers may be compensated, but only upon the prior affirmative vote of two-thirds (2/3) of the members.

Section 5. Actions Prior to First Meeting. Subject to the provisions of Section 3 of this Article IV, all of the actions (including, without limitation, the adoption of these Bylaws, the Association Bylaws, any Rules and Regulations for the Association, and any undertakings or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association designated by its Incorporator, or their appointed successors, before the first meeting of members, shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors duly elected by the members of the Association at the first or any subsequent meeting of members so long as such actions are within the scope of the powers and duties which may be exercised by any Board of Directors as provided in the Condominium Documents.

Section 6. Indemnification of Officers and Directors. The Association shall indemnify every Association director and officer against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him as a consequence of his being made a party to or being threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil,

criminal, administrative or investigative, by reason of his being or having been a director or officer of the Association, except in such cases wherein he is adjudged guilty of willful and wanton misconduct or gross negligence in the performance of his duties or adjudged to have not acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and its members, and with respect to any criminal action or proceeding, he is adjudged to have had no reasonable cause to believe that his conduct was unlawful; provided that, if a director or officer claims reimbursement or indemnification hereunder based upon his settlement of a matter, he shall be indemnified only if the Board of Directors (with any director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interests of the Association and, if a majority of the members request it, such approval is based on an opinion of independent counsel supporting the propriety of such indemnification and reimbursement. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights such director or officer may have. The Board of Directors shall notify all members that it has approved an indemnification payment at least ten (10) days prior to making such payment.

ARTICLE V

OPERATION OF THE PROPERTY

Section 1. Personal 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 2. Costs and Receipts to Be Common. All costs incurred by the Association in satisfaction of any liability arising within, or caused by or in connection with, the common elements or the administration of the Condominium shall be Expenses of Administration (as defined in subsection 4 below). All sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association securing the interests of the co-owners against liabilities or losses arising within, caused by or connected with the general common elements or the administration of the Condominium shall be receipts of administration.

Section 3. Books of Account. The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts affecting administration of the Condominium. Such books of account shall specify the maintenance and repair expenses of the common elements and any other expenses incurred by or on behalf of the Association of co-owners and shall be open for inspection by the co-owners and their mortgagees during reasonable working hours on normal working days at a place to be designated by the Association. The books of account shall be audited at least annually by independent accountants, but such audit need not be a certified audit, nor must the accountants be certified public accountants. The cost of such audit, and all accounting expenses, shall be an Expense of Administration. Any institutional holder of a first mortgage lien on any unit in the Condominium shall be entitled to receive a copy of the

audit report within ninety (90) days following the end of the Association's fiscal year upon request therefor. 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 4. Regular Assessments. The Board shall establish an annual budget in advance for each fiscal year for the Condominium, and such budget shall contain a statement of the estimated funds required to defray the Expenses of Administration for the forthcoming year, which shall mean all items specifically defined as such in these Bylaws and all other common expenses. The common expenses shall consist, among other things, of such amounts as the Board may deem proper for the operation, management and maintenance of the Condominium Project to the extent of the powers and duties delegated to it hereunder, and in the Master Deed, and shall include, without limitation, amounts to be set aside for working capital of the Condominium, the cost of fulfilling the Association's maintenance, repair and replacement responsibilities, management wages, fees and salaries, common area utilities, common area landscaping maintenance and replacement, common area cleaning, supplies, snow removal, licenses and permits, banking, legal and accounting fees, insurance, and creation and maintenance of an appropriate reserve fund. Each purchaser of a unit in the Condominium is required to pay the Association One Hundred and no/100 dollars ($100.00) as a nonrefundable working capital contribution. As provided in Section 11 below, an adequate reserve fund for maintenance, repair and replacement of the general common elements must be established in the budget and must be funded by regular assessments rather than by special assessments. The budget shall also allocate and assess all Expenses of Administration against all co-owners in accordance with the percentage of value allocated to each unit by the Master Deed, without increase or decrease for the existence of any rights to the use of the common elements.

The Board shall advise each non-Developer co-owner in writing of the amount of common charges payable by him and shall furnish copies of each budget on which such common charges are based to all co-owners, although failure to deliver a copy of the budget to each co-owner shall not affect the liability of any co-owner for any existing or future assessments. All assessments levied in accordance with the foregoing provisions of this Section 4 shall be payable by the non-Developer co-owners in twelve (12) equal monthly installments, commencing with acquisition of legal or equitable title to a unit by any means. The Board may, in its sole discretion, elect to collect the regular assessments on a quarterly basis. Should the Board at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient (1) 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 general common elements not exceeding Two Hundred Fifty and no/100 Dollars ($ 250.00) annually, or (4) to provide for emergencies, the Board shall have the authority to increase the general assessments or to levy such additional assessment or assessments as it shall deem to be necessary. Such assessments shall be payable when and as the Board shall determine.

Any sums owed to the Association by any individual co-owner may be assessed to and collected from the responsible co-owner as an addition to the regular assessment installment next coming due. The discretionary authority of the Board to levy assessments pursuant to this Section will rest solely with the Board for the benefit of the Association and the members thereof and will not be enforceable by any creditors of the Association or its members.

Section 5. Special Assessments. Special assessments, in addition to those provided for in Section 4 above, may be levied by the Board from time to time, following approval by the co-owners as hereinafter provided, to meet other needs, requirements or desires of the Association, including, but not limited to, (1) assessments for capital improvements for additions to the general common elements at a cost exceeding Two Thousand Five Hundred and no/100 Dollars ($2,500.00) per year, (2) assessments to purchase a unit upon foreclosure of the lien for assessments as described in Section 6 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this Section 5 (but not including regular assessments referred to in Section 4 above, which shall be levied in the sole discretion of the Board) shall not be levied without the prior approval of two-thirds (2/3) of all members in value and in number, which approval shall be granted only by a vote of the co-owners taken at a meeting of the co-owners called in accordance with the provisions of Article III hereof. The discretionary authority of the Board to levy assessments pursuant to this Section will rest solely with the Board for the benefit of the Association and the members thereof and will not be enforceable by any creditors of the Association or its members.

Section 6. Collection of Assessments. When used in this Section 6 and Section 12 below, and wherever else appropriate in these Condominium Bylaws, the term "assessment" shall include all regular monthly and special assessments referred to in Sections 4 and 5 above and, in addition, all other charges whatsoever levied by the Association against any co-owner. This Section 6 is designed to provide the Association with a vehicle for collection.

Each co-owner, whether one or more persons, shall be and shall remain personally obligated for the payment of all assessments levied with regard to his unit during the time that he is the owner thereof. If any co-owner defaults in paying an assessment, interest at the maximum legal rate shall be charged on such assessment from the due date and further penalties or proceedings may be instituted by the Board in its discretion. The payment of an assessment shall be in default if such assessment is not paid in full on or before the due date established by the Board for such payment. 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 may also discontinue the furnishing of any services to a co-owner in default upon seven (7) days' written notice to such co-owner of its intent to do so. A co-owner in default on the payment of any assessment shall not be entitled to vote at any meeting of the Association so long as such default continues. The Board may, but need not, report such a default to any first mortgagee of record; provided,

however, that if such default is not cured within sixty (60) days, the Association shall give the notice required by Section 2 of Article IX of these Condominium Bylaws. Any first mortgagee of a unit in the Condominium may consider a default in the payment of any assessment a default in the payment of its mortgage. 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 co-owner 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.

Unpaid assessments shall constitute a lien upon the unit prior to all other liens except unpaid ad valorem real estate taxes and special assessments imposed by a governmental entity and sums unpaid on a first mortgage of record. The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the lien that secures payment of assessments. Each co-owner, and every other person, except a first mortgagee, who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. The Association is hereby granted what is commonly known as a "power of sale." Further, each co-owner and every other person, except a first mortgagee, who from time to time has any interest in the Condominium 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 is delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each co-owner acknowledges that at the time of acquiring title to his unit, he was notified of the provisions of this section 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.

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 the mailing of a written notice that an assessment, or any part thereof, levied against his unit is delinquent, and 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 notice shall be mailed by certified mail, return receipt requested, and postage prepaid, and shall be addressed to the individual representative of the delinquent co-owner designated in the certificate filed with the Association pursuant to Section 3 of Article II above, at the address set forth in such certificate or at his last known address. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien,

(iii) the amount outstanding (exclusive of interest, costs, attorneys' fees and future assessments), (iv) the legal description of the subject unit, and (v) the name of the co-owner of record. Such affidavit shall be recorded in the Office of the Register of Deeds for the County in which the Condominium Project is located prior to the 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 individual representative designated above and shall inform such representative that he may request a judicial hearing by bringing suit against the Association. The expenses incurred in collecting unpaid assessments, including interest, costs, actual attorneys' fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the co-owner in default and shall be secured by the lien on 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 each co-owner hereby consents to the appointment of such a receiver. The Association may purchase a unit at any foreclosure sale hereunder.

If the holder of a first mortgage on a unit in the Condominium obtains title to the unit as a result of foreclosure of the mortgage, deed in lieu of foreclosure or similar remedy, or any other remedy provided in the mortgage, such person, and its successors and assigns, or other purchaser at a foreclosure sale shall not be liable for unpaid assessments chargeable to the unit which became due prior to the acquisition of title to the unit by such person; provided, however, that such unpaid assessments shall be deemed to be common expenses collectible from all of the unit owners including such person, its successors and assigns, and that all assessments chargeable to the unit subsequent to the acquisition of title shall be the responsibility of such person as hereinbefore provided with respect to all co-owners.

Section 7. Obligations of the Developer. The Developer will maintain the units it owns and pay a pro rata share of the expenses of snow removal and fence maintenance. The Developer's pro rata share of these expenses will be based upon the ratio of all units owned by the Developer excluding any units on which there is a completed residence at the time the expense is incurred to the total number of units then in the Condominium Project. The Developer, although a co-owner and a member of the Association, will not be responsible at any time for payment of any regular or special assessment, except for units on which there is a completed residence with respect to which a certificate of occupancy has been issued by the City of Owosso. In no case shall the Developer be responsible for paying any assessment levied in whole or in part to finance any litigation or other claims against the Developer, any cost of investigating and preparing such claim, or any similar or related cost.

Section 8. Access; Maintenance and Repair. The Association or its agent shall have access to each unit, except any residence constructed thereon, from time to time during reasonable working hours, upon notice to the occupant thereof, for the purpose of

maintenance, repair or replacement of any of the general common elements located therein or accessible therefrom. The Association or its agent shall also have access to each unit, including any residence located thereon, at all times without notice for making emergency repairs necessary to prevent damage to other units, the common elements, or both.

It shall be the responsibility of each co-owner to provide the Association means of emergency access to the residence and other structures located within his unit during all periods of absence, and in the event of the failure of such co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such co-owner for any necessary damage to the residence or other structure caused thereby or for repair or replacement of any doors or windows damaged in gaining such access, all of which shall be the responsibility of such co-owner.

Each co-owner shall repair, replace, decorate and maintain his unit and any limited common elements appurtenant thereto in a safe, clean and sanitary condition, and shall install and maintain landscaping on the Frontage Area. Each co-owner shall also use due care to avoid damaging any of the common elements or any improvements located on or within a common element which is appurtenant to or which may affect any other unit. Each co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the common elements by him, or his guests, agents or invitees, unless such damages or costs are actually reimbursed from insurance carried by the Association, in which case there shall be no such responsibility. (If full reimbursement to the Association is excluded by virtue of a deductible provision, the responsible co-owner shall bear the expense to the extent of the deductible amount, anything else in these Bylaws to the contrary notwithstanding.)

The provisions of this Section 8 shall be subject to those of Article VI, Sections 1 through 3, inclusive, in the event of repair or replacement on account of a casualty loss.

Section 9. Taxes. Subsequent to the year in which the Condominium is established, all governmental 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 governmental special assessments which have become a lien against the property of the Condominium in the year of its establishment (as provided in Section 13 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 owner thereof shall reimburse the Association for his unit's share of such bill within ten (10) days after he has been tendered a statement therefor.

Section 10. Documents to Be Kept. The Association shall keep current copies of the approved Master Deed, and all amendments thereto, and other Condominium Documents available at reasonable hours to co-owners, mortgagees, prospective purchasers and prospective mortgagees of units in the Condominium.

Section 11. Reserve for Major Repairs and Replacement. The Association shall maintain a reserve fund for major repairs and replacement of common elements in an amount equal to at least ten percent (10%) of the Association's current annual budget on a non-cumulative basis. Moneys in the reserve fund shall be used only for major repairs and replacement of common elements. The minimum standards required by this section may prove inadequate for a particular project.

The Association of co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes.

Section 12. Statement of Unpaid Assessments. Pursuant to the provisions of the Act, the purchaser of any unit may request a statement from the Association as to the outstanding amount of any unpaid assessments thereon, whether regular or special or resulting from unpaid charges. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds a 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.

ARTICLE VI

INSURANCE; REPAIR OR REPLACEMENT; CONDEMNATION; CONSTRUCTION LIENS

Section 1. Insurance. The Association shall, to the extent appropriate given the nature of the common elements, carry vandalism and malicious mischief and liability insurance (including, without limitation, Directors' and Officers' coverage), workers' compensation insurance, if applicable, and such other insurance coverage as the Board may determine to be appropriate with respect to the ownership, use and maintenance of the common elements of the Condominium and the administration of Condominium affairs. Such insurance shall be carried and administered in accordance with the following provisions:

(a) All such insurance shall be purchased by the Association for the benefit of the Association, the co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of insurance with mortgagee endorsements to the mortgagees of co-owners. It shall be each co-owner's responsibility to obtain insurance coverage for his property located within the boundaries of his unit or elsewhere in the Condominium, including but not limited to, the Frontage Area adjoining

his unit, and the Association shall have absolutely no responsibility for obtaining such coverage. The Association and all co-owners shall use their best efforts to see that all property and liability insurance carried pursuant to the terms of this Article VI shall contain appropriate provisions by which the insurer waives its right of subrogation as to any claims against any co-owner or the Association, and, subject to the provisions of Article V, Section 8, hereof, the Association and each co-owner hereby waive, each as to the other, any right of recovery for losses covered by insurance. The liability of carriers issuing insurance obtained by the Association shall not, unless otherwise required by law, be affected or diminished on account of any additional insurance carried by any co-owner, and vice versa.

(b) The Association shall carry fidelity bond insurance in such limits as the Board shall determine upon all officers and employees of the Association who in the course of their duties may reasonably be expected to handle funds of the Association or any co-owners.

(c) Each co-owner will be responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to his residence and all other improvements constructed or to be constructed, and for his personal property located, within the boundaries of his Condominium unit or elsewhere in the Condominium Project, including but not limited to, the Frontage Area adjoining his unit. All such insurance will be carried by each co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, and evidenced to the Association in a manner acceptable to the Association. In the event of the failure of a co-owner to obtain such insurance, the Association may obtain such insurance on behalf of such co-owner and the premiums therefor will constitute a lien against the co-owner's unit which may be collected from the co-owner in the same manner that Association assessments are collected in accordance with Article V. Each co-owner also will be obligated to obtain insurance coverage for his personal liability for occurrences within the boundaries of his unit (including within the residence located thereon), the limited common elements appurtenant to his unit, or on the Frontage Area appurtenant to his unit and also for alternative living expense in the event of fire. The Association will under no circumstances have any obligation to obtain any of the insurance coverage described in this subsection or any liability to any person for failure to do so.

(d) All insurance carried hereunder shall, to the extent possible, provide for cross-coverage of claims by one insured against another.

(e) All premiums upon insurance purchased by the Association pursuant to these Bylaws, except pursuant to subsection (c) above, shall be Expenses of Administration.

(f) 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, 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 Section 3 of this Article, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Condominium Project unless all of the holders of first mortgages on units in the Condominium have given their prior written approval.

Section 2. Appointment of Association. Each co-owner, by ownership of a unit in the Condominium, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning insurance pertinent to the Condominium and the common elements thereof. Without limiting 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 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-owners and the Condominium as shall be necessary or convenient to accomplish the foregoing.

Section 3. Reconstruction or Repair. If any part of the Condominium shall be damaged, the determination of whether or not, and how, it shall be reconstructed or repaired shall be made in the following manner:

(a) If the damaged property is a general or limited common element, a unit or a residence located within a unit, the property shall be rebuilt or repaired if a residence located within any unit in the Condominium is tenable, unless the Condominium Project is terminated in accordance with subsection 4 of Section A of Article XII of the Master Deed.

(b) If the Condominium is so damaged that no residence located within any unit is tenable, the damaged property shall not be rebuilt and the Condominium shall be terminated, unless at least two-thirds (2/3) of the first mortgagees and two-thirds (2/3) of the co-owners in value and in number agree to reconstruction by vote or in writing within ninety (90) days after the destruction.

(c) Any reconstruction or repair shall be performed substantially in accordance with the Master Deed and the plans and specifications for the Condominium, and for a residence within any unit, substantially in accordance with the plans and specifications previously approved by the Association or Developer for that unit, to a condition as comparable as possible to the condition existing prior to damage unless two-thirds (2/3) of the co-owners and two-thirds (2/3) of the first mortgagees agree otherwise by a vote or in writing.

(d) If the damage is only to a unit, to a structure or improvement located within a unit except the perimeter fence, to a limited common element appurtenant to a unit, or to landscaping or a mailbox located within the Frontage Area adjoining a unit, it shall be the responsibility of the co-owner of the unit to repair such damage in accordance

with subsection (e) hereof. In all other cases, except as provided in subsection (D hereof, the responsibility for reconstruction and repair shall be that of the Association.

(e) Each co-owner shall be responsible for the reconstruction and repair of his unit, all structures or improvements, including landscaping, within his unit except the perimeter fence, the limited common elements appurtenant to his unit, and the landscaping and mailbox located on the Frontage Area.

(f) Except as otherwise provided herein, the Association shall be responsible for the reconstruction and repair of the general common elements. The Association shall receive all insurance proceeds and be responsible for all reconstruction and repair activity to the extent of such proceeds. Immediately after a casualty occurs causing damage to property for which the Association has the responsibility of repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to return the damaged property to a condition as good as that existing before the damage.

(g) Any proceeds of casualty insurance for which the Association paid the premium, whether received by the Association or a co-owner, shall be for the reconstruction or repair when reconstruction or repair is required by these Bylaws. If the proceeds of insurance are not sufficient to pay the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. Such assessments shall be levied in the same manner as the assessments described in Article V, Section 4, hereof, and shall be payable when and as the Board shall determine.

(h) If damage within the Condominium impairs the appearance of the Condominium, the Association or the co-owner responsible for the reconstruction and repair of the damage will proceed with the repair, reconstruction or replacement of the damaged item without delay, and will complete such repair, reconstruction or replacement within six (6) months after the date of the occurrence which caused the damage.

Section 4. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(a) The Association, acting through its Board of Directors, may negotiate on behalf of all co-owners for any taking of general common elements. Any negotiated settlement shall be subject to the approval of at least two-thirds (2/3) of the co-owners in value and shall thereupon be binding on all co-owners.

(b) If an entire unit is taken by eminent domain, the award for such taking shall be paid to the Association for the benefit of the owner of such unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the co-owner and his mortgagee, they shall be divested of all interest in the Condominium.

The undivided interest in the common elements belonging to the co-owner whose unit has been taken shall thereinafter appertain to the remaining units, including those restored or reconstructed under the provisions of this section.

(c) In the event of a partial taking of any unit, any condemnation award shall be paid by the condemning authority to the Association on behalf of the co-owner of the unit and his mortgagee, as their interests may appear. If part of the residence located within the unit is taken, the co-owner shall, if practical, and using the award, rebuild the same to the extent necessary to make it habitable or usable. If it is not practical to rebuild the residence within the boundaries of the unit, the entire undivided interest in the common elements appertaining to that Condominium unit shall thenceforth appertain to the remaining Condominium units, being allocated to them in proportion to their respective undivided interests in the common elements. The remaining portion of that Condominium unit shall thenceforth be a common element.

(d) If there is any taking of any portion of the Condominium other than any unit, the condemnation proceeds relative to such taking shall be paid to the Association, and the affirmative vote of at least two-thirds (2/3) of the co-owners in value at a meeting duly called shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as they deem appropriate. If no such affirmative vote is obtained, such condemnation proceeds shall be remitted to the co-owners and their respective mortgagees, as their interests may appear, in accordance with their respective percentages of value set forth in Article VI of the Master Deed.

(e) If the Condominium Project continues after a taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any unit shall have been taken, then Article VI of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining co-owners based upon a continuing value for the Condominium of one hundred percent (100%). Such amendment may be effectuated by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any co-owners.

(f) If any unit in the Condominium, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each holder of a first mortgage lien on any of the affected units, if the Association earlier received the notice of mortgage required by Section 1 of Article IX hereof. If the common elements or any portion thereof are made the subject matter of any condemnation or eminent domain proceeding or are otherwise sought to be acquired by a condemning authority, the Association shall so notify each holder of a first mortgage lien on any of the affected units, if the Association earlier received the notice of mortgage required by Section I of Article IX hereof.

(g) Votes in the Association of co-owners and liability for future Expenses of Administration appertaining to a Condominium unit taken or partially taken (but which is

not practical to rebuild) by eminent domain shall thenceforth appertain to the remaining Condominium units, being allocated to them in proportion to their relative voting strength in the Association.

Section 5. Construction Liens. The following provisions shall control the circumstances under which construction liens may be applied against the Condominium or any unit thereof:

(a) Except as provided below, a construction lien for work performed on or beneath a Condominium unit or on the Frontage Area (as defined in Article V of the Master Deed), including that portion of a driveway built thereon, at the request of a co-owner, may attach only to the unit upon or for the benefit of which the work was performed. A construction lien for work performed in constructing a residence or other structure within a unit may attach to the residence or structure constructed.

(b) A construction lien for work authorized by the Developer or principal contractor, except at the request of a co-owner, and performed upon the common elements may attach only to units owned by the Developer at the time the work is performed.

(c) A construction lien for work authorized by the Association of co-owners may attach to each unit only to the proportionate extent that the co-owner of the unit is required to contribute to the Expenses of Administration as provided by the Condominium Documents.

(d) A construction lien may not arise or attach to a unit for work performed on the common elements not contracted for by the Developer or the Association of co-owners, except as provided in subsection (a) above.

If a co-owner is advised or otherwise learns of a purported construction lien contrary to the foregoing, he shall immediately notify the Board of Directors. Upon learning of the purported construction lien, the Board shall take appropriate measures to remove any cloud on the title of units improperly affected thereby.

Section 6. Mortgagees. Nothing contained in the Condominium Documents shall be construed to give a Condominium unit owner, or any other party, priority over any rights of first mortgagees of Condominium units pursuant to their mortgages in the case of a distribution to Condominium unit owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium units, common elements or both.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS; ENFORCEMENT

Section 1. Establishment of Restrictions. In order to provide for congenial occupancy of the Condominium, and for the protection of the value of the units therein, the use of Condominium property shall be subject to the limitations set forth below:

A. *Property Subject to These Restrictions.*

(i) *Phase I.* All of the units of Phase I of Osburn Lakes Residential Site Condominium, except any unit or portion of a unit removed from the Condominium pursuant to Article X of the Master Deed ("Contraction Property"), are and shall remain subject to these restrictions. Any such Contraction Property removed from the Condominium may remain subject to the terms and conditions hereof, or Developer may, at its option, record alternative or supplemental restrictions with respect to such property, or develop the property outside the Condominium.

(ii) *Expansion Property.* Developer, or its successors or assigns, has the right to expand Osburn Lakes Residential Site Condominium by adding all or any portion of the Expansion Property to the Condominium in the manner provided in the Master Deed. Any such property added may become subject to the terms and conditions hereof, or Developer may at its option record alternative or supplemental restrictions with respect to any such property added to the Condominium.

B. *Building and Use Restrictions.*

(i) *Residential Use.* Except for units owned by the Developer and used for displaying model homes, all units shall be used for single-family residential purposes only. For the purposes hereof, "single-family" means (a) not more than two persons, whether or not related by blood or marriage; or, alternatively, but not cumulatively, (b)(1) a man or a woman (or a man and woman living together as a husband and wife), (2) the children of either and of both of them, and/or (3) the parents of either but not both of them, and no other persons; or (c) such other definition as is required by applicable law. No more than one residential unit may exist within any unit. No business, commercial, manufacturing, service or rental enterprise shall be conducted within any unit. No garage, recreational vehicle, basement, tent, shack, storage barn or similar type structure shall be used at any time as a residence, temporarily or permanently.

(ii) *Home Occupations.* Although all units are to be used only for single-family residential purposes, nonetheless home occupations will be considered part of a single-family residential use if, and only if, the home occupation is conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence, which use is clearly incidental and secondary to the use of the residence for dwelling purposes and does not change the character thereof. To qualify as

a home occupation, there must be (a) no sign or display that indicates from the exterior that the residence is being utilized in whole or in part for any purpose other than that of a dwelling; (b) no commodities sold within the unit; (c) no person employed other than a member of the immediate family residing within the unit; and (d) no mechanical or electrical equipment used, other than personal computers and other office-type equipment.

(iii) *Animals.* Except for household dogs, cats, small caged birds, and fish, an owner may not keep, raise, or breed animals, livestock or poultry of any kind on any unit. Pit bull dogs and other dangerous animals are not permitted in the Condominium. No pets may be kept, raised or bred on any unit for commercial purposes. Fenced dog runs adjacent to the rear of a garage will be allowed only upon approval in writing by the Developer or the Association.

(iv) *Trash.* No trash, garbage or rubbish of any kind shall be placed within any unit, except in sanitary containers for removal. All sanitary containers shall be kept in a clean and sanitary condition and shall be kept in an inconspicuous area of that unit, as designated by Developer or the Association, except as necessary to allow for trash collection.

(v) *Approval of Construction.* The Developer in designing Osburn Lakes Residential Site Condominium, including the location and contour of the streets, has taken into consideration the following criteria:

(a) Osburn Lakes Residential Site Condominium is designed for residential living on large sites.

(b) The construction site within each of the units should be located so as to preserve the existing trees and contours where practicable.

(c) The architecture of the residence located within any unit should be compatible with the criteria as established hereby and also should be compatible and harmonious to the external design and general quality of other dwellings constructed and to be constructed within Osburn Lakes Residential Site Condominium.

Consequently, the Developer reserves the power to control the buildings, structures and other improvements placed within each unit, as well as to make such exceptions to these restrictions as the Developer may deem necessary and proper. No building, wall, swimming pool or other structure will be placed within a unit or Frontage Area appurtenant to a unit unless and until the builder or contractor and the plans and specifications therefor showing the nature, kind, shape, height, color, materials, and location of the improvements (including floor plan and exterior colors) and the plot plan (including elevations) have been approved by the Developer, and no changes in or deviations from such builder or contractor and plans and specifications as approved will be made without the prior written consent of the Developer. Two sets of complete plans and specifications must be submitted; one will be retained by the Developer and one will

be returned to the applicant. Each such building, wall, swimming pool or structure will be placed within a unit or Frontage Area only in accordance with the plans and specifications and plot plan as approved by the Developer. No modular or manufactured homes shall be placed within any unit. Refusal to approve a builder or contractor or plans and specifications by the Developer may be based on any grounds, including purely aesthetic grounds, which in the sole and uncontrolled discretion of the Developer seems sufficient. No alteration in the exterior appearance of any building, wall, swimming pool or other structures constructed with such approval will be made without like approval of the Developer. Approval of plans and specifications for reasonable modifications to provide handicap access pursuant to state or federal law shall not be unreasonably withheld. If the Developer fails to approve or disapprove any builder or contractor or plans and specifications within thirty (30) days after written request therefor, then such approval will not be required; provided that any builder or contractor is properly licensed by the State of Michigan and that any building, wall, swimming pool or other structure will be erected entirely within the boundaries of a unit and does not violate any of the covenants, restrictions or conditions set forth herein or adopted by the Association. The Developer will not be responsible for any negligence or misconduct of the builder or contractor or for any defects in any plans or specifications or in any building or structure erected by such builder or contractor according to such plans and specifications or in any changes in drainage resulting from such construction.

(vi) *Size Requirements.* All residences hereafter constructed must conform to the following size requirements:

(a) *Area Minimums.* The minimum size of the dwelling units in lots 24 through 55 shall be 1,500 square feet of living space. All other dwelling units shall be at least 1,078 square feet of living space.

(b) *General.* All square footage determinations will exclude basements (including walk-out basements), garages and open porches. The Developer may specify the number of levels that residences within specific units will be permitted to have to preserve the view from other units or to maintain a harmonious pattern of development in the construction of residences within the units. The height of any building will be not more than two (2) full stories above street level. If any portion of a level or floor within a residence is below grade, all of the level or floor will be considered a basement level.

(c) *Garages.* Garages, which will be for use only by the occupants of the residence to which they are appurtenant, must be attached to the residences and constructed in accordance with the approved plans. Each residence must have one garage capable of garaging at least two (2) and no more than three (3) standard size automobiles. There may only be one garage within each unit. No garage will be placed, erected or maintained within any unit except for use in connection with a residence within that unit or within an adjoining unit already constructed or under construction at the time that such garage is placed or erected within the unit.

(d) *Accessory Structures.* Accessory structures may not exceed One Hundred Twenty (120) square feet of footprint space and Fifteen (15) feet of height. The exterior shall be constructed with the same material and color as the dwelling house built upon the same lot. The accessory building shall be placed upon the lot in such a manner that it cannot be seen easily from the street. No accessory structure may be constructed without the written approval of the Board of Directors of the Condominium Association.

(vii) *Lawns.* Each owner shall properly maintain all lawn areas within his unit and Frontage Area appurtenant to his unit, and at no time shall the height of said lawns exceed four inches (4"). All lawns shall be kept free from weeds, underbrush, and other unsightly growths.

(viii) *Recreational and Commercial Vehicles.* No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all-terrain vehicles, snowmobile trailers or vehicles other than automobiles or vehicles used primarily for general personal transportation use may be parked or stored on the Condominium Premises unless parked in a garage with the door completely closed or unless present for temporary loading or unloading purposes. Recreational vehicles, campers and trailers may be parked in driveways for no more than one (1) week per year subject to their having a permit issued by the Condominium Association. No inoperable vehicles of any type may be brought or stored on the Condominium Premises, either temporarily or permanently, unless within a garage with the door completely closed. Commercial vehicles shall not be parked on the Condominium Premises (unless fully inside a garage with the door completely closed) except while making deliveries or pick-ups in the normal course of business or for construction purposes. No commercial vehicles of any nature will be parked overnight on the Condominium Premises, except in a completely closed garage, without the prior written consent of the Developer. Any truck over three-quarter ton and any vehicle with a company name or other advertising or commercial designation will be considered a commercial vehicle. No vehicle may be parked overnight on any road or on any Frontage Area, except as permitted by the Association in accordance with any rules or regulations adopted by the Association.

(ix) *Fences.* No owner may install within his unit or Frontage Area appurtenant to his unit a fence of any type unless approved in writing by the Developer or the Association.

(x) *Antennae.* No owner may install within his unit a satellite dish or television antenna unless approved in writing by the Developer or the Association.

(xi) *Hunting.* No owner shall engage in or permit hunting in any form anywhere within the Condominium Premises.

(xii) *Furniture; Equipment.* No item of equipment, furniture or any other large movable item shall be kept within any unit outside a building, except lawn furniture or picnic tables, provided the same are kept in neat and good condition. All

other items, such as lawn mowers, snowmobiles and dune buggies, shall be stored in a garage.

(xiii) *Nuisances.* No owner of any unit will do or permit to be done any act or condition within his unit or Frontage Area appurtenant to his unit which may be or is or may become a nuisance. No unit or Frontage Area will be used in whole or in part for the storage of rubbish of any character whatsoever (except normal household trash until the next trash collection day), nor for the storage of any property or thing that will cause the unit or Frontage Area to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor Will any substance, thing or material be kept within any unit or Frontage Area that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding units. No unsightly objects will be allowed to be placed or suffered to remain anywhere within a unit or Frontage Area. If any owner of any unit falls or refuses to keep his unit or Frontage Area appurtenant thereto free from refuse piles or other unsightly objects, then the Developer or the Association may enter the unit or Frontage Area and remove the same and such entry will not be a trespass. The owner of the unit will reimburse the Developer or Association for all costs of such removal.

(xiv) *Completion of Construction and Stabilization of Soil.* Construction once commenced within any unit must be completed within twelve (12) months from the date of commencement, and within said period the soil within such unit, and the Frontage Area appurtenant to such unit, must be completely stabilized by grading and seeding of a lawn or other ground cover growth so as to prevent any soil blow area or soil erosion; provided that this provision shall neither prevent nor prohibit any owner from maintaining open areas for the planting of trees, shrubbery or a flower garden, but any such open area shall be controlled so as to prevent blowing or erosion of soil therefrom.

(xv) *Compliance with Laws.* No owner shall take any action on or with respect to his unit that violates any federal, state or local statute, regulation, rule or ordinance.

C. *Restrictions Relating to Drainage.* All owners must comply with all requirements and restrictions of the Public Health Departments of Shiawassee County and the State of Michigan with regard to installation and maintenance of private water wells.

D. *Developer's Rights and Responsibilities.* Developer may assign, in whole or in part, its rights and responsibilities hereunder to the Association, and when the last unit in the Condominium Project has been conveyed, this assignment shall occur automatically.

E. *Enforcement of Restrictions.* The Association's costs of exercising its rights and administering its responsibilities hereunder shall be Expenses of Administration (as defined in Article V above), provided that the Association shall be entitled to recover

its costs of proceeding against a breach by a co-owner as provided in Article XII, subsection I(b) below.

F. *Developer's Option to Repurchase.* If construction of a residence within a unit, by an approved builder and pursuant to approved plans and specifications, is not commenced within eighteen (18) months from the date the first owner other than the Developer first acquires legal or equitable title to such unit, unless such eighteen (18) month period is extended in writing by the Developer, the Developer will have the option to purchase back the unit from the then current owner. The Developer's option to purchase back the unit will continue until such time as construction is commenced for a residence which has been approved as provided by these restrictions. The option will be exercised by written notice to the owner of record of the unit, and the purchase price will be equal to the net cash proceeds (sale price less realtor's fee, if any) received by the Developer from the original sale of the unit, without increase for interest or any other charge. The Developer will also notify any mortgagee of the unit, as reflected in the records of the Association pursuant to Article IX below. If the option is exercised, Developer is to receive marketable title by warranty deed subject only to restrictions or encumbrances affecting the unit on the earlier of the date of the land contract or date of conveyance by the Developer and with all taxes and assessments which are due and payable or a lien on the unit, and any other amounts which are a lien against the unit, paid as of the date of conveyance back to the Developer. The closing of the purchase back shall occur at a place and time specified by the Developer not later than sixty (60) days after the date of exercise of the option. The then current owner of the unit will take such actions and shall execute such documents, including a warranty deed to the unit, as the attorney for the Developer will deem reasonably necessary to convey marketable title to the unit to the Developer, free and clear of all liens and encumbrances as aforesaid.

G. *General Provisions.*

(i) *Zoning.* All restrictions imposed by the City of Owosso Zoning Ordinance, as it applies to an R-1 One-Family Residential District, shall apply to all units in Osbum Lakes Residential Site Condominium, except that if the Developer or the Association has imposed more stringent restrictions, those restrictions shall apply in place of the City of Owosso's restrictions.

(ii) *No Gift or Dedication.* Nothing herein contained will be deemed to be a gift or dedication of any portion of the units or other areas in Osbum Lakes Residential Site Condominium to the general public or for any public purposes whatsoever, it being the intention of the Developer that these restrictions will be strictly limited to the purposes herein specifically expressed.

(iii) *No Third-Party Beneficiaries.* No third party, except grantees, heirs, representatives, successors and assigns of the Developer, as provided herein, will be a beneficiary of any provision set forth herein.

(iv) *Handicapped Persons.* Reasonable accommodations in the rules, policies and practices of the Condominium will be made as required by the Federal Fair Housing Act to accommodate handicapped persons.

Section 2. Persons Subject to Restrictions. All present and future co-owners, tenants and any other persons or occupants using the facilities of the Condominium in any manner are subject to and shall comply with the Act, the Master Deed, these Condominium Bylaws and the Articles of Incorporation, Bylaws, rules and regulations of the Association.

Section 3. Enforcement. A breach of any provision contained in Section 1 of this Article VII shall constitute a breach of these Bylaws and may be enforced pursuant to the terms of these Bylaws.

ARTICLE VIII

LEASES

Section 1. Notice of Intent to Lease. A co-owner, including the Developer, desiring to rent or lease a Condominium unit for a period of longer than thirty (30) consecutive days, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee, and at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If Developer proposes to rent any Condominium unit before the transitional control date, Developer shall notify either the advisory committee or each co-owner in writing. For security purposes, all non-co-owner occupants shall register their presence with the Association prior to taking occupancy and shall notify the Association upon departure. For the welfare and benefit of the condominium community, no more than six (6) condominium units may be rented at any one time.

Section 2. Conduct of Tenants. All tenants and non-co-owner occupants shall comply with all of the terms and conditions of the Condominium Documents and the provisions of the Act. If the Association determines that a tenant or non-co-owner occupant has failed to comply with the conditions of the Condominium Documents or the provisions of the Act, the Association may advise the appropriate member by certified mail of the alleged violation by a person occupying his unit. The member shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach or advise the Association that a violation has not occurred. If after fifteen (15) days the Association believes that the alleged breach has not been cured or may be repeated, it may institute on its behalf, or the members may institute, derivatively on behalf of the Association if it is under the control of the Developer, an action for eviction against the tenant or non-co-owner occupant and, simultaneously, for money damages against the member and tenant or non-co-owner occupant for the breach of the conditions of the Condominium Documents or of the Act. The relief set forth in this section may be by any appropriate proceeding. The Association may hold both the tenant or non-co-owner occupant and the member liable for the damages caused to the Condominium.

ARTICLE IX

MORTGAGES

Section 1. Notice of Mortgage. A co-owner who mortgages a unit shall notify the Association of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Association, which shall maintain such information in a book entitled "Mortgages of Units." If the Association does not receive such notice, it shall be relieved of any duty to provide the mortgagee any notice required by the Master Deed or these Bylaws.

Section 2. Notice of Default. The Association shall give to the holder of any first and subsequent mortgage covering any unit in the Condominium Project written notification of any default in the performance of the obligations of the co-owner of such unit that is not cured within sixty (60) days if such mortgagee has, in writing, requested the Association to report such defaults to it.

Section 3. Notice of Insurance. The Association shall notify each mortgagee appearing in said book of the name of each company insuring the general common elements of the Condominium against vandalism and malicious mischief and the amounts of such coverage.

Section 4. Notice of Meetings. Upon a request submitted to the Association, any institutional holder of a first mortgage lien on any unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

Section 5. Acquisition of Title by First Mortgagee. Any first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage, or deed in lieu thereof, shall not be liable for such unit's unpaid assessments which accrue prior to acquisition of title by the mortgagee, except to the extent provided in Article V, Section 6, above.

ARTICLE X

AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third (1/3) or more of the members in number or in value by an instrument in writing signed by them.

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

Section 3. Vote Required. These Condominium Bylaws may be amended by an affirmative vote of two-thirds (2/3) of the members in number and in value and two-thirds (2/3) of all mortgagees at any regular meeting or special meeting called for such purpose, except that the method or formula used to determine the percentage of value of units in the Condominium Project and any provisions relating to the ability or terms under which a co-owner may rent a unit may not be modified or amended without the consent of each affected member and mortgagee. For purposes of such voting, each co-owner will get one (1) vote for each unit owned, including as to the Developer all units created by the Master Deed but not yet conveyed. Each mortgagee shall get one (1) vote for each mortgage held.

Section 4. Amendments Not Materially Changing Condominium Bylaws. The Developer or Board of Directors may enact amendments to these Condominium Bylaws without the approval of any member or mortgagee, provided that such amendments shall not materially alter or change the rights of a member or mortgagee. The Developer may also enact amendments to these Condominium Bylaws as provided in the Master Deed.

Section 5. Effective Date. Any amendment to these Bylaws (but not the Association Bylaws) shall become effective upon the recording of such amendment in the Office of the Register of Deeds in the county where the Condominium is located.

Section 6. Costs of Amendments. Any person causing or requesting an amendment to these Condominium Bylaws shall be responsible for the costs and expenses of considering, adopting, preparing and recording such amendment except as provided in Article XII.C. of the Master Deed.

Section 7. Notice; Copies to Be Distributed. Members and mortgagees of record of Condominium units shall be notified of proposed amendments not less than ten (10) days before the amendment is recorded. A copy of each amendment to the Bylaws shall be furnished to every member after recording; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Condominium Project regardless of whether such persons actually receive a copy of the amendment.

ARTICLE XI

DEFINITIONS

All terms used herein shall have the same meanings as set forth in the Act or as set forth in the Master Deed to which these Bylaws are attached as an exhibit.

ARTICLE XII

REMEDIES FOR DEFAULT

Section 1. Relief Available. Any default by a co-owner shall entitle the Association or another co-owner or co-owners to the following relief:

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

(b) In any proceeding arising because of an alleged default by any co-owner or the failure of any co-owner to abide by the provisions of the Condominium Documents, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees (not limited to statutory fees) as may be determined by the court, but in no event shall any co-owner be entitled to recover attorneys' fees.

(c) Such other reasonable remedies as are provided in the rules and regulations promulgated by the Board of Directors, including, without limitation, the levying of fines against co-owners after notice and opportunity for hearing, as provided in the rules and regulations of the Association, and the imposition of late charges for nonpayment of assessments.

(d) The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the common elements, limited or general, or into any unit, where reasonably necessary, and summarily remove or abate, at the expense of the co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents.

Section 2. Failure to Enforce. The failure of the Association or of any co-owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such co-owner to enforce such right, provision, covenant or condition in the future.

Section 3. Rights Cumulative. All rights, remedies and privileges granted to the Association or any co-owner or co-owners pursuant to any terms, provisions, covenants or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

Section 4. Hearing. Prior to the imposition of any fine or other penalty hereunder, the offending unit owner shall be given a reasonable opportunity to appear before the Board and be heard. Following any such hearing, the Board shall prepare a written decision and place it in the permanent records of the Association.

ARTICLE XIII

ARBITRATION

Section 1. Submission to Arbitration. Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, Condominium Bylaws or Management Agreement, if any, or to any disputes, claims or grievances arising among or between the co-owners or between such co-owners and the Association shall, upon the election and written consent of all the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration, and the parties thereto shall accept the arbiter's decision as final and binding. The Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to 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 (2) 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 corporation or partnership member may appoint a director, partner, officer or employee to the panel. Neither may the Board appoint a person similarly associated with an individual, corporate or partnership member.

Costs of the arbitration 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. Effect of Election. Election 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.

Section 3. Preservation of Rights. No co-owner shall be precluded from petitioning the courts to resolve any dispute, claim or grievance in the absence of election to arbitrate.

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ARTICLE XIV

SEVERABILITY

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

ARTICLE XV

CONFLICTING PROVISIONS

In the event of a conflict between the provisions of the Act (or other law of the United States or of the State of Michigan) and any Condominium Document, the Act (or other law) shall govern. In the event of any conflict between the provisions of any one or more Condominium Documents, the following order of priority shall prevail and the provisions of the Condominium Document having the highest priority shall govern:

(1) The Master Deed, including the Condominium Subdivision Plan;

(2) These Condominium Bylaws;

(3) The Articles of Incorporation of the Association;

(4) The Bylaws of the Association; and

(5) The Rules and Regulations of the Association.

First draft

REQUEST FOR PROPOSALS FOR REAL ESTATE BROKERAGE SERVICES

Section I - Instructions and General Information

A. Purpose – The city of Owosso, Michigan, a public body, politic and corporate is owner of thirty (30) remaining vacant lots in a single family residential condominium development in the northeast quadrant of the city east of Gould Street. An aerial map is attached as Exhibit X.

The lots have full underground utility services available including natural gas, electricity, cable, and telephone at the lot line. The streets in the development are public, maintained by the city, and are curbed and paved. Common areas are maintained by the condominium association and included in the annual fees to the members. Lot maintenance is the responsibility of the owner. For more information on the responsibilities of the parties the master deed is attached as Exhibit Y

The city wants to engage professionals experienced with residential real estate brokerage services to help in the sale of these remaining lots. Any broker selected pursuant to this RFP shall serve at the pleasure of the city and the services may be terminated at the sole discretion of the city upon delivery of written termination notice. The city also reserves the right to select a pool of brokers to handle sale of the properties on a rotating basis.

B. Submission of Proposals – Written proposals responding to the questions and requests for information in the manner specified in this RFP should be submitted to: Mr. Donald Crawford, City Manager, 301 W. Main St, Owosso, MI 48867 or by e-mailing to: Donald.Crawford@ci.owosso.mi.us. To be considered one copy of the proposal should be delivered to the City Manager's Office not later than March 1, 2011, 3:00 PM EST.

C. Additional Information – It is the responsibility of the proposer to inquire about and clarify any aspect of the RFP. Questions should be directed to Mr. Donald Crawford, City Manager, by e-mail or postal service at the above addresses or by calling 989 725 0568. Substantive questions and answers will be documented in letter form and will be sent by electronic mail if an e-mail address is provided.

D. Property of the City – Any information or materials submitted as a response to the RFP shall become the property of the City and will not be returned. All submitted materials will be available for public review.

E. Response to Request for Proposal – Real estate brokers wishing to respond to this RFP may contact Mr. Donald Crawford, City Manager. No contact with a city council member is allowed and any such contact will be grounds for immediate rejection of a firm's proposal.

F. Timetable - February 17, 2011 RFP Issued

March 1, 2011	Proposals Due 3:00 PM EST
TBD	Oral Interviews
March 7, 2011	Council Selection

G. Selection Process – The selection committee will consist of the city manager, finance director and one councilmember. The committee will review the submitted proposals. Proposals will be evaluated based on (1) responses to specifics outlined in this RFP and (2) the selection criteria. Proposals which omit any items may be rejected as non responsive. From this review, a group of firms may be chosen for oral presentations to the committee. All proposing firms will be advised of the firms selected for oral interviews. After conducting oral interviews, if necessary, the committee will make a selection for recommendation to the city council at their regularly scheduled meeting on March 7, 2011. The final selection will be made by a vote of the city council members.

The city may anytime before the selection of a firm reject any and all proposals and cancel this RFP, without liability therefore, upon finding that there is good cause for canceling the solicitation. The city shall under no circumstances be responsible for any proposer costs and expenses incurred in submitting a response to this RFP. This RFP in no way obligates the city to select a firm.

H. Selection Criteria –The committee will generally use the following criteria to evaluate all acceptable proposals and to develop a recommendation to be presented to the city council. The committee reserves the right to evaluate proposals based upon factors beyond the following listed criteria:

- Experience selling residential real estate in the mid-county region
- Qualifications of staff to be assigned
- Responsiveness of written proposal to the purpose and scope of services to be performed

- Response to Shiawassee County presence including relevance to broker services in area for residential purposes
- Responsiveness and reasonableness of proposed brokerage fees

Section II – Scope of Services and Requirements

The firm selected as residential real estate broker will provide the following services including but not limited to:

1. Advise the city on expected selling price range and listing price.
2. Advise the city concerning market conditions and expected time to sell.
3. Develop a sale strategy and marketing plan for the vacant lots.

4. Provide and review documents related to sale and assist in the closing of sales.
5. Advise the city on the combining of adjoining vacant lots.
6. Advise the city on waiving requirements to construct a home within a particular time frame.

Section III – Proposal Format

A Transmittal Letter - A one page transmittal letter prepared on the proposer's business stationary should accompany the proposal with appropriate contact information including an e-mail address.

B. Proposal - The submission must contain sufficient information to enable the committee to evaluate the proposal. It should be prepared in a clear and concise manner and should address each of the following subsections:
1. Broker Personnel – Describe the manner in which you would organize your firm's resources to serve as the city's real estate broker. In doing so, please address the following questions or issues.

a. Identify the individual who will manage the marketing of the properties on a day-to-day basis. Show the degree to which he or she can commit the firm's resources to the city and their availability.
b. Identify other personnel who will be assigned to work on this project, their roles and responsibilities. What are some relevant aspects of their background?

2. Marketing Approach and Recommendation for Price - Please respond briefly to the following issues as you deem appropriate.

a. Methods used to determine selling price.
b. Types of marketing available locally, regionally, and nationally.

3. Shiawassee County Presence – Please explain your firm's presence with the county and how that presence is relevant to this selection.

4. Rationale for Appointment and Proposal Summary – This section should be used by each proposer to present the case for their appointment including the firm's qualifications and experience and how that is relevant to the proposed appointment. In particular, you may want to select a particular property you sold by which you overcame significant challenges and summarize the similarity to this engagement for the sale of vacant lots.

5. Brokerage Fee Proposal – The fee proposals are an important part of the evaluation process. State the basic assumptions on which your figures are predicated and any factors that would affect the proposal. In particular, we are interested in a specific proposal as to the brokerage fee, expressed as a percentage per sale, per lot. Please explain any factors that would that would determine variation in fees. The city reserves the right to negotiate the brokerage fees on a property by property basis and to limit the commission in particular instances, such as, alternative uses of certain lots.

CONDOMINIUM ACT
Act 59 of 1978

AN ACT relative to condominiums and condominium projects; to prescribe powers and duties of the administrator; to provide certain protections for certain tenants, senior citizens, and persons with disabilities relating to conversion condominium projects; to provide for escrow arrangements; to provide an exemption from certain property tax increases; to impose duties on certain state departments; to prescribe remedies and penalties; and to repeal acts and parts of acts.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1980, Act 283, Imd. Eff. Oct. 10, 1980;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983 ;—Am. 1998, Act 36, Imd. Eff. Mar. 18, 1998.

The People of the State of Michigan enact:

559.101 Short title.

Sec. 1. This act shall be known and may be cited as the “condominium act”.

History: 1978, Act 59, Eff. July 1, 1978.

559.102 Meanings of words and phrases.

Sec. 2. For the purposes of this act, the words and phrases defined in sections 3 to 10 shall have the meanings respectively ascribed to them in those sections.

History: 1978, Act 59, Eff. July 1, 1978.

559.103 Definitions; A to C.

Sec. 3. (1) “Administrator” means the department of consumer and industry services or an authorized designee.

(2) “Affiliate of developer” means any person who controls, is controlled by, or is under common control with a developer. A person is controlled by another person if the person is a general partner, officer, member, director, or employee of the person, directly or indirectly, individually or with 1 or more persons or subsidiaries owns, controls, or holds power to vote more than 20% of the person, controls in any manner the election of a majority of the directors of the person, or has contributed more than 20% of the capital of the person.

(3) “Arbitration association” means the American arbitration association or its successor.

(4) “Association of co-owners” means the person designated in the condominium documents to administer the condominium project.

(5) “Business condominium unit” means a condominium unit within any condominium project, which unit has a sales price of more than $250,000.00 and is offered, used, or intended to be used for other than residential or recreational purposes.

(6) “Business day” means a day of the year excluding a Saturday, Sunday, or legal holiday.

(7) “Common elements” means the portions of the condominium project other than the condominium units.

(8) “Condominium buyer's handbook” means the informational pamphlet created by the administrator.

(9) “Condominium bylaws” or “bylaws” means the required set of bylaws for the condominium project attached to the master deed.

(10) “Condominium documents” means the master deed, recorded pursuant to this act, and any other instrument referred to in the master deed or bylaws which affects the rights and obligations of a co-owner in the condominium.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.104 Definitions; C.

Sec. 4. (1) “Condominium project” or “project” means a plan or project consisting of not less than 2 condominium units established in conformance with this act.

(2) “Condominium subdivision plan” means the drawings and information prepared pursuant to section 66.

(3) “Condominium unit” means that portion of the condominium project designed and intended for separate ownership and use, as described in the master deed, regardless of whether it is intended for residential, office, industrial, business, recreational, use as a time-share unit, or any other type of use.

(4) “Consolidating master deed” means the final amended master deed for a contractable condominium project, an expandable condominium project, or a condominium project containing convertible land or convertible space, which final amended master deed fully describes the condominium project as completed.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.105 Definitions; C.

Sec. 5. (1) "Contractable condominium" means a condominium project from which any portion of the submitted land or buildings may be withdrawn in accordance with this act.

(2) "Conversion condominium" means a condominium project containing condominium units some or all of which were occupied before the filing of a notice of taking reservations under section 71.

(3) "Convertible area" means a unit or a portion of the common elements of the condominium project referred to in the condominium documents within which additional condominium units or general or limited common elements may be created in accordance with this act.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.106 Definitions; C to G.

Sec. 6. (1) "Co-owner" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination of those entities, who owns a condominium unit within the condominium project. Co-owner includes land contract vendees and land contract vendors, who are considered jointly and severally liable under this act and the condominium documents, except as the recorded condominium documents provide otherwise.

(2) "Developer" means a person engaged in the business of developing a condominium project as provided in this act. Developer does not include any of the following:

(a) A real estate broker acting as agent for the developer in selling condominium units.

(b) A residential builder who acquires title to 1 or more condominium units for the purpose of residential construction on those condominium units and subsequent resale.

(c) Other persons exempted from this definition by rule or order of the administrator.

(3) "Escrow agent" means a bank, savings and loan association, or title insurance company, licensed or authorized to do business in this state or a representative designated to administer escrow funds in the name, and on behalf, of the escrow agent.

(4) "Expandable condominium" means a condominium project to which additional land may be added in accordance with this act.

(5) "General common elements" means the common elements other than the limited common elements.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1983, Act 113, Imd. Eff. July 12, 1983 ;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.107 Definitions; L to M.

Sec. 7. (1) "Leasehold condominium" means a condominium project in which each co-owner owns an estate for years in all or any part of the condominium project if the leasehold interests will expire naturally at the same time.

(2) "Limited common elements" means a portion of the common elements reserved in the master deed for the exclusive use of less than all of the co-owners.

(3) "Mobile home condominium project" means a condominium project in which mobile homes as defined in section 30a of Act No. 300 of the Public Acts of 1949, being section 257.30a of the Michigan Compiled Laws, are intended to be located upon separate sites which constitute individual condominium units.

History: 1978, Act 59, Eff. July 1, 1978.

559.108 "Master deed" defined.

Sec. 8. "Master deed" means the condominium document recording the condominium project to which are attached as exhibits and incorporated by reference the bylaws for the project and the condominium subdivision plan for the project. The master deed shall include all of the following:

(a) An accurate legal description of the land involved in the project.

(b) A statement designating the condominium units served by the limited common elements and clearly defining the rights in the limited common elements.

(c) A statement showing the total percentage of value for the condominium project and the separate percentages of values assigned to each individual condominium unit identifying the condominium units by the numbers assigned in the condominium subdivision plan.

(d) Identification of the local unit of government with which the detailed architectural plans and specifications for the project have been filed.

(e) Any other matter which is appropriate for the project.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.109 Definitions; P.

Sec. 9. (1) "Percentage of value" means the percentage assigned to each condominium unit in the condominium master deed. The percentage shall total 100% in the project. Percentages of value shall be determinative only with respect to those matters to which they are specifically deemed to relate either in this act or in the condominium documents. Percentages of value for each condominium unit shall be determined with reference to reasonable comparative characteristics. A master deed shall state the method or formula used by the developer in the determination of percentage of value. Factors which may be considered in determining percentage of value are any of the following comparative characteristics, as determined by the developer:

(a) Market value.

(b) Size.

(c) Duration of a time-share estate, if applicable.

(d) Location.

(e) Allocable expenses of maintenance.

(2) "Person" means an individual, firm, corporation, partnership, association, trust, the state or an agency of the state, or other legal entity, or any combination thereof.

(3) "Phase of a condominium project" means either of the following:

(a) The land and condominium units of the condominium project which may be developed under the initially recorded master deed without amendment to the master deed.

(b) Each additional parcel of land and condominium unit added to the condominium project as provided in section 32.

(4) "Preliminary reservation agreement" means an agreement to afford a prospective purchaser an opportunity to purchase a particular condominium unit for a limited period of time upon sale terms to be later determined.

(5) "Purchase agreement" means an agreement under which a developer agrees to sell and a person agrees to purchase a condominium unit as provided in section 84.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 4, Imd. Eff. Feb. 4, 1982;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.110 Definitions; R to T.

Sec. 10. (1) "Record" means to record pursuant to the laws of this state relating to the recording of deeds except that the provisions of the land division act, 1967 PA 288, MCL 560.101 to 560.293, do not control divisions made for any condominium project.

(2) "Residential builder" is a person licensed as a residential builder under article 24 of the occupational code, 1980 PA 299, MCL 339.2401 to 339.2412.

(3) "Size" means the number of cubic feet, or the number of square feet of ground or floor space, within each condominium unit as computed by reference to the condominium subdivision plan and rounded off to a whole number. Certain spaces within the condominium units including, without limitation, attic, basement, and garage space may be omitted from the calculation or partially discounted by the use of a ratio, if the same basis of calculation is employed for all condominium units in the condominium project, that basis is used for each condominium unit in the condominium project, and that basis is disclosed in appropriate condominium documents furnished to each co-owner.

(4) "Time-share unit" means a condominium unit in which a time-share estate or a time-share license exists.

(5) "Time-share estate" means a right to occupy a condominium unit or any of several condominium units during 5 or more separated time periods over a period of at least 5 years, including renewal options, coupled with a freehold estate or an estate for years.

(6) "Time-share license" means a right to occupy a condominium unit or any of several condominium units during 5 or more separated time periods over a period of at least 5 years, including renewal options, not coupled with a freehold estate or an estate for years.

(7) "Transitional control date" means the date on which a board of directors for an association of co-owners takes office pursuant to an election in which the votes that may be cast by eligible co-owners unaffiliated with the developer exceed the votes which may be cast by the developer.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.111 Offering residential condominium for sale; compliance with occupational code required.

Sec. 11. A residential condominium in this state shall not be offered for sale unless in compliance with

article 24 or article 25 of the occupational code, Act No. 299 of the Public Acts of 1980, being sections 339.2401 to 339.2412 and 339.2501 to 339.2516 of the Michigan Compiled Laws.

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.115 Construction or interpretation of act.

Sec. 15. This act shall not be construed or interpreted as to authorize or permit the incurring of indebtedness of the state contrary to the provisions of the state constitution of 1963.

History: Add. 1982, Act 4, Imd. Eff. Feb. 4, 1982.

559.121 Offering condominium unit or project for sale; liabilities and penalties; duties of developer; compliance by association of co-owners.

Sec. 21. (1) A condominium unit located within this state shall not be offered for its initial sale in this state unless the offering is made in accordance with this act or the offering is exempt by rule of the administrator. An interest in a condominium unit located outside of this state which is offered for sale in this state is not subject to this act.

(2) In addition to other liabilities and penalties, a developer who violates this section is subject to section 115.

(3) Except as provided in subsections (4) and (5), a condominium project or condominium unit which was approved under former Act No. 229 of the Public Acts of 1963, may be offered for sale without further compliance with this act.

(4) A developer of a condominium project which was approved under former Act No. 229 of the Public Acts of 1963 shall do all of the following:

(a) Provide documents as provided in section 84a.

(b) Establish an escrow account pursuant to section 103b or 173(1)(a)(*ii*).

(c) Provide notice of conversion pursuant to section 104(2) if the condominium project is a conversion condominium project.

(5) An association of co-owners of a condominium project approved under former Act No. 229 of the Public Acts of 1963 shall comply with section 68.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1983, Act 113, Imd. Eff. July 12, 1983
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Compiler's note: Act 229 of 1963, referred to in this section, was repealed by Act 59 of 1978.

559.131 Condominium project containing convertible area; contents of master deed.

Sec. 31. If the condominium project contains any convertible area, the master deed shall contain the following:

(a) A reasonably specific reference to the convertible area within the condominium project.

(b) A statement of the maximum number of condominium units that may be created within the convertible area.

(c) A general statement describing what types of condominium units may be created on the convertible area.

(d) A statement of the extent to which a structure erected on the convertible area will be compatible with structures on other portions of the condominium project.

(e) A general description of improvements that may be made on the convertible area within the condominium project.

(f) A description of the developer's reserved right, if any, to create limited common elements within any convertible area, and to designate common elements therein which may subsequently be assigned as limited common elements.

(g) A time limit of not more than 6 years after initial recording of the master deed, by which the election to use this option expires.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.132 Expandable condominium project; contents of master deed.

Sec. 32. If the condominium project is an expandable condominium project, the master deed shall contain the following:

(a) The explicit reservation of an election on the part of the developer or its successors to expand the condominium project.

(b) A statement of any restrictions on the election in subdivision (a), including, without limitation, a statement as to whether the consent of any co-owners is required, and if so, a statement as to the method

whereby the consent is ascertained; or a statement that the limitations do not exist.

(c) A time limit based on size and nature of the project, of not more than 6 years after the initial recording of the master deed, upon which the election to expand the condominium project expires.

(d) A description of the land that may be added to the condominium project. The description shall be a legal description by metes and bounds or by reference to subdivided land unless the land to be added can be otherwise specifically described.

(e) A statement as to whether, if any of the additional land is added to the condominium project, all of it or any particular portion of it must be added, and if not, a statement of any limitations as to what portions may be added.

(f) A statement as to whether portions of the additional land may be added to the condominium project at different times, together with appropriate restrictions fixing the boundaries of those portions by legal descriptions setting forth the metes and bounds of the land and regulating the order in which they may be added to the condominium project. If the order in which portions of the additional land may be added is not restricted, a statement shall be included that the restrictions do not exist.

(g) A statement of the specific restrictions, if any, as to the locations of any improvements that may be made on any portions of the additional land added to the condominium project.

(h) A statement of the maximum number of condominium units that may be created on the additional land. If portions of the additional land may be added to the condominium project and the boundaries of those portions are fixed in accordance with subdivision (f), the master deed shall state the maximum number of condominium units that may be created on each portion added to the condominium project.

(i) With respect to the additional land and to the portion or portions of the additional land that may be added to the condominium project, a statement of the maximum percentage of the aggregate land and floor area of all condominium units that may be created on the additional land that may be occupied by condominium units not restricted exclusively to residential use.

(j) A statement of the extent to which any structures erected on any portion of the additional land added to the condominium project are compatible with structures on the land included in the original master deed.

(k) A description of improvements that shall be made on any portion of the additional land added to the condominium project or a statement of any restrictions as to what other improvements may be made on the additional land.

(*l*) A statement of any restrictions as to the types of condominium units that may be created on the additional land.

(m) A description of the developer's reserved right, if any, to create limited common elements within any portion of the original condominium project or additional land added to the condominium project and to designate common elements which may subsequently be assigned as limited common elements.

(n) A statement as to whether the condominium project shall be expanded by a series of successive amendments to the master deed, each adding additional land to the condominium project as then constituted, or whether a series of separate condominium projects shall be created within the additional land area, all or some of which shall then be merged into an expanded condominium project or projects by the ultimate recordation of a consolidating master deed.

(o) A description of the developer's reserved right, if any, to create easements within any portion of the original condominium project for the benefit of land outside the condominium project.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.133 Contractable condominium project; contents of master deed.

Sec. 33. If the condominium project is a contractable condominium project, the master deed shall contain the following:

(a) The explicit reservation of an election on the part of the developer or its successors to contract the condominium project.

(b) A statement of the restrictions on that election, including, without limitation, a statement as to whether the consent of any co-owners are required, and if so, a statement as to the method whereby the consent shall be ascertained.

(c) A time limit of not more than 6 years after the initial recording of the master deed, by which the election to contract the condominium project expires, together with a statement of the circumstances, if any, which terminate that option before the expiration of the specified time limit.

(d) A general description of the land which may be withdrawn from the condominium project.

(e) A statement as to whether portions of the land may be withdrawn from the condominium project at different times, together with the restrictions fixing the boundaries of those portions by general descriptions of the land and regulating the order in which they may be withdrawn from the condominium project.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.134 Leasehold condominium project; lease terms; required contents of master deed; termination of co-owner's leasehold interest by lessor prohibited.

Sec. 34. (1) The terms of a lease in a leasehold condominium project shall not be unconscionable to prospective co-owners as determined at the time of signing the lease.

(2) If the condominium project is a leasehold condominium project, then with respect to any ground lease or other leases the expiration or termination of which shall or may terminate the condominium project, the master deed shall identify precisely the location of the leased property and the master deed shall contain the following:

(a) The date upon which each lease is due to expire.

(b) A statement as to whether any land and improvements will be owned by the co-owners in fee simple, and if so, then all of the following:

(*i*) A description of the land and improvements which will be owned by the co-owners in fee simple, including without limitation a legal description by metes and bounds of the land.

(*ii*) A statement of any rights the co-owners shall have to remove the improvements within a reasonable time after the expiration or termination of the lease involved.

(*iii*) A statement of the rights the co-owners shall have to redeem the reversion or any of the reversions, or a statement that they shall not have those rights.

(3) After the recording of the master deed, a lessor who consented in writing to the master deed or a successor in interest to the lessor shall not terminate any part of the leasehold interest of a co-owner who makes timely payment of the share of the rent to the person or persons designated in the master deed for the receipt of the rent and who otherwise complies with all covenants which, if violated, would entitle the lessor to terminate the lease.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.135 Easements; creation; description; contents.

Sec. 35. Where fulfillment of the purposes of sections 31, 32, 33 or any other sections of this act reasonably requires the creation of easements, then the easements shall be created in the condominium documents or in other appropriate instruments and shall be reasonably described in the condominium documents. The easements shall contain the following:

(a) A description of the permitted use.

(b) If less than all co-owners are entitled to utilize the easement, a statement of the relevant restrictions on the utilization of the easement.

(c) If any persons other than those entitled to the use of the condominium units may utilize an easement, a statement of the rights of others to utilization of the same and a statement of the obligations, if any, of all persons required to contribute to the financial support of the easement.

History: 1978, Act 59, Eff. July 1, 1978.

559.136 Addition of undivided interests in land as common elements; tenancy of co-owners; condominium unit on lands prohibited; description in master deed.

Sec. 36. The master deed may provide that undivided interests in land may be added to the condominium project as common elements in which land the co-owners may be tenants in common, joint tenants, or life tenants with other persons. A condominium unit shall not be situated on the lands. The master deed, or any amendment to master deed under which the land is submitted to the condominium project shall include a legal description thereof and shall describe the nature of the co-owners' estate therein.

History: 1978, Act 59, Eff. July 1, 1978.

559.137 Allocation to condominium unit of undivided interest in common elements proportionate to percentage of value assigned; statement, table, exhibit, or schedule in master deed; formula; basis of reallocation; allocating percentage of value to convertible space; alteration of undivided interest in common elements; partition of common elements.

Sec. 37. (1) The master deed may allocate to each condominium unit an undivided interest in the common elements proportionate to its percentage of value assigned as provided in this act.

(2) If an equal percentage of value is allocated to each condominium unit, the master deed may simply state that fact and need not express the fraction or percentage so allocated.

(3) If an equal percentage of value is not assigned, the percentage of value allocated to each condominium

unit shall be reflected by a table in the master deed or by an exhibit or schedule accompanying the master deed and recorded simultaneously therewith. The table shall identify the condominium units, listing them serially or grouping them together in the case of condominium units to which identical percentages of value are allocated, and setting forth the respective percentages relative to the several condominium units. The master deed or the exhibit or schedule shall set forth, with reasonable clarity, the formula upon which the percentages were allocated in the original master deed and the basis upon which the same will be reallocated in any modification of the master deed by which condominium units will be added, withdrawn, or modified, which basis may provide for reasonable flexibility if different types of condominium units are introduced into the condominium project in subsequent phases thereof.

(4) A convertible space shall be allocated a percentage of value in accordance with the formula used to derive the original percentage of value.

(5) Except to the extent otherwise expressly provided by this act, the undivided interest in the common elements allocated to any condominium unit shall not be altered, and any purported transfer, encumbrance, or other disposition of that interest without the condominium unit to which it appertains is void.

(6) The common elements shall not be subject to an action for partition unless the condominium project is terminated.

History: 1978, Act 59, Eff. July 1, 1978.

559.138 Creation of condominium units within convertible or additional lands; allocation of interests in common elements; amended master deed and condominium subdivision plan; revised schedule.

Sec. 38. Interests in the common elements shall not be allocated to condominium units to be created within convertible land or within additional land until the master deed is duly amended and an amended condominium subdivision plan depicting the new condominium units is recorded. The amendment to the master deed shall contain a revised schedule of undivided interests in the common elements so that the condominium units depicted on the amended condominium subdivision plan shall be allocated undivided interests in the common elements in accordance with the formula for allocation of the undivided interests as described in the original master deed.

History: 1978, Act 59, Eff. July 1, 1978.

559.139 Assignment and reassignment of limited common elements; application; amendment to master deed.

Sec. 39. (1) Assignments and reassignments of limited common elements shall be reflected by the original master deed or an amendment to the master deed. A limited common element shall not be assigned or reassigned except in accordance with this act and the condominium documents.

(2) Unless expressly prohibited by the condominium documents, a limited common element may be reassigned upon written application of the co-owners concerned to the principal officer of the association of co-owners or to other persons as the condominium documents may specify. The officer or persons to whom the application is duly made shall promptly prepare and execute an amendment to the master deed reassigning all rights and obligations with respect to the limited common element involved. The amendment shall be delivered to the co-owners of the condominium units concerned upon payment by them of all reasonable costs for the preparation and recording of the amendment to the master deed.

(3) A common element not previously assigned as a limited common element shall be so assigned only in pursuance of the provisions of the condominium documents and of this act. The amendment to the master deed making the assignment shall be prepared and executed by the principal officer of the association of co-owners or by other persons as the condominium documents specify.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.140 Easement for encroachment.

Sec. 40. To the extent that a condominium unit or common element encroaches on any other condominium unit or common element, whether by reason of any deviation from the plans in the construction, repair, renovation, restoration, or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement for the encroachment shall exist. This section shall not be construed to allow or permit any encroachment upon, or an easement for an encroachment upon, units described in the master deed as being comprised of land and/or airspace above and/or below said land, without the consent of the co-owner of the unit to be burdened by the encroachment or easement.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.141 Conversion of convertible area into condominium units or common elements; amendment; identifying number; allocating portion of undivided interest; description of limited common elements.

Sec. 41. (1) The developer may convert all or any portion of any convertible area into condominium units or common elements, including, without limitation, limited common elements, subject to the restrictions which the condominium documents may specify.

(2) The developer shall promptly prepare, execute, and record an amendment to the master deed describing the conversion. The amendment shall assign an identifying number to each condominium unit formed out of convertible area and shall allocate to each condominium unit a portion of the undivided interest in the common elements appertaining to that area. The amendment shall describe or delineate any limited common elements formed out of the convertible area, showing or designating the condominium unit or condominium units to which each is assigned.

History: 1978, Act 59, Eff. July 1, 1978.

559.143 Expansion, contraction, or conversion of land or space; time of occurrence; consolidating master deed.

Sec. 43. An expansion, contraction, or conversion of land or space in accordance with this act and the condominium documents shall be deemed to have occurred at the time of recording of an amendment to the master deed embodying all essential elements of the expansion, contraction, or conversion. At the conclusion of expansion of a condominium project a consolidating master deed shall be prepared and recorded by the developer in accordance with the provisions of this act and the condominium documents.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.144 Transferable easement as to common elements for purpose of making improvements.

Sec. 44. Subject to any restrictions the condominium documents may specify, the developer has a transferable easement over and on the common elements for the purpose of making improvements on the submitted land and any additional land pursuant to the provisions of those documents and of this act, and for the purpose of doing all things reasonably necessary and proper in connection therewith.

History: 1978, Act 59, Eff. July 1, 1978.

559.145 Offices, model units, and other facilities; maintenance; costs; restoration of facilities.

Sec. 45. The developer and its duly authorized agents, representatives, and employees, and residential builders who receive an assignment of rights from the developer, may maintain offices, model units, and other facilities on the submitted land. The developer may include provisions in the condominium documents relative to the facilities as may reasonably facilitate development and sale of the project. The developer shall pay or be responsible to require a residential builder to pay all costs related to the condominium units or common elements while owned by developer and to restore the facilities to habitable status upon termination of use.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.146 Restrictions and covenants.

Sec. 46. The developer or a co-owner may impose reasonable restrictions or covenants running with the land upon a condominium unit in the condominium project, in addition to the reasonable restrictions and covenants as may be contained in the condominium documents, so long as such restrictions and covenants are not otherwise prohibited by law and as long as they are consistent with the condominium documents. The restrictions and covenants may include provisions governing the joint or common ownership of condominium units in the condominium project and the basis upon which the usage of the condominium unit or condominium units may be shared from time to time by the joint or common owners thereof.

History: 1978, Act 59, Eff. July 1, 1978.

559.147 Improvements or alterations by co-owners.

Sec. 47. (1) Subject to the prohibitions and restrictions in the condominium documents, a co-owner may make improvements or alterations within a condominium unit that do not impair the structural integrity of a structure or otherwise lessen the support of a portion of the condominium project. Except as provided in section 47a, a co-owner shall not do anything which would change the exterior appearance of a condominium

unit or of any other portion of the condominium project except to the extent and subject to the conditions as the condominium documents may specify.

(2) If a co-owner acquires an adjoining condominium unit, or an adjoining part of a condominium unit, then the co-owner may remove all or part of an intervening partition or create doorways or other apertures therein, notwithstanding that the partition may in whole or in part be a common element, so long as a portion of any bearing wall or bearing column is not weakened or removed and a portion of any common element other than that partition is not damaged, destroyed, or endangered. The creation of doorways or other apertures shall not be deemed an alteration of condominium unit boundaries.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1987, Act 31, Imd. Eff. May 27, 1987.

559.147a Persons with disabilities; improvements or modifications by co-owner to facilitate access or movement; alleviation of hazardous conditions.

Sec. 47a. (1) A co-owner may make improvements or modifications to the co-owner's condominium unit, including improvements or modifications to common elements and to the route from the public way to the door of the co-owner's condominium unit, at his or her expense, if the purpose of the improvement or modification is to facilitate access to or movement within the unit for persons with disabilities who reside in or regularly visit the unit, or to alleviate conditions that could be hazardous to persons with disabilities who reside in or regularly visit the unit. The improvement or modification shall not impair the structural integrity of a structure or otherwise lessen the support of a portion of the condominium project. The co-owner is liable for the cost of repairing any damage to a common element caused by building or maintaining the improvement or modification, unless the damage could reasonably be expected in the normal course of building or maintaining the improvement or modification. The improvement or modification may be made notwithstanding prohibitions and restrictions in the condominium documents, but shall comply with all applicable state and local building code requirements and health and safety laws and ordinances and shall be made as closely as reasonably possible in conformity with the intent of applicable prohibitions and restrictions regarding safety and aesthetics of the proposed modification.

(2) An improvement or modification allowed by this section that affects the exterior of the condominium unit shall not unreasonably prevent passage by other residents of the condominium project. A co-owner who has made exterior improvements or modifications allowed by this section shall notify the association of co-owners in writing of the co-owner's intention to convey or lease his or her condominium unit to another at least 30 days before the conveyance or lease. Not more than 30 days after receiving a notice from a co-owner under this subsection, the association of co-owners may require the co-owner to remove the improvement or modification at the co-owner's expense. If the co-owner fails to give timely notice of a conveyance or lease, the association of co-owners at any time may remove or require the co-owner to remove the improvement or modification at the co-owner's expense. However, the association of co-owners may not remove or require the removal of an improvement or modification if a co-owner intends to resume residing in the unit within 12 months or a co-owner conveys or leases his or her condominium unit to a person with disabilities who needs the same type of improvement or modification or who has a person residing with him or her who requires the same type of improvement or modification.

(3) If a co-owner makes an exterior improvement or modification allowed under this section, the co-owner shall maintain liability insurance, underwritten by an insurer authorized to do business in this state and naming the association of co-owners as an additional insured, in an amount adequate to compensate for personal injuries caused by the exterior improvement or modification. The co-owner is not liable for acts or omissions of the association of co-owners with respect to the exterior improvement or modification and is not required to maintain liability insurance with respect to any common element. The association of co-owners is responsible for maintenance, repair, and replacement of the improvement or modification only to the extent of the cost currently incurred by the association of co-owners for maintenance, replacement, and repair of the common elements covered or replaced by the improvement or modification. All costs of maintenance, repair, and replacement of the improvement or modification exceeding that currently incurred by the association of co-owners for maintenance, repair, and replacement of the common elements covered or replaced by the improvement or modification shall be assessed to and paid by the co-owner or the unit serviced by the improvement or modification.

(4) Before an improvement or modification allowed by this section is made, the co-owner shall submit plans and specifications for the improvements or modifications to the association of co-owners for review and approval. The association of co-owners shall determine whether the proposed improvement or modification substantially conforms to the requirements of this section and shall not deny a proposed improvement or modification without good cause. If the association of co-owners denies a proposed improvement or modification, the association of co-owners shall list, in writing, the changes needed to make the proposed

improvement or modification conform to the requirements of this section and shall deliver that list to the co-owner. The association of co-owners shall approve or deny the proposed improvement or modification not later than 60 days after the plans and specifications are submitted by the co-owner proposing the improvement or modification to the association of co-owners. If the association of co-owners does not approve or deny submitted plans and specifications within the 60-day period, the co-owner may make the proposed improvement or modification without the approval of the association of co-owners. A co-owner may bring an action against the association of co-owners and the officers and directors to compel those persons to comply with this section if the co-owner disagrees with a denial by the association of co-owners of the co-owner's proposed improvement or modification.

(5) This section applies to condominium units existing on May 27, 1987 and to those built or converted after May 27, 1987.

(6) This section does not apply to a condominium unit that is otherwise required by law to be barrier-free and does not impose on a co-owner the cost of maintaining that barrier-free unit.

(7) As used in this section, "person with disabilities" means that term as defined in section 2 of the state construction code act of 1972, 1972 PA 230, MCL 125.1502.

History: Add. 1987, Act 31, Imd. Eff. May 27, 1987;—Am. 1998, Act 36, Imd. Eff. Mar. 18, 1998;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.148 Relocation of boundaries between adjoining condominium units.

Sec. 48. (1) If the condominium documents expressly permit the relocation of boundaries between adjoining condominium units, then the boundaries between the condominium units may be relocated in accordance with this section and any restrictions not otherwise unlawful which the condominium documents may specify. The boundaries between adjoining condominium units shall not be relocated unless the condominium documents expressly permit it. A relocation of boundaries shall not occur without approval of an affected mortgagee.

(2) If the co-owners of adjoining condominium units whose mutual boundaries may be relocated desire to relocate the boundaries, then the principal officer of the association of co-owners or other persons as the condominium documents may specify, shall, upon written application of the co-owners, forthwith prepare and execute an amendment to the master deed duly relocating the boundaries pursuant to the condominium documents and this act.

(3) An amendment to the master deed shall identify the condominium units involved and shall state that the boundaries between those condominium units are being relocated by agreement of the co-owners thereof, which amendment shall contain conveyancing between those co-owners. If the co-owners of the condominium units involved have specified in their written application a reasonable reallocation as between the condominium units involved of the aggregate undivided interest in the common elements appertaining to those condominium units, the amendment to the master deed shall reflect that reallocation.

(4) If the co-owners of the condominium units involved have specified in their written application a reasonable reallocation as between the condominium units involved of the aggregate number of votes in the association of co-owners allocated to those condominium units, an amendment to the bylaws shall reflect that reallocation and a proportionate reallocation of liability for expenses of administration and rights to receipts of administration as between those condominium units.

History: 1978, Act 59, Eff. July 1, 1978.

559.149 Subdivision of condominium units.

Sec. 49. (1) If the condominium documents expressly permit the subdivision of any condominium units, then the condominium units may be subdivided in accordance with this section and any restrictions not otherwise unlawful which the condominium documents may specify. A condominium unit shall not be subdivided unless the condominium documents expressly permit it.

(2) If the co-owner of a condominium unit which may be subdivided desires to subdivide the condominium unit, then the principal officer of the association of co-owners or other persons as the condominium documents specify, shall, upon written application of the co-owner, prepare and execute an amendment to the master deed duly subdividing the condominium unit pursuant to the condominium documents and this act.

(3) An amendment to the master deed shall assign new identifying numbers to the new condominium units created by the subdivision of a condominium unit and shall allocate to those condominium units, on a reasonable basis, all of the undivided interest in the common elements appertaining to the subdivided condominium unit. The new condominium units shall jointly share all rights, and shall be equally liable, jointly and severally for all obligations, with regard to any limited common elements assigned to the subdivided condominium unit except to the extent that an amendment shall provide that portions of any

limited common element assigned to the subdivided condominium unit exclusively should be assigned to any, but less than all, of the new condominium units.

(4) An amendment to the bylaws shall allocate to the new condominium units, on a reasonable basis, the votes in the association of co-owners allocated to the subdivided condominium unit, and shall reflect a proportionate allocation to the new condominium units of the liability for expenses of administration and rights to receipts of administration formerly appertaining to the subdivided condominium unit.

History: 1978, Act 59, Eff. July 1, 1978.

559.150 Termination of condominium project or amendment of master deed by developer.

Sec. 50. 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.

History: 1978, Act 59, Eff. July 1, 1978.

559.151 Termination of condominium project by agreement of developer and unaffiliated co-owners.

Sec. 51. (1) If there is a co-owner other than the developer, then the condominium project shall be terminated only by the agreement of the developer and unaffiliated co-owners of condominium units to which 4/5 of the votes in the association of co-owners appertain, or a larger majority as the condominium documents may specify.

(2) If none of the condominium units in the condominium project are restricted exclusively to residential use, then the condominium documents may specify voting majorities less than the minimums specified by subsection (1).

(3) Agreement of the required majority of co-owners to 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 so evidenced of record.

(4) 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.

(5) Upon recordation of an instrument terminating a condominium project, any rights the co-owners may have to the assets of the association of co-owners 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 this act.

History: 1978, Act 59, Eff. July 1, 1978.

559.152 Advisory committee of nondeveloper co-owners; establishment; meeting with condominium project board of directors; cessation; right to elect directors; formula; recording consolidating master deed; copy; “units that may be created” defined; time of sale to nondeveloper co-owner.

Sec. 52. (1) An advisory committee of nondeveloper co-owners shall be established either 120 days after conveyance of legal or equitable title to nondeveloper co-owners of 1/3 of the units that may be created or 1 year after the initial conveyance of legal or equitable title to a nondeveloper co-owner of a unit in the project, whichever occurs first. The advisory committee shall meet with the condominium project board of directors for the purpose of facilitating communication and aiding the transition of control to the association of co-owners. The advisory committee shall cease to exist when a majority of the board of directors of the association of co-owners is elected by the nondeveloper co-owners.

(2) Not later than 120 days after conveyance of legal or equitable title to nondeveloper co-owners of 25% of the units that may be created, at least 1 director and not less than 25% of the board of directors of the association of co-owners shall be elected by nondeveloper co-owners. Not later than 120 days after conveyance of legal or equitable title to nondeveloper co-owners of 50% of the units that may be created, not less than 33-1/3% of the board of directors shall be elected by nondeveloper co-owners. Not later than 120 days after conveyance of legal or equitable title to nondeveloper co-owners of 75% of the units that may be created, and before conveyance of 90% of such units, the nondeveloper co-owners shall elect all directors on the board, except that the developer shall have the right to designate at least 1 director as long as the developer owns and offers for sale at least 10% of the units in the project or as long as 10% of the units

remain that may be created.

(3) Notwithstanding the formula provided in subsection (2), 54 months after the first conveyance of legal or equitable title to a nondeveloper co-owner of a unit in the project, if title to not less than 75% of the units that may be created has not been conveyed, the nondeveloper co-owners have the right to elect, as provided in the condominium documents, a number of members of the board of directors of the association of co-owners equal to the percentage of units they hold and the developer has the right to elect, as provided in the condominium documents, a number of members of the board equal to the percentage of units which are owned by the developer and for which all assessments are payable by the developer. This election may increase, but does not reduce, the minimum election and designation rights otherwise established in subsection (2). Application of this subsection does not require a change in the size of the board as determined in the condominium documents.

(4) If the calculation of the percentage of members of the board that the nondeveloper co-owners have the right to elect under subsection (2), or if the product of the number of members of the board multiplied by the percentage of units held by the nondeveloper co-owners under subsection (3) results in a right of nondeveloper co-owners to elect a fractional number of members of the board, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the board that the nondeveloper co-owners have the right to elect. After application of the formula contained in this subsection, the developer has the right to elect the remaining members of the board. Application of this subsection does not eliminate the right of the developer to designate 1 member as provided in subsection (2).

(5) A consolidating master deed and plans showing the condominium as built shall be recorded not later than 1 year after completion of construction in order to consolidate all phases or amendments of a condominium project. A copy of the recorded consolidating master deed shall be provided to the association of co-owners.

(6) As used in this section, “units that may be created” means the maximum number of units in all phases of the condominium project as stated in the master deed.

(7) For purposes of calculating the timing of events described in this section, conveyance by a developer to a residential builder, even though not an affiliate of the developer, is not considered a sale to a nondeveloper co-owner until such time as the residential builder conveys that unit with a completed residence on it or until it contains a completed residence which is occupied.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.153 Bylaws governing administration of condominium project; amendments; recording.

Sec. 53. The administration of a condominium project shall be governed by bylaws recorded as part of the master deed, or as provided in the master deed. An amendment to the bylaws of any condominium project shall not eliminate the mandatory provisions required by section 54. An amendment shall be inoperative until recorded.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.154 Bylaws; mandatory provisions; allocation of votes; dispute, claim, or grievance; applicability of subsections (8), (9), and (10).

Sec. 54. (1) The bylaws shall contain provisions for the designation of persons to administer the affairs of the condominium project and shall require that those persons keep books and records with a detailed account of the expenditures and receipts affecting the condominium project and its administration, and which specify the operating expenses of the project.

(2) The bylaws shall provide that the person designated to administer the affairs of the project shall be assessed as the person in possession for any tangible personal property of the project owned or possessed in common by the co-owners. Personal property taxes based on that tangible personal property shall be treated as expenses of administration.

(3) The bylaws shall contain specific provisions directing the courses of action to be taken in the event of partial or complete destruction of the building or buildings in the project.

(4) The bylaws shall provide that expenditures affecting the administration of the project shall include costs incurred in the satisfaction of any liability arising within, caused by, or connected with, the common elements or the administration of the condominium project, and that receipts affecting the administration of the condominium project shall include all sums received as the proceeds of, or pursuant to, a policy of insurance securing the interest of the co-owners against liabilities or losses arising within, caused by, or connected with the common elements or the administration of the condominium project.

(5) The bylaws shall provide that the association of co-owners shall prepare and distribute to each owner at

least once each year a financial statement, the contents of which shall be defined by the association of co-owners.

(6) The bylaws shall provide an indemnification clause for the board of directors of the association of co-owners. The indemnification clause shall require that 10 days' notice, before payment under the clause, be given to the co-owners. The indemnification clause shall exclude indemnification for willful and wanton misconduct and for gross negligence.

(7) The bylaws may allocate to each condominium unit a number of votes in the association of co-owners proportionate to the percentage of value appertaining to each condominium unit, or an equal number of votes in the association of co-owners.

(8) The bylaws shall contain a provision providing that arbitration of disputes, claims, and grievances arising out of or relating to the interpretation of the application of the condominium document or arising out of disputes among or between co-owners shall be submitted to arbitration and that the parties to the dispute, claim, or grievance shall accept the arbitrator's decision as final and binding, upon the election and written consent of the parties to the disputes, claims, or grievances and upon written notice to the association. The commercial arbitration rules of the American arbitration association are applicable to any such arbitration.

(9) In the absence of the election and written consent of the parties under subsection (8), neither a co-owner nor the association is prohibited from petitioning a court of competent jurisdiction to resolve any dispute, claim, or grievance.

(10) The election by the parties to submit any dispute, claim, or grievance to arbitration prohibits the parties from petitioning the courts regarding that dispute, claim, or grievance.

(11) Subsections (8), (9), and (10) apply only to condominium projects established on or after the effective date of the amendatory act that added this subsection.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.155 Voiding service contract and management contract.

Sec. 55. (1) A service contract which exists between the association of co-owners and the developer or affiliates of the developer and a management contract with the developer or affiliates of the developer is voidable by the board of directors of the association of co-owners on the transitional control date or within 90 days thereafter, and on 30 days' notice at any time thereafter for cause.

(2) To the extent that any management contract extends beyond 1 year after the transitional control date, the excess period under the contract may be voided by the board of directors of the association of co-owners by notice to the management agent at least 30 days before the expiration of the 1 year.

History: 1978, Act 59, Eff. July 1, 1978.

559.156 Bylaws; permissible provisions.

Sec. 56. The bylaws may contain provisions:

(a) As are deemed appropriate for the administration of the condominium project not inconsistent with this act or any other applicable laws.

(b) For restrictions on the sale, lease, license to use, or occupancy of condominium units.

(c) For insuring the co-owners against risks affecting the condominium project, without prejudice to the right of each co-owner to insure his condominium unit or condominium units on his own account and for his own benefit.

History: 1978, Act 59, Eff. July 1, 1978.

559.156a Displaying United States flag on condominium unit; applicability of section.

Sec. 56a. A developer or association of co-owners shall not prohibit a co-owner from displaying a single United States flag of a size not greater than 3 feet by 5 feet anywhere on the exterior of the co-owner's condominium unit. A developer or association of co-owners shall not enforce a prohibition in existence before the effective date of this section on or after that effective date.

History: Add. 1991, Act 183, Imd. Eff. Dec. 27, 1991.

559.157 Books, records, contracts, and financial statements; examination; audit or review; opt-out of requirements of subsection (2).

Sec. 57. (1) The books, records, contracts, and financial statements concerning the administration and operation of the condominium project shall be available for examination by any of the co-owners and their mortgagees at convenient times.

(2) Except as provided in subsection (3), an association of co-owners with annual revenues greater than

$20,000.00 shall on an annual basis have its books, records, and financial statements independently audited or reviewed by a certified public accountant, as defined in section 720 of the occupational code, 1980 PA 299, MCL 339.720. The audit or review shall be performed in accordance with the statements on auditing standards or the statements on standards for accounting and review services, respectively, of the American institute of certified public accountants.

(3) An association of co-owners may opt out of the requirements of subsection (2) on an annual basis by an affirmative vote of a majority of its members by any means permitted under the association's bylaws.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2013, Act 134, Eff. Jan. 14, 2014.

559.158 Acquisition of title by foreclosure of first mortgage; liability for assessments.

Sec. 58. If the mortgagee of a first mortgage of record or other purchaser of a condominium unit obtains title to the condominium unit as a result of foreclosure of the first mortgage, that mortgagee or purchaser and his or her successors and assigns are not liable for the assessments by the administering body chargeable to the unit that became due prior to the acquisition of title to the unit by that mortgagee or purchaser and his or her successors and assigns.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.159 Submission of property with mortgage of record.

Sec. 59. Property upon which there is a mortgage of record shall not be submitted to a condominium project without the written consent of the mortgagee.

History: 1978, Act 59, Eff. July 1, 1978.

559.160 Action on behalf of and against co-owners.

Sec. 60. Actions on behalf of and against the co-owners shall be brought in the name of the association of co-owners. The association of co-owners may assert, defend, or settle claims on behalf of all co-owners in connection with the common elements of the condominium project.

History: 1978, Act 59, Eff. July 1, 1978.

559.161 Condominium unit as sole property.

Sec. 61. Upon the establishment of a condominium project each condominium unit, together with and inseparable from its appurtenant share of the common elements, shall be a sole property subject to ownership, mortgaging, taxation, possession, sale, and all types of juridicial acts, inter vivos or causa mortis independent of the other condominium units.

History: 1978, Act 59, Eff. July 1, 1978.

559.162 Ownership of condominium unit.

Sec. 62. A condominium unit may be jointly or commonly owned by more than 1 person.

History: 1978, Act 59, Eff. July 1, 1978.

559.163 Rights of co-owner.

Sec. 63. Each co-owner has an exclusive right to his condominium unit and has such rights to share with other co-owners the common elements of the condominium project as are designated by the master deed.

History: 1978, Act 59, Eff. July 1, 1978.

559.164 Conveyance and other instruments affecting title to condominium unit; description of unit; recordation.

Sec. 64. Conveyances and other instruments affecting title to any condominium unit in a condominium project shall describe the same by reference to the condominium unit number of the condominium subdivision plan and the caption thereof, together with a reference to the liber and page of the county records in which the master deed is recorded. The conveyances and other instruments are recordable.

History: 1978, Act 59, Eff. July 1, 1978.

559.165 Compliance with master deed, bylaws, rules, and regulations.

Sec. 65. Each unit co-owner, tenant, or nonco-owner occupant shall comply with the master deed, bylaws, and rules and regulations of the condominium project and this act.

History: 1978, Act 59, Eff. July 1, 1978.

559.166 Condominium subdivision plan; preparation; signature and seal; contents; recording; structures and improvements to be completed by developer.

Sec. 66. (1) The condominium subdivision plan for each condominium project shall be prepared by an architect, land surveyor, or engineer licensed to practice and shall bear the signature and seal of such architect, land surveyor, or engineer. The condominium subdivision plan shall be reproductions of original drawings.

(2) A complete condominium subdivision plan shall include all of the following:

(a) A cover sheet.

(b) A survey plan.

(c) A floodplain plan, if the condominium lies within or abuts a floodplain area.

(d) A site plan.

(e) A utility plan.

(f) Floor plans.

(g) The size, location, area, and horizontal boundaries of each condominium unit.

(h) A number assigned to each condominium unit.

(i) The vertical boundaries and volume for each unit comprised of enclosed air space.

(j) Building sections showing the existing and proposed structures and improvements including their location on the land. Any proposed structure and improvement shown shall be labeled either "must be built" or "need not be built". To the extent that a developer is contractually obligated to deliver utility conduits, buildings, sidewalks, driveways, landscaping and an access road, the same shall be shown and designated as "must be built", but the obligation to deliver such items exists whether or not they are so shown and designated.

(k) The nature, location, and approximate size of the common elements.

(*l*) Other items the administrator requires by rule.

(3) Condominium subdivision plans shall be numbered consecutively when recorded by the register of deeds and shall be designated _____ county condominium subdivision plan number _____.

(4) The developer shall complete all structures and improvements labeled pursuant to subsection (2)(j) "must be built".

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1983, Act 113, Imd. Eff. July 12, 1983 .

559.167 Changes in condominium project; amendment; replat of condominium subdivision plan; right of withdrawal.

Sec. 67. (1) A change in a condominium project shall be reflected in an amendment to the appropriate condominium document. An amendment to the condominium document is subject to sections 90, 90a, and 91.

(2) If a change involves a change in the boundaries of a condominium unit or the addition or elimination of condominium units, a replat of the condominium subdivision plan shall be prepared and recorded assigning a condominium unit number to each condominium unit in the amended project. The replat of the condominium subdivision plan shall be designated replat number _____ of _____ county condominium subdivision plan number _____, using the same plan number assigned to the original condominium subdivision plan.

(3) Notwithstanding section 33, if the developer has not completed development and construction of units or improvements in the condominium project that are identified as "need not be built" during a period ending 10 years after the date of commencement of construction by the developer of the project, the developer, its successors, or assigns have the right to withdraw from the project all undeveloped portions of the project not identified as "must be built" without the prior consent of any co-owners, mortgagees of units in the project, or any other party having an interest in the project. If the master deed contains provisions permitting the expansion, contraction, or rights of convertibility of units or common elements in the condominium project, then the time period is 6 years after the date the developer exercised its rights with respect to either expansion, contraction, or rights of convertibility, whichever right was exercised last. The undeveloped portions of the project withdrawn shall also automatically be granted easements for utility and access purposes through the condominium project for the benefit of the undeveloped portions of the project. If the developer does not withdraw the undeveloped portions of the project from the project before expiration of the time periods, those undeveloped lands shall remain part of the project as general common elements and all rights to construct units upon that land shall cease. In such an event, if it becomes necessary to adjust percentages of value as a result of fewer units existing, a co-owner or the association of co-owners may bring an action to require revisions to the percentages of value under section 95.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.168 Availability of condominium documents.

Sec. 68. An association of co-owners 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 condominium units in the condominium projects.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.169 Assessment of common expenses; contribution of co-owner.

Sec. 69. (1) Except to the extent that the condominium documents provide otherwise, common expenses associated with the maintenance, repair, renovation, restoration, or replacement of a limited common element shall be specially assessed against the condominium unit to which that limited common element was assigned at the time the expenses were incurred. If the limited common element involved was assigned to more than 1 condominium unit, the expenses shall be specially assessed against each of the condominium units equally so that the total of the special assessments equals the total of the expenses, except to the extent that the condominium documents provide otherwise.

(2) To the extent that the condominium documents expressly so provide, any other unusual common expenses benefiting less than all of the condominium units, or any expenses incurred as a result of the conduct of less than all those entitled to occupy the condominium project or by their licensees or invitees, shall be specially assessed against the condominium unit or condominium units involved, in accordance with reasonable provisions as the condominium documents may provide.

(3) The amount of all common expenses not specially assessed under subsections (1) and (2) shall be assessed against the condominium units in proportion to the percentages of value or other provisions as may be contained in the master deed for apportionment of expenses of administration.

(4) A co-owner shall not be exempt from contributing as provided in this act by nonuse or waiver of the use of any of the common elements or by abandonment of his or her condominium unit.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.170 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed section pertained to review of filing.

559.171 Notice of proposed action.

Sec. 71. Not less than 10 days before taking reservations under a preliminary reservation agreement for a unit in a condominium project, recording a master deed for a project, or beginning construction of a project which is intended to be a condominium project at the time construction is begun, whichever is earliest, a written notice of the proposed action shall be provided to each of the following:

(a) The appropriate city, village, township, or county.

(b) The appropriate county road commission and county drain commissioner.

(c) The department of environmental quality.

(d) The state transportation department.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1980, Act 513, Imd. Eff. Jan. 26, 1981;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983 ;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.171a Rules applicable to condominium project not served by public water and public sewers; submission of plan to department of public health; approval or rejection.

Sec. 71a. (1) The rules of the department of public health relating to suitability of soils and groundwater supply for subdivisions not served by public water and public sewers shall apply to a condominium project not served by public water and public sewers.

(2) If public water and public sewers are not available and accessible to the land proposed to be included in a project, a developer shall submit 3 copies of the condominium subdivision plan to the department of public health. The department of public health shall transmit these copies to a local health department that elects to maintain jurisdiction over the approval or rejection of the plan pursuant to subsection (3).

(3) Not later than 30 days after receipt of the condominium subdivision plan, the state department of public health or, if the local health department elects to maintain jurisdiction over approval or rejection of the plan, the local health department shall approve the plan and note its approval on the copy to be returned to the developer or reject all or such portion of the plan that is not suitable. If rejected, the department rejecting the plan shall notify the developer and the governing body in writing of the reasons for rejection of the plan and the requirements for approval.

History: Add. 1983, Act 113, Imd. Eff. July 12, 1983.

559.172 Establishment of condominium project; sale of condominium unit before master deed recorded prohibited; exception; substantial failure of master deed to comply with act; marketability of title.

Sec. 72. (1) A condominium project for any property shall be established upon the recording of a master deed that complies with this act.

(2) Except as provided in section 88, a condominium unit shall not be sold by or on behalf of the developer before a master deed is recorded for the condominium units in the project.

(3) Title to a unit and common elements is not rendered unmarketable or otherwise affected by reason of an insubstantial failure of the master deed to comply with this act. Whether a substantial failure of the master deed to comply with this act impairs marketability is not affected by this subsection.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1983, Act 113, Imd. Eff. July 12, 1983
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559.172a Recordation of master deed; creation of time-share unit; amendment of documents as material alteration.

Sec. 72a. If the master deed for a condominium project is recorded after the effective date of this section, a time-share unit shall not be created unless expressly provided for in the condominium documents. If the master deed for a condominium project was recorded on or before the effective date of this section, a time-share unit shall not be created unless the condominium documents are amended to expressly provide for the creation of time-share units. An amendment of the condominium documents to expressly provide for the creation of time-share units is a material alteration of the rights of co-owners and requires the consent of 2/3 of the votes of co-owners and mortgagees as provided in section 90.

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.172b Air space over fee.

Sec. 72b. (1) A condominium project may be established for property consisting of a separate legal parcel in space that is considered the air space over a fee, improved or unimproved, in real property law. Such a condominium project may be provided easements, licenses, and other rights as may be necessary to provide access to and otherwise serve the needs of the project from the underlying surface parcel.

(2) This section applies to any question regarding whether any air space existing over a fee may be submitted to, and established as, a condominium under this act and applies to development as a condominium of air space over a fee.

History: Add. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.173 Recordation of master deed and amendment; certification by treasurer; filing copy of master deed with local supervisor or assessing officer; filing architectural plans and specifications or affidavit with local unit of government.

Sec. 73. (1) A master deed and an amendment to the master deed shall be recorded.

(2) A master deed shall not be recorded without a certification by the treasurer collecting the property taxes and special assessments that all property taxes and current installments of special assessments which became a lien on the property involved in the project are paid in full.

(3) When recorded, a copy of the master deed and a copy of any subsequently amended master deed or amendment shall be filed with the local supervisor or assessing officer.

(4) Detailed architectural plans and specifications for the condominium project, if that condominium project contains any units that require architectural plans and specifications to construct, shall be filed with the local unit of government in which the project is located. However, in the case of a conversion condominium where detailed architectural plans and specifications are not available, the developer shall file with the local unit of government an affidavit stating the fact that detailed architectural plans and specifications are not available.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.174 Delivery and retention of condominium subdivision plan; recordation of consolidating master deed.

Sec. 74. (1) The condominium subdivision plan of a size as provided by rule of the administrator shall be delivered to and retained by the local register of deeds office.

(2) A consolidating master deed shall be recorded at the register of deeds office. The register of deeds shall

not deny recording of a consolidating master deed because the property taxes and special assessments are not paid in full.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.181 Service of process.

Sec. 81. (1) When a person, including a nonresident of this state, files a notice under section 71, records a master deed, or engages in conduct prohibited or made actionable by this act or a rule promulgated or order issued under this act and personal jurisdiction over the person cannot otherwise be obtained in this state, that conduct shall be considered equivalent to the person's appointment of the administrator as his or her attorney to receive service of process in any noncriminal action or proceeding against the person or the person's successor, personal representative, or administrator which grows out of that conduct and which is brought under this act or any rule promulgated or order issued under this act, with the same force and validity as if served on the person personally.

(2) Service under subsection (1) may be made by filing a copy of the process in the office of the administrator together with a $25.00 fee. Service is not effective unless the plaintiff, which may be the administrator in an action or proceeding instituted by it, immediately sends notice of the service and a copy of the process by registered or certified mail to the defendant or respondent at the person's last known address, or takes other steps which are reasonably calculated to give actual notice and unless the plaintiff's affidavit of compliance with this section is filed in the case on or before the return day of the process, if any, or within such further time as the court allows.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.181a Promotional material; labeling structure or improvement "need not be built."

Sec. 81a. If any structure or improvement proposed in a condominium project is labeled pursuant to section 66 "need not be built", or is to be located within a portion of the condominium project with respect to which the developer has reserved a development right, promotional material may not be displayed or delivered to prospective purchasers which describes or portrays that structure or improvement unless the description or portrayal of the structure or improvement in the promotional material is conspicuously labeled "need not be built".

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.182 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed section pertained to escrow account and escrow agent.

559.183 Preliminary reservation agreement; use; condominium buyer's handbook; placing payment in escrow; cancellation of agreement; refund; treating payment as if made under purchase agreement.

Sec. 83. (1) After filing a notice under section 71, a preliminary reservation agreement may be used by a developer to reserve a condominium unit for a prospective purchaser. During the time reservations are being accepted, a condominium buyer's handbook shall be available at the condominium project for all prospective purchasers.

(2) Upon receipt of payment under a preliminary reservation agreement, the developer shall place the payment in an escrow account with an escrow agent.

(3) A prospective purchaser who has made a payment under a preliminary reservation agreement may cancel that agreement. The developer shall fully refund within 3 business days after notice of cancellation is received all payments made.

(4) If a person who has entered into a preliminary reservation agreement subsequently enters into a purchase agreement, the developer shall treat a payment originally made under the preliminary reservation agreement as if made under a purchase agreement pursuant to section 84.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.184 Section inapplicable to business condominium unit; withdrawal from signed purchase agreement; depositing and retaining funds in escrow; contents of purchase agreement; waiver of right of withdrawal; form.

Sec. 84. (1) This section shall not apply to a business condominium unit.

(2) Except as provided in subsection (5), a signed purchase agreement shall not become binding on a purchaser and a purchaser may withdraw from a signed purchase agreement without cause and without penalty before conveyance of the unit and within 9 business days after receipt of the documents required in

section 84a. The calculation of the 9 business day period shall include the day on which the documents required under section 84a are received if that day is a business day.

(3) Upon receipt of payment under a purchase agreement, the developer shall deposit all funds in an escrow account with an escrow agent. Funds due a developer from the closing of a unit sale need not be deposited in escrow if such funds are not required by other provisions of this act to be retained in escrow after such closing. After the expiration of the withdrawal period provided in subsection (2), the developer shall retain amounts in escrow or provide other adequate security as provided in section 103b to assure completion of only those uncompleted structures and improvements labeled under the terms of the condominium documents, "must be built".

(4) A purchase agreement shall contain all of the following:

(a) A statement that all funds paid by the prospective purchaser in connection with the purchase of a unit shall be deposited in an escrow account with an escrow agent and shall be returned to the purchaser within 3 business days after withdrawal from the purchase agreement as provided in subdivision (b). The statement shall include the name and address of the escrow agent.

(b) A statement that unless the purchaser waives the right of withdrawal, the purchaser may withdraw from a signed purchase agreement without cause and without penalty if the withdrawal is made before conveyance of the unit and within 9 business days after receipt of the documents required in section 84a including the day on which the documents are received if that day is a business day.

(c) A statement that after the expiration of the withdrawal period provided in subsection (2), the developer is required to retain sufficient funds in escrow or to provide sufficient security to assure completion of only those uncompleted structures and improvements labeled under the terms of the condominium documents, "must be built".

(d) The following paragraph:

"At the exclusive option of the purchaser, any claim which might be the subject of a civil action against the developer which involves an amount less than $2,500.00, and arises out of or relates to this purchase agreement or the unit or project to which this agreement relates, shall be settled by binding arbitration conducted by the American arbitration association. The arbitration shall be conducted in accordance with applicable law and the currently applicable rules of the American arbitration association. Judgment upon the award rendered by arbitration may be entered in a circuit court of appropriate jurisdiction."

(e) A statement that the escrow agreement between the developer and the escrow agent is incorporated by reference.

(5) The right of withdrawal in subsection (2) may be waived in exceptional cases, by a purchaser who is provided all of the documents listed in subsection (4) and who knowingly and voluntarily waives in writing the purchaser's right to the protection provided by the right of withdrawal. The waiver form shall include an explanation of this section.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1983, Act 113, Imd. Eff. July 12, 1983

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559.184a Providing copies of listed documents to prospective purchaser of condominium unit; amendment to purchase agreement and condominium documents; signature on form as evidence; providing prospective purchaser of business condominium unit copy of recorded master deed; misleading statements; violation.

Sec. 84a. (1) The developer shall provide copies of all of the following documents to a prospective purchaser of a condominium unit, other than a business condominium unit:

(a) The recorded master deed.

(b) A copy of a purchase agreement that conforms with section 84, and that is in a form in which the purchaser may sign the agreement, together with a copy of the escrow agreement.

(c) A condominium buyer's handbook. The handbook shall contain, in a prominent location and in boldface type, the name, telephone number, and address of the person designated by the administrator to respond to complaints. The handbook shall contain a listing of the available remedies as provided in section 145.

(d) A disclosure statement relating to the project containing all of the following:

(*i*) An explanation of the association of co-owners' possible liability pursuant to section 58.

(*ii*) The names, addresses, and previous experience with condominium projects of each developer and any management agency, real estate broker, residential builder, and residential maintenance and alteration contractor.

(*iii*) A projected budget for the first year of operation of the association of co-owners.

(*iv*) An explanation of the escrow arrangement.

(*v*) Any express warranties undertaken by the developer, together with a statement that express warranties

are not provided unless specifically stated.

(*vi*) If the condominium project is an expandable condominium project, an explanation of the contents of the master deed relating to the election to expand the project prescribed in section 32, and an explanation of the material consequences of expanding the project.

(*vii*) If the condominium project is a contractable condominium project, an explanation of the contents of the master deed relating to the election to contract the project prescribed in section 33, an explanation of the material consequences of contracting the project, and a statement that any structures or improvements proposed to be located in a contractable area need not be built.

(*viii*) If section 66(2)(j) is applicable, an identification of all structures and improvements labeled pursuant to section 66 "need not be built".

(*ix*) If section 66(2)(j) is applicable, the extent to which financial arrangements have been provided for completion of all structures and improvements labeled pursuant to section 66 "must be built".

(*x*) Other material information about the condominium project and the developer that the administrator requires by rule.

(e) If a project is a conversion condominium, the developer shall disclose the following additional information:

(*i*) A statement, if known, of the condition of the main components of the building, including the roofs; foundations; external and supporting walls; heating, cooling, mechanical ventilating, electrical, and plumbing systems; and structural components. If the condition of any of the components of the building listed in this subparagraph is unknown, the developer shall fully disclose that fact.

(*ii*) A list of any outstanding building code or other municipal regulation violations and the dates the premises were last inspected for compliance with building and housing codes.

(*iii*) The year or years of completion of construction of the building or buildings in the project.

(2) A purchase agreement may be amended by agreement of the purchaser and developer before or after the agreement is signed. An amendment to the purchase agreement does not afford the purchaser any right or time to withdraw in addition to that provided in section 84(2). An amendment to the condominium documents effected in the manner provided in the documents or provided by law does not afford the purchaser any right or time to withdraw in addition to that provided in section 84(2).

(3) At the time the purchaser receives the documents required in subsection (1) the developer shall provide a separate form that explains the provisions of this section. The signature of the purchaser upon this form is prima facie evidence that the documents required in subsection (1) were received and understood by the purchaser.

(4) Promptly after recording a master deed for a condominium project containing a business condominium unit, the developer shall provide to a prospective purchaser of a business condominium unit a copy of the recorded master deed for the project.

(5) With regard to any documents required under this section, a developer shall not make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

(6) The developer promptly shall amend a document required under this section to reflect any material change or to correct any omission in the document.

(7) In addition to other liabilities and penalties, a developer who violates this section is subject to section 115.

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1983, Act 113, Imd. Eff. July 12, 1983.

559.185 Liquidated damages in case of default; actual damages; receipt of escrowed funds.

Sec. 85. A provision in a purchase agreement for liquidated damages in case of default shall be limited to a reasonable percentage of the purchase price of the condominium unit. This provision shall not prevent the developer from recovering actual damages. Such an agreement shall not permit the developer to receive escrowed funds until there is a default, or until conveyance of legal or equitable title to the purchaser.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.186, 559.187 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed sections pertained to advertising and reservations for purchase of condominium unit.

559.188 Offering for sale and entering into purchase agreement with respect to condominium unit proposed to be included within additional land of expandable condominium or within convertible land without recording amended master deed.

Sec. 88. After recording a master deed for the initial phase of an expandable or convertible condominium

project, the developer may offer for sale and enter into a binding purchase agreement with respect to any condominium unit proposed to be included within the additional land of the expandable condominium or within the convertible land, without recording an amended master deed, if all of the following occur:

(a) The condominium unit is one which the developer may properly include in the condominium project.

(b) There is a site plan showing the location of the unit.

(c) A substantially identical condominium unit was already included within the project or plans for the condominium unit which describe the physical characteristics of the unit exist and are appended to the purchase agreement.

(d) The purchase agreement states that the condominium unit shall be conveyed to the prospective purchaser within 1 year after the execution of the purchase agreement. If conveyance is not made within that time the agreement is voidable under the conditions set forth in the agreement.

(e) Within 6 months after the date the purchase agreement becomes binding, an amendment to the master deed is recorded which includes the unit.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.189 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed section pertained to documents to be provided prospective purchaser.

559.190 Amendment of condominium documents; consent; void provision superseded by subsection (2); reservation of right to amend; notice of proposed amendments; costs and expenses; master deed amendment; affirmative vote.

Sec. 90. (1) The condominium documents may be amended without the consent of co-owners or mortgagees if the amendment does not materially alter or change the rights of a co-owner or mortgagee and if the condominium documents contain a reservation of the right to amend for that purpose to the developer or the association of co-owners. An amendment that does not materially change the rights of a co-owner or mortgagee includes, but is not limited to, a modification of the types and sizes of unsold condominium units and their appurtenant limited common elements.

(2) Except as provided in this section, the master deed, bylaws, and condominium subdivision plan may be amended, even if the amendment will materially alter or change the rights of the co-owners or mortgagees, with the consent of not less than 2/3 of the votes of the co-owners and mortgagees. A mortgagee shall have 1 vote for each mortgage held. The 2/3 majority required in this section may not be increased by the terms of the condominium documents, and a provision in any condominium documents that requires the consent of a greater proportion of co-owners or mortgagees for the purposes described in this subsection is void and is superseded by this subsection. Mortgagees are not required to appear at any meeting of co-owners except that their approval shall be solicited through written ballots. Any mortgagee ballots not returned within 90 days of mailing shall be counted as approval for the change.

(3) The developer may reserve, in the condominium documents, the right to amend materially the condominium documents to achieve specified purposes, except a purpose provided for in subsection (4). Reserved rights shall not be amended except by or with the consent of the developer. If a proper reservation is made, the condominium documents may be amended to achieve the specified purposes without the consent of co-owners or mortgagees.

(4) The method or formula used to determine the percentage of value of units in the project for other than voting purposes shall not be modified without the consent of each affected co-owner and mortgagee. A co-owner's condominium unit dimensions or appurtenant limited common elements may not be modified without the co-owner's consent.

(5) Co-owners shall be notified of proposed amendments under this section not less than 10 days before the amendment is recorded.

(6) A person causing or requesting an amendment to the condominium documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of a prescribed majority of co-owners and mortgagees or based upon the advisory committee's decision, the costs of which are expenses of administration.

(7) A master deed amendment, including the consolidating master deed, dealing with the addition, withdrawal, or modification of units or other physical characteristics of the project shall comply with the standards prescribed in section 66 for preparation of an original condominium subdivision plan for the project.

(8) For purposes of this section, the affirmative vote of a 2/3 of co-owners is considered 2/3 of all co-owners entitled to vote as of the record date for such votes.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1988, Act 147, Imd. Eff. June 7, 1988;

—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.190a Voting procedures.

Sec. 90a. (1) To the extent this act or the condominium documents require a vote of mortgagees of units on amendment of the condominium documents, the procedure described in this section applies.

(2) The date on which the proposed amendment is approved by the requisite majority of co-owners is considered the "control date".

(3) Only those mortgagees who hold a recorded first mortgage or a recorded assignment of a first mortgage against 1 or more condominium units in the condominium project on the control date are entitled to vote on the amendment. Each mortgagee entitled to vote shall have 1 vote for each condominium unit in the project that is subject to its mortgage or mortgages, without regard to how many mortgages the mortgagee may hold on a particular condominium unit.

(4) The association of co-owners shall give a notice to each mortgagee entitled to vote containing all of the following:

(a) A copy of the amendment or amendments as passed by the co-owners.

(b) A statement of the date that the amendment was approved by the requisite majority of co-owners.

(c) An envelope addressed to the entity authorized by the board of directors for tabulating mortgagee votes.

(d) A statement containing language in substantially the form described in subsection (5).

(e) A ballot providing spaces for approving or rejecting the amendment and a space for the signature of the mortgagee or an officer of the mortgagee.

(f) A statement of the number of condominium units subject to the mortgage or mortgages of the mortgagee.

(g) The date by which the mortgagee must return its ballot.

(5) The notice provided by subsection (4) shall contain a statement in substantially the following form:

"A review of the association records reveals that you are the holder of 1 or more mortgages recorded against title to 1 or more units in the (name of project) condominium. The co-owners of the condominium adopted the attached amendment to the condominium documents on (control date). Pursuant to the terms of the condominium documents and/or the Michigan condominium act, you are entitled to vote on the amendment. You have 1 vote for each unit that is subject to your mortgage or mortgages.

The amendment will be considered approved by first mortgagees if it is approved by 66-2/3% of those mortgagees. In order to vote, you must indicate your approval or rejection on the enclosed ballot, sign it, and return it not later than 90 days after this notice (which date coincides with the date of mailing). Failure to timely return a ballot will constitute a vote for approval. If you oppose the amendment, you must vote against it.".

(6) The amendment is considered to be approved by the first mortgagees if it is approved by 66-2/3% of the first mortgagees whose ballots are received, or are considered to be received, in accordance with section 90(2), by the entity authorized by the board of directors to tabulate mortgagee votes.

(7) The association of co-owners shall mail the notice required under subsection (4) to the first mortgagee at the address provided in the mortgage or assignment for notices.

(8) The association of co-owners shall maintain a copy of the notice, proofs of mailing of the notice, and the ballots returned by mortgagees for a period of 2 years after the control date.

(9) Notwithstanding any provision of the condominium documents to the contrary, first mortgagees are entitled to vote on amendments to the condominium documents only under the following circumstances:

(a) Termination of the condominium project.

(b) A change in the method or formula used to determine the percentage of value assigned to a unit subject to the mortgagee's mortgage.

(c) A reallocation of responsibility for maintenance, repair, replacement, or decoration for a condominium unit, its appurtenant limited common elements, or the general common elements from the association of co-owners to the condominium unit subject to the mortgagee's mortgage.

(d) Elimination of a requirement for the association of co-owners to maintain insurance on the project as a whole or a condominium unit subject to the mortgagee's mortgage or reallocation of responsibility for obtaining or maintaining, or both, insurance from the association of co-owners to the condominium unit subject to the mortgagee's mortgage.

(e) The modification or elimination of an easement benefiting the condominium unit subject to the mortgagee's mortgage.

(f) The partial or complete modification, imposition, or removal of leasing restrictions for condominium units in the condominium project.

(g) Amendments requiring the consent of all affected mortgagees under section 90(4).

History: Add. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.191 Recording of amendment to recorded condominium document required; copy to co-owner.

Sec. 91. (1) An amendment to the master deed or other recorded condominium document shall not be effective until the amendment is recorded.

(2) A copy of the recorded amendment shall be delivered to each co-owner of the project.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.192, 559.193 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed sections pertained to disposition of fees and charges, and to conditions for refusing permit to sell or permit to take reservations.

559.194 Title insurance policy.

Sec. 94. The developer shall furnish a purchaser buying a condominium unit from the developer a title insurance policy, in the amount of the purchase price, by a title insurance company licensed to do business in the state.

History: 1978, Act 59, Eff. July 1, 1978.

559.195 Revision of condominium subdivision plan; altering percentage of value; revisions in percentage of value per condominium unit.

Sec. 95. If the condominium subdivision plan is revised subsequent to its initial filing, and the revisions would alter the percentage of value per condominium unit when applied to the formula used to derive the percentage of value, then the percentage of value shall be altered by the developer to reflect the revisions. If the percentage of value is not altered to reflect these revisions, then a co-owner may bring an action or initiate a proceeding to require revisions in the percentage of value per condominium unit, without the consent of the co-owners, mortgagees, or other interested parties, as are determined to be fair, just, and equitable in accordance with the basic formula used to originally establish the percentage of value for the project.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.201-559.203 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed sections pertained to disclosure statements and to escrow or security requirements for construction of recreational facilities.

559.203a Repealed. 1983, Act 113, Imd. Eff. July 12, 1983.

Compiler's note: The repealed section pertained to the release of escrow funds.

559.203b Section inapplicable to business condominium unit; release of deposits or amounts retained in escrow; conditions; substantial completion; furnishing escrow agent with evidence of adequate security in place of retaining funds; certificate; notice to developer; release of interest paid on amounts escrowed; escrow agent deemed independent party; liability; certification by licensed professional architect or engineer; "licensed professional engineer or architect" defined.

Sec. 103b. (1) This section shall not apply to a business condominium unit.

(2) Deposits in escrow with an escrow agent required under sections 83 and 84 shall be released pursuant to those sections upon cancellation of a preliminary reservation agreement or withdrawal from a purchase agreement, and in all other cases shall be retained and released pursuant to this section and condominium documents which are not inconsistent with this section.

(3) Except as provided in subsection (5), amounts required to be retained in escrow in connection with the purchase of a unit shall be released to the developer pursuant to subsection (6) only upon all of the following:

(a) Issuance of a certificate of occupancy for the unit, if required by local ordinance.

(b) Conveyance of legal or equitable title to the unit to the purchaser.

(c) Receipt by the escrow agent of a certificate signed by a licensed professional engineer or architect either confirming that those portions of the phase of the project in which the condominium unit is located and which on the condominium subdivision plan are labeled "must be built" are substantially complete, or determining the amount necessary for substantial completion thereof.

(d) Receipt by the escrow agent of a certificate signed by a licensed professional engineer or architect either confirming that recreational or other facilities which on the condominium subdivision plan are labeled "must be built", whether located within or outside of the phase of the project in which the condominium unit

is located, and which are intended for common use, are substantially complete, or determining the amount necessary for substantial completion thereof.

(4)

(a) Substantial completion and the estimated cost for substantial completion of the items described in subsections (3)(c) and (3)(d) and in subsection (6) shall be determined by a licensed professional engineer or architect, as provided in subsection (4)(b), subject to the following:

(*i*) Items referred to in subsection (3)(c) shall be substantially complete only after all utility mains and leads, all major structural components of buildings, all building exteriors and all sidewalks, driveways, landscaping and access roads, to the extent such items are designated on the condominium subdivision plan as "must be built", are substantially complete in accordance with the pertinent plans therefor.

(*ii*) If the estimated cost of substantial completion of any of the items referred to in subsection (3)(c) and (d) cannot be determined by a licensed professional engineer or architect due to the absence of plans, specifications, or other details that are sufficiently complete to enable such a determination to be made, such cost shall be the minimum expenditure specified in the recorded master deed or amendment for completion thereof. To the extent that any item referred to in subsection (3)(c) and (d) is specifically depicted on the condominium subdivision plan, an estimate of the cost of substantial completion prepared by a licensed professional engineer or architect shall be required in place of the minimum expenditure specified in the recorded master deed or amendment.

(b) A structure, element, facility or other improvement shall be deemed to be substantially complete when it can be reasonably employed for its intended use and, for purposes of certification under this section, shall not be required to be constructed, installed, or furnished precisely in accordance with the specifications for the project. A certificate of substantial completion shall not be deemed to be a certification as to the quality of the items to which it relates.

(5) In place of retaining funds in escrow under subsection (3), the developer may, if the escrow agreement so provides, furnish an escrow agent with evidence of adequate security, including, without limitation, an irrevocable letter of credit, lending commitment, indemnification agreement, or other resource having a value, in the judgment of the escrow agent, of not less than the amount retained pursuant to subsection (3).

(6) Upon receipt of a certificate issued pursuant to subsection (3)(c) and (d) determining the amounts necessary for substantial completion, the escrow agent may release to the developer all funds in escrow in excess of the amounts determined by the issuer of such certificate to be necessary for substantial completion. In addition, upon receipt by the escrow agent of a certificate signed by a licensed professional engineer or architect confirming substantial completion in accordance with the pertinent plans of an item for which funds have been deposited in escrow, the escrow agent shall release to the developer the amount of such funds specified by the issuer of the certificate as being attributable to such substantially completed item. However, if the amounts remaining in escrow after such partial release would be insufficient in the opinion of the issuer of such certificate for substantial completion of any remaining incomplete items for which funds have been deposited in escrow, only the amount in escrow in excess of such estimated cost to substantially complete shall be released by the escrow agent to the developer. Notwithstanding a release of escrowed funds that is authorized or required by this section, an escrow agent may refuse to release funds from an escrow account if the escrow agent, in its judgment, has sufficient cause to believe the certificate confirming substantial completion or determining the amount necessary for substantial completion is fraudulent or without factual basis.

(7) Not earlier than 9 months after closing the sale of the first unit in a phase of a condominium project for which escrowed funds have been retained under subsection (3)(c) or for which security has been provided under subsection (5), an escrow agent, upon the request of the association or any interested co-owner, shall notify the developer of the amount of funds deposited under subsection (3)(c) or security provided under subsection (5) for such purpose that remains, and of the date determined under this subsection upon which those funds can be released. In the case of a recreational facility or other facility intended for general common use, not earlier than 9 months after the date on which the facility was promised in the condominium documents to be completed by the developer, an escrow agent, upon the request of the association or any interested co-owner, shall notify the developer of the amount of funds deposited under subsection (3)(d) or security provided under subsection (5) for such purpose that remains, and of the date determined under this subsection upon which those funds can be released. Three months after receipt of a request pertaining to funds described in subsection (3)(c) or (3)(d), funds that have not yet been released to the developer may be released by the escrow agent for the purpose of completing incomplete improvements for which the funds were originally retained, or for a purpose specified in a written agreement between the association and the developer entered into after the transitional control date. The agreement may specify that issues relating to the use of the funds be submitted to arbitration. The escrow agent may release funds in the manner provided in

such an agreement or may initiate an interpleader action and deposit retained funds with a court of competent jurisdiction. In any interpleader action, the circuit court shall be empowered, in its discretion, to appoint a receiver to administer the application of the funds. Any notice or request provided for in this subsection shall be in writing.

(8) If interest is paid on the amounts escrowed under this act, that interest shall be released in the same manner as provided for release of funds in this section except that the parties may, by written agreement, provide that interest on funds refunded to a depositor upon withdrawal may be paid to the developer.

(9) The escrow agent in the performance of its duties under this section shall be deemed an independent party not acting as the agent of the developer, any purchaser, co-owner, or other interested party. So long as the escrow agent relies upon any certificate, cost estimate, or determination made by a licensed professional engineer or architect, as described in this act, the escrow agent shall have no liability whatever to the developer or to any purchaser, co-owner, or other interested party for any error in such certificate, cost estimate, or determination, or for any act or omission by the escrow agent in reliance thereon. The escrow agent shall be relieved of all liability upon release, in accordance with this section, of all amounts deposited with it pursuant to this act.

(10) A licensed professional architect or engineer undertaking to make a certification under this section shall be held to the normal standard of care required of a member of that profession in determining substantial completion and the estimated cost of substantial completion under this act, but such architect or engineer shall not be required to have designed the improvement or item or to have inspected or to have otherwise exercised supervisory control thereof during the course of construction or installation of the improvement or item with respect to which the certificate is delivered. The certification by a licensed professional architect or engineer shall not be construed to limit the developer's liability for any defect in construction.

(11) For purposes of this section, “licensed professional engineer or architect” means a member of those professions who satisfies all requirements of the laws of this state for the practice of the profession, and who is not an employee of the developer or of a firm in which the developer or an officer or director of the developer is a principal or holds 10% or more of the outstanding shares of that firm.

History: Add. 1983, Act 113, Imd. Eff. July 12, 1983.

559.204 Conversion condominium project; notice; termination of tenancy.

Sec. 104. (1) Except for the requirements of subsection (2), this section shall not apply to a business condominium unit.

(2) Before offering any unit for sale, the developer of a conversion condominium project shall notify each existing tenant of any unit in the proposed conversion condominium project of all of the following:

(a) The proposed conversion.

(b) The right of a prospective purchaser to receive the disclosure documents enumerated in section 84a.

(c) The right to remain in the unit of residence for 120 days after receipt of this notice, or until expiration of the term of the lease, whichever is longer.

(d) The right to terminate tenancy after receipt of this notice upon 60 days' notice to the developer. The notice shall be physically delivered or sent by first class mail to each unit, addressed to the tenant. A tenancy in a conversion condominium, whether month to month or otherwise, shall not be terminated by the lessor without cause within 120 days after delivery of notice under this subsection, or until expiration of the term of the lease, whichever is longer.

(3) A tenant who receives notice under subsection (2) may terminate his or her tenancy, at any time, if notice of termination of tenancy is given to the developer not less than 60 days before the date of termination.

(4) If a developer of a conversion condominium project desires to take reservations before delivery of the notice required under subsection (2), the developer shall, before taking any reservations, notify each existing tenant of any unit in the proposed conversion condominium of both of the following:

(a) The tenant's lease is not affected by the taking of reservations for units in the proposed conversion condominium.

(b) If a conversion condominium project is established, the tenant may obtain from the developer a full statement of the rights and options available to the tenant.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.204a Terminating tenancy of certain persons without cause prohibited; criteria; notice.

Sec. 104a. The tenancy of a person who meets all of the following criteria on the date a master deed is filed for the conversion of a building to a condominium, shall not be terminated without cause within 1 year after receipt of notice required under section 104(2):

(a) The person is 65 years of age or older or paraplegic, quadriplegic, hemiplegic, or blind as that term is

defined in section 504 of the state income tax act of 1967, Act No. 281 of the Public Acts of 1967, as amended, being section 206.504 of the Michigan Compiled Laws.

(b) The person is a resident of the building.

(c) The person does not qualify for an extended lease arrangement under section 104b.

History: Add. 1980, Act 283, Imd. Eff. Oct. 10, 1980;—Am. 1980, Act 513, Imd. Eff. Jan. 26, 1981;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.204b Definitions; applicability of section; notice of right to elect extended lease arrangement; election; extended lease arrangement provisions; number of years lease renewable; notice by developer entering into restricted lease arrangement; assignment, device, sublease, or transfer of lease by qualified senior citizen or person with disabilities prohibited; automatic termination of lease; liability of lessor violating rental restrictions; recovery of possession of restricted unit; transfer of restricted unit.

Sec. 104b. (1) As used in this section and sections 104a, 104d, 104e, and 131:

(a) "Qualified conversion condominium project" means a structure or group of structures containing a total of 6 or more residential units occupied before the establishment of a conversion condominium project.

(b) "Qualified person with disabilities" means a person who is a resident of a qualified conversion condominium project and paraplegic, quadriplegic, hemiplegic, or blind as that term is defined in section 504 of the income tax act of 1967, 1967 PA 281, MCL 206.504.

(c) "Qualified senior citizen" means an individual who is both of the following:

(*i*) A resident, on October 10, 1980, of a unit in a qualified conversion condominium project who on or after June 1, 1980, was a party to an oral or written agreement to pay less than $450.00 monthly rent for an apartment in the project having 1 bedroom or less, or less than $500.00 monthly rent for an apartment in the project having 2 or more bedrooms.

(*ii*) Sixty-five years of age or older on October 10, 1980.

(d) "Rent" or "monthly rent" means the total monthly amount payable to the lessor, and shall include any amount payable to the lessor for utilities.

(e) "Resident" means an individual who uses a unit as his or her primary residence, to which the individual intends to return whenever absent.

(f) "Restricted unit" means an apartment that is subject to an extended lease arrangement as provided in subsection (4).

(2) Except as to a developer who has been issued a permit to sell before October 10, 1980, this section applies to a developer of a qualified conversion condominium project.

(3) A developer shall notify each existing tenant at the same time notice is given under section 104(2), of the right to elect an extended lease arrangement and the terms and conditions of an extended lease arrangement. A qualified senior citizen or qualified person with disabilities shall have not more than 60 days after receipt of notice under this subsection to communicate the election of an extended lease arrangement to the developer.

(4) An extended lease arrangement shall be in writing and shall provide for the following:

(a) A written lease renewable from year to year for the number of years specified in subsection (5) with respect to a unit occupied by a qualified senior citizen, and for the number of years specified in subsection (6) with respect to a unit occupied by a qualified person with disabilities.

(b) That the number of years for which a lease subject to an extended lease arrangement may be renewed shall be measured from the date on which the election of an extended lease arrangement is communicated to the developer.

(c) That any increase in the rent during the time the unit is a restricted unit will not be an unreasonable increase beyond the fair market rent for a comparable apartment.

(d) That upon request of the resident of a restricted unit, the owner shall disclose all information used in determining a reasonable rent increase based upon the standard in subdivision (c).

(5) Except as provided in section 104d, the number of years for which a qualified senior citizen may renew a lease subject to an extended lease arrangement shall be determined by his or her age on the date of receipt of the notice required under section 104(2), as follows:

(a) A person who is not less than 65 years of age and not more than 69 years of age may renew year to year for 4 years. However, if the developer is notified that sufficient loan funds are not available under former section 104c, the period of renewal under this subdivision is reduced 2 years. The developer immediately shall notify affected qualified senior citizens of a reduction in the number of years of renewal.

(b) A person who is not less than 70 years of age and not more than 74 years of age may renew year to year for 6 years.

(c) A person who is not less than 75 years of age and not more than 79 years of age may renew year to year for 7 years.

(d) A person who is 80 years of age or more may renew year to year for 10 years.

(6) Except as provided in section 104d, a person who is a qualified person with disabilities on the date of receipt of notice required under section 104(2) may renew a lease subject to an extended lease arrangement year to year for 4 years; or, if the qualified person with disabilities is also a qualified senior citizen, for the number of years provided in subsection (5), whichever is greater.

(7) A developer who enters into a restricted lease arrangement or the developer's successor shall notify:

(a) The Michigan state housing development authority of each tenant who elects an extended lease arrangement as soon as practicable after the election is communicated to the developer.

(b) The office of services to the aging created in section 5 of the older Michiganians act, 1981 PA 180, MCL 400.585, 18 months before the expiration of the extended lease arrangement for a qualified senior citizen who is in the age categories described in subsection (5)(c) and (d).

(8) A lease subject to an extended lease arrangement shall not be assigned, devised, subleased, or transferred by the qualified senior citizen or qualified person with disabilities.

(9) A lease subject to an extended lease arrangement shall terminate automatically upon the death of the qualified senior citizen or qualified person with disabilities. However, a surviving spouse of a qualified senior citizen who is 65 years of age or older at the time the qualified senior citizen dies shall have the right to execute a lease under an extended lease arrangement subject to the right of renewal, and other conditions, that applied to the deceased. A surviving spouse who does not qualify for an extended lease shall have 6 months in which to vacate the premises, during which time the conditions of the deceased spouse's extended lease shall apply, except for the right of renewal.

(10) A lessor who violates the rental restrictions of subsection (4)(c) is liable to the qualified senior citizen or qualified person with disabilities in an amount equal to 3 times the amount by which the rental payments exceed the fair market rent, to be recovered in a civil action.

(11) The owner may recover possession of a restricted unit for nonpayment of rent, illegal use or occupancy of the premises, or other grounds for recovery of possession under chapter 57 of the revised judicature act of 1961, 1961 PA 236, MCL 600.5701 to 600.5759.

(12) A restricted unit may be transferred by the owner to any person, subject to the extended lease arrangement.

History: Add. 1980, Act 283, Imd. Eff. Oct. 10, 1980;—Am. 1980, Act 513, Imd. Eff. Jan. 26, 1981;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1998, Act 36, Imd. Eff. Mar. 18, 1998.

559.204c Repealed. 1985, Act 183, Imd. Eff. Dec. 18, 1985.

Compiler's note: The repealed section pertained to loans to developers of qualified conversion condominium projects.

559.204d Developer not required to offer extended lease arrangement; conditions; compliance.

Sec. 104d. (1) A developer, but not a successor developer, who meets all of the following conditions, shall not be required to offer an extended lease arrangement described in section 104b for longer than 1 year:

(a) Not later than January 1, 1980, is the legal or equitable owner of a qualified conversion condominium project.

(b) Not later than March 1, 1980, has filed an application for a permit to sell units in that qualified conversion condominium project, and not later than March 1, 1980 has transmitted the required fee.

(c) On October 10, 1980, a permit to sell has not been issued by the administrator for the qualified conversion condominium project described in subdivision (b).

(d) Has received notice from the Michigan state housing development authority that sufficient funds are not available to advance the full amount of loans for which application has been made by the developer.

(2) A developer described in subsection (1) shall comply with, and be subject to, section 104b(1) to (3), (4)(b) to (d), and (8) to (12).

History: Add. 1980, Act 283, Imd. Eff. Oct. 10, 1980;—Am. 1980, Act 513, Imd. Eff. Jan. 26, 1981;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.204e Legislative intent; examination of relevant information; recommendation.

Sec. 104e. It is the intent of the legislature to enable continued occupancy of restricted units by qualified senior citizens described in section 104b(5)(c) and (d) following the expiration of an extended lease arrangement. In furtherance of this intent, the office of services to the aging created in section 2 of Act No. 146 of the Public Acts of 1975, as amended, in consultation with the department of commerce and the

Michigan state housing development authority, shall examine all relevant information and within 2 years after the effective date of this section, recommend to the legislature appropriate action to effectuate the intent expressed in this section.

History: Add. 1980, Act 283, Imd. Eff. Oct. 10, 1980.

Compiler's note: Act 146 of 1975, referred to in this section, was repealed by Act 180 of 1980.

559.205 Reserve fund.

Sec. 105. A reserve fund for major repairs and replacement of common elements shall be maintained by the associations of co-owners. The administrator may by rule establish minimum standards for reserve funds.

History: 1978, Act 59, Eff. July 1, 1978.

559.206 Default by co-owner; relief.

Sec. 106. A default by a co-owner shall entitle the association of co-owners to the following relief:

(a) Failure to comply with any of the terms or provisions of the condominium documents, shall be grounds for relief, which may include without limitations, an action to recover sums due for damages, injunctive relief, foreclosure of lien if default in payment of assessment, or any combination thereof.

(b) In a proceeding arising because of an alleged default by a co-owner, the association of co-owners or the co-owner, if successful, shall recover the costs of the proceeding and reasonable attorney fees, as determined by the court, to the extent the condominium documents expressly so provide.

(c) Such other reasonable remedies the condominium documents may provide including but without limitation the levying of fines against co-owners after notice and hearing thereon and the imposition of late charges for nonpayment of assessments as provided in the condominium bylaws or rules and regulations of the condominium.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.207 Action to enforce terms and provisions of condominium documents; action for injunctive relief or damages.

Sec. 107. A co-owner may maintain an action against the association of co-owners and its officers and directors to compel these persons to enforce the terms and provisions of the condominium documents. In such a proceeding, the association of co-owners or the co-owner, if successful, shall recover the costs of the proceeding and reasonable attorney fees, as determined by the court, to the extent that the condominium documents expressly so provide. A co-owner may maintain an action against any other co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the condominium documents or this act.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.208 Assessment lien; priority; foreclosure; bid; actions; receiver.

Sec. 108. (1) Sums assessed to a co-owner by the association of co-owners that are unpaid together with interest on such sums, collection and late charges, advances made by the association of co-owners for taxes or other liens to protect its lien, attorney fees, and fines in accordance with the condominium documents, constitute a lien upon the unit or units in the project owned by the co-owner at the time of the assessment before other liens except tax liens on the condominium unit in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record, except that past due assessments that are evidenced by a notice of lien recorded as set forth in subsection (3) have priority over a first mortgage recorded subsequent to the recording of the notice of lien. The lien upon each condominium unit owned by the co-owner shall be in the amount assessed against the condominium unit, plus a proportionate share of the total of all other unpaid assessments attributable to condominium units no longer owned by the co-owner but which became due while the co-owner had title to the condominium units. The lien may be foreclosed by an action or by advertisement by the association of co-owners in the name of the condominium project on behalf of the other co-owners.

(2) A foreclosure shall be in the same manner as a foreclosure under the laws relating to foreclosure of real estate mortgages by advertisement or judicial action except that to the extent the condominium documents provide, the association of co-owners is entitled to reasonable interest, expenses, costs, and attorney fees for foreclosure by advertisement or judicial action. The redemption period for a foreclosure is 6 months from the date of sale unless the property is abandoned, in which event the redemption period is 1 month from the date of sale.

(3) A foreclosure proceeding may not be commenced without recordation and service of notice of lien in accordance with the following:

(a) Notice of lien shall set forth all of the following:

(*i*) The legal description of the condominium unit or condominium units to which the lien attaches.

(*ii*) The name of the co-owner of record.

(*iii*) The amounts due the association of co-owners at the date of the notice, exclusive of interest, costs, attorney fees, and future assessments.

(b) The notice of lien shall be in recordable form, executed by an authorized representative of the association of co-owners and may contain other information that the association of co-owners considers appropriate.

(c) The notice of lien shall be recorded in the office of register of deeds in the county in which the condominium project is located and shall be served upon the delinquent co-owner by first-class mail, postage prepaid, addressed to the last known address of the co-owner at least 10 days in advance of commencement of the foreclosure proceeding.

(4) The association of co-owners, acting on behalf of all co-owners, unless prohibited by the master deed or bylaws, may bid in at the foreclosure sale, and acquire, hold, lease, mortgage, or convey the condominium unit.

(5) An action to recover money judgments for unpaid assessments may be maintained without foreclosing or waiving the lien.

(6) An action for money damages and foreclosure may be combined in 1 action.

(7) A receiver may be appointed in an action for foreclosure of the assessment lien and may be empowered to take possession of the condominium unit, if not occupied by the co-owner, and to lease the condominium unit and collect and apply the rental from the condominium unit.

(8) The co-owner of a condominium unit subject to foreclosure under this section, and any purchaser, grantee, successor, or assignee of the co-owner's interest in the condominium unit, is liable for assessments by the association of co-owners chargeable to the condominium unit that become due before expiration of the period of redemption together with interest, advances made by the association of co-owners for taxes or other liens to protect its lien, costs, and attorney fees incurred in their collection.

(9) The mortgagee of a first mortgage of record of a condominium unit shall give notice to the association of co-owners of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the association of co-owners by certified mail, return receipt requested, addressed to the resident agent of the association of co-owners at the agent's address as shown on the records of the Michigan corporation and securities bureau, or to the address the association provides to the mortgagee, if any, in those cases where the address is not registered, within 10 days after the first publication of the notice. The mortgagee of a first mortgage of record of a condominium unit shall give notice to the association of co-owners of intent to commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the mortgagee, and the foreclosing assignee of a recorded assignment of the mortgage, if any; the date of the mortgage and the date the mortgage was recorded; the amount claimed to be due on the mortgage on the date of the notice; and a description of the mortgaged premises that substantially conforms with the description contained in the mortgage upon the association of co-owners by certified mail, return receipt requested, addressed to the resident agent of the association of co-owners at the agent's address as shown on the records of the Michigan corporation and securities bureau, or to the address the association provides to the mortgagee, if any, in those cases where the address is not registered, not less than 10 days before commencement of the judicial action. Failure of the mortgagee to provide notice as required by this section shall only provide the association with legal recourse and will not, in any event, invalidate any foreclosure proceeding between a mortgagee and mortgagor.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.209 Liability for torts.

Sec. 109. Neither the association of co-owners nor the co-owners, other than the developer, shall be liable for torts caused by the developer or his agents or employees of the developer within the common elements.

History: 1978, Act 59, Eff. July 1, 1978.

559.210 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed section pertained to disclosure and form of warranty.

559.211 Sale or conveyance of condominium unit; payment and statement of unpaid assessments; liability for unpaid assessments.

Sec. 111. (1) Upon the sale or conveyance of a condominium unit, all unpaid assessments, interest, late charges, fines, costs, and attorney fees against a condominium unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except the following:

(a) Amounts due the state, or any subdivision thereof, or any municipality for taxes and special assessments due and unpaid on the condominium unit.

(b) Payments due under a first mortgage having priority thereto.

(2) A purchaser or grantee is entitled to a written statement from the association of co-owners setting forth the amount of unpaid assessments, interest, late charges, fines, costs, and attorney fees against the seller or grantor and the purchaser or grantee is not liable for, nor is the condominium unit conveyed or granted subject to a lien for any unpaid assessments, interest, late charges, fines, costs, and attorney fees against the seller or grantor in excess of the amount set forth in the written statement. Unless the purchaser or grantee requests a written statement from the association of co-owners as provided in this act, at least 5 days before sale, the purchaser or grantee shall be liable for any unpaid assessments against the condominium unit together with interest, costs, fines, late charges, and attorney fees incurred in the collection thereof.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.212 Renting or leasing condominium unit; disclosure; review of lease form; notice; compliance required; action by association upon noncompliance; notice of arrearage; deduction of arrearage and future assessments from rental payments.

Sec. 112. (1) Before the transitional control date, during the development and sales period the rights of a co-owner, including the developer, to rent any number of condominium units shall be controlled by the provisions of the condominium documents as recorded by the developer and shall not be changed without developer approval. After the transitional control date, the association of co-owners may amend the condominium documents as to the rental of condominium units or terms of occupancy. The amendment shall not affect the rights of any lessors or lessees under a written lease otherwise in compliance with this section and executed before the effective date of the amendment, or condominium units that are owned or leased by the developer.

(2) A co-owner, including the developer, desiring to rent or lease a condominium unit shall disclose that fact in writing to the association of co-owners at least 10 days before presenting a lease or otherwise agreeing to grant possession of a condominium unit to potential lessees or occupants and, at the same time, shall supply the association of co-owners with a copy of the exact lease for its review for its compliance with the condominium documents. The co-owner or developer shall also provide the association of co-owners with a copy of the executed lease. If no lease is to be used, then the co-owner or developer shall supply the association of co-owners with the name and address of the lessees or occupants, along with the rental amount and due dates of any rental or compensation payable to a co-owner or developer, the due dates of that rental and compensation, and the term of the proposed arrangement.

(3) Tenants or nonco-owner occupants shall comply with all of the conditions of the condominium documents of the condominium project, and all leases and rental agreements shall so state.

(4) If the association of co-owners determines that the tenant or nonco-owner occupant failed to comply with the conditions of the condominium documents, the association of co-owners shall take the following action:

(a) The association of co-owners shall notify the co-owner by certified mail, advising of the alleged violation by the tenant. The co-owner shall have 15 days after receipt of the notice to investigate and correct the alleged breach by the tenant or advise the association of co-owners that a violation has not occurred.

(b) If after 15 days the association of co-owners believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the co-owners on behalf of the association of co-owners, if it is under the control of the developer, an action for both eviction against the tenant or nonco-owner occupant and, simultaneously, for money damages against the co-owner and tenant or nonco-owner occupant for breach of the conditions of the condominium documents. The relief provided for in this section may be by summary proceeding. The association of co-owners may hold both the tenant and the co-owner liable for any damages to the general common elements caused by the co-owner or tenant in connection with the condominium unit or condominium project.

(5) When a co-owner is in arrearage to the association of co-owners for assessments, the association of co-owners may give written notice of the arrearage to a tenant occupying a co-owner's condominium unit under a lease or rental agreement, and the tenant, after receiving the notice, shall deduct from rental payments due the co-owner the arrearage and future assessments as they fall due and pay them to the association of co-owners. The deduction does not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the co-owner to the association of co-owners, then the association of co-owners may do the following:

(a) Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.

(b) Initiate proceedings pursuant to subsection (4)(b).

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.213 Financing.

Sec. 113. A developer, residential builder, or sales agent shall not require that a prospective purchaser of a condominium unit obtain financing from a specific financial institution exclusively.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.214 Homestead exemption.

Sec. 114. The laws of this state relating to the exemption of homestead property from levy and execution shall be applicable to condominium units occupied as homesteads.

History: 1978, Act 59, Eff. July 1, 1978.

559.215 Action by person or association adversely affected by violation of or failure to comply with act, rules, agreement, or master deed; costs; violation of MCL 559.121 or 559.184a; liability.

Sec. 115. (1) A person or association of co-owners adversely affected by a violation of or failure to comply with this act, rules promulgated under this act, or any provision of an agreement or a master deed may bring an action for relief in a court of competent jurisdiction. The court may award costs to the prevailing party.

(2) A developer who offers or sells a condominium unit in violation of section 21 or 84a is liable to the person purchasing the condominium unit for damages.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.221 Mobile home condominium project; establishment, operation, and regulation; compliance.

Sec. 121. The establishment, operation, and regulation of mobile home condominium projects shall comply with this act, rules promulgated under this act, and with the following:

(a) A mobile home located on a mobile home condominium site shall be contained entirely within that site. The mobile home condominium master deed shall set forth the minimum and maximum size of a mobile home that may be located on the mobile home condominium site.

(b) The association of co-owners may remove a mobile home from a mobile home condominium site if the mobile home does not conform to the reasonable standards set forth by the association of co-owners in the bylaws.

(c) Upon completion of foreclosure of a lien of the association of co-owners for nonpayment of assessments on a condominium unit pursuant to section 108, the association of co-owners may remove a mobile home and other personal property from the condominium unit and cause the mobile home and other personal property to be stored at the expense of the co-owner of the mobile home.

(d) Except as provided in section 127, the mobile home commission shall not act for the purpose of regulating mobile home condominiums that are not located within a mobile home park, except as relates to the business, sales, and service practices of mobile home dealers, and the business of mobile home installers and repairers, or the setup and installation of mobile homes, as provided in the mobile home commission act, Act No. 419 of the Public Acts of 1976.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.222 Mobile home condominium project; disclosure.

Sec. 122. The developer of a mobile home condominium project shall disclose to a prospective mobile home condominium purchaser, in a manner and form to be promulgated by rule of the administrator, an affiliation between the developer and the seller of skirting and the seller of the mobile home, if the purchaser as a condition to buying a site must also purchase a mobile home or skirting from the developer or an affiliate of the developer. The administrator may prohibit required purchases of skirting from the developer or a source designated by the developer, as prescribed in Act No. 419 of the Public Acts of 1976, being sections 125.1101 to 125.1147 of the Michigan Compiled Laws.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.222a Mobile home conversion condominium project; notification of tenants; termination of tenancy.

Sec. 122a. The developer of a mobile home conversion condominium project shall notify each existing

tenant of any mobile home in the proposed mobile home conversion condominium project that the mobile home park is proposed to be converted to a condominium project. The notice shall be physically delivered or sent by first class mail to each unit addressed to the tenant. Except as provided in section 122b, a tenancy in a mobile home that is proposed to be a conversion condominium, whether month to month or otherwise, shall not be terminated without cause until 1 year after receipt of the notice required under this section, or until termination of the lease, whichever is later.

History: Add. 1982, Act 42, Imd. Eff. Mar. 16, 1982;—Am. 1984, Act 356, Eff. Mar. 29, 1985.

559.222b Extended lease arrangement.

Sec. 122b. (1) A developer shall notify each existing qualified senior citizen, at the same time notice is given under section 122a, of the right to elect an extended lease arrangement for the lot on which the senior citizen's mobile home is located, and the terms and conditions of an extended lease arrangement. A qualified senior citizen shall, within 60 days after receipt of notice under this subsection, communicate the election of an extended lease arrangement to the developer.

(2) An extended lease arrangement shall be in writing and shall provide for all of the following:

(a) A written lease for the lot on which the senior citizen's mobile home is located, renewable from year to year for the number of years specified in subsection (3).

(b) That the number of years for which a lease subject to an extended lease arrangement may be renewed shall be measured from the date on which the election of an extended lease arrangement is communicated to the developer.

(c) That any increase in the rent during the time the mobile home lot is a restricted mobile home lot will not be an unreasonable increase beyond the fair market rent for a comparable mobile home lot.

(d) That upon request of the lessee of a restricted mobile home lot, the lessor shall disclose all information used in determining a reasonable rent increase based upon the standard in subdivision (c).

(3) The number of years for which a qualified senior citizen may renew a lease subject to an extended lease arrangement shall be determined by his or her age on the date of receipt of the notice required under subsection (1), as follows:

(a) A person who is not less than 65 years of age and not more than 69 years of age may renew year to year for 4 years.

(b) A person who is not less than 70 years of age and not more than 74 years of age may renew year to year for 6 years.

(c) A person who is not less than 75 years of age and not more than 79 years of age may renew year to year for 7 years.

(d) A person who is 80 years of age or more may renew year to year for 10 years.

(4) A developer who enters into an extended lease arrangement or the developer's successor shall notify both of the following of each extended lease arrangement:

(a) The Michigan state housing development authority of each qualified senior citizen who elects an extended lease arrangement as soon as practicable after the election is communicated to the developer.

(b) The office of services to the aging created in section 5 of the older Michiganians act, Act No. 180 of the Public Acts of 1981, being section 400.585 of the Michigan Compiled Laws, 18 months before the expiration of the extended lease arrangement for a qualified senior citizen who is in the age categories described in subsection (3)(c) and (d).

(5) A lease subject to an extended lease arrangement shall not be assigned, devised, subleased, or transferred by the qualified senior citizen.

(6) A lease subject to an extended lease arrangement shall terminate automatically upon the death of the qualified senior citizen. However, a surviving spouse of a qualified senior citizen who is 65 years of age or older at the time the qualified senior citizen dies shall have the right to execute a lease under an extended lease arrangement subject to the right of renewal, and other conditions, that applied to the deceased. A surviving spouse who does not qualify for an extended lease shall have 6 months in which to vacate the mobile home lot, during which time the conditions of the deceased spouse's extended lease shall apply, except for the right of renewal.

(7) A lessor who violates the rental restrictions of subsection (2)(c) shall be liable to the qualified senior citizen in an amount equal to 3 times the amount by which the rental payments exceed the fair market rent, to be recovered in a civil action.

(8) The lessor in an extended lease arrangement may recover possession of a restricted mobile home lot for nonpayment of rent or other grounds for recovery of possession under chapter 57 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being sections 600.5701 to 600.5759 of the Michigan Compiled Laws.

(9) A restricted mobile home lot may be transferred to any person by the lessor in an extended lease arrangement, subject to the extended lease arrangement.

(10) As used in this section:

(a) "Qualified senior citizen" means an individual who is all of the following:

(*i*) On the date that notice is given under subsection (1), the owner and resident of a mobile home in a mobile home conversion condominium project containing 6 or more mobile homes.

(*ii*) A party to an oral or written agreement providing for the rental of the lot on which a mobile home described in subparagraph (*i*) is located.

(*iii*) Sixty-five years of age or older on the date that notice is given under subsection (1).

(b) "Rent" means the total monthly amount payable to the lessor for the mobile home lot and utilities.

(c) "Resident" means an individual who uses his or her mobile home as a primary residence to which he or she intends to return whenever absent.

(d) "Restricted mobile home lot" means a mobile home lot that is subject to an extended lease arrangement as provided in subsection (2).

(11) This section does not apply to a developer of a mobile home conversion condominium project if the developer was issued a permit to sell before the effective date of this section.

History: Add. 1984, Act 356, Eff. Mar. 29, 1985.

559.223 Mobile home condominium project; leasing agreements.

Sec. 123. A developer or an affiliate of a developer shall not develop a mobile home condominium project which involves, as a condition of sale, leasing agreements covering the recreational facilities, amenities, other common elements, or mobile home condominium sites.

History: 1978, Act 59, Eff. July 1, 1978.

559.224 Title to mobile home condominium site; undivided interest in common elements; removal of mobile home; sale of site.

Sec. 124. (1) A mobile home condominium co-owner shall receive good and marketable title to his particular mobile home condominium site together with an undivided interest in the common elements.

(2) A mobile home condominium co-owner may remove a mobile home from the mobile home condominium site, and sell his rights and interest in the mobile home condominium site, but may not remove any of the common elements.

History: 1978, Act 59, Eff. July 1, 1978.

559.225, 559.226 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed sections pertained to spacing of mobile homes, minimum green space, compliance with local ordinance, and rules.

559.227 Compliance by developer of mobile home condominium; prohibited requirements.

Sec. 127. A developer of a mobile home condominium shall comply with Act No. 419 of the Public Acts of 1976, being sections 125.1101 to 125.1147 of the Michigan Compiled Laws. The administrator shall not impose requirements relating to density, zoning, layout, or construction inconsistent with rules regarding density, zoning, layout, or construction promulgated under Act No. 419 of the Public Acts of 1976.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.231 Special assessments and property taxes.

Sec. 131. (1) Special assessments and property taxes shall be assessed against the individual condominium units identified as units of the condominium subdivision plan and not on the total property of the project or any other part of the project, except for the year in which the condominium project was established subsequent to the tax day. Taxes and special assessments which become a lien against the property in that year subsequent to the establishment of the condominium project shall be expenses of administration of the project and paid by the co-owners as provided in section 69. The taxes and special assessments shall not be divided or apportioned on the tax roll any provision of any law to the contrary notwithstanding.

(2) Special assessments and property taxes in any year in which the property existed as an established condominium project on the tax day shall be assessed against the individual condominium unit, notwithstanding any subsequent vacation of the condominium project. Condominium units shall be described for such purposes by reference to the condominium unit number of the condominium subdivision plan and the caption of the plan together with the liber and page of the county records in which the approved master deed is recorded. Assessments for subsequent real property improvements to a specific condominium unit shall be assessed to that condominium unit description only. For property tax and special assessment purposes, each

condominium unit shall be treated as a separate single unit of real property and shall not be combined with any other unit or units and no assessment of any fraction of any unit or combination of any unit with other units or fractions of any unit shall be made, nor shall any division or split of the assessment or taxes of any single condominium unit be made notwithstanding separate or common ownership of the unit.

(3) A restricted unit as defined in section 104b shall be exempt from any increase in ad valorem taxes on real property attributable to an increase in the true cash value of the restricted unit that is due to the conversion condominium project in which the restricted unit is located. For purposes of applying this exemption, the total assessment of a restricted unit shall not exceed the total assessment for the tax year preceding the tax year in which the master deed for the property constituting the conversion condominium project was recorded, multiplied by the percentage of value of the restricted unit. The exemption provided in this subsection shall terminate for the tax year following the termination of tenancy in the restricted unit.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1980, Act 283, Imd. Eff. Oct. 10, 1980.

559.232 Construction lien; limitations.

Sec. 132. A construction lien otherwise arising under the construction lien act, 1980 PA 497, MCL 570.1101 to 570.1305, is subject to the following limitations:

(a) Except as provided in this section, a construction lien for work performed upon a condominium unit or upon a limited common element may attach only to the condominium unit upon which the work was performed or to which the limited common element is appurtenant.

(b) A construction lien for work authorized by the developer, residential builder, or principal contractor and performed upon the common elements may attach only to condominium units owned by the developer, residential builder, or principal contractor at the time of recording of the statement of account and lien.

(c) A construction lien for work authorized by the association of co-owners may attach to each condominium unit only to the proportionate extent that the co-owner of the condominium unit is required to contribute to the expenses of administration as provided by the condominium documents.

(d) A construction lien may not arise or attach to a condominium unit for work performed on the common elements not contracted by the developer, residential builder, or principal contractor or by the association of co-owners.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001.

559.233 Eminent domain.

Sec. 133. (1) If any portion of the common elements is taken by eminent domain, the award therefor shall be allocated to the co-owners in proportion to their respective undivided interests in the common elements. The association of co-owners, acting through its board of directors, may negotiate on behalf of all co-owners for any taking of common elements and any negotiated settlement approved by more than 2/3 of co-owners based upon assigned voting rights shall be binding on all co-owners.

(2) If a condominium unit is taken by eminent domain, the undivided interest in the common elements appertaining to the condominium unit shall thenceforth appertain to the remaining condominium units, being allocated to them in proportion to their respective undivided interests in the common elements. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include, without limitation, just compensation to the co-owner of the condominium unit taken for his undivided interest in the common elements as well as for the condominium unit.

(3) If portions of a condominium unit are taken by eminent domain, the court shall determine the fair market value of the portions of the condominium unit not taken. The undivided interest for each condominium unit in the common elements appertaining to the condominium units shall be reduced in proportion to the diminution in the fair market value of the condominium unit resulting from the taking. The portions of undivided interest in the common elements thereby divested from the co-owners of a condominium unit shall be reallocated among the other condominium units in the condominium project in proportion to their respective undivided interests in the common elements. A condominium unit partially taken shall receive the reallocation in proportion to its undivided interest as reduced by the court under this subsection. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the co-owner of the condominium unit partially taken for that portion of the undivided interest in the common elements divested from the co-owner and not revested in the co-owner pursuant to subsection (4), as well as for that portion of the condominium unit taken by eminent domain.

(4) If the taking of a portion of a condominium unit makes it impractical to use the remaining portion of that condominium unit for a lawful purpose permitted by the condominium documents, then the entire undivided interest in the common elements appertaining to that condominium unit shall thenceforth appertain to the remaining condominium units, being allocated to them in proportion to their respective undivided

interests in the common elements. The remaining portion of that condominium unit shall thenceforth be a common element. The court shall enter an order reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the co-owner of the condominium unit for the co-owner's entire undivided interest in the common elements and for the entire condominium unit.

(5) Votes in the association of co-owners and liability for future expenses of administration appertaining to a condominium unit taken or partially taken by eminent domain shall thenceforth appertain to the remaining condominium units, being allocated to them in proportion to the relative voting strength in the association of co-owners. A condominium unit partially taken shall receive a reallocation as though the voting strength in the association of co-owners was reduced in proportion to the reduction in the undivided interests in the common elements.

History: 1978, Act 59, Eff. July 1, 1978.

559.234 Recreational facilities and other amenities; compliance.

Sec. 134. Recreational facilities and other amenities, whether on condominium property or on adjacent property with respect to which the condominium has an obligation of support, shall comply with requirements prescribed by the administrator, to assure equitable treatment of all users.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.235 Successor developer.

Sec. 135. (1) As used in this section, "successor developer" means a person who acquires title to the lesser of 10 units or 75% of the units in a condominium project, other than a business condominium project, by foreclosure, deed in lieu of foreclosure, purchase, or similar transaction.

(2) A successor developer shall do both of the following:

(a) Comply with this act in the same manner as a developer before selling any units.

(b) Except as provided in subsection (3), assume all express written contractual warranty obligations for defects in workmanship and materials undertaken by its predecessor in title. A successor developer shall not be required to assume, and shall not otherwise be liable for, any other contractual obligations of its predecessor in title.

(3) A successor developer shall not be required to comply with subsection (2)(b) with respect to any express written contractual warranty obligations for defects in workmanship and materials, if either of the following is maintained with respect to units for which such a warranty was undertaken by the predecessor in title:

(a) An insurance policy, in a form approved by the insurance bureau, that is underwritten by an insurer authorized to do business in this state. The insurance policy shall provide coverage for express written contractual warranty obligations for liability for defects in workmanship and materials.

(b) An aggregate escrow account with an escrow agent which contains not less than 0.5% of the sales price of each unit. If the escrow account described in this subdivision is initiated by a developer before a successor developer acquires title, 0.5% of the sales price of each unit in the project shall be deposited by the developer in the aggregate escrow account periodically upon the sale of each unit. If the escrow account described in this subdivision is initiated by a successor developer after acquisition of title, a total amount equal to 0.5% of the sales price of all units for which the warranty period plus 6 months has not expired shall be deposited by the successor developer in the aggregate escrow account, and 0.5% of the sales price of each unit shall be deposited by the successor developer in the aggregate escrow account periodically upon the sale of each remaining unit. Funds in an escrow account described in this subdivision shall not be released for a unit until 6 months after the expiration of the warranty period for that unit.

(4) A successor developer that acquires title to the lesser of 10 business condominium units or 75% of the business condominium units in the condominium project shall not be required to assume, and shall not otherwise be liable for, any contractual obligations of its predecessor in title.

(5) A residential builder who neither constructs nor refurbishes common elements in a condominium project and who is not an affiliate of the developer shall not be required to assume and be liable for any contractual obligations of the developer under this section, and shall not be considered a successor developer or acquire any additional developer obligations or rights in the absence of a specific assignment of those obligations or rights from the developer. However, a residential builder that sells a condominium unit shall deliver to the purchaser of that condominium unit the condominium documents that the developer is required to deliver to the purchasers under section 84a(1). This subsection applies only to condominium projects established on or after the effective date of the amendatory act that added this subsection.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.236 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed section pertained to assumption of written contractual obligations by successor developer.

559.237 Obligations of developer not affected by transfer of interest.

Sec. 137. The obligations of the developer to condominium unit purchasers and to the association of co-owners shall not be affected by the transfer of the developer's interest in the condominium project.

History: 1978, Act 59, Eff. July 1, 1978.

559.238 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed section pertained to reporting change in mortgagee to administrator.

559.239 Complaint for nonpayment of assessments; answer; set off.

Sec. 139. A co-owner may not assert in an answer, or set off to a complaint brought by the association for non-payment of assessments the fact that the association of co-owners or its agents have not provided the services or management to a co-owner(s).

History: 1978, Act 59, Eff. July 1, 1978.

559.240 Reproduction of document; certified reproduction or certification as evidence.

Sec. 140. (1) Upon request and at such reasonable charges as it prescribes, the administrator shall furnish to a person a reproduction pursuant to the records media act, certified under the seal of office if requested, of a document that is retained as a matter of public record. The administrator shall not charge or collect a fee for a reproduction of a document furnished to public officials for use in their official capacity.

(2) In a judicial or administrative proceeding or prosecution, if a reproduction in a medium pursuant to the records media act or a reproduction consisting of a printout or other output readable by sight from such a medium is certified as provided in subsection (1), that reproduction is prima facie evidence of the contents of the document certified and may be used for all purposes in place of the original.

(3) If the administrator is charged with the legal custody of a paper, document, record, or application and if an officer or employee of the administrator certifies that a diligent search was made in the files for the paper, document, record, or application, and the paper, document, record, or application does not exist, the certification is prima facie evidence of the facts so certified in all causes, matters, and proceedings in the same manner and with the like effect as if the officer or employee personally testified to the facts so certified in the court or hearing.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1992, Act 208, Imd. Eff. Oct. 5, 1992.

559.241 Law, ordinance, or regulation of local unit of government; limitations.

Sec. 141. (1) A condominium project shall comply with applicable local law, ordinances, and regulations. Except as provided in subsection (2), a proposed or existing condominium project shall not be prohibited nor treated differently by any law, regulation, or ordinance of any local unit of government, which would apply to that project or development under a different form of ownership.

(2) Except as to a city having a population of more than 1 million persons, a local unit of government is preempted by the provisions of this act from enacting a law, regulation, ordinance, or other provision, which imposes a moratorium on conversion condominiums, or which provides rights for tenants of conversion condominiums or apartment buildings proposed as conversion condominiums, other than those provided in this act.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1980, Act 283, Imd. Eff. Oct. 10, 1980;—Am. 1980, Act 513, Imd. Eff. Jan. 26, 1981
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559.242 Promulgation of rules, forms, and orders; definition of terms.

Sec. 142. The administrator may promulgate rules, forms, and orders as are necessary to implement this act or which are necessary for the establishment of unusual forms of condominium projects; and may define any terms necessary in administration of the act. The rules and definition of terms shall be promulgated pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

History: 1978, Act 59, Eff. July 1, 1978.

Administrative rules: R 451.1301 et seq. and R 559.101 et seq. of the Michigan Administrative Code.

559.244 Contract to settle by arbitration; execution; option; period of limitations; allocation of costs; conduct; appointment of arbitrator; procedures; rules; arbitration award as

binding.

Sec. 144. (1) A contract to settle by arbitration may be executed by the developer and any claimant with respect to any claim against the developer that might be the subject of a civil action.

(2) At the exclusive option of a purchaser, co-owner, or person occupying a restricted unit under section 104b, the developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against the developer, involves an amount less than $2,500.00, and arises out of or relates to a purchase agreement, condominium unit, or project.

(3) At the exclusive option of the association of co-owners, the developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against the developer, arises out of or relates to the common elements of a condominium project, and involves an amount of $10,000.00 or less.

(4) The period of limitations prescribed by law for the bringing of a civil action applies to the execution of a contract to settle by arbitration under this section.

(5) All costs of arbitration under this section shall be allocated in the manner provided by the arbitration association.

(6) A contract to settle by arbitration under this section shall specify that the arbitration be conducted by the arbitration association.

(7) The arbitrator or arbitrators of an arbitration under this section shall be appointed as provided by reasonable rules of the arbitration association.

(8) Arbitration under this act shall proceed according to the uniform arbitration act. The procedures of the uniform arbitration act may be supplemented by reasonable rules of the arbitration association.

(9) An arbitration award entered in an arbitration under this section is binding on the parties to the arbitration.

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 2012, Act 369, Eff. July 1, 2013.

559.245 Complaint copy to developer; notice of available remedies.

Sec. 145. Upon receipt of an oral or written complaint with respect to a developer of a condominium project, the administrator shall forward a copy of the complaint to the affected developer, and shall mail a notice of the available remedies to the complainant. The notice of available remedies shall include all of the following, at a minimum:

(a) The right to bring an action under section 115.

(b) The right to arbitration under section 144.

(c) The right to lodge a complaint pursuant to article 5 of the occupational code, sections 501 to 522 of Act No. 299 of the Public Acts of 1980, being sections 339.501 to 339.522 of the Michigan Compiled Laws.

(d) The right to initiate an investigation or bring an action under the Michigan consumer protection act, Act No. 331 of the Public Acts of 1976, being sections 445.901 to 445.922 of the Michigan Compiled Laws.

(e) The right to notify the appropriate enforcing agency of an alleged violation of the state construction code, other applicable building code, or construction regulations. As used in this subdivision, "enforcing agency" has the meaning ascribed to that term in the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.250 Discretionary powers of administrator; exercise.

Sec. 150. The discretionary powers granted to the administrator under sections 151 to 156 shall be exercised only with respect to actions which materially endanger or have endangered the public interest or the interest of condominium co-owners, as enumerated in section 154.

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.251-559.255 Repealed. 1982, Act 538, Eff. Jan. 18, 1986;—1988, Act 109, Imd. Eff. Apr. 11, 1988.

Compiler's note: The repealed sections pertained to investigations of, and actions for, violations of the act or rules promulgated pursuant thereto.

As to validity of enactment of "sunset provision" under Const 1963, art 4, § 24, see OAG, 1987-1988, No 6438 (May 21, 1987).

559.256 Prohibited representations.

Sec. 156. A person may not represent that the fact that an application under this act is filed or a permit is granted constitutes a finding by the administrator that a document filed under this act is true, complete, or not misleading. A person may not represent that the administrator passed upon the merits or qualifications of, or recommended or gave approval to, a person, developer, transaction, or condominium project.

History: 1978, Act 59, Eff. July 1, 1978.

559.257 Repealed. 1982, Act 538, Eff. Jan. 18, 1986;—1988, Act 109, Imd. Eff. Apr. 11, 1988.

Compiler's note: The repealed section pertained to show cause orders and hearings concerning violations of the act or rules promulgated pursuant thereto.

As to validity of enactment of "sunset provision" under Const 1963, art 4, § 24, see OAG, 1987-1988, No 6438 (May 21, 1987).

559.258 Prohibited conduct as misdemeanor; penalty; violation as separate offense; consecutive terms of imprisonment; aggregate fines; action by prosecuting attorney or department of attorney general.

Sec. 158. A person who wilfully authorizes, directs, or aids in the publication, advertisement, distribution, or circulation of a statement or representation concerning a condominium project which misrepresents the facts concerning the condominium project as set forth in the recorded master deed; a person who, with knowledge that an advertisement pamphlet, prospectus, or letter concerning a condominium project contains a written statement that is false or fraudulent, issues, circulates, publishes, or distributes the advertisement, pamphlet, prospectus, or letter; or a person who represents or causes or permits the representation of any property as a condominium project when the property was not recorded as a condominium project under the terms of this act, is guilty of a misdemeanor and shall be punished by a fine of not more than $10,000.00, or imprisonment for not more than 1 year, or both. Each violation constitutes a separate offense, the terms of imprisonment may run consecutively, and the fines may be aggregated. An action under this section shall be brought by the prosecuting attorney of the county in which the property is located, or by the department of attorney general.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.259 Injunction.

Sec. 159. In addition to any other penalty or remedy, the prosecuting attorney of the county in which the property is located or the department of attorney general may bring an action in a court of competent jurisdiction against a person to enjoin the person from engaging or continuing in a violation of this act.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.260 Repealed. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

Compiler's note: The repealed section pertained to action under MCL 559.258 or MCL 559.259.

559.270 Effect of act and 1982 amendatory act; consummation of proceedings; continuation or institution of proceedings.

Sec. 170. (1) This act does not impair or affect any act done, offense committed or right accruing, accrued, or acquired, or a liability, penalty, forfeiture, or punishment incurred before this act takes effect, but the same may be enjoyed, asserted, and enforced, as fully and to the same extent as if this act had not been passed. Proceedings may be consummated under and in accordance with Act No. 229 of the Public Acts of 1963, as amended, being sections 559.1 to 559.31 of the Michigan Compiled Laws. Proceedings pending at the effective date of this act and proceedings instituted thereafter for any act, offense committed, right accruing, accrued or acquired, or liability, penalty, forfeiture or punishment incurred before the effective date of this act may be continued or instituted under and in accordance with Act No. 229 of the Public Acts of 1963, as amended.

(2) The 1982 amendatory act which added this subsection does not impair or affect any act done, offense committed, or right accruing, accrued, or acquired, or a liability, penalty, forfeiture, or punishment incurred before this 1982 amendatory act takes effect, but the same may be enjoyed, asserted, and enforced, as fully and to the same extent as if this 1982 amendatory act had not taken effect. Proceedings may be consummated under and in accordance with the provisions of Act No. 59 of the Public Acts of 1978, being sections 559.101 to 559.272 of the Michigan Compiled Laws, that were in effect 1 day before the effective date of this 1982 amendatory act. Proceedings pending at the effective date of this 1982 amendatory act and proceedings instituted thereafter for any act, offense committed, right accruing, accrued, or acquired, or liability, penalty, forfeiture, or punishment incurred before the effective date of this 1982 amendatory act may be continued or instituted under and in accordance with the provisions of Act No. 59 of the Public Acts of 1978, that were in effect 1 day before the effective date of this 1982 amendatory act.

History: 1978, Act 59, Eff. July 1, 1978;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983.

559.271 Repeal of MCL 559.1 to 559.31.

Sec. 171. Act No. 229 of the Public Acts of 1963, as amended, being sections 559.1 to 559.31 of the

Compiled Laws of 1970, is repealed.

History: 1978, Act 59, Eff. July 1, 1978.

559.272 Effective date; requirements for disclosure statement.

Sec. 172. This act shall take effect July 1, 1978. Requirements for the disclosure statement shall not take effect until October 1, 1978.

History: 1978, Act 59, Eff. July 1, 1978.

559.273 Applicability of amendatory act; applicability of certain subsections.

Sec. 173. (1) This act applies to a condominium project or condominium unit as follows:

(a) For a condominium project for which a permit to sell has been issued on or before March 18, 1983, the developer may elect to comply with 1 or more of the following requirements in lieu of the specified provisions:

(*i*) In lieu of section 31, 32, 33, 52, or 66, or any combination of these sections, the developer may elect to comply with the terms of the master deed in effect as of March 18, 1983.

(*ii*) In lieu of sections 66(2)(j), 66(4), 84(3), 84(4)(a), (c), and (e), and 103b, the developer may elect to deposit all funds paid by a purchaser on or after January 17, 1983 into an escrow account pursuant to an escrow agreement the terms of which were approved by the administrator on or before March 18, 1983. The funds escrowed under this subdivision in excess of any amount or percentage of the escrowed funds that had been required to be escrowed by the administrator or a condominium document pursuant to former section 103 to cover the cost of construction of recreational facilities and other common elements, shall be released only upon conveyance of the condominium unit to that purchaser and issuance of a certificate of occupancy if required by local ordinance. Appropriate funds retained in escrow to cover the cost of construction of recreational facilities and other common elements shall be released to the developer upon completion of each recreational facility or other common element. The escrow agent shall be a bank, savings and loan association, or title insurance company, or person designated to act as the agent of a title insurance company, licensed or authorized to do business in this state.

(b) For a condominium project for which a permit to sell has been issued on or before March 18, 1983, the developer may elect to exempt the project from the application of sections 84(4)(d), 144, and 145(b).

(c) For promotional material filed with the administrator on or before March 18, 1983, the developer may elect to exempt the promotional material from the application of section 81a. For promotional material that has not been filed with the administrator on or before March 18, 1983 and that relates to a condominium project to which section 66 does not apply, the developer shall comply with section 81a as if section 66 was applicable to the condominium project.

(2) Sections 104a, 104b, and 104d and former section 104c apply to all condominium projects that on October 10, 1980 complied with the definition of qualified conversion condominium project provided in section 104b.

(3) Subsection (1)(a)(*ii*) and (b) does not apply to any phase or convertible area of a condominium project if the phase is established or the convertibility option is exercised after March 18, 1983 and that establishment or exercise results in the addition of units to the condominium project or the creation of a facility intended for common use.

History: Add. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1983, Act 113, Imd. Eff. July 12, 1983;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.

559.274 Repealed. 2002, Act 283, Imd. Eff. May 9, 2002.

Compiler's note: The repealed section pertained to request to administrator to act on specific application or request.

559.275 Powers of administrator.

Sec. 175. Notwithstanding any other provision of this act, prior laws, or condominium documents, the administrator after the effective date of this section, shall have no authority to review any condominium project or condominium documents or any amendments thereto, or to issue any approval or disapproval concerning any condominium project in this state, whenever established, nor shall it exercise other powers with respect to condominium projects, except that the administrator shall retain, until January 1, 1984, authority to review and approve, at the request of a condominium association, amendments offered by such condominium association to documents for a project approved under Act No. 59 of the Public Acts of 1978, if such approval is determined by the administrator to be necessary for the efficient operation of the project or essential to the viability of the project, and where such approval would not reduce or adversely impact the consumer protection provisions of this act. The administrator shall also retain its rule making and related powers under section 142 and its enforcement powers specifically authorized under sections 150, 151, 152,

153, 154, 155, and 157 while those sections are in effect.

History: Add. 1983, Act 113, Imd. Eff. July 12, 1983.

559.276 Statute of limitations.

Sec. 176. (1) The following limitations apply in a cause of action arising out of the development or construction of the common elements of a condominium project, or the management, operation, or control of a condominium project:

(a) If the cause of action accrues on or before the transitional control date, a person shall not maintain an action against a developer, residential builder, licensed architect, contractor, sales agent, or manager of a condominium project later than 3 years after the transitional control date or 2 years after the date on which the cause of action accrued, whichever occurs later.

(b) If the cause of action accrues after the transitional control date, a person shall not maintain an action against a developer, residential builder, licensed architect, contractor, sales agent, or manager of a condominium project later than 2 years after the date on which the cause of action accrued.

(2) Subsection (1) applies only to condominium projects established on or after the effective date of the amendatory act that added this subsection.

History: Add. 2000, Act 379, Imd. Eff. Jan. 2, 2001;—Am. 2002, Act 283, Imd. Eff. May 9, 2002.