

PURCHASER INFORMATION BOOKLET

STRATHMORE CONDOMINIUM

TOWNSHIP OF MACOMB, MICHIGAN

A Residential Site Condominium
in the Township of Macomb
Macomb County, Michigan

Developed by:

Pulte Land Company, LLC
450 W. Fourth Street
Royal Oak, Michigan 48067

STRATHMORE CONDOMINIUM

MACOMB TOWNSHIP, MICHIGAN

Dear Purchaser:

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

Sincerely,

PULTE LAND COMPANY, LLC

PURCHASER INFORMATION BOOKLET

FOR

STRATHMORE CONDOMINIUM

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NOTE: Documents are separated by colored sheets; page numbers are internal to each document, not consecutive throughout the booklet.

STRATHMORE CONDOMINIUM
PURCHASER INFORMATION DOCUMENTS

1. Section 84a Receipt and Statement.
2. Information Statement.
3. Disclosure Statement.
4. Builder's Supplement to Disclosure Statement.
5. Recorded Master Deed with recorded Bylaws (Exhibit A) and Condominium Subdivision Plan (Exhibit B), and recorded First Amendment to Master Deed.
6. Articles of Incorporation for Strathmore Condominium Association.
7. Purchase Agreement.
8. Escrow Agreement.
9. Notice to Purchasers and Mortgagees.

STRATHMORE CONDOMINIUM
(RESIDENTIAL SITE CONDOMINIUM)
SECTION 84a RECEIPT AND STATEMENT

INFORMATION BOOKLET

Pursuant to Section 84a of the Michigan Condominium Act, as amended (the "Act"), we are furnishing to you at this time copies of the following Condominium Documents relating to Strathmore Condominium (the "Condominium"):

- (a) Master Deed as recorded (including Condominium Bylaws and Subdivision Plan) and First Amendment to Master Deed;
- (b) Disclosure Statement and projected budget in compliance with Section 84a of the Act;
- (c) Articles of Incorporation of Strathmore Condominium Association. The Bylaws of the Association are the same as those attached to the Master Deed for the Condominium; and
- (d) Condominium Buyers Handbook prepared by the Michigan Department of Commerce.
- (e) Purchase Agreement and Escrow Agreement.

As provided in Section 84 of the Act, your Purchase Agreement cannot become binding until the elapse of nine (9) business days after the date of receipt of the above-referenced documents, including the day of receipt if that day is a business day, unless you voluntarily elect to waive this withdrawal period or proceed to closing at an earlier date. During this period you should be sure to carefully read the accompanying documents which control the operation of the Condominium and explain the nature of the interest which you are purchasing and your relationship with the Condominium project, the Association, other Co-owners and the Developer.

In the event that your Purchase Agreement is amended (either before or after it has been signed) or any of the other Condominium Documents delivered are subsequently amended, such an amendment will not give you any right or time to withdraw in addition to that originally provided in your Purchase Agreement and in the Michigan Condominium Act.

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

Dated: _____

PULTE LAND COMPANY, LLC

By: _____

Its: _____

Dated: _____

Receipt of described documents acknowledged:

(If more than one person, all must sign)

STRATHMORE CONDOMINIUM

INFORMATION STATEMENT

Notice to Purchasers: Paraphrased below are provisions of section 84a of the Michigan Condominium Act ("Act"), which is being submitted to Purchasers to comply with the requirements of the Act. By signing below, Purchasers acknowledge that they have reviewed this Statement and have received from Pulte Land Company, LLC, as developer a copy of the recorded master deed of Strathmore Condominium, and its exhibits (including the Condominium and Corporate Bylaws and the Condominium Subdivision Plan), signed purchase agreement, escrow agreement, Condominium Buyer's Handbook and disclosure statements.

Section 84a of the Act provides in part:

(1) The developer shall provide copies of all of the following documents to a prospective purchaser of a condominium unit, other than a business condominium unit:

(a) The recorded master deed.

(b) A copy of a purchase agreement that conforms with section 84 (of the Act), and that is in a form in which the purchaser may sign the agreement, together with a copy of the escrow agreement.

(c) A condominium buyer's handbook. The handbook shall contain, in a prominent location and in boldface type, the name, telephone number, and address of the person designated by the administrator to respond to complaints. The handbook shall contain a listing of the available remedies as provided in section 145 (of the Act).

(d) A disclosure statement relating to the project containing all of the following:

(i) An explanation of the association of co-owners' possible liability pursuant to section 58 (of the Act).

(ii) The names, addresses, and previous experience with condominium projects of each developer and any management agency, real estate broker, and residential builder, and residential maintenance and alteration contractor.

(iii) A projected budget for the first year of operation of association of co-owners.

(iv) An explanation of the escrow arrangement.

(v) Any express warranties undertaken by the developer, together with a statement that express warranties are not provided unless specifically stated.

(vi) If the condominium project is an expandable condominium project, an explanation of the contents of the master deed relating to the election to expand the project prescribed in section 32 (of the Act), and an explanation of the material consequences of expanding the project.

(vii) If the condominium project is a contractible condominium project, an explanation of the contents of the master deed relating to the election to contract the project prescribed in section 33 (of the Act), an explanation of the material consequences of contracting the project, and a statement that any structures or improvements proposed to be located in a contractible area need not be built.

(viii) If section 66(2)(j) (of the Act) is applicable, an identification of all structures and improvements labeled pursuant to section 66 (of the Act) "need not be built".

(ix) If section 66(2)(j) (of the Act) is applicable, the extent to which financial arrangements have been provided for Completion of all structures and improvements labeled pursuant to section 66 (of the Act) "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) (of the Act). An amendment to the condominium documents effected in the manner provided in the documents or provided by law does not afford the purchaser any right or time to withdraw in addition to that provided in section 84(2) (of the Act).

(3) At the time the purchaser receives the documents required in subsection (1) the developer shall provide 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.

... [Subparagraph 4 intentionally omitted.]

(5) With regard to any documents required under this section, a developer shall not make an untrue statement of a material fact or omit to state a material 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 (of the Act. which section imposes penalties upon a developer or any other person who fails to comply with the Condominium Act or any rule, agreement or master deed and may make a developer liable to a purchaser of a unit for damages).

Dated: _____

PURCHASERS:

Unit No. _____

DISCLOSURE STATEMENT

FOR

STRATHMORE CONDOMINIUM

A Residential Site Condominium
in the Township of Macomb, Macomb County, Michigan

Developed by: Pulte Land Company, LLC
450 W. Fourth Street
Royal Oak, Michigan 48067

The effective date of this Disclosure Statement is November, 2005.

STRATHMORE CONDOMINIUM IS A 152 UNIT RESIDENTIAL SITE CONDOMINIUM (EXPANDABLE TO 292 UNITS) LOCATED IN THE TOWNSHIP OF MACOMB, MACOMB COUNTY, MICHIGAN.

THIS DISCLOSURE STATEMENT IS NOT REQUIRED TO BE FILED, AND CONSEQUENTLY HAS NOT BEEN FILED WITH THE CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU, MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES, 6546 MERCANTILE WAY, LANSING, MICHIGAN 48913, NOR HAS THE DEPARTMENT UNDERTAKEN TO PASS ON THE VALUE OR MERITS OF THE DEVELOPMENT OR TO MAKE ANY RECOMMENDATIONS AS TO THE PURCHASE OF UNITS IN THIS DEVELOPMENT.

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

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

DISCLOSURE STATEMENT
STRATHMORE CONDOMINIUM
(A RESIDENTIAL CONDOMINIUM)

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DISCLOSURE STATEMENT

STRATHMORE CONDOMINIUM

(A RESIDENTIAL SITE CONDOMINIUM)

1. INTRODUCTION

Condominium development in Michigan is governed largely by Act 59 of the Michigan Public Acts of 1978, as amended, (together called the "Condominium Act" or "Act").

This Disclosure Statement, together with copies of the legal documents required for the creation and operation of this Condominium Project, are furnished to each purchaser pursuant to the requirement of Michigan law that the Developer of a Condominium Project disclose to prospective purchasers the characteristics of the Condominium Units which are offered for sale. The terms used in this Disclosure Statement have the same meaning as the same terms used in the Master Deed.

2. THE CONDOMINIUM CONCEPT

A Condominium is a method of subdividing, describing and owning real property. A Condominium Unit has the same legal attributes as any other form of real property under Michigan law and may be sold, mortgaged or leased, subject only to restrictions contained in the Condominium Documents or as otherwise may be applicable to the Project.

Each Owner receives a deed to the Owner's individual Condominium Unit. Each Owner owns, in addition to the Owner's Unit, an undivided interest in the common areas and facilities ("Common Elements") which comprise the Project. Title to the Common Elements is included as part of, and is inseparable from, title to the individual Condominium Units. Each Owner's proportionate share of the Common Elements is determined by the percentage of value assigned to the Owner's Unit in the Master Deed.

All portions of the Project not included within the Units constitute the Common Elements. Limited Common Elements are those Common Elements which are set aside for use by less than all Unit Owners. General Common Elements are all Common Elements other than Limited Common Elements. The Project has no Limited Common Elements at this time.

The Project is administered generally by a non-profit corporation of which all Owners are members (the "Association"). The nature and duties of the Association are described more fully in Section 7 of this Disclosure Statement.

Except for the year in which the Project is established, real property taxes and assessments are levied individually against each Unit in the Project. The separate taxes and assessments cover the Unit and its proportionate share of the Common Elements. No taxes or assessments are levied independently against the Common Elements. The year in which the Project is established, the taxes and assessments for Units covered by the Master Deed are billed to the Association and are paid by the Owners of such Units in proportion to the percentage of value assigned to the Units owned by them.

Strathmore Condominium is different from traditional residential Condominium Projects because the Condominium Units in this Project consist of only the individual building sites on which residential dwellings and other improvements may be built, and the Common Elements do not include the residential dwellings. Each Condominium Unit consists of only the land included within the perimeter of a Condominium Unit.

In a traditional Condominium Project, the Units consist of the air space enclosed within each of the dwelling Units, and the Common Elements include the exterior structural components of the residential dwellings. In Strathmore Condominium, each Owner holds an absolute and undivided title to the Owner's Unit and to the dwelling and other improvements located thereon (to the extent such improvements are not designated in the Master Deed as Common Elements). Unlike the traditional residential Condominium Project, each Owner in this residential Project also will be responsible for maintaining fire and extended coverage insurance on the Owner's Unit and the dwelling and other improvements located on the Unit and appurtenant to it, as well as personal property, liability and other personal insurance on the Unit and any improvements or personal property on the Unit or any appurtenant Limited Common Elements. The Association will maintain only liability insurance coverage for occurrences on the General Common Elements and such other insurance on the General Common Elements and otherwise as is specified in the Condominium Documents.

Although the foregoing is generally accurate as applied to most residential Condominium developments, the details of each development may vary substantially. Accordingly, each purchaser is urged to review carefully all of the documents contained in Strathmore Condominium Purchaser Information Booklet, as well as any other documents that have been delivered to the purchaser in connection with this development. Any purchaser having questions pertaining to the legal aspects of the Project is advised to consult a lawyer or other professional advisor.

3. DESCRIPTION OF THE CONDOMINIUM PROJECT

3.1 Size, Scope and Physical Characteristics of Project. Strathmore Condominium is located in the Township of Macomb, Macomb County, Michigan. The Master Deed includes one hundred fifty two (152) Condominium Units and is expandable to include up to two hundred ninety two (292) Units. A more detailed description of the development is found in the Condominium Subdivision Plan which is attached to the Master Deed. Each Unit consists only of the land within the perimeter of the Unit boundaries.

3.2 Utilities. Strathmore Condominium is served by public water, sanitary and storm sewers, gas, electric and telephone service. Gas service is furnished by Semco Energy, electric service is furnished by Detroit Edison, cable television service is furnished by Comcast, and telephone service is provided by SBC. All utilities will be metered to each Unit and paid for by the Owner of the Unit. After dedication to and acceptance by the Township of Macomb, the Township will assume responsibility for maintenance of water and sewer mains.

3.3 Roads. Developer intends to dedicate the roads in the Project to the Macomb County Road Commission ("Road Commission") which shall thereafter be responsible for maintenance, repair and replacement of the roads. Until such dedication, the Association shall be responsible for insurance, maintenance, repair and replacement of the roads in the Project, including snow removal, and the cost of such insurances, maintenance, repair and replacement shall be assessed to the Owners. Developer has reserved the right to dedicate a right-of-way for roadway purposes adjacent to 26 Mile Road.

The Master Deed grants an emergency access easement to the Township and other emergency service providers across the roads in the Project until the roads are dedicated to the public.

3.4 Reserved Rights of the Developer

3.4.1 Conduct of Commercial Activities. The Developer has reserved the right, until all of the Units in the Project have been sold to maintain on the Condominium a sales office, a business office, model Units, storage areas, reasonable parking incident to the use of such areas, and such access to, from and over the Condominium as may be reasonable to enable development and sale of the entire Project. The Developer is obligated to restore the areas so used to habitable status upon termination of use.

3.4.2 Right to Amend. The Developer has reserved the right to amend the Master Deed and exhibits without approval from Owners and mortgagees for the purpose of correcting errors, including correction of Unit lines if any construction encroaches outside the Unit perimeter, and for any other purpose. Any such amendment that would materially change the rights of an Owner or mortgagee may be made only with the approval of sixty-six and two-thirds percent (66 2/3%) of the Owners and first mortgagees. The Developer has also reserved the right to amend the Master Deed to modify types and sizes of unsold Units, to amend the Bylaws, to correct arithmetic, survey or plan errors or deviations in construction, to clarify the Master Deed, to comply with the Act, rules or regulations, or requirements of governmental authorities or Lenders, to create or limit easements, and to record "As Built" drawings, even if such amendment is material, so long as the amendment does not change the method or formula used to determine the percentage of value of Units in the Project for other than voting purposes, or alter an Owner's Unit dimensions or any appurtenant Limited Common Elements, without that Owner's consent. Further, certain

provisions of the Master Deed cannot be amended without the Developer's approval or approval of Macomb Township.

3.4.3 Easements

3.4.3.1 For Maintenance, Repair and Replacement. The Developer has reserved easements over the Condominium Project (including all Units and Common Elements) as may be required to perform any of Developer's maintenance, repair, decoration or replacement rights.

3.4.3.2 For Use of Utilities. The Developer has further reserved easements for utility purposes over the Project and the right to grant easements or dedicate utilities to appropriate governmental agencies or utility companies and transfer title of utilities to state, county or local governmental authorities.

3.4.3.3 For Use of Roads. The Developer has reserved easements and rights of use over the roads and any sidewalks in the Project for the purpose of ingress and egress to and from all or any portion of the Condominium.

3.4.4 Sole Right to Approve Improvements. No dwelling or other improvement in the Project may be constructed until the Developer approves the plans and specifications for the improvement.

3.4.5 Expansion, Contraction and Conversion. Developer has reserved the right to contract the Condominium to withdraw land areas including the road in the Project and the 26 Mile Road right-of-way upon dedication to Road Commission, or Units as set forth in Article 9 of the Master Deed, to convert the convertible areas of the Condominium as set forth in Article 8 of the Master Deed, and to amend the Master Deed to include up to 140 additional Units as set forth in Article 10.

3.5 General. In the Condominium Documents and in the Condominium Act, certain rights and powers are granted or reserved to the Developer to facilitate the development and sale of the Project as a Condominium, including the power to approve or disapprove a variety of proposed acts and uses and the power to secure representation on the Board of Directors of the Association.

3.6 Recreational Facilities; Open Space; Landscape Buffer. There are no recreational facilities within the Condominium. However, there are open space areas and landscape buffers along 26 Mile Road that the Association is responsible for maintaining in accordance with the Master Deed and Exhibits and applicable laws and ordinances. In the event the Association fails to maintain the landscape buffers, the Township has the right to perform such maintenance as set forth in the Master Deed and as described in Section 3.9 below.

3.7 Storm Drainage Areas and Maintenance. Storm water drainage facilities, including easements are established to assure the perpetual functioning of the storm water drainage and system across the Project. To maintain the intended function of the storm water drainage facilities and easements, no modification, use or occupancy of such areas is allowed without the prior written approval of the Developer, the Association and applicable governmental authorities. The Association shall be responsible for maintenance of the storm water drainage facilities of the Project, in accordance with the requirements of applicable governmental authorities, and as described in the Master Deed, and the cost of such maintenance shall be assessed to the Co-Owners of the Units through the Association as described in the Bylaws. The Township has a right to perform such maintenance if the Association fails to do so and bill the Association for the costs incurred by the Township as set forth in the Master Deed. In the event of expansion of the Project to include the area of Future Development described in Article 10 of the Master Deed, the Developer anticipates that an existing easement for drainage and storm water detention basin within the area of Future Development, which serves the Strathmore Subdivision on the west, will be filled and new storm water facilities will be installed which may include a sedimentation pond and discharge pipe to the McBride drain ("New Storm Water Facilities"). The purpose of the New Storm Water Facilities will be to provide drainage for the benefit of the Condominium, the area of Future Development and Strathmore Subdivision. The Association shall be responsible for the maintenance, replacement and repair of all improvements located within the New Storm Water Facilities. Pursuant to the Storm Water Drainage System Easement Agreement recorded or to be record in the Macomb County Records pertaining to storm water drainage facilities serving the Condominium and the adjacent Strathmore Subdivision, the Association shall have the right to bill the Strathmore Subdivision Homeowner's Association for a proportionate share of the costs and expenses associated with maintenance of the New Storm Water Facilities based on the number of lots in Strathmore Subdivision ("Lots") compared to the total number of Lots and Units in both Strathmore Subdivision and Strathmore Condominium. If any billing remains unpaid for 30 days after the receipt, the Association shall have the right to assess the Lot owners for such unpaid amount and if not paid within 30 days from the date payment is due, the Association shall have the same collection and lien rights against delinquent Lot owners as set forth in the Strathmore Subdivision Declaration of Covenants, Conditions and Restrictions recorded in the Macomb County Records.

The Condominium is located within the McBride Drainage District and is subject to all requirements of applicable governmental authorities pertaining to such Drainage District. The requirements are as follows: Permanent easements for county drains must be granted by the property owner as a condition of approval of drainage plans by the Macomb County Public Works Commissioner ("MCPWC"). County drain easements are permanent encumbrances upon the property. They run with the land and are binding on all successors to title and parties in interest. County drain easements cannot be terminated or modified, except by application to and written approval of the MCPWC or drainage board. Drain easements must be kept clear of private uses that could, in the exclusive judgment of the MCPWC, interfere with drain operations and maintenance activities. By way of example and not limitation, the following uses on drain easements are strictly prohibited: permanent structures, garages, decks, swimming pools, gazebos,

trees, fences, changes of grade, etc. The MCPWC or drainage board will consider variances from the above regulations on a case by case basis, on a showing of hardship. If a variance is approved, the applicant will be required to execute a license and agreement to use the drain easement and be subject to its terms and conditions.

3.8 Street Lighting. The Association is responsible for maintenance of all street and walkway lighting equipment and systems throughout the Condominium. It is anticipated that streetlighting for the Project will be installed by Detroit Edison under a contract with the Township. In such event, the actual costs and expenses of installation, maintenance, repair and replacement of Street Lighting Improvements, including any related administration expense and attorney fees incurred by the Township shall be billed to the Association by the Township and shall be an expense of administration of the Project to be paid by the Association and assessed to the Unit Owners as set forth in the Bylaws. Any such costs and expenses of the Township pertaining to Street Lighting Improvements which are not paid by the Association within 30 days of demand may be assessed to the Units in the Project and become due, collected and returned for non-payment in the manner and at the same time as ad valorem property tax levies of the Township.

3.9 Township Rights and Remedies. The Township has reserved certain rights and remedies pertaining to maintenance of the Storm Drainage Facilities, the Street Lighting Improvements and the landscape berms of the Condominium as set forth in the Master Deed. These rights and remedies include authorization for the Township to perform needed maintenance and repair should the Association fail to do so, and to bill the Association and Unit owners for the cost of such maintenance and repair, which if unpaid shall be collected in the same manner as property taxes.

4. LEGAL DOCUMENTS

4.1 General. Strathmore Condominium was established as a Condominium Project pursuant to the Master Deed recorded in the Macomb County Records and contained in Strathmore Condominium Purchaser Information Booklet. The Master Deed includes the Bylaws as Exhibit A and the Condominium Subdivision Plan as Exhibit B.

4.2 Master Deed. The Master Deed contains the definitions of certain terms used in the Condominium Documents, the percentage of value assigned to each Unit in the Condominium Project, a general description of the Units and Common Elements included in the Project and a statement regarding the relative responsibilities for maintaining the Common Elements. Article 4 describes the General and Limited Common Elements, Article 5 describes the Units, Article 6 covers easements and Article 7 covers the provisions of amending the Master Deed. Article 8 provides for conversion of Convertible Areas. All present and future Common Elements and Units are designated as Convertible Areas and the land area within which the Units and Common Elements may be expanded and modified and within which Limited Common Elements may be created. No additional Units may be created in the Convertible Area, and Units may be expanded, modified or decreased. No portion of a Unit owned by a Co-Owner other than Developer can be converted without such Co-Owner's consent. All improvements

constructed or installed within the Convertible Areas are restricted exclusively to residential use and to Common Elements compatible with residential use. Article 9 provides for Contraction. Developer has reserved the right to withdraw from the Condominium the portion of the roads and rights of way upon dedication to the Road Commission and any present or future Units of the Condominium and any General Common Element land areas of the Condominium. The consent of any Unit owner to the contraction of such owner's Units must be obtained prior to contraction of a Unit owned by an owner other than Developer. Article 10 provides for Expansion. The maximum number of Units that may be added to the Condominium is one hundred forty (140) additional Units, for a maximum total of two hundred ninety two (292) Units in the Project as expanded. Additional Units, if any, will be established upon all or some portion of the future development areas described in the Master Deed. The location, nature, appearance, design (interior and exterior) and structural components of the dwellings and other improvements to be constructed within the area of future development will be determined by Developer subject to approval by the Township, but all such improvements will be reasonably compatible with the existing structures in the Project. No Unit will be created within the area of Future Development that is not restricted exclusive to residential use. Article 11 provides that the Developer may assign to the Association or to another entity any or all of its rights and powers granted or reserved in the Condominium Documents or by law. Article 11 provides that the Developer may assign to the Association or to another entity any or all of its rights and powers granted or reserved in the Condominium Documents or by law.

4.3 Bylaws. The Bylaws contain provisions relating to the operation, management and fiscal affairs of the Condominium and, in particular, set forth the provisions relating to assessments of Association members for the costs of operating the Condominium Project. Article 6 contains certain restrictions upon the ownership, occupancy and use of the Condominium Project. Article 6 also contains provisions permitting the adoption of rules and regulations governing the Common Elements. The Bylaws are the bylaws of the Condominium and the Association.

4.4 Condominium Subdivision Plan. The Condominium Subdivision Plan is a survey and plan depicting the physical location and boundaries of each of the Units and all of the Common Elements in the Project.

5. RIGHTS AND OBLIGATIONS BETWEEN THE DEVELOPER AND OWNERS

5.1 Before Closing. The obligations of Developer to Owners are set forth in the Master Deed, the Exhibits to the Master Deed and the Articles of Incorporation of the Association. The obligations of Developer and the purchaser of a Condominium Unit in the Project prior to closing are set forth in the Purchase Agreement and the accompanying Escrow Agreement. Those documents contain, among other provisions, the provisions relating to the disposition of earnest money deposits advanced by the purchaser prior to closing and the anticipated closing adjustments, and other important matters. The Escrow Agreement provides, pursuant to Section 103b of the Condominium Act, that the escrow agent shall maintain sufficient funds or other security to complete improvements shown

as "MUST BE BUILT" on the Condominium Subdivision Plan until such improvements are substantially complete. Road improvements and utility mains to serve Units 1 through 152 "MUST BE BUILT." Utility leads and Unit improvements "NEED NOT BE BUILT." The Units in the Condominium are building sites. The residences to be constructed within the Units and the utility leads to such residences NEED NOT BE BUILT. Funds retained in escrow pertaining to the Unit are not to be released to the Developer (except in the event of purchaser's default) until issuance of a Certificate of Occupancy, if applicable, and conveyance of title to the Condominium Unit to a purchaser and confirmation by the escrow agent that all improvements labeled "MUST BE BUILT" are substantially complete, or adequate security provided therefore.

5.2 At Closing. Each purchaser will receive by warranty deed or land contract followed by warranty deed, fee simple title to the purchaser's Unit, subject to no liens or encumbrances other than those provided by the Condominium Documents and those other easements, rights-of-way, restrictions and other matters as are specifically set forth in the Condominium Documents and title insurance commitment.

5.3 After Closing

5.3.1 General. Subsequent to the purchase of the Unit, relations between the Developer and the Owner are governed by the Master Deed and the Condominium Act, except to the extent that any provisions of the purchase agreement are intended to survive the closing.

5.3.2 Condominium Project Warranties. The Developer is warranting with respect to the Project only that the streets and utility improvements that are labeled "must be built" on the Condominium Subdivision Plan have been or will be installed to serve Strathmore Condominium. Developer provides no other warranty of any sort with respect to the Units. Express warranties are not provided unless specifically stated in the Purchase Agreement.

6. ESCROW AGREEMENT

The Developer has entered into an Escrow Agreement with Metropolitan Title Company which provides that all deposits made under Purchase Agreements for the purchase of a Unit be placed in escrow. The Escrow Agreement provides for the release of an escrow deposit to any purchaser who withdraws from a Purchase Agreement in accordance with the Purchase Agreement. Such a withdrawal is permitted by each Purchase Agreement if it takes place within nine (9) business days after the purchaser has received all of the Condominium Documents (unless the purchaser waives such withdrawal right), or if the Purchase Agreement is conditional upon obtaining a mortgage and purchaser is unable to do so. The Escrow Agreement also provides that a deposit will be released to the Developer if the purchaser defaults on any obligation under the Purchase Agreement after the Purchase Agreement has become binding upon the purchaser. The Escrow Agreement also provides that deposits will be released to the Developer when the Escrow Agent has received certification from an engineer or

architect that any structures or improvements on the Condominium Plan that are labeled "MUST BE BUILT," are substantially complete.

7. THE CONDOMINIUM ASSOCIATION

The common affairs of the Co-Owners and all matters relating to the Common Elements of the Condominium will be managed by Strathmore Condominium Association, a Michigan non-profit corporation. As each individual purchaser acquires title to a Condominium Unit, the purchaser will also become a member of the Condominium Association. The manner in which the Association will be run by its members, its officers and its Board of Directors is set forth in the Condominium Documents which are included with each purchaser's information package. The Association is governed by its Board of Directors, the initial members of which are designees of the Developer.

Within one hundred twenty (120) days after closing the sale of twenty-five (25%) percent of the Units which may be created, one of the directors will be selected by non-developer owners; and within one hundred twenty (120) days after closing the sales of seventy-five (75%) percent of the Units which may be created, the non-developer owners will elect all of the directors, except that the Developer will have the right to designate at least one director as long as it owns at least ten (10%) percent of the Units which may be created in the project. Regardless of the number of Units conveyed, fifty-four (54) months after the first conveyance, non-developer owners may elect directors in proportion to the number of Units that they own.

The First Annual Meeting may be convened any time after fifty (50%) percent of the Units that may be constructed have been sold and must be held on or before the expiration of one hundred (120) days after seventy-five (75%) percent of the Units which may be created have been sold or within fifty-four (54) months after conveyance of the first Unit, whichever first occurs. At the First Annual Meeting, the members of the Association will elect directors, and the directors in turn will elect officers of the Association.

Voting rights are set forth in detail in Article 8 of the Condominium Bylaws, and these provisions should be carefully reviewed. All of the Co-Owners of a Unit are entitled to only one vote at meetings of the Association for each Unit owned, and the value of each vote is equal regardless of the percentage of value. Within one (1) year after the first conveyance of a Unit, or one hundred twenty (120) days after conveyance of one-third (1/3) of all the Units which may be created, whichever occurs first, an advisory committee of Co-Owners will be established to facilitate communication and aid transition of control of the Association to the Co-Owners.

8. BUDGET AND ASSESSMENTS

The budget required to conduct the business of the Association has been estimated by the Developer. A copy of the estimated budget for the first year of operation is attached to this Disclosure Statement. The initial Condominium assessments charged to

members are based upon this budget; however, it must be kept in mind that this is an estimate only, and there can be no guarantee that the budget will be sufficient to meet the expenses of the Association. It is normal for Association expenses to increase on a regular basis. The Association's only source of revenue to fund its budget is the assessment of its members. Each Co-owner must pay to the Association an annual assessment which is determined in part by dividing the projected budget by the member's percentage of value which is stated in the Master Deed. The annual assessment must be paid to the Association by each Co-Owner in one (1) annual installment in advance. In the event that the Association incurs expenses which are not anticipated in the budget, the Association may also levy special assessments to cover such expenses. Any special assessments would be allocated to the Co-Owners in accordance with the percentages of value stated in the Master Deed. The Developer will not pay Association assessments but will pay for the maintenance and insurance of its own Units.

9. RESTRICTIONS

Article 6 of the Condominium Bylaws contains comprehensive restrictions on the use of the Condominium Units and the Common Elements. It is impossible to paraphrase these restrictions without the risk of omitting some portion that may be of significance to a purchaser. Consequently, each purchaser should examine the restrictions with care to be sure that they do not infringe upon an important intended use.

The following is a list of certain of the most significant restrictions:

9.1 Residential Use. Units are to be used for private residential purposes only, including construction of residences and other permitted structures.

9.2 Leasing. No owner may lease a Unit for less than an initial term of six (6) months unless approved by the Association. An owner must disclose the intention to lease a Unit and provide a copy of the exact lease form to the Association at least ten (10) days before presenting a lease or otherwise agreeing to grant possession to a potential lessee. Developer may lease Units owned by it without compliance with these restrictions.

9.3 Other Restrictions.

9.3.1 Residences may not exceed two stories in height and must have private attached garages containing no less than two and no more than three parking spaces for the sole use of the co-owner or occupants of the dwelling. All dwellings must be constructed in accordance with applicable building codes, ordinances and regulations and must have a minimum square footage of 1,600 feet. However, the Developer or Architectural Control Committee may make exceptions to certain requirements. Construction and alteration of residences and other improvements to the Unit are subject to review by the Developer or the Architectural Control Committees as set forth in detail in Article 6 of the Bylaws.

9.3.2 There are significant restrictions on changes to the Common Elements of the Condominium. Wetland areas, detention areas and any buffers may not be modified, occupied or used without approval of Developer and applicable governmental agencies.

9.3.3 Only household pets may be kept.

9.3.4 No Co-Owner shall create a nuisance or annoyance.

9.3.5 No fences, walls or similar structures may be erected on any Unit, except in certain circumstances described in the Bylaws, and then only with the approval of the Architectural Control Committee, Developer and the Association. No swimming pools, tennis courts or similar recreational structures may be constructed until after the transition control date and then only with the approval of the Association, and subject to restriction described in the Bylaws.

9.3.6 Motorcycles are allowed on the roads of Strathmore Condominium, but motorcycles and all other motorized off-road vehicles are prohibited on all other Common Elements and Units. No trailers, boats, aircraft, commercial vehicles, camping vehicles, camping trailers, snowmobiles, snowmobile trailers, jet skis, jet ski trailers or other recreational vehicles, or other vehicles, other than passenger cars, passenger vans, pick-up trucks and so-called "Blazer" type vehicles shall be parked or maintained on any Unit unless in a suitable private attached garage.

9.3.7 Each Owner is responsible for landscaping the Owner's Unit. A Unit Owner must cause the Unit to be finish graded, sodded and suitable landscaped within 90 days of completion of construction of the residence on the Unit.

9.3.8 The Association may impose reasonable regulations in addition to the regulations in the Condominium Bylaws.

9.3.9 Basketball hoops and play areas are permitted subject to restrictions set forth in the Bylaws. No swings, slides, playscapes or other similar playground equipment shall be constructed on any Unit unless approved in advance, in writing by the Architectural Control Committee.

None of the restrictions apply to the commercial activities or signs of the Developer or its designated builders

10. THE DEVELOPER AND OTHER SERVICE ORGANIZATIONS

10.1 The Developer's Background and Experience. Developer, previously doing business as Pulte Homes of Michigan Corporation, developed and sold units in the following condominium developments: Country Club Village in Northville, Michigan, Country Club Village in Plymouth, Michigan and Copper Creek Village Condominium, Cross Creek Village Condominium, and Maple Ridge Creek Village Condominium in the

City of Rochester. Developer has also developed Silvercreek Condominium in Macomb Township, Woodlands South in Northville, Stirling Lake Estates in the City of Pontiac, Claremont Condominium in Huron Township, Kirkway Village in the City of Woodhaven, the Preserve of Riverside, The Woodlands of Riverside and The Villas of Riverside in Holly Township, and the Hamlet and the Villas at Hamlet in Canton Township.

10.2 Builder. The licensed residential builder for Strathmore Condominium is Pulte Homes of Michigan Corporation, whose address is 450 W. Fourth Street, Royal Oak, Michigan 48067.

10.3 Management. As of the date of this statement, Developer has not entered into a contract with a management company to manage the condominium association. The bylaws permit the Association to enter into a management agreement, but professional management is not required by the Condominium Documents.

11. INSURANCE

11.1 Title Insurance. The Purchase Agreement provides that the Developer will furnish each purchaser a title commitment for an owner's title insurance policy issued by Pulte Title Agency of Michigan, LLC prior to closing, and that the policy itself will be provided within a reasonable time after closing. The Developer will pay the cost of the commitment and policy. Each purchaser should review the title insurance commitment with a qualified advisor of his or her choice prior to closing to make certain that it conforms to the requirements of the Purchase Agreement.

11.2 Other Insurance. The Condominium Documents require that the Association carry fire and extended coverage for vandalism and malicious mischief and liability insurance and workers' compensation insurance, if applicable, with respect to all of the General Common Elements of the Project. The insurance policies have deductible clauses and, to the extent thereof, losses will be borne by the Association. The Board of Directors is responsible for obtaining insurance coverage for the Association. Each Co-Owner's pro rata share of the annual Association insurance premiums is included in the monthly assessments. The Association's insurance policies are available for inspection during normal working hours. A copy of the certificate of insurance with respect to the Condominium Project will be furnished to each Co-Owner upon request.

Each Co-Owner is responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the Owner's structure and all other improvements constructed or to be constructed within the Owner's Unit, together with any Limited Common Elements appurtenant to the Unit, if any, and for the Owner's personal property located on the Unit or elsewhere in the Condominium. All such insurance must be in the amount equal to the maximum insurable replacement value excluding foundation and excavation costs. Each Owner is also obligated to obtain personal liability insurance and for alternative living expense in the event of a fire.

12. POSSIBLE LIABILITY FOR ADDITIONAL ASSESSMENTS BY THE ASSOCIATION

It is possible for Co-Owners to become obligated to pay a percentage share of assessment delinquencies incurred by other Co-Owners. This can happen if a delinquent Co-owner defaults on a first mortgage and if the mortgagee forecloses. The delinquent assessments then become a common expense which is re-allocated to all the Co-Owners, including the first mortgagee, in accordance with the percentages of value in the Master Deed. Article 2, Section 2.6 of the Condominium Bylaws provides in part:

"Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit, and except for assessments that have priority over the first mortgage as provided in Section 108 of the Act."

13. PURPOSE OF DISCLOSURE STATEMENT

This Disclosure Statement and the Builder's Supplement to Disclosure Statement was prepared in compliance with the Michigan Condominium Act. This statement paraphrases various provisions of the Condominium Documents, including the Purchase Agreement, Escrow Agreement, and Master Deed. This statement only highlights certain provisions of such documents and by no means contains a complete statement of all of the provisions of those documents which may be important to purchasers. In an attempt to be more readable, this statement omits most legal phrases, definitions and detailed provisions of the other documents. This statement is not a substitute for the legal documents from which it draws information, and the rights of purchasers and other parties will be controlled by the other legal documents and not by this Disclosure Statement. All of the documents referred to in this statement should be carefully reviewed by prospective purchasers, and it is advisable to have professional assistance in making this review.

The Developer is required by law to prepare this statement. Developer has prepared this Disclosure Statement and Builder has prepared this Builder's Supplement to Disclosure Statement in good faith and in reliance on sources of information believed to be accurate in an effort to disclose material facts about Strathmore Condominium. However, the Developer and Builder disclaim liability to any purchaser for misstatements herein or in the Builder's Supplement to Disclosure Statement (or for omissions which make statements herein appear misleading) if such misstatements were made by the Developer or Builder in good faith, or were immaterial in nature, or were not relied upon by the purchaser, or did not result in any damages to the purchaser. The Developer is required to give each purchaser a copy of The Condominium Buyers Handbook. This

handbook was prepared by the Michigan Department of Commerce, and the Developer accepts no responsibility for its contents.

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