

**DISCLOSURE STATEMENT
FOR
COPPER RIDGE
Zeeland Township, Michigan**

Developer: Ace Builders, Inc.

Copper Ridge is a residential condominium project that is located in Zeeland Township, Ottawa County, Michigan (the "Project"). The Project consists of twenty-two (22) units.

The effective date of this Disclosure Statement is November 6, 2014.

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 RELATED TO IT.

WE RECOMMEND THAT YOU CONSULT WITH AN ATTORNEY OR OTHER ADVISER PRIOR TO PURCHASING A CONDOMINIUM UNIT.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED AND DISTRIBUTED PURSUANT TO THE REQUIREMENTS OF THE MICHIGAN CONDOMINIUM ACT.

I.

INTRODUCTION

"Condominium" is a form of real property ownership. Under Michigan law, a condominium unit (that part of the Project individually owned and occupied) has the same legal attributes as any other form of real property and may be sold, mortgaged or leased, subject only to such restrictions contained in the condominium documents. The condominium units described in this Disclosure Statement are residential units. Each unit has been designed and intended for separate ownership and use, and each unit has individual access to a common element of the Project.

Each co-owner receives a deed to his individual condominium unit. Each co-owner owns, in addition to his unit, an undivided interest in the common facilities (called "common elements") which service the Project. Title to the common elements is included as part of, and is inseparable from, title to the individual condominium units. Each co-owner's proportionate share of the common elements is determined by the percentage of value assigned to his 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 reserved in the Master Deed for use by less than all co-owners. General common elements are all common elements other than limited common elements.

Except for the year in which the Project is established, real property taxes and assessments will be levied individually against each unit at Copper Ridge. These individual taxes and assessments cover the unit and its proportionate share of the common elements. No taxes or assessments are levied independently against the common elements. In the year in which the Project is established, the taxes

and assessments for the units covered by the Master Deed are billed to the Copper Ridge Association (the "Association", as described in Section IX.B., below) and are paid by the co-owners of those units in proportion to the percentages of value assigned to the units owned by them.

Of course, no summary such as the one contained in this Disclosure Statement can fully state all of the details of a condominium development. Each purchaser is therefore urged to carefully review all of the condominium documents for Copper Ridge. Any purchaser having questions about the legal aspects of the Project is advised to consult his own lawyer or other professional adviser.

II.

LEGAL DOCUMENTATION

A. General. Copper Ridge was established as a condominium project pursuant to a Master Deed recorded in the office of the Ottawa County Register of Deeds. A copy of the Master Deed has been provided to you with this Disclosure Statement. The Master Deed includes the Condominium Bylaws as Exhibit A, and the Condominium Subdivision Plan as Exhibit B. All of these documents should be reviewed carefully by prospective purchasers.

B. Master Deed. The Master Deed contains definitions of terms used within the Project, the percentage of value assigned to each unit in the Project, a general description of the units and general and limited common elements included in the Project and a statement regarding the relative responsibilities for maintaining the common elements. Article VII of the Master Deed covers easements. Article VIII contains a statement of when and how the Master Deed may be amended.

C. Condominium Bylaws. The Condominium Bylaws contain provisions relating to the operation, management and fiscal affairs of the Project and, in particular, set forth the provisions relating to assessments of the Association members for the purpose of paying the costs of operation of the Project. Article VII contains certain restrictions upon the ownership, occupancy and use of the Project. Section 7.1(a)(xi) contains provisions permitting the adoption of rules and regulations governing the common elements. At the present time no rules and regulations have been adopted by the Board of Directors of the Association.

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

III.

SUMMARY OF PROJECT

Copper Ridge, located in Zeeland Township, Ottawa County, Michigan, is a residential condominium which includes twenty-two (22) units. Construction of these units is expected to be completed by October of 2018.

IV.

DEVELOPER/BUILDER

Ace Builders, Inc., a Michigan limited liability company, is the developer of Copper Ridge. Ace

Builders, Inc., is also the licensed residential builder who is building the duplex and triplex units in Copper Ridge. Ace Builders, Inc., has partnered in the development of several other condominium projects.

V.

REAL ESTATE BROKER

The real estate broker for the project is Keller Williams Realty Lakeshore, 363 Settlers Road, Holland, Michigan 49423. Keller Williams Realty has extensive experience in marketing residential condominium projects.

VI.

STRUCTURES AND IMPROVEMENTS WHICH NEED NOT BE BUILT

The Michigan Condominium Act, as amended, requires the Developer to clearly inform potential purchasers what its construction obligations are through the use of the labels "Must Be Built" and "Need Not Be Built." The Developer is obligated to construct only those units and improvements labeled "Must Be Built" in the Condominium Subdivision Plan attached to the Master Deed. All of the Units (1 through 22) and improvements shown in the Condominium Subdivision Plan for Copper Ridge are labeled "Must Be Built."

VII.

ESCROW OF FUNDS

In accordance with Michigan law, all funds received from prospective purchasers of units at Copper Ridge will be deposited in an escrow account with an escrow agent. The escrow agent for Copper Ridge is Transnation Title Agency of Michigan Lakeshore Division, LLC. The address and principal place of business of Transnation Title is 347 Settlers Road, Suite 110, Holland, Michigan 49423.

Funds held in the escrow account will be returned to the prospective purchaser within three (3) business days upon such purchaser's withdrawal from a Purchase Agreement within the specified period. After the expiration of the nine (9) business-day withdrawal period described in the Purchase Agreement, all funds received from the purchaser will be retained in escrow to assure completion of only those uncompleted structures and improvements labeled under the terms of the condominium documents "Must Be Built." Pursuant to Michigan law, if the Developer does not furnish the escrow agent with evidence of adequate security (such as an irrevocable letter of credit, lending commitment, indemnification agreement, or other security, which the escrow agent determines to be adequate), funds received from the purchaser will be released to the Developer only if all of the following occur:

- (a) (i) Issuance of a certificate of occupancy for the unit, if required by local ordinance, and conveyance of legal or equitable title to the unit to the purchaser, or
- (ii) a default by purchaser in his obligations under the Purchase Agreement.

- (b) 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 Copper Ridge in which the 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.

(c) 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" are substantially complete, or determining the amount necessary for substantial completion thereof.

A structure, element, facility or other improvement shall be considered substantially complete when it can be reasonably employed for its intended use, and 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 certificate as to the quality of the items to which it relates.

Upon receipt of a certificate signed by a licensed professional engineer or architect determining the amount 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 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 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.

The escrow agent in the performance of its duties shall be considered 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, 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 of all amounts deposited in accordance with the Michigan Condominium Act.

A licensed professional architect or engineer undertaking to make a certification to the escrow agent shall be held to the normal standards of care required of a member of that profession in determining substantial completion and the estimated cost of substantial completion, 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.

Also pursuant to Michigan law, if the Developer has not substantially completed the improvements for which escrowed funds have been retained or security has been provided within nine (9) months after closing the sale of the first unit in a phase of Copper Ridge, the escrow agent, upon the request of the Association or any interested owner of a unit at Copper Ridge, shall notify the Developer of the amount of funds or security that remain in the escrow account, and of the date upon which those

funds can be released. If after three (3) months have passed the Developer has not completed the specified improvements, or otherwise acted to gain release of the escrowed funds, the escrow agent may release the funds for the purpose of completing the incomplete improvements for which the funds were originally retained, or for a purpose specified in a written agreement between the Association and the Developer.

Any interest earned on funds held in the escrow account will be released to the party who is entitled to receive the funds upon which the interest has accrued, except that interest on funds released from the escrow account due to a prospective purchaser's withdrawal from a Purchase Agreement shall be paid to the Developer.

Additional details of the escrow arrangements made in connection with Copper Ridge are contained in the Escrow Agreement which is attached to your Purchase Agreement.

VIII.

RECREATIONAL FACILITIES

No recreational facilities will be included in Copper Ridge.

IX.

ORGANIZATION AND CONTROL OF THE CONDOMINIUM

A. *The Condominium Buyers Handbook.* General information about the government and organization of condominiums in Michigan may be found in the Condominium Buyers Handbook, published by the Michigan Department of Consumer and Industry Services, and provided to you previously by the Developer.

B. *Association.* The Copper Ridge Association has been incorporated under the laws of the State of Michigan as a nonprofit corporation. It will be responsible for the management, maintenance and administration of the Condominium. A person will automatically become a member of the Copper Ridge Association upon closing on the purchase of a unit.

The Articles of Incorporation and Articles I, II, III and IV of the Condominium Bylaws which have been provided to you with this Disclosure Statement govern the procedural operations of the Association. The Association will be governed by a three-person Board of Directors. Jerry Overbeek and Susan Overbeek are the initial Directors. The initial Directors are empowered to serve pursuant to the provisions of the Condominium Bylaws until the first annual meeting of members of the Association, which must be held on or before the expiration of 120 days after legal or equitable title to one (1) condominium unit has been conveyed to non-Developer co-owners or 54 months after the first conveyance of legal or equitable title to a condominium unit to a non-Developer co-owner, whichever occurs first. Section 4.1 of Article IV of the Condominium Bylaws sets forth the complete requirements for election of directors.

At the first meeting of members of the Association, the Association will elect Directors, and the Directors in turn will elect officers for the Association. The Developer will be entitled to cast votes at any meeting with respect to all units then remaining titled in its name.

C. *Annual Meetings.* Following the first annual meeting, annual meetings of the co-owners of Copper Ridge will be held each year in accordance with the Condominium Bylaws for the purpose of conducting the business of the Association and electing directors for the succeeding year. Prior to each annual meeting, co-owners will receive notice stating the time and location of the meeting and the matters to be considered at the meeting as prescribed by the Condominium Bylaws.

D. *Advisory Committee.* The Board of Directors of the Association must establish an Advisory Committee of non-Developer co-owners upon the passage of (a) 120 days after legal or equitable title to one (1) Condominium unit has been conveyed to non-Developer co-owners; or (b) one year after the first conveyance of legal or equitable title to a Condominium unit to a non-Developer co-owner, whichever first occurs. The Advisory Committee will meet with the Board of Directors to facilitate communication with the non-Developer co-owners and to aid in transferring control from the Developer to non-Developer co-owners. The Advisory Committee will be composed of not less than one (1) nor more than three (3) non-Developer members, who will be appointed by the Board of Directors in any manner it selects, and who shall serve at the pleasure of the Board of Directors. The Advisory Committee will automatically dissolve following the appointment of a majority of the Board of Directors by non-Developer co-owners. The Advisory Committee must meet at least quarterly with the Board of Directors.

E. *Percentages of Value.* Each of the twenty-two (22) units in the Condominium has been assigned an equal share of the total value of the Project based upon its size and anticipated allocable expenses of maintenance. The total value of the Project is 100%. The percentage of value assigned to each unit is determinative of the proportionate share of each unit in the proceeds from and expenses of the administration of the Condominium, the value of such unit's vote at meetings of the Association of Co-Owners and of the unit's undivided interest in the common elements.

F. *Management.* The Condominium Documents permit the Association to hire a professional manager to assist it with the management of the Project. At present, management of the Project is being handled by the Developer without charge for its time. If an interim arrangement for outside management of the Project should become necessary before the date of the initial meeting of members, any contracts between the Developer and a management agent or company related to the Developer would be subject to termination at the option of the co-owners upon their assumption of control of the Project, with or without cause.

X.

SUMMARY OF LIMITED WARRANTIES

All manufactured items sold with a unit at Copper Ridge carry those warranties provided to purchasers by their manufacturers and no other warranties. A purchaser should verify the terms of the manufacturers' warranties and determine when the warranties begin to run on items installed in a particular unit before signing a purchase agreement. For more detailed information about such warranties, including transferability and claims procedures, the owners' guides provided by the manufacturers should be examined.

The Developer will warrant to the purchaser that all materials and equipment, other than manufactured items, furnished as part of a unit as part of a unit will be new unless otherwise specified, and that all materials, equipment and work will be of good quality, free from faults and defects, and in

accordance with the plans for purchaser's unit and the Project generally; provided, however, that Developer will not guarantee against: alleged defects that are the result of characteristics common to the materials used, such as (but not limited to) warping, deflection, expansion or contraction of wood; peeling, blistering, fading, chalking or checking of paint; cracks caused by drying and curing of concrete, stucco, plaster, bricks, masonry, and tile; drying, shrinking, or cracking of caulking and weather stripping; glass breakage; heaving of cement; or damage resulting from settlement of the ground under or around the unit or under other units or common elements. This warranty shall be in effect for one (1) year after the date of possession of the dwelling. If the purchaser during that one-year period notifies the Developer that certain items are defective, the Developer shall inspect such items. Where inspection reveals defects in workmanship or materials, the Developer shall make reasonable repairs to cure such defects without cost to the purchaser. The Developer shall assign to and for the benefit of the purchaser all assignable warranties made to it by subcontractors and suppliers relative to services, materials, and equipment incorporated in the Project.

CAUTION: THERE ARE NO WARRANTIES ON THIS CONDOMINIUM PROJECT OTHER THAN THOSE DESCRIBED HEREIN. YOU, INDIVIDUALLY OR AS A MEMBER OF THE ASSOCIATION, MAY BE REQUIRED TO PAY SUBSTANTIAL SUMS FOR THE REPLACEMENT OR REPAIR OF ANY DEFECTS IN THIS CONDOMINIUM PROJECT THAT ARE NOT COVERED BY WARRANTY, IF ANY SUCH DEFECTS EXIST.

XI.

BUDGET AND ASSESSMENTS

After the closing, each co-owner will pay a monthly assessment as his share of the common expenses of the Condominium. The monthly amounts collected from co-owners are used to operate and maintain the Condominium. Because the day-to-day operations of Copper Ridge are dependent upon the availability of funds, it is important that each co-owner pay his monthly assessment in a timely manner. Monthly assessments at Copper Ridge are due by the first day of each calendar month. In the event a co-owner fails to pay this amount in a timely manner, the Condominium Bylaws provide that the Association may impose a lien upon a delinquent co-owner's unit, collect interest at the maximum legal rate on delinquent assessments, and impose other penalties. Article V of the Condominium Bylaws should be consulted for further details.

The amount of the monthly assessment will be determined by the estimated amount of the common expenses. Under the budget of the Association for fiscal year 2015 (the fiscal year of the Association will be a calendar year), adopted by the Developer in the exercise of its best judgment, each co-owner will pay \$195.00 per month. This will generate annual revenue from twenty-two (22) units of \$51,480.00.

For fiscal year 2015, the estimated revenues and expenses of the Condominium are as follows:

REVENUES:

Assoc. Dues—Annual	\$2,340.00
Total Annual Revenues	\$2,340.00 ¹

EXPENSES:

Insurance	\$1,000.00 ²
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Reserve for Major Repairs (10%)	\$ 234.00 ³
Snow Removal	\$ 500.00
Lawn Maintenance	\$ <u>606.00</u>
Total Expenses	\$2,340.00

Each co-owner must also pay other charges in connection with his ownership of a unit at Copper Ridge. For example, each co-owner will be responsible for paying real estate taxes levied on his unit and his undivided interest in the common elements. The amount of such taxes will be determined by the Zeeland Township assessor. The Association will pay no real estate taxes, except in the first year of the Condominium, as described on page 2 above.

Like other unit owners, the Developer is required to pay its assessments when they are due. The Developer will commence paying the full monthly assessment for each unsold unit it owns upon receipt of a certificate of occupancy for that unit. In addition, the Developer must pay the cost of maintaining incomplete units owned by it, as set forth in Section 5.7 of the Condominium Bylaws.

Each co-owner could be required to pay special assessments, if special assessments are levied by the Board of Directors of the Association. Special assessments may be levied by the Board of Directors in the event that, among other things, the regular assessment should prove inadequate, common elements need to be replaced or expanded, or an emergency occurs. Section 5.5 of the Bylaws of Copper Ridge attached to the Master Deed should be examined for further details about special assessments.

Like most expenses today, the expenses in the budget are subject to change as a result of changing costs in the economy. The budget contained herein represents the Developer's best estimate of those expenses at this time. However, these costs may increase from year to year on account of such factors as cost increases, the need for repair or replacement of common elements, and property improvements. Such cost increases will result in increased monthly assessments.

There are no fees, payments or services which are paid or furnished directly or indirectly by the Developer which will later become an expense of administration.

XII.

RESTRICTIONS ON USE

In order to provide an environment conducive to pleasant living at Copper Ridge, the Condominium Bylaws contain certain limitations upon the activities of co-owners which might infringe upon the right to quiet enjoyment of all co-owners. Some of these restrictions are set forth herein. You should read Article VII of the Condominium Bylaws to ascertain the full extent of the restrictions.

The residential units in Copper Ridge may be used solely for residential purposes. No animal (other than household pets) may be kept at Copper Ridge, and savage or dangerous animals are prohibited altogether.

The use restrictions at the Project are enforceable by the Association, which may take appropriate action to enforce the restrictions, such as legal action for injunctive relief and damages. The remedies available in the event of default are contained in Article XII of the Bylaws.

XIII.

INSURANCE

The Association is responsible for securing fire and extended coverage, vandalism and malicious mischief and liability insurance, and, when necessary, worker's compensation insurance pertinent to the ownership, use, and maintenance of the common elements of the Condominium. Such insurance policies contain deductible clauses which, in the event of a loss, could result in the Association's being responsible for a certain portion of the loss.

Unit owners, as members of the Association, would bear any such loss in proportion to their percentage ownership of the common elements. The Association has taken out an all-risk policy of insurance on the common elements. A copy of the all-risk policy is available at the sales office for inspection by prospective purchasers. Worker's compensation insurance will not initially be secured by the Association, since Copper Ridge will have no employees. Co-owners should regularly review the insurance coverage of the Condominium to ensure it is adequate.

The insurance coverage provided by the Association will not cover the interior of individual units, any articles contained therein or any personal property of a co-owner on the grounds of the Condominium other than items provided by the Developer in the initial sale of a unit. Each unit owner must therefore secure Condominium unit owner's insurance to insure against loss to the interior of his unit (the area from the paint on the wall in, including those items not furnished by Developer at the time of the initial sale, or replacements thereof) and his personal property. A unit owner should consult with his insurance adviser to determine the amount of coverage required for his particular needs. In the event a unit owner fails to procure his own insurance, he will be uninsured for any loss that might occur to his unit, to himself or his property.

If the Condominium is destroyed, in whole or in part, Section 6.2 of the Condominium Bylaws attached to the Master Deed provides a plan for reconstruction or repair.

Insurance for the Condominium is currently underwritten through Lighthouse Insurance Group, at 877 East 16th Street, Holland, Michigan 49423.

XIV.

ROADS AND EASEMENTS

Garages are included as a part of each unit. Parking space is also available on the driveways in front of the garages, which have been designated limited common elements reserved for the use of the designated unit owner. The driveways connect to Copper Ridge Court, a private road which connects to 72nd Avenue, a public road.

The Developer is permitted to enter the Condominium for the purpose of sale and preparation for sale of units. The Developer's sales personnel are also permitted to enter the Condominium and to maintain an office and model units at the Condominium. The usual public utility easements, such as telephone, electricity, water and sewer, and underground cable, are enjoyed by those companies and municipalities responsible for the furnishing of public utilities to the Condominium. As set forth more fully in Article VII of the Master Deed, the Developer has also reserved the right to tie into utilities serving the Condominium.

Representatives of the Association are entitled to enter a unit in the case of an emergency or to make necessary repairs to a common element. While such an entry may cause inconvenience, it is necessary to the well-being of all the co-owners.

XV.

CO-OWNER LIABILITY

If title to a unit at Copper Ridge passes by virtue of a first mortgage foreclosure, the new title holder is not liable for the assessments of the Association which came due prior to the acquisition of the title to the unit by that person. Any unpaid assessments are considered common expenses collectible from all of the Condominium unit owners, including that person. This provision is contained in the Condominium Bylaws, as required by the laws of the State of Michigan.

XVI.

ARBITRATION

The Purchase Agreement contains a provision permitting the purchaser to elect to arbitrate a dispute with the Developer if the amount claimed by the purchaser in such dispute is less than \$2,500. For more information, see the Purchase Agreement.

The Michigan Condominium Act, as amended, also provides that the Association may elect to arbitrate any dispute with the Developer concerning the common elements of the Condominium in which dispute the Association claims \$10,000 or less.

XVII.

UNUSUAL CIRCUMSTANCES

To the Developer's knowledge, there are no unusual circumstances associated with Copper Ridge.