



MORGAN CREEK CONDOMINIUMS
CANTON, MICHIGAN

DEVELOPED BY
MORGAN CREEK, L.L.C.

MORGAN CREEK

CANTON, MICHIGAN

Dear Purchaser:

Welcome to Morgan Creek. 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 at Morgan Creek.

Thank you for purchasing a Condominium Unit at Morgan Creek.

Sincerely,



Mark A. Menuck, Vice President
Morgan Creek Management, Inc.

PURCHASER INFORMATION BOOKLET

FOR

MORGAN CREEK

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FOR

MORGAN CREEK

A CONDOMINIUM PROJECT

IN THE

TOWNSHIP OF CANTON, MICHIGAN

(June 2002)

Morgan Creek, L.L.C.
29992 Northwestern Highway, Suite A
Farmington Hills, Michigan 48334
(248) 737 - 3380

MORGAN CREEK CONDOMINIUMS

TOWNSHIP OF CANTON, WAYNE COUNTY, MICHIGAN

DISCLOSURE STATEMENT

THE EFFECTIVE DATE OF THIS DISCLOSURE STATEMENT IS

JUNE 2002

THIS DISCLOSURE STATEMENT IS NOT A SUBSTITUTE FOR THE PURCHASE AGREEMENT, MASTER DEED, ITS EXHIBITS, THE CONDOMINIUM BUYERS HANDBOOK, OR OTHER LEGAL DOCUMENTS, AND ALL PURCHASERS SHOULD READ ALL DOCUMENTS TO FULLY ACQUAINT THEMSELVES WITH THE COMMUNITY AND THEIR RIGHTS AND RESPONSIBILITIES RELATING THERETO. IT IS RECOMMENDED THAT PURCHASERS SEEK PROFESSIONAL ASSISTANCE PRIOR TO PURCHASING A CONDOMINIUM UNIT.

Morgan Creek Condominiums is an eighty-eight (88) Unit residential Condominium development in the Township of Canton, Michigan. The size of the Condominium may be contracted by the Developer to contain not less than seven (7) Units within a period ending no later than six (6) years from the date of recording of the Master Deed.

Developer: Morgan Creek, L.L.C.
29992 Northwestern Highway, Suite A
Farmington Hills, MI 48334
(248) 737-3380

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MORGAN CREEK CONDOMINIUMS

DISCLOSURE STATEMENT

I. INTRODUCTION

Morgan Creek Condominiums, L.L.C. is a Michigan Limited Liability Company and is the Developer of Morgan Creek Condominiums. The following is a Disclosure Statement, which has been prepared by the Developer, and is intended to inform Purchasers of Condominium Units in Morgan Creek Condominiums in general terms as to the nature of the Condominium, the rights and obligations of the Purchaser as a Co-owner in the Condominium, the rights and obligations of the Developer and of the Condominium Association and other matters. This Disclosure Statement is required by the Michigan Condominium Act of 1978, as amended, and is given to the Purchasers in conformance with the Statute. THIS DISCLOSURE STATEMENT, ALONG WITH THE MASTER DEED AND OTHER LEGAL DOCUMENTS REQUIRED FOR THE CREATION AND OPERATION OF THE CONDOMINIUM, CONSTITUTE THE ONLY AUTHORIZED DESCRIPTION OF MORGAN CREEK CONDOMINIUMS AND NONE OF THE DEVELOPER'S SALES OR OTHER REPRESENTATIVES ARE PERMITTED OR AUTHORIZED TO VARY FROM THEIR TERMS.

II. THE CONDOMINIUM CONCEPT

Morgan Creek Condominiums is a residential Condominium. "Condominium" is a form of property ownership. A Condominium Unit has the same legal attributes as any other form of real estate under Michigan law and may be sold, mortgaged, or leased by the owner subject only to such restrictions as are contained in the Condominium Documents. Michigan Statute regulates the creation of a Condominium Project. The Condominium Act of 1978, as amended (Act No. 59 of the Michigan Public Acts of 1978, as amended) regulates Morgan Creek Condominiums. A Condominium Project is established by recording a Master Deed in the Office of the Register of Deeds.

Each Co-owner of a Unit in Morgan Creek Condominiums owns a portion of the building which comprises his or her residence and is one of a number of mutual Co-owners of common facilities ("Common Elements") which service his/her and other Units. In general, these Common Elements include the structural components of the buildings of the

Condominium, the land upon which the Condominium is located, and the body of wetlands and open space south of the Huston Drain. Each Purchaser of a Condominium Unit receives an individual deed to his/her Unit. The Unit and the Common Elements (which are legally inseparable from the Unit) are described generally in the Master Deed, and the Unit boundaries are shown in the Condominium Subdivision Plan attached to the Master Deed, subject to any modification or correction as is permitted by Statute and by the Condominium Documents. All portions of Morgan Creek Condominiums which are not included within the Units constitute the Common Elements and are owned by all Co-owners in individual portions equal to the percentages of value attributable to each Unit as set forth in the Master Deed and are administered by the Condominium Association of Co-owners. In Morgan Creek Condominiums, these General Common Elements generally consist of the interior roads, parking areas, wetlands and open space. Limited Common Elements are those Common Elements which are set aside for the use of less than all Unit Co-owners.

The relatively close proximity of residences dictates that certain restrictions and obligations be imposed on each Co-owner for the mutual benefit of all Co-owners. Such restrictions and obligations are contained in the Master Deed and in the Bylaws which are recorded as part of the Master Deed, and in the Agreement for Planned Development District as further discussed in Part III.I.(iv) hereinbelow. Restrictions and obligations may also be contained in the rules and regulations which may be passed by the Board of Directors of the Condominium Association in conformity with the Condominium Documents. All of the Condominium Documents are prepared with the goal of allowing each Co-owner a substantial amount of individual freedom and discretion without allowing any one Co-owner to infringe upon the rights and interests of the group at large. All Co-owners and residents must be familiar with and abide by the Condominium Documents.

The management and administration of the Condominium is the responsibility of the Condominium Association, which is a nonprofit corporation of which all owners of Condominium Units automatically are members. One of the primary responsibilities of the Board of Directors of any Condominium Association is to enforce the provision requiring each Co-owner to pay assessments to the Association to meet expenses of administration of the Condominium. Pursuant to the provisions of Michigan Law and the Condominium Documents, such assessments constitute a lien against the owner's Unit and in the event the owner fails to pay the assessments attributable to his/her Unit, the Board of Directors of the Association may cause the lien to be foreclosed. The Board of Directors is also obligated to enforce the other provisions of the Condominium Documents, including the restrictions on the use of the Condominium Premises as set forth in the Condominium Documents, and is given broad remedial rights in the event such provisions are violated, including the right to sue for money damages and for injunctive relief.

The foregoing is a general statement of the operational characteristics of Morgan Creek Condominiums and is common to most residential Condominium Projects. Each Purchaser is urged to carefully review all of the documents contained in the Morgan Creek Condominiums Purchaser Information Booklet as well as any other documents that have been delivered to the Purchaser in connection with this development. In particular, 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 & Industry Services, and provided to Purchasers by the Developer. The Purchaser is advised to consult with his or her own lawyer or other professional advisor with respect to any questions which he or she may have in regard to the Condominium and/or the Condominium Documents.

III. DESCRIPTION OF THE CONDOMINIUM

A. Size, Scope and Physical Characteristics of the Condominium. Morgan Creek Condominiums is a residential condominium project located in the Township of Canton, Wayne County, Michigan, on the South side of Cherry Hill Road and on the West side of Morton-Taylor Road right-of-way. The County may extend and/or expand Morton-Taylor Road adjacent to the westerly border of the Condominium Project. The Condominium has been established pursuant to its Master Deed which has been recorded with the Wayne County Register of Deeds. The first phase of the Condominium established under the Master Deed consists of seven (7) Units contained in two (2) buildings, each of which is an individual residential Condominium Unit. Phase 2 of the Condominium served to add thirty-seven (37) Units in ten (10) buildings. Phase 3 of the Condominium served to add forty-four (44) Units in fourteen (14) buildings, for a total of eighty-eight (88) Units and twenty-six buildings in the Condominium Project.

The phase 3 expansion also added a large 19 acre parcel south of the Huston County Drain which contains substantial bodies of wetlands and open space which are Common Elements requiring preservation, maintenance, repair and replacement by the Association. This area is also located in a 100 year flood plain. A conservation easement will be established with the Michigan Department of Environmental Quality with regard to the wetlands and the Agreement for Planned District Development, discussed in further detail below, which will govern the open space and wetlands.

The Condominium also includes the land surrounding the building(s). A more detailed description of the development will be found in the Condominium Subdivision Plan which is attached to the Master Deed as Exhibit "B."

Access to each Unit is gained from an outside entrance to the Unit. Each Unit has a two-car garage. The Co-owners may have a maximum of four (4) vehicles and must park their vehicles in the garage and in the two (2) spaces located on their respective Limited Common Element driveway, only. There are no other parking spaces in the Condominium which are assigned to individual Co-owners; however, the Developer, during the Construction and Sales Period, and the Association each has a reserved right to assign any General Common Element parking spaces to individual Co-owners on an equitable basis in their discretion.

The interior roads of Morgan Creek Condominiums are private and will be maintained by the Association. Replacement, repair and resurfacing of all roads within the Condominium will be necessary from time to time as circumstances dictate. It is

impossible to estimate with any degree of accuracy future roadway repair or replacement costs. It shall be the responsibility of the Association to inspect and perform preventive maintenance of Condominium roadways on a regular basis in order to maximize the life of Condominium roadways and to minimize repair and replacement costs. When the roads are replaced, the Association will pay for the costs of replacement which may result in additional or special assessments to the co-owners.

The Condominium Association also has the responsibility to maintain, repair, replace, insure and remove snow from the off-site sidewalk located North of the Condominium Project along Cherry Hill Road, unless such tasks are undertaken by the Township or the County.

Although the Condominium has an underground sprinkler system, certain portions of the Condominium may not have an underground sprinkler system due to inappropriate ground cover. The Developer reserves the right, in its discretion, to designate which areas of the Condominium shall have an underground sprinkler system and which areas shall not.

THE LANDSCAPING AND OTHER ELEMENTS DEPICTED ON DRAWINGS, BROCHURES, AND/OR REDUCED SITE MODELS IN THE SALES OFFICE OF THE DEVELOPER ARE CONCEPTUAL RENDERINGS ONLY AND MAY BE MODIFIED OR ELIMINATED BY THE DEVELOPER AT THE DEVELOPER'S DISCRETION.

The land, roads, entranceway signage, berm and lighting, and most structural elements of the buildings will be General Common Elements to be owned, used and maintained in common by all Co-owners of Units. Affixed to each building is a locked fire alarm panel control box for use by the local fire department in fire emergencies and prevention. If required by the fire department, a master Knox Box, or more than one Knox Box, may also be located at the Condominium which would contain keys to these control boxes. The Common Elements, with the exception of certain Limited Common Elements, as described in the Master Deed, and the off-site public sidewalk, will be maintained by Morgan Creek Condominiums Condominium Association of Canton on behalf of all of the Co-owners. Each Co-owner of a Unit will own a fractional interest of the Common Elements equivalent to the Co-owner's percentage of value. The percentages of value of all Condominium Units are equal. The determination that percentages of value should be equal was made after reviewing the comparative characteristics of each Unit in the Project which would affect maintenance costs and value and concluding that there were not material differences among the Units insofar as the allocation of percentages of value is concerned.

Article IV, Section 2 of the Master Deed describes certain Limited Common Elements, such as deck areas, wood decks, if any, wood steps and wood screen privacy walls, if any, driveways and porches, garage doors and garage door openers, if any, certain exterior lights, air conditioner compressors and pads, if any, sump pumps, and windows and doors. The Limited Common Elements are restricted in use to the Co-owners of the Condominium Units to which they are appurtenant. The costs of maintaining certain of the Limited Common Elements will be allocated to all Co-owners. For other Limited Common

Elements, such costs will be allocated to the individual Co-owner who has the use of such Limited Common Elements.

The Master Deed must be examined carefully to determine each Co-owner's rights and obligations with respect to Common Elements.

A Phase I Environmental Site Assessment was conducted by Engineering and Testing Services, Inc. and a written report was issued dated February 22, 1999. The report concluded that there was no evidence of recognized environmental conditions in connection with the Condominium property; however, it was noted that the Condominium Project is bordered on the East by high voltage overhead power lines. A Purchaser may request, in writing, to review these reports at the Developer's offices within nine (9) days from the date of signing the Purchase Agreement.

B. Structures and Improvements Which Must be Built and Which Need Not be Built. The Condominium Act of 1978, as amended, requires the Developer to label structures and improvements on the Condominium Subdivision Plan (Exhibit "B" to the Master Deed), as either "must be built" or "need not be built." All seven (7) units in Phase I have been labeled "must be built." All other Units and Common Elements have been labeled "need not be built." The Developer must construct all structures and improvements which are labeled "must be built." The rights in regard to items which are labeled "need not be built" are described below.

Each Purchase Agreement provides that the Developer is not contractually obligated to construct any of the improvements which are labeled "need not be built." A Purchaser who closes upon the purchase of a Unit is given no assurance that any other improvements which are, from time to time, labeled "need not be built" will be completed by the Developer. The Developer has not provided any financial arrangements for the completion of any improvements which are labeled "need not be built." The escrow arrangement described in the next paragraph provides certain arrangements in regard to the construction of any structures or improvements which are labeled "must be built."

C. Escrow Arrangement. The Developer has entered into an escrow arrangement with First Security Title, Inc. as agent for Lawyers Title Insurance Corporation, which provides that all deposits made under Purchase Agreements shall 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, or if the Condominium Documents are changed in a way that materially reduces a Purchaser's rights. The Escrow Agreement also provides that a deposit will be released to the Developer if the Purchaser defaults in 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: (a) the closing of the sale takes place, and (b) a temporary Certificate of Occupancy is issued if required by local ordinance, and (c) if any improvements on the Condominium Subdivision Plan (Exhibit "B" to the Master Deed) are labeled "must be built," the escrow

agent has received certification from an engineer or architect that such improvements are substantially complete. However, the escrow agent may release the deposits to Developer if Developer has placed an irrevocable letter of credit, or other security satisfactory to escrow agent, with the escrow agent securing full repayment of the escrowed funds.

D. Convertible Areas. The common areas immediately adjacent to Units and/or to Limited Common Elements are designated in Article VIII and Article IX of the Master Deed as convertible areas. The Developer has reserved the right to convert these areas from General Common Elements as the need arises in order to make reasonable changes to Unit types and sizes, General or Limited Common Element sizes and to increase or decrease the immediately adjacent common area sizes, to locate and relocate driveways, accordingly. The Developer has also reserved the right to create additional Limited Common Elements within any portion of the Condominium and/or to designate those Common Elements in the Condominium which may be subsequently assigned as Limited Common Elements. The Developer's right to convert these convertible areas expires six (6) years after the recording of the Master Deed.

E. Contractible Condominium. In the Master Deed, the Developer has reserved the right to contract the size of the Condominium by withdrawing all or portions of the Condominium as described in Article VII and Article IX of the Master Deed and depicted on the Condominium Subdivision Plan as "need not be built." If the Developer elects to exercise this right, the Developer may reduce the size of the Condominium down to seven (7) Units (Units 1, 2, 3, 4, 5, 6 and 7, which are designated "must be built"), or more. If the Condominium is contracted in size, it will be done by an amendment(s) to the Master Deed. Such amendment(s) will recalculate the percentages of value so that the total of the percentages continues to equal 100 and each Unit continues to have an equal percentage of value. In connection with any such contraction, the Developer has reserved the right to define and redefine the General and/or Limited Common Elements as may be necessary to adequately describe, service or provide access to the remaining portion of the Condominium. The Developer shall also have the right to change the nature of any Common Element previously included in the Condominium to achieve the purposes of the contraction, including, but not limited to, the connection of existing roadways in the remaining portion of the Condominium to any roadways that may be located on, or planned for, the parcel or parcels withdrawn from the Condominium and to provide access to any Unit that is located on, or planned for, the parcel or parcels withdrawn from the Condominium from the roadways located in the remaining portion of the Condominium. Such amendment(s) will not require the consent of any Co-owners or mortgagees. The Master Deed imposes no restriction upon the manner or order in which the parcels may be withdrawn from the Condominium, WHICH MATTERS ARE RESERVED SOLELY WITHIN THE DISCRETION OF THE DEVELOPER. The Developer's right to amend the Master Deed to contract the size of the Condominium expires six (6) years after the Master Deed has been recorded.

Each Purchaser should carefully and completely review the Master Deed in connection with his/her decision to purchase a Condominium Unit in Morgan Creek Condominiums.

F. Reserved Rights of Developer.

- (i) Easements For Use of Utilities. The Developer has reserved easements to utilize, tap, tie into, extend and enlarge all utility mains in Morgan Creek Condominiums in connection with the development of any land that may be withdrawn from time to time as reserved in Article VII of the Master Deed.
- (ii) Easements For Use of Roads. The Developer has reserved easements and rights of use for the current owner(s), its successors and assigns, of any land that may be withdrawn from time to time as reserved in Article VII of the Master Deed, and for itself over any roads in Morgan Creek Condominiums for the purpose of ingress and egress to and from any portion of said land. The beneficiaries of the easement are obligated to pay a proportionate share of the expenses of maintenance, repair, and replacement of the roadways in Morgan Creek Condominiums based upon the formula contained in Article X, Section 2, of the Master Deed. The Developer has no financial obligation to support such easements.
- (iii) Modification of Units. The Developer has reserved the right to modify the size, style, type, location, design or elevation of Units and/or Common Elements by Amendment to the Master Deed. Such modifications shall be in the sole discretion of the Developer without the consent of any other person.
- (iv) Conduct of Commercial Activities. The Developer has reserved the right to maintain an office in Morgan Creek Condominiums for the conduct of commercial activities as it may elect, together with a sales office, a business office, construction office, model Units, storage areas, reasonable parking incident to the use of such areas, and such access to, from and over the Condominium premises, as may be reasonable to enable development, sale, lease, operation and warranty obligations until the end of the warranty period for the last Unit which is sold in Morgan Creek Condominiums. During this period of time, the Developer or its affiliates may use such offices and other areas to sell other property off-site.
- (v) Right to Amend. The Developer has reserved the right to amend the Master Deed without approval from Co-owners and mortgagees for the purpose of correcting errors and for any other purpose so long as the Amendment would not materially alter or change the rights of a Co-owner or mortgagee. Further, certain provisions of the Master Deed cannot be amended without Developer approval.
- (vi) Developer Easements. The Developer has reserved such easements over the Condominium (including all Units and Common Elements) as

may be required to perform any of the Developer's or the Association's maintenance, repair, decoration or replacement obligations.

- (vii) 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 Morgan Creek Condominiums, including the power to approve or disapprove a variety of proposed acts and uses and the power to secure representation on the Association Board of Directors.

H. Reserved Easements.

- (i) Huston County Drain. This Condominium Project is traversed by the Huston County Drain and subject to riparian rights of the public, and may be further subject to inspection, maintenance, repair and replacement by the County or other authorized body, or its designate.
- (ii) Truesdell Drainage Easement. This Condominium Project is contained within the Truesdell Drain Modification Easement and is thereby subject to a right of access by the Township for operating and maintaining storm and sewer equipment in connection with the drain.
- (iii) Proposed Conservation Easement. A conservation easement will be established to insure protection of the wetlands and open space and to provide the Michigan Department of Environmental Quality with the right to enforce the covenants of same.

H. Legal Documentation.

- (i) General. Morgan Creek Condominiums was established as a Condominium pursuant to the Master Deed recorded in the Wayne County Register of Deeds as set forth in the Purchaser Information Booklet. The Master Deed as recorded contains as Exhibit "A," the Bylaws for the Condominium and as Exhibit "B," the Condominium Subdivision Plan, a three-dimensional survey establishing the physical relationship and location of each of the Units in the Condominium, together with a depiction of utility locations and the location of Common Elements.
- (ii) Master Deed and Amendment. The Condominium Master Deed, among other things, contains a definition of terms used within the Condominium, the percentage of value assigned to each Unit in the Condominium and a description of the General Common Elements and Limited Common Elements constituting the Condominium. The

percentages of value of the Units are set forth in Article V, Section 2 of the Master Deed. The percentage of value assigned to each Unit shall be equal. The percentage of value assigned to each Unit is determinative of each Co-owner's respective share of the Common Elements of Morgan Creek Condominiums, the proportionate share of each Co-owner in the proceeds and the expenses of administration, and the value of each Co-owner's vote at meetings of the Association. The percentages of value must at all times total one hundred (100%) percent. The First Amendment to Master Deed served to add phase 2 of the Condominium totaling 44 Units. The Second Amendment to the Master Deed served to add phase 3 of the Condominium totaling 88 Units.

- (iii) Bylaws. The Bylaws for the Condominium contain provisions relating to the operation and management of Morgan Creek Condominiums and, in particular, set forth in Article II the provisions relating to annual, additional and special assessments of the members to pay the costs of operation of the Condominium. Certain restrictions upon the ownership, occupancy and use of Morgan Creek Condominiums are set forth in Article VI. The Bylaws also contain provisions governing the operation of the Condominium Association and are to be treated as the Corporate Bylaws for the Association.

- (iv) Agreement for Planned District Development ("PDD"). The Condominium Project is governed by the terms and conditions of the PDD which requires that the land located south of the Huston Drain, such as the open space, shall be used for wetland, storm water retention, recreation and open space purposes, only, and that no permanent structures or improvements shall be installed or constructed within the open space areas without Township approval. The Developer intends to assign its rights and obligations under the PDD to the Condominium Association on or before the expiration of the Construction and Sales Period. In any event, the PDD expires six (6) years after the final approval of the development by the Township.

IV. WARRANTY

Express warranties are not provided unless specifically stated in the Purchase Agreement. Each Purchase Agreement provides that at the closing, the Developer will give a Limited Warranty with regard to the Condominium Unit and the Common Elements appurtenant thereto. The terms of the Limited Warranty are expressly limited as stated in the Limited Warranty. Specifically, the Developer will warrant for a period of one (1) year after Closing of the purchase of a Unit that the floors (except as otherwise provided below), ceilings, walls and other internal structural components of the Unit which are not covered by other portions of the Limited Warranty will be free of defects in materials and

workmanship. The Developer will also warrant for a period of one (1) year after Closing, that the Common Elements which are not covered by other portions of the Limited Warranty and which are attached to or contained in the building in which your Condominium Unit is located, will be free of substantial defects in materials and workmanship, and that the Common Elements not covered by other portions of the Limited Warranty will be free of substantial defects in materials and workmanship for one (1) year after construction. The Developer will also warrant for a period of one (1) year after Closing, that the nail pops or cracks in drywall will be reasonably repaired but that this repair will only be performed once and does not include resanding, repainting, or redecorating caused thereby. The Limited Warranty does not cover any appliances and equipment located within the Unit. The Developer shall assign and pass through to the Purchaser any manufacturers' warranties on these appliances and equipment. THE DEVELOPER SHALL HAVE NO RESPONSIBILITY FOR ANY OF THE FOLLOWING WHICH ARE EXPRESSLY EXCLUDED FROM THE COVERAGE OF THE LIMITED WARRANTY:

(a) Defects in "Consumer Products" as defined in the "Magnuson-Moss Act" or the regulations promulgated thereunder. Developer has assigned to Purchaser all warranties of "Consumer Products" furnished to Developer by supplier or manufacturer, and Purchaser should follow the procedures set forth in those warranties if defects are detected in items covered by them. Those warranties are solely the obligation of such suppliers and manufacturers and Developer has no obligation or liability with respect to those warranties.

(b) Damage due to ordinary wear and tear, abusive use, or lack of proper maintenance of Purchaser's Condominium Unit or the Common Elements.

(c) Defects which are the result of characteristics common to the materials used, including but not limited to the following: warping and deflection of wood; fading, chalking, and checking of paint due to sunlight; cracks and stone pops due to drying and curing of concrete, decking, bricks, and masonry; pitting or spalling of any (interior or exterior) concrete resulting from the use of salt, chemicals, or other de-icing agents; drying, shrinking, and cracking of caulking or weather stripping; cracks and chipping in tile or cement and heaving of tile or cement; sound transmission within or without your Condominium unit, including noise from pipes, appliances and fixtures and traffic noise; chipping and cracking of ceramic tile and grout discoloration or grout falling out; and settling or shifting of Purchaser's Condominium Unit, or the ground under or around the building in which Purchaser's Condominium Unit is located or the ground under or around other Condominium Units or Common Elements within the Condominium Project. Notwithstanding anything herein to the contrary regarding concrete, Developer shall not be responsible for concrete. Developer will only be responsible for thickness of concrete products. No warranty whatsoever is made for surface defects.

(d) Conditions which are the result of characteristics of hardwood floors, their component parts or surfaces and/or conditions caused by normal or anticipated expansion and contraction of the wood, including, without limitation, any cracks, gaps, uneven surfaces, or like conditions.

(e) Damage to or destruction of or dying of any tree, shrub, plant growth, or sod placed anywhere in the Condominium Project, whether or not native to the Project, regardless of Developer's care in planting or protecting the same in either their original or relocated site.

(f) Defects in any items or materials installed or replaced by Purchaser or any other person, except Developer or its authorized agents and subcontractors acting at Developer's request.

(g) Work done by Purchaser or any other person, except Developer or the authorized agents and subcontractors of Developer acting at Developer's request.

(h) Loss or injury due to the elements, or any defects caused by animals or insects.

(i) Conditions resulting from condensation on, or expansion, or contraction of materials.

(j) Any consequential, incidental, special, or secondary damages arising out of defects in materials or workmanship or arising out of any breach of this Limited Warranty, or resulting from the proximity of high voltage overhead power lines to the Unit or the Condominium Project. In no event will Developer be liable for such damages even if Developer has been advised of the possibility of such damages. Developer makes no representations or warranty as to the environmental conditions of the Condominium Unit or the Condominium Project; it being acknowledged by the Purchaser that Developer has not undertaken, and will not undertake any analysis, testing, sampling, or other investigation to determine whether Radon gas or other toxic or hazardous substance or any other contaminant exists on, in, under, or in the vicinity of Purchaser's Condominium Unit.

(k) Any defect that arises while the Unit is being used primarily for non-residential purposes.

(l) Any defect concerning which the Purchaser has failed to take timely action to minimize loss or damage and/or to give the Developer timely notice of the defect.

(m) Injury to persons or damage to property due to any defect otherwise covered by the Limited Warranty.

(n) Any existing environmental or ecological conditions on the subject property.

(o) Any damage or injury to persons or property caused by the acts or omissions of occupants of any Unit at the Condominium Project.

NO OTHER WARRANTIES. THIS LIMITED WARRANTY IS THE ONLY EXPRESS WARRANTY MADE BY DEVELOPER. EXCEPT AS EXPRESSLY SET FORTH IN THIS LIMITED WARRANTY, DEVELOPER HAS MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE CONDOMINIUM UNIT, THE COMMON ELEMENTS, LIMITED OR GENERAL, THE VALUE OR RESALE VALUE OF THE CONDOMINIUM UNIT, THE REAL ESTATE ADJACENT TO OR IN CLOSE PROXIMITY TO THE DEVELOPMENT, OR THE CONDITIONS OF THE AIR, SOILS, SURFACE WATERS, AND

GROUND WATERS IN, ON, OR UNDER THE CONDOMINIUM UNIT, COMMON ELEMENTS, CONDOMINIUM PROJECT, OR ADJACENT OR PROXIMATE REAL ESTATE. THIS WARRANTY ALSO EXCLUDES ANY CONDITION WHICH MAY BE DEEMED IN VIOLATION OF ENVIRONMENTAL LAWS, RULES, POLICIES, OR REGULATIONS, AND;/OR ANY CONDITIONS OF TOXIC WASTE OR HAZARDOUS SUBSTANCES. PURCHASER ACKNOWLEDGES THAT IT HAS MADE ITS OWN INVESTIGATION WITH RESPECT TO THE FOREGOING. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS UNDER THIS LIMITED WARRANTY MAY BE BROUGHT BY PURCHASER MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED. PURCHASER AGREES THAT ALL OF PURCHASER'S RIGHTS UNDER THIS LIMITED WARRANTY MAY BE ASSERTED ONLY BY PURCHASER AND NOT BY ANY ASSOCIATION OR CLASS REPRESENTATIVE. THE PURCHASER AND/OR THE ASSOCIATION MAY BE REQUIRED TO PAY SUBSTANTIAL SUMS FOR THE REPAIR OF DEFECTS WHICH MAY OCCUR AND WHICH ARE NOT COVERED BY THIS LIMITED WARRANTY. NO SALES OR OTHER REPRESENTATIVE OF THE UNDERSIGNED IS AUTHORIZED TO DEVIATE FROM THIS PROVISION.

If a defect appears which you think is covered by the Limited Warranty, you must make a written report of such defect and file it with the Developer at the address appearing on the cover sheet of this Disclosure Statement. The Developer will not assume responsibility for responding to any written letter delivered to the Developer more than fourteen (14) days after the expiration of the one-year warranty period, even if the defect that is claimed in the letter may have arisen within the one-year warranty period. You must tell the Developer in your letter what times during the day you will be home, so that the Developer can schedule service calls appropriately. If delay will cause extra damage, the Purchaser should telephone the Developer. Only emergency reports (ie. those relating to plumbing, heating and cooling, electrical, and water leakage into the Condominium Unit) will be taken by phone.

V. THE DEVELOPER AND ITS AFFILIATES

The Developer, Morgan Creek, L.L.C., a Michigan Limited Liability Company, located at 29992 Northwestern Highway, Suite A, Farmington Hills, Michigan 48334, has had no prior experience with condominium development.

The sole member of the Developer is Curtis-Kaftan, LLC a Michigan Limited Liability Company, of which Morgan Creek Condominiums Management, Inc., a Michigan Corporation, is the manager. Morgan Creek Condominiums Management, Inc. is comprised of principal Mark A. Menuck, who has had experience in residential construction since 1995, and principal Jeffrey D. Kaftan, who has had experience in residential construction since 1993. Mr. Kaftan has had experience in the development of the following condominium projects:

Brookview Park Condominiums, Livonia, Michigan
Heritage Village Condominiums, Farmington Hills, Michigan
Saratoga Farms Condominiums, Farmington Hills, Michigan
Chelsea Crossing of Southfield Condominiums, Southfield, Michigan
Buckingham Village of Birmingham Condominiums, Birmingham, Michigan
Crestwood Village Condominiums of Rochester Hills, Rochester Hills Michigan
Stonebrook Condominiums of Southfield, Southfield, Michigan

The Developer will be handling all sales for Morgan Creek Condominiums. The Developer, Morgan Creek, L.L.C., has had no prior experience in selling condominium units since it is a newly formed limited liability company.

The Condominium will be built by the Developer.

There are no pending legal proceedings affecting Morgan Creek Condominiums or the Developer. Morgan Creek Condominiums, L.L.C.

VI. OPERATION AND MANAGEMENT OF MORGAN CREEK CONDOMINIUMS

A. Condominium Association. Morgan Creek Condominiums will be maintained and administered by Morgan Creek Condominiums Condominium Association of Canton, which has been incorporated by the Developer as a Nonprofit Corporation under Michigan law. The Association is governed by its Board of Directors whose initial members are designees of the Developer and who are empowered to serve pursuant to the provisions of the Bylaws until other directors are elected. The election of Directors by Co-owners (including the Developer voting as a Co-owner) cannot take place later than fifty-four (54) months after the first closing of a Unit. It is possible that the non-Developer Co-owners will have voting rights sooner than that time depending upon the number of Units conveyed. Voting rights are set forth in detail in Article IX and Article XII of the Bylaws and these provisions should be carefully reviewed. Within one (1) year after the first conveyance of a Unit, or 120 days after conveyance of one-third (1/3) of all of 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 to the Co-owners.

Each Co-owner (including the Developer) is a member of the Association and entitled to vote at meetings of the Association in accordance with the provisions of the Bylaws. Although it is hoped that a majority of the Units will be sold by the time of the First Annual Meeting, the Developer will have the right to determine the make-up of the Board of Directors if it still owns a majority of the Units included in the Master Deed and amendments thereto at the time of the First Annual Meeting. At the First Annual Meeting of members of the Association, the members of the Association, including the Developer if it still owns any Condominium Unit, will elect five (5) directors, in accordance with the provisions of the Bylaws, and the directors in turn shall elect officers for the Association. Notwithstanding the above, the Developer has the right to designate one (1) director if it may create, or it owns and offers for sale, at least ten percent (10%) of the Units. Annual Meetings of the Co-owners will be held in June of each year commencing in the calendar year following the First Annual Meeting for the purpose of conducting the business of the Association and electing directors pursuant to the Bylaws. 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 Bylaws.

B. Condominium Association Management. The Bylaws do not require that the Association employ a professional management agent to manage the affairs of the

Condominium. Until such time as a professional managing agent is engaged to manage the Condominium, if at all, the Developer will manage the Condominium. The Association may terminate any Management Agreement upon the Transitional Control Date or at any time within ninety (90) days thereafter. The "Transitional Control Date" means the date on which a Board of Directors for the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

C. Condominium Finances.

- (i) Budget. The provisions of Article II of the Bylaws establish the means whereby the Board of Directors must annually adopt a budget for the operation of Morgan Creek Condominiums. The initial budget has been formulated by the Developer in consultation with others and is intended to provide for the normal and reasonably predictable expenses of administration of the Condominium for the first year, and to include a reserve for future major repairs and replacements of the Common Elements. Inasmuch as the initial budget must necessarily be prepared prior to the commencement of operation of the Condominium, it reflects estimates of expenses which could be made by the Developer and its consultants. To the extent that the goods and services necessary to service Morgan Creek Condominiums may increase in cost in the future, the budget and the expenses of the Association will also require upward revision. In this respect, it is normal for Association expenses to increase on a regular basis. Such a revision to the budget is intended generally to occur only in connection with the annual adoption of a budget by the Association's Board, although circumstances may require such a revision at other times as well as the need for additional or special assessments.

THE INITIAL BUDGET OF THE ASSOCIATION HAS BEEN ATTACHED TO THE END OF THIS DISCLOSURE STATEMENT AS EXHIBIT "A." IT MUST BE REMEMBERED THAT THE INITIAL BUDGET OF THE ASSOCIATION IS ONLY AN ESTIMATE OF THE EXPENSES WHICH MIGHT BE INCURRED IN ADMINISTERING THE CONDOMINIUM. THE ACTUAL EXPENSES OF ADMINISTRATION MAY BE SUBSTANTIALLY DIFFERENT AND MAY RESULT IN INCREASED ASSESSMENTS FOR THE CO-OWNERS. THE DEVELOPER DOES NOT REPRESENT OR WARRANT THE ACCURACY OF THE INITIAL BUDGET AND NO REPRESENTATIONS OR WARRANTIES ARE TO BE CONSTRUED FROM ANY PORTION OF THE INITIAL BUDGET.

- (ii) Assessments. The Condominium monthly assessments which are charged to the Co-owners are based upon the annual budget of the Association. The Association's only source of revenue to fund its budget is by the assessment of its members. Each Co-owner must pay to the

Association an annual assessment which is determined by dividing the projected budget by the members' percentage of value which is stated in the Master Deed. The annual assessment must be paid to the Association by each Co-owner in twelve (12) equal monthly installments.

Because the day-to-day operation of the Condominium is dependent upon the availability of funds, it is important that each Co-owner pay his/her assessment in a timely manner. Assessments shall be due on a date determined by the Board of Directors of the Association. In the event that a Co-owner fails to pay this amount in a timely manner, the Bylaws provide that the Condominium Association may record a lien upon a delinquent Co-owner's Unit, collect interest at seven percent (7%) on delinquent assessments, and impose late charges and collection costs, including a reasonable attorneys' fee. Article II of the Bylaws should be consulted for further details.

Each Co-owner may be required to pay special or additional assessments, if special or additional assessments are either levied by the Board of Directors of the Association or, if applicable, approved by the Co-owners in accordance with the Bylaws. Special or additional assessments may be levied in the event that, among other things, the annual assessment should prove inadequate, Common Elements need to be replaced or expanded, or an emergency occurs. Any special or additional assessment would be allocated to the Co-owners in accordance with the percentages of value stated in the Master Deed. In the event that an unusual expense benefits less than all of the Units in the Condominium, the expense may be assessed against those Units which are specially benefitted by the expense and shall be shared equally by those Units. Article II of the Bylaws should be examined for further details about special and additional assessments and the sharing of unusual expenses of administration.

The Developer shall only be responsible for payment of full annual Association assessments with respect to completed and occupied Units that it owns. A "completed Unit" is one with respect to which a Certificate of Occupancy has been issued by the Township of Canton, or its designate. An occupied Unit shall not be deemed to include a Unit used as a sales office of the Developer. The Developer shall not be responsible whatsoever to the Association for any payments in connection with incomplete Units. The Developer shall independently pay all direct costs of maintaining incomplete Units for which it is not responsible to pay the regular maintenance assessments.

Each Co-owner must also pay other charges in connection with his/her ownership of a Unit in the Condominium. For example, each Co-owner

will be responsible for paying real estate taxes levied on his/her Unit and his/her undivided interest in the Common Elements. The amount of the taxes will be determined and assessed as provided in Part VIII, B, hereinbelow.

- (iii) Possible Other Liability. Pursuant to Section 84a(1)(d)(i) of the Condominium Act of 1978, as amended, each Purchaser is advised of the possible liability of each Co-owner under Section 58 of the Condominium Act of 1978, as amended: If the holder of a first mortgage or other purchaser of a Condominium Unit gains title to that Unit by foreclosing that mortgage, the holder of the first mortgage or other purchaser is not liable for unpaid assessments which are chargeable against that Unit and which had become due prior to acquisition of title to the Unit by the holder of the first mortgage or other purchaser. These unpaid assessments are common expenses which are collectible from all Unit owners including the holder of the first mortgage or other purchaser who has obtained title to the Unit through foreclosure.
- (iv) General. In general, the provisions which are relative to the operation and fiscal management of Morgan Creek Condominiums and of the Association are more particularly set forth in the Bylaws.

D. Insurance. The Condominium Documents require that the Association shall carry a standard "all risk" insurance policy, which includes, among other things, fire and extended coverage, vandalism and malicious mischief, liability insurance, officers' and directors' liability insurance, and worker's compensation insurance, if applicable, with respect to all of the Common Elements of the Condominium, and to the off-site sidewalk located along Cherry Hill Road, if the Condominium Association is undertaking the maintenance, repair, replacement and snow removal from same. The insurance policies have deductible clauses and, to the extent thereof, losses will be borne by the Association. The Board of Directors of the Association 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 annual assessment. The Association's insurance policies are available for inspection during normal working hours.

The master insurance policy carried by the Association names the Condominium Association as the insured, and may be required to include the managing agent as an additional insured from time to time. In the event of any casualty affecting the Condominium, insurance proceeds would be paid to and administered by the Condominium Association in accordance with the provisions of the Bylaws. The insurance coverage carried by the Condominium Association does not cover the interior of any individual Units or any personal property of any Co-owner.

EACH CO-OWNER IS RESPONSIBLE FOR OBTAINING, AND SHALL OBTAIN, INSURANCE COVERAGE WITH RESPECT TO THE INTERIOR AND EXTERIOR OF

HIS/HER UNIT TO THE EXTENT INDICATED IN ARTICLE IV OF THE BYLAWS, AND FOR LIABILITY FOR INJURY WITHIN HIS/HER UNIT AND UPON LIMITED COMMON ELEMENTS, IF ANY, ASSIGNED TO HIS/HER UNIT.

A copy of the Certificate of Insurance with respect to the Condominium will be furnished to each Co-owner upon closing the sale of his/her Unit. The Association should periodically review all of its insurance coverage to be assured of its continued adequacy and Co-owners should each do the same with respect to their personal insurance.

Title insurance will be supplied to each individual Purchaser as the sales of the Units are closed. The Purchase Agreement provides that the Developer shall furnish each Purchaser with a commitment for an owner's title insurance policy issued by First Security Title, Inc., as agent for Lawyers Title Insurance Corporation, at or prior to closing, and the policy itself shall be provided within a reasonable time after closing. The cost of the commitment and policy is to be borne by the Developer. The policies will be in the face amount of the purchase price of each Unit. The policies will insure each Purchaser that the Purchaser's title to the Unit received from the Developer is in the condition required by each Purchase Agreement. Each Purchaser should review the title insurance commitment with a qualified adviser of his/her choice prior to closing to make certain that it conforms to the requirements of the Purchase Agreement.

E. Restrictions on Ownership, Occupancy and Use. In order to provide an environment conducive to pleasant living at Morgan Creek Condominiums, the Bylaws contain certain limitations upon the activities of Co-owners which might infringe upon the right to quiet enjoyment of all Co-owners. Article VI of the Bylaws sets forth restrictions upon the ownership, occupancy and use of the Condominium. It is not possible to accurately and completely characterize such restrictions and each prospective Purchaser should review the restrictions in their entirety to ascertain whether their operation will interfere with his/her prospective use of the Condominium; however, the following are certain of the restrictions:

- (i) Residential Use. Units are to be used for residential purposes only. No residential Unit shall be used for commercial or business purposes; provided, however, that this shall not be deemed to ban a Co-owner from operating a home-based business which does not have any on-site employees other than Unit residents, does not produce odors, noises, or other effects noticeable outside of the Unit, and does not involve the manufacture of goods or sale of goods from inventory. A child care facility licensed by the State of Michigan shall be permitted to the extent that it complies with any laws governing same.
- (ii) Lease. Any Co-owner may lease his/her Unit; however, the leases must be in writing and be for an initial term of twelve (12) months unless otherwise approved by the Association. Notice of the lease arrangement and a copy of the lease form must be supplied to the Association at least ten (10) days prior

to presenting the lease form to the potential lessee. All tenants must comply with the Condominium Documents. Notwithstanding the above, the Developer may lease any number of Units in the Condominium without any minimum term(s).

- (iii) Pets. No animal, including household pets, other than two (2) domesticated dogs or cats, shall be kept without the prior written consent of the Board of Directors, which consent, if given, shall be revocable at any time by the Board for failure by pet owners to observe provisions of the Bylaws or Rules and Regulations of the Association pertaining to pets. These animals must not be noisy and the Co-owner maintaining the animals must indemnify the Association for any costs or damages incurred as a result of maintaining such animals. Additional restrictions governing animals are set forth in Article VI, Section 5 of the Bylaws.
- (iv) Housetrainers, Recreational Vehicles, Commercial Vehicles. Except for automobiles, vehicles and trucks designed and used primarily for general transportation by a Co-owner, no housetrainers, recreational vehicles, or commercial vehicles may be parked or stored upon the premises of the Condominium unless such vehicles are parked in the garages of the respective Units, or unless specifically approved by the Association or parked in an area specifically designated by the Association. Such designated parking areas have not been established by the Association. A Co-owner is not permitted to maintain more than four (4) vehicles in the Condominium unless the Board of Directors specifically approves in writing otherwise. Co-owners' vehicles must be parked in the garage and in the two (2) spaces in their driveway, only, unless the Board of Directors specifically approves in writing otherwise. Garage doors shall be kept closed when not in use. Motorcycles shall not be parked overnight except in garages. Additional restrictions governing vehicles are set forth in Article VI, Section 8 of the Bylaws.
- (v) Sprinkler System Control Clocks and Water Shut-Off Valves Located in Some Units. Certain Units in the Condominium Project house the water shut-off valve and/or the control clock of the meter for the underground lawn irrigation system for the Condominium Project which is connected to their respective electrical meter in their Unit. The Association or its duly authorized agents have a right of access to said Condominium Units, which may be your Unit, to monitor, inspect, maintain, repair and/or replace the water shut-off valve and/or the control clock of the meter for the underground lawn irrigation system. The Co-owners of the Units with the control clock of the meter for the underground lawn irrigation system connected to their electric meter will not receive any special reimbursement or consideration therefor.
- (vi) Exterior Photocell Lights. Exterior photocell lights will be located, at the Developer's discretion, on the outside of the garages and/or the Units. The

costs of maintenance, repair and replacement is the responsibility of the Association; however, the cost of electricity of any such lights shall be paid by the Co-owner of the Unit and/or garage to which the respective light(s) is attached.

- (vii) Unit Furnaces and Other Utility Components. The furnaces and other utility components contained in the Units may be or may have been operated during the construction of the Unit to keep the water pipes from freezing, for drying drywall, or for such other construction purposes as the Developer or its contractor deemed necessary, in their sole discretion.

- (viii) Physical Changes: Use. There are substantial limitations upon improvements and physical changes that may be made within the boundaries of a Condominium Unit and elsewhere on the Common Elements. Written approval by the Developer and the Association must be obtained before any structure or improvement may be erected, and sought or placed upon the Common Elements, or before altering or modifying any structure or improvement upon the Common Elements (except for interior modifications of Units). Written permission by the Developer and/or the Association, as the case may be, must be obtained prior to erecting or maintaining commercial signs on any Unit, unless required by legal proceedings. Written approval by the Developer must be obtained prior to performing any landscaping or planting any trees, shrubs or flowers on the Common Elements. The Purchaser should carefully review the Purchase Agreement, and Article VI, Section 3 of the Bylaws and the other provisions of Article VI of the Bylaws with respect to such restrictions.

- (ix) Rules and Regulations. Reasonable rules and regulations may be adopted by the Board of Directors of the Association concerning the use of the Condominium without the vote of the Co-owners. The Co-owners may revoke any rules and regulations adopted by the Board of Directors of the Association upon a vote of fifty (50%) percent of all of the Co-owners.

None of the restrictions apply to the commercial activities or signs of the Developer.

The restrictions 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 violation of these restrictions are contained in Article XX of the Bylaws. The restrictions are also enforceable by the individual Co-owners and by the Developer.

VII. RIGHTS AND OBLIGATIONS AS BETWEEN DEVELOPER AND CO-OWNER

A. Before Closing. The respective obligations of the Developer and the Purchaser of a Condominium Unit prior to closing are set forth in the Purchase Agreement and the Escrow Agreement. Both of those documents should be closely examined by all Purchasers in order to ascertain the disposition of earnest money deposits advanced by Purchaser, anticipated closing adjustments, and the obligations of both parties with respect to modifications or improvements to the Unit.

B. At Closing. Each Purchaser (except a Purchaser under land contract) will receive by warranty deed fee simple title to his/her Unit subject to no liens or encumbrances other than the Condominium Documents and those other easements and restrictions as are specifically set forth in the Condominium Documents and title insurance commitment. Prior to closing, each Purchaser shall be afforded an opportunity to inspect the Unit that he/she is purchasing and the Common Elements.

C. Subsequent To Closing. Subsequent to the purchase of the Unit, relations between the Co-owner and the Developer are governed by the Master Deed and Bylaws and the Condominium Act of 1978, as amended, except to the extent that any contractual provisions of the Purchase Agreement are intended to survive the closing. The Purchaser shall have the Limited Warranty on his/her Unit and the Common Elements as described above in Part IV of this Disclosure Statement and as given by the Developer at closing.

VIII. LOCAL GOVERNMENT, TAXES AND UTILITIES

A. Local Government. The Project is located in the Township of Canton and the Plymouth-Canton School District.

B. Real Property Taxes. Taxes upon the Condominium Units are assessed by the Township of Canton, the County of Wayne and the Plymouth-Canton School District. Pursuant to Michigan law, taxes are required to be assessed on the basis of fifty (50%) percent of the true cash value. During the year in which the Condominium Master Deed is originally recorded and the year in which any amendment to the Master Deed expanding the Condominium is recorded, real property taxes attributable to each of the Units established by such Master Deed or amendment may not be separately billed, but may be paid by the Association as an expense of administration, to be shared by the Co-owners of the Units in proportion to their respective percentages of value. In subsequent years, each Co-owner will receive an individual tax bill attributable to his/her Unit only. It is impossible to determine with accuracy the amount of real property taxes which will fall due in subsequent years since those taxes are a function of both property values and tax rates which may either rise or fall.

C. Building Inspections. Although the Township of Canton has inspected the construction undertaken by the Developer in Morgan Creek Condominiums, the Developer does not represent that the Condominium complies with all applicable codes. The Developer is presently unaware of any violations of applicable codes with respect to the construction in Morgan Creek Condominiums.

D. Utilities. Utility services to Morgan Creek Condominiums are provided as follows:

- (i) Electricity - DTE Energy
- (ii) Gas - Michigan Consolidate Gas Company
- (iii) Telephone - Ameritech
- (iv) Cable TV - Comcast Cable
- (v) Sewer and Water - Township of Canton

E. Possible Forebay and Detention Areas. The forebay and detention areas require normal maintenance by the Condominium Association, including, without limitation, mowing the lawn and cutting vegetation throughout and/or up to the water level, as applicable.

IX. RADON GAS

Radon is a naturally-occurring, colorless and odorless radioactive gas formed by the breakdown of uranium and radium deposits in soil. Radon can escape from the soil and enter buildings. Preliminary studies by the United States Environmental Protection Agency (EPA) suggest that prolonged exposure to radon may result in adverse health consequences.

The extent to which an area or a specific Unit may be exposed to radon depends on a number of factors, including natural geologic conditions, prior land use, ground water, construction materials and techniques, ventilation and air conditioning systems, and Co-owner maintenance. Because of the multitude of factors involved, it is difficult to predict whether a specific residence may be subject to high radon levels unless specific tests are conducted by experts in the area.

Developer neither claims any expertise in radon, and it does not provide advice to Co-owners about the acceptable levels or possible health hazards of radon. It is possible that tests or studies might disclose information which a Purchaser might consider

significant in deciding whether to purchase a Unit in Morgan Creek Condominiums from the Developer. Developer assumes no responsibility to make any tests or studies, but Developer will permit the Purchaser to do so, at the Purchaser's expense, if the Purchaser so desires, before the Purchase Agreement becomes binding.

The EPA, as well as state and local regulatory authorities, are best equipped to render advice regarding the risks which may exist in a particular area, the risks associated with radon exposure, the methods available to detect and measure radon levels, and whether remedial measures may be advisable in particular circumstances to reduce the risk of radon exposure. The EPA has published two (2) guides which are available to interested persons: "A Citizen's Guide to Radon: What it is and What to do About it" and "Radon Reduction Methods: A Homeowner's Guide."

X. PURPOSE OF DISCLOSURE STATEMENT

This Disclosure Statement was prepared by the Developer in good faith and in compliance with the Condominium Act of 1978, as amended. This Disclosure Statement paraphrases various provisions of the Purchase Agreement, Escrow Agreement, Master Deed, Bylaws, and other documents required by law. This Disclosure 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 Disclosure Statement omits most legal phrases, definitions and detailed provisions of the other documents. This Disclosure 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 Disclosure 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 Disclosure Statement. The Developer has prepared this Disclosure Statement in reliance upon sources of information believed to be accurate and in an effort to disclose material facts about Morgan Creek Condominiums. However, the Developer disclaims liability to any Purchaser for misstatements herein (or for omissions which make statements herein appear misleading) if such misstatements were made by the Developer 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.

In accepting title to a Unit in Morgan Creek Condominiums, 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. In assisting in the preparation of this Disclosure Statement and the other Condominium Documents, Developer's counsel has not undertaken professional responsibility to the Condominium Association or to any Co-owners, Purchasers, mortgagees or other third parties for the

completeness, accuracy, or validity of the Condominium Documents, including this Disclosure Statement.

The Developer is required to give each Purchaser a copy of The Condominium Buyers Handbook. This Handbook was prepared by the Michigan Department of Consumer & Industry Services, and the Developer accepts no responsibility for its contents.

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EXHIBIT "A"

MORGAN CREEK CONDOMINIUMS Projected Annual Budget 88 Units

	Annual		Monthly	
	Amount	Per Unit	Amount	Per Unit
<u>Administrative Expenses:</u>				
Accounting Fees	1,500.00	17.05	125.00	1.42
Legal Fees	1,000.00	11.36	83.33	0.95
Management Fees	12,672.00	144.00	1,056.00	12.00
Office Supplies, Printing & Postage	800.00	9.09	66.67	0.76
<u>Grounds Maintenance:</u>				
Fertilizer	1,500.00	17.05	125.00	1.42
Flowers - Entry	1,800.00	20.45	150.00	1.70
Lawn Service	12,500.00	142.05	1,041.67	11.84
Parking Lot Repairs	-	-	-	-
Pruning	1,500.00	17.05	125.00	1.42
Snow Removal	14,300.00	162.50	1,191.67	13.54
Snow Removal Supplies - Salt	6,000.00	68.18	500.00	5.68
Spring & Fall Cleanup	1,500.00	17.05	125.00	1.42
Sprinkling System Maintenance	1,500.00	17.05	125.00	1.42
Trash Removal	-	-	-	-
Weeding	2,800.00	31.82	233.33	2.65
<u>Building Maintenance:</u>				
Alarm System	-	-	-	-
Electrical Repairs / Light Bulbs	1,500.00	17.05	125.00	1.42
Miscellaneous Building Repairs	6,800.00	77.27	566.67	6.44
Roof Repairs	1,000.00	11.36	83.33	0.95
Swimming Pool Maintenance	-	-	-	-
<u>Utility Expenses:</u>				
Electricity - Common Areas	600.00	6.82	50.00	0.57
Water & Sewer	28,500.00	301.14	2,208.33	25.09
<u>Insurance:</u>				
Insurance - D & O Liability	1,000.00	11.36	83.33	0.95
Insurance - Property & Casualty	14,000.00	159.09	1,166.67	13.26
Insurance - Umbrella	1,500.00	17.05	125.00	1.42
Insurance - Workers Comp	1,000.00	11.36	83.33	0.95
Subtotal	113,272.00	1,287.20	9,439.33	107.27
<u>Replacement Reserves</u>	11,327.00	128.72	943.92	10.73
Total	<u>124,599.00</u>	<u>1,415.92</u>	<u>10,383.25</u>	<u>118.00</u>