

DISCLOSURE STATEMENT
LAKE MICHIGAN VIEW AT DIAMOND POINT
New Buffalo, Michigan

LAKE MICHIGAN VIEW AT DIAMOND POINT is a newly developed site plan condominium project for town homes and single-family residences located in Berrien County, Michigan. Phase 1 of the project consists of thirteen (13) town homes and seventeen (17) single-family homes sites. Presently planned future phases consist of 31 additional town homes.

Developed By:
Lake Michigan View Townhomes & Cottages, LLC
a/k/a Lake Michigan View at Diamond Point
a Michigan Limited Liability Company
135 South Whittaker Street
New Buffalo, Michigan 49117

THE DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES, 525 WEST OTTAWA, P.O. BOX 30004, LANSING, MICHIGAN 48909, HAS NOT UNDERTAKEN TO PASS ON THE MERITS OF LAKE MICHIGAN VIEW AT DIAMOND POINT, NOR MAKE ANY RECOMMENDATIONS AS TO THE PURCHASE OF UNITS IN THE PROJECT.

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

WE RECOMMEND THAT YOU SEEK PROFESSIONAL ASSISTANCE PRIOR TO PURCHASING A CONDOMINIUM UNIT, OR THAT YOU CONTACT THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES, STATE OF MICHIGAN AT THE ABOVE-REFERENCED ADDRESS OR AT (517) 373-1820.

Effective Date: August 1, 2005

DISCLOSURE STATEMENT

ARTICLE 1. INTRODUCTION

Condominium development in Michigan is governed largely by statute. Prior to July 1, 1978, condominium development was regulated under Act 220 of the Michigan Public Acts of 1963, and since that date has been governed by Act 59 of the Michigan Public Acts of 1978 (the Condominium Act). In January and July of 1983, Act 59 was substantially amended to no longer require review by the Condominium Division of the Michigan Department of Commerce of the proposed documents incident to the creation of a condominium project; and to provide substantial changes in escrow arrangements for condominium projects which were not fully completed at the time the project Master Deed was recorded. Presently, the Department of Consumer and Industry Services administers the law under which condominium projects are developed in this State.

THIS DISCLOSURE STATEMENT, TOGETHER WITH COPIES OF THE LEGAL DOCUMENTS REQUIRED FOR THE CREATION AND OPERATION OF THE PROJECT, ARE FURNISHED EACH PURCHASER PURSUANT TO THE REQUIREMENTS OF MICHIGAN LAW THAT THE DEVELOPER OF A CONDOMINIUM PROJECT DISCLOSE TO PROSPECTIVE PURCHASERS THE CHARACTERISTICS OF THE CONDOMINIUM UNITS WHICH ARE OFFERED FOR SALE.

ARTICLE 2. THE CONDOMINIUM CONCEPT

A condominium is a form of real property ownership. A condominium unit has the same legal attributes as any other form of real property under Michigan law and may be sold, mortgaged or leased, subject only to such restrictions as are contained in the condominium documents. The actual size and location of the units are as set forth on the Condominium Subdivision Plan (Exhibit D) to the Master Deed). Each unit has access to the general common elements.

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 ("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 Article 5 of the Master Deed.

All portions of the project not included within the unit limits of ownership, as shown on the Condominium Subdivision Plan (Exhibit D to the Master Deed), constitute the common elements. General common elements are all common elements other than limited common elements. Limited common elements are those common elements, which are set aside for use by less than all unit co-owners. Because this project is a "site plan" condominium project, the project contains a minimum of limited common elements. Basically, the limited common elements of the project are the utility service lines from the "main" lines to the improvements located within a unit, and the mailboxes attendant to each unit.

Except for the year in which the project is established, real property taxes and assessments are levied individually against each unit in the project. The separate taxes and assessments cover the unit and its proportionate share of the common elements. No taxes or assessments are levied independently against the common elements. In the year in which the project is established, the real property taxes and assessments for the units covered by the Master Deed are billed to the Association and are paid by the co-owners of such units in proportion to the percentages of value assigned to the units owned by them.

Although the foregoing is generally accurate as applied to most condominium developments, the details of each development may vary substantially. Accordingly, each Purchaser is urged to carefully review all of the documents contained in this informational notebook as well as the other documents that have been delivered to the Purchaser in connection with this project. Any Purchaser having questions pertaining to the legal aspects of the project is advised to consult his or her own lawyer or other professional adviser.

ARTICLE 3. SCOPE OF THE PROJECT

LAKE MICHIGAN VIEW AT DIAMOND POINT is a newly developed site plan condominium project for town homes and single-family residences located in the City of New Buffalo, Berrien County, Michigan. Phase 1 of the project consists of twenty-six (26) town homes and seventeen (17) single-family homes and Phase II consists of eighteen (18) town homes.

The Project is located within close proximity to downtown New Buffalo (approximately 1 mile) and its beautiful beaches; South Bend (approximately 40 miles); and the Chicago Loop (approximately 70 miles). In addition, the project is within approximately 1 mile of access to I-94.

The project offers a quiet environment and comfortable surroundings. The project is served by New Buffalo Public Schools.

The project is served by the following public utilities: municipal water, municipal sanitary sewer, gas, telephone, cable and electric.

ARTICLE 4. DEVELOPER'S BACKGROUND

The Developer of the project is Lake Michigan View Townhomes & Cottages, LLC, a/k/a Lake Michigan View at Diamond Point, a Michigan Limited Liability Company.

The principals of the Developer are Paul D. Oselka, John R. Jackson, III, David E. Montayne and Mark A. LaRose.

Paul D. Oselka, born New Buffalo, Michigan 1955. Education: 1976, B.B.A. in Business from Western Michigan University, Kalamazoo, MI; 1976 to 1992, Owner, Forest Lawn Landfill, Three Oaks, MI; 1976 to 1997, Owner, Oselka Construction Company, New Buffalo, MI; 1991 to present, Owner, Pajay, Inc., New Buffalo, MI; 1995 to present, Owner, Deer Creek Hunt Club, Three Oaks, MI; 2004 to 2005, Chairman of the Board of Directors, Alliance Bank, New Buffalo, MI. Major construction and Development Projects; sewer and water work on Stromer Road, New Buffalo, MI; sewer, water and road work for Forest Beach Development, New Buffalo, MI; municipal, sewer, water and road work for City of New Buffalo, City of Three Oaks, City of Dowagiac, City of Hartford, City of Paw Paw, and City of Michigan City, Indiana; construction of \$1.7 million addition to St. Mary's of the Lake School in New Buffalo, MI; construction of several residential homes in the New Buffalo area; construction and development of Deer Creek Hunt Club, Three Oaks, Michigan; construction of the Oselka Construction building in New Buffalo.

John R. Jackson III born Marion, Indiana, 1959. Owner, 1987-2005, Diamond Bowl bowling alley, miniature golf course and recreation area; Former Owner of Dunes Truck Plaza, Sawyer, MI; Former Owner of Bridgman Food Mart, Bridgman, MI; Former Owner of Harbor Food Mart, New Buffalo, MI. Involved in the construction, development and maintenance of all of the above entities.

David E. Montayne, born Lincoln Park, MI, 1964. Education: 1986 B.S. Detroit College of Business; CPA, Michigan, 1988; CPA, Illinois, 1991. Involved in all accounting, financial and financing aspects of large and small commercial businesses in Michigan and Illinois. Has been the point man on behalf of clients for financing of the purchases and sales of commercial real estate, businesses and assets. Directly represents several developers and construction contractors, including Oselka Marina, Lakeshore Construction, Wetlands Excavation, Pajay Construction, Superior Construction and Prusa Construction. Testified as an expert witness in lawsuits involving damages related to construction of homes and condo projects.

Mark A. LaRose, born River Forest, IL, 1957. Partner, co-owner, LaRose & Bosco, Ltd. Education: Southern Illinois University (B.S. with honors, 1979; J.D., 1982), admitted to Illinois bar 1982; admitted to Michigan bar 2000; U.S. District Court, Central District of Illinois, 1983; Northern District of Illinois, Northern District Trial Bar, 1987; U.S. District Court, Eastern District of Michigan, 1992; U.S. District Court, Western District of Michigan, 2001; U.S. Court of Appeals for the Seventh Circuit, 1996; U.S. Court of Appeals for the Sixth Circuit, 2004. Represents individuals and large and small corporations in all aspects of business and

corporate transactions including real estate transactions, general corporate representation, financial transactions, business acquisitions and divestitures and partnership representation. His Michigan based clients have included Oselka Construction, Whittaker Woods Golf Club, L.P., Pajay, Inc., Prusa Construction, Diamond Bowl, Bridgman Food Mart, Dunes Truck Plaza, Harbor Food Mart, Deer Creek Hunt Club and Oselka Marina.

Project attorneys LaRose & Bosco, Ltd. have offices in both Chicago, Illinois and New Buffalo, Michigan. Principals Mark A. LaRose and Joseph A. Bosco are licensed in Illinois and Michigan. Mark LaRose has 20 years experience in real estate transactions and development, corporate law and litigation. Mr. LaRose has been lead counsel for many sales/purchases of both commercial and residential real estate in both Michigan and Illinois. As project attorneys since 2000, LaRose & Bosco, Ltd. has assisted the developer in coordinating all aspects of the development.

The Developer is being assisted in the development of LAKE MICHIGAN VIEW AT DIAMOND POINT Wightman & Associates, as project engineer and surveyors. The project manager will be John Kamer. As project engineer and surveyor, Wightman & Associates, Inc., is preparing the Condominium Subdivision Plan (Exhibit D to the Master Deed). Over the past years, Wightman & Associates, Inc., has provided civil engineering, surveying and consulting services in the Southwestern Michigan area and has been involved in numerous residential and commercial site development plans.

ARTICLE 5. CO-OWNER'S ASSOCIATION

LAKE MICHIGAN VIEW AT DIAMOND POINT will be governed by THE DIAMOND POINT CONDOMINIUM ASSOCIATION, INC., a Michigan non-profit corporation. THE DIAMOND POINT CONDOMINIUM ASSOCIATION, INC. shall have the powers delineated in the Condominium By-Laws (Exhibit C to the Master Deed). In addition, the Association shall have those powers set forth in its Articles of Incorporation and Association By-Laws.

Essentially the Association shall have the power to assess for the maintenance, upkeep, and repair of the common areas of the project. Such assessments shall be borne by the co-owners equally except as otherwise provided in the condominium documents.

Initially, the Association shall be governed the Board of Directors designated in Association Articles of Incorporation. This first Board of Directors, or any successors thereto appointed by the Developer shall consist of a minimum of three (3) individuals. Additional directors may be elected or appointed in the discretion of the Developer or the members of the Association. The initial Board of Directors shall serve until twenty-five (25%) percent of the units that may be created within the project, have been sold to non-developer co-owners. At this time the Board of Directors shall change the composition based upon the schedule set forth in Paragraph 1.9 of the Condominium By-Laws and Section 52 of the Act.

In addition there shall be an advisory committee of non-developer co-owners established either one hundred twenty (120) days after the conveyance of one-third (1/3) of the units OR one (1) year after the first unit is sold, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communication and aiding the transition of control to the non-developer co-owners. This advisory committee shall cease to exist when the majority of the Association's Board of Directors is elected by non-developer co-owners in conjunction with the schedule set forth in Paragraph 1.9 of the Condominium By-Laws and Section 52 of the Act. Each co-owner shall be a member of THE DIAMOND POINT CONDOMINIUM ASSOCIATION, INC. and each co-owner's vote with respect to Association matters shall be equal, i.e. one (1) vote for each unit owned.

ARTICLE 6. EXPLANATION OF ESCROW

By law, all funds expended by a purchaser of a condominium unit are required to be deposited in an escrow account unless such funds are not required by law to be retained in escrow after closing.

If you signed a Preliminary Reservation Agreement for a unit, all of your earnest money was deposited in an escrow account with Metropolitan Title Company. Upon the signing of a Unit Purchase Agreement for your unit, the sums paid pursuant to a Preliminary Reservation Agreement plus any additional earnest money will be held in escrow to be applied against the purchase price of your unit.

The Developer has provided you with a copy of the Escrow Agreement between the Developer and Metropolitan Title Company.

By law you are allowed to cancel a Preliminary Reservation Agreement at any time; and you may withdraw from a signed Unit Purchase Agreement without cause and without penalty before you receive a deed to your unit AND within nine (9) business days after you have received certain documents from the Developer. In the event you should cancel a Preliminary Reservation Agreement or withdraw from a signed Unit Purchase Agreement within the proper time limit, the Developer is required to refund your earnest money deposit within three (3) business days of cancellation or withdrawal.

ARTICLE 7. STRUCTURES AND IMPROVEMENTS WHICH NEED NOT BE BUILT

The Michigan Condominium Act, as amended, requires the Developer to fully inform potential purchasers of the Developer's construction obligations through the use of labels "must be built" and "need not be built". The Developer is obligated to construct only those improvements labeled "must be built" in the Condominium Subdivision Plan (Exhibit D to the Master Deed).

The Developer of LAKE MICHIGAN VIEW AT DIAMOND POINT has the following construction responsibilities:

- 7.1 "Must Be Built"**. All units, infrastructure and amenities shown on Exhibit D to the Master Deed, except any items identified thereon as "Need Not Be Built" and any future expansion areas.
- 7.2 "Need Not Be Built"**. Any items identified thereon as "Need Not Be Built" and any future expansion areas.

Because the Condominium Subdivision Plan (Exhibit D to the Master Deed) labels certain project improvements as "must be built", any proceeds from the closing of a unit sale will be retained in escrow until such time as such improvements are substantially completed or sufficient funds are deposited in escrow to insure the substantial completion of such improvements. In lieu of retaining funds in escrow, the Escrow Agent may release funds to the Developer if the Escrow Agent, in its discretion, has been provided by the Developer with sufficient proof of financial responsibility for the substantial completion of the "must be built" improvements such as a letter of credit, financing commitment from a financial institution, etc.

ARTICLE 8. REAL ESTATE BROKER

The real estate broker for the project is Rubloff Realty. The address and principal place of business of is 439 S. Whittaker Street, New Buffalo, Michigan 49117. The principal salesperson who will be responsible for the sale of the units within the project is Janet Lindsay.

ARTICLE 9. FINANCIAL ARRANGEMENTS

As of the date of this Disclosure Statement, the Developer has financed construction of the project through a construction line of credit and first position mortgage through Chemical Bank Shoreline. The lien placed against the project to secure repayment of funds advanced for construction of the project infrastructure will be released from each individual unit/site at the time of closing.

Purchasers may arrange permanent financing for their unit through any lender they select.

ARTICLE 10. TAX LIABILITY OF UNIT OWNER

Prior to being established as a condominium by the recording of the project Master Deed, the real estate and improvements which constitute the condominium project were assessed as several parcels by the City of New Buffalo. Since the Master Deed was recorded after "tax day" for calendar year 2005, the tax bill received in 2005 will not go to the individual unit owners, but will go to the Developer. For calendar year 2006 and thereafter, each unit owner will receive a separate tax bill for the unit which will include the unit and improvements located thereon, as well as the unit owner's undivided interest in the Project General Common Elements.

ARTICLE 11. BUDGET AND ASSESSMENTS

The expenses of a condominium project are met through a program of assessment of the owners of the units within the condominium project. It is anticipated by the Developer that an assessment of \$2,100.00 to \$2,400.00 per unit/per year will be sufficient to meet the Association's needs for common area maintenance, snow removal, pool and spa maintenance, lawn care, landscaping, trash removal, liability insurance, common area lighting, management fees and any other maintenance, and reserve requirements.

In addition to the assessment of \$2,100.00 to \$2,400.00 per unit/per year, at the time of closing, the unit owner will contribute to the Association a sum equivalent to two-twelfths (2/12) of the annual assessment as a working capital deposit. Based upon initial assessment levels, this would be the sum of \$350.00 to \$400.00 per unit.

NOTE: By statute, a condominium association must include as a budget item a reserve account equivalent to a minimum of ten (10%) percent of the association's total annual budget.

PLEASE NOTE that this budget does not take into account real property taxes which will be assessed against THE DIAMOND POINT CONDOMINIUM ASSOCIATION, INC. during calendar year 2005 because of the fact that the Master Deed was recorded after December 31, 2004.

Assessments shall be made by THE DIAMOND POINT CONDOMINIUM ASSOCIATION, INC., the governing body of the project, through its Board of Directors. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year. This budget will project all expenses for the forthcoming year that may be required for proper operation, management and maintenance of the project. These expenses will also include reasonable allowances for contingencies and reserves. In addition, from the time the Master Deed is recorded until such time as the City of New Buffalo is prepared to separately assess each unit, the property taxes for the project will be paid by and through the Association.

The amount of each co-owner's assessment shall be determined by the formula in Article 5 of the Master Deed. This formula presently provides that the total value of the project is one hundred (100%) percent, with each unit within the project having an equal percentage of value. To the extent that units within the project remain the property of the Developer, the Developer will also be responsible for certain costs of the project. The Developer's liability may be summarized as follows:

The Developer, even though a member of the Association, shall not be responsible for payment of a periodic assessment. However, the Developer must pay a proportionate share of current expenses of administration which benefit the total condominium project based upon the ratio of units owned by the Developer at the time the expense is incurred. In addition to this sum, the Developer must pay an additional ten (10%) percent in order that the statutory ten (10%) percent reserve requirement be complied with.

Administrative expenses would include the following: legal and accounting, liability insurance, first year taxes, road maintenance (including snow removal), common element maintenance, landscaping and utilities.

In addition, in the event the Developer places a completed residence on a unit within the project, the Developer shall, for that unit, pay the annual assessment, including reserve requirements. Further, the Developer is not liable for any assessment levied to purchase a unit from the Developer or to finance litigation against the Developer.

Upon adoption of an annual budget by the Board of Directors of the Association, copies of said budget shall be delivered to each co-owner and the assessment for said year shall be established based upon the budget.

In addition, the Board of Directors will have in its sole discretion the power to increase the general assessment of a unit or levy additional assessments as it may deem necessary when the Board of Directors finds any of the following:

- 11.1 That the assessments levied are or may prove to be insufficient to pay the cost of operation and management of the condominium;
- 11.2 To provide replacement of existing common elements;
- 11.3 To provide additions to the common elements not exceeding TWO THOUSAND FIVE HUNDRED AND NO/100 (\$2,500.00) DOLLARS annually for the entire project; or
- 11.4 In the event of emergencies.

In addition, with a sixty-six and two-thirds (66-2/3%) percent of the vote of all co-owners in number, the Board of Directors may levy special assessments for any of the following:

- 11.5 Assessments for capital improvements for additions of a cost exceeding TWO THOUSAND FIVE HUNDRED AND NO/100 (\$2,500.00) DOLLARS per year for the entire project;
- 11.6 Assessments for the purchase or lease of a unit in the event the Association shall not approve the proposed transferee of the co-owner;
- 11.7 Assessments to purchase a unit upon foreclosure of lien for assessments; or
- 11.8 Assessments for any other appropriate purpose.

ARTICLE 12. INSURANCE

The insurance coverage on those areas for which the Association is responsible will be provided by an underwriter through the agency of Mourer Foster.

The insurance obligations of the Association and the co-owners shall be as outlined in Article 5 of the Condominium By-Laws of THE DIAMOND POINT CONDOMINIUM ASSOCIATION, INC., and said bylaws have been provided to you.

12.1 Insurance Coverage. The Association shall at a minimum carry fire and extended coverage on the common elements, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the common elements of the condominium project, and such insurance (other than title insurance) as the Association may deem to be reasonable and necessary. Insurance carried by the Association shall be carried and administered in accordance with the following provisions:

- A. All such insurance shall be purchased by the Association for the benefit of the Association, and the co-owners and their mortgagees, as their interests may appear, and provision shall

be made for the issuance of certificates of mortgagee endorsements to the mortgagees of co-owners.

- B.** IT SHALL BE EACH CO-OWNER'S RESPONSIBILITY TO OBTAIN INSURANCE AGAINST FIRE AND OTHER HAZARDS TO HIS UNIT, INCLUDING ANY LIMITED COMMON ELEMENT APPURTENANT TO HIS UNIT, AND ALL STRUCTURES AND OTHER IMPROVEMENTS LOCATED THEREON. IT SHALL ALSO BE EACH CO-OWNER'S RESPONSIBILITY TO OBTAIN INSURANCE COVERAGE FOR HIS PERSONAL PROPERTY LOCATED ON OR WITHIN SUCH OWNER'S UNIT OR ELSEWHERE ON OR WITHIN THE PROJECT; FOR HIS PERSONAL LIABILITY FOR OCCURRENCES ON OR WITHIN HIS UNIT, OR THE CONDOMINIUM LIMITED COMMON ELEMENTS APPURTENANT TO HIS UNIT, AND ALSO FOR ALTERNATE LIVING EXPENSE IN EVENT OF FIRE. THE ASSOCIATION SHALL HAVE ABSOLUTELY NO RESPONSIBILITY FOR OBTAINING SUCH COVERAGE.

All such insurance will be carried by each co-owner in an amount equal to the maximum insurable replacement value excluding foundation excavation costs and evidenced to the Association in a manner acceptable to the Association, and shall name the Association as an additional insured. In the event of the failure of a co-owner to obtain such insurance, the Association may obtain such insurance on behalf of such co-owner and the premiums therefore will constitute a lien against the co-owner's unit which may be collected from the co-owner in the same manner that the Association assessments are collected in accordance with Article 2.

The Association and all co-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any co-owner or the Association. Subject to the provisions of Article 5, Paragraph 4, the Association and each co-owner hereby waive, each as to the other, any right of recovery for losses recovered by insurance. The liability of carriers issuing insurance obtained by the Association shall not, unless otherwise required by law, be affected or diminished on account of any additional insurance carried by any co-owner and vice versa.

- C.** All common elements of the condominium project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.
- D.** Public liability insurance shall be carried in such limits as the Board may from time to time determine appropriate, and shall cover the Association, each member, director, and officer thereof and any managing agent.
- E.** All premiums upon insurance purchased by the Association pursuant to these Condominium By-Laws shall be Expenses of Administration.
- F.** Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, and the co-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the condominium shall be required as provided in Article 5, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the project unless all of the institutional holders of first mortgages on units and all co-owners, in the project have given their prior written approval.

- G. Insurance carried by the Association shall, to the extent possible, provide for cross coverage of claims by one insured against another.

12.2 Appointment of the Association. Each co-owner, by ownership of a unit in the condominium project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the condominium project, his unit and the common elements appurtenant thereto with such insurer as may, from time to time, provide such insurance for the condominium project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefore, to collect proceeds and to distribute the same to the Association, the co-owners and respective mortgagees, as their interests may appear (subject always to the condominium documents), to execute releases of liability and to execute all documents and to do all things on behalf of such co-owner and the condominium as shall be necessary or convenient to the accomplishment of the foregoing.

ARTICLE 13. RESTRICTIONS OF UNIT SALES AND TRANSFERS

Because the condominium concept is one of cooperative living, which necessitates a measure of compatibility amongst the residents of a condominium project, the Condominium By-Laws at Article 12 contain certain procedures regarding the transfer of units within the project.

Procedurally, the co-owner is required to do the following:

13.1 Acceptance of Condominium Documents. No co-owner may transfer or dispose of his unit or any interest therein in any manner, except by mortgage, unless said co-owner shall deliver unto the Association a written statement executed by the transferee evidencing the transferee's acknowledgement that they have received and reviewed the Condominium Documents and agreement to abide by the covenants and duties set forth therein.

ARTICLE 14. RESTRICTIONS ON RENTAL OF UNIT

The Condominium By-Laws at Article 11 contain certain restrictions on the leasing of units by a co-owner. A unit owner is permitted to lease his or her unit(s) at any time. Further, neither a unit owner nor the Developer shall lease less than an entire unit in the project.

14.1 Right to Lease Unit. A co-owner of a unit(s) in the condominium project may rent such unit(s) at any time. Neither a co-owner nor the Developer shall lease less than an entire unit in the project.

14.2 Notice to Association. A co-owner desiring to rent or lease a condominium unit shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee, and at the time of such notice shall supply the Association with a copy of the exact lease form for its review of such lease's compliance with the condominium documents. The Board shall advise the member of any deficiency in the lease form and the member shall correct such deficiencies as directed by the Board before presenting a copy of the lease to the tenant.

14.3 Contents of Lease Agreements. Tenants or non-co-owner occupants shall comply with all of the conditions of the condominium documents of the condominium project and all leases and rental agreements shall so state.

14.4 Remedies for Tenant's Non-Compliance. If the Association determines that the tenant or non-co-owner occupant has failed to comply with the conditions of the condominium documents, the Association shall take the following action:

- A. The Association shall notify the co-owner by certified mail advising of the alleged violation by tenant.
- B. The co-owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.
- C. If after fifteen (15) days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the co-owners on behalf of the Association, if it is under the control of the Developer, an action for both eviction against the tenant or non-co-owner and simultaneously for money damages against the co-owner and tenant or non-co-owner occupant for breach of the condominium documents. The relief set forth in this section may be by summary proceeding. The Association may hold both the tenant and the co-owner liable for any damages caused by the co-owner or tenant in connection with the condominium unit.

14.5 Co-Owner Arrearage and Right of Set-Off. When a co-owner is in arrearage to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a co-owner's condominium unit under a lease or rental agreement and the tenant, after receiving the notice shall deduct from rental payments due the co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not be a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the co-owner to the Association co-owners, then the Association of co-owners may do the following:

- A. Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice in summary proceedings; or
- B. Initiate proceedings pursuant to Subsection 4(b) of the Section 112 of the Act.

ARTICLE 15. MANAGEMENT CONTRACTS

In order to facilitate the day to day management of the Condominium Project, the Developer contemplates that the Association will enter into a Management Contract for and on behalf of the Association with Diamond Point Management Company, or other affiliate of the Developer.

As of the date of this Disclosure Statement, the Management Contract is not in existence. In the event that the Developer in the future shall, for and on behalf of the Association, sign such a Contract, the Contract is voidable pursuant to Section 55 of the Act by the Board of Directors of the Association on the transitional control date or within ninety (90) days thereof and upon thirty (30) days notice at any time thereafter for cause. Further, in the event the Contract shall extend beyond one (1) year after the transitional control date, the excess period under the Contract may be voided by the Association Board of Directors by notice at least thirty (30) days before the expiration of the one (1) year period from the transitional control date.

ARTICLE 16. SPECIAL RISK FACTORS

Legal title to the real estate upon which the project is located was vested in the Developer prior to the designation of such real estate as a condominium with the recording of the Master Deed for the Project.

Each unit owner shall receive an owner's policy of title insurance from the Developer showing clear title subject to standard exceptions and subject to the provisions of the condominium documents.

EACH INDIVIDUAL OWNER SHALL BE INDIVIDUALLY RESPONSIBLE FOR ARRANGING THE APPROPRIATE FINANCING FOR THE PURCHASE OF HIS OR HER UNIT.

In addition each owner shall be liable for the assessments placed upon the unit by the Association.

In the event that all units have not been sold, the Developer in the condominium documents has reserved the right to lease the unsold units.

Each prospective co-owner should carefully review the Condominium Subdivision Plan to ascertain the location of any physical or legal elements (easements, etc.) that may impact the unit the prospective co-owner is interested in purchasing.

ARTICLE 17. WARRANTIES

THIS WARRANTY IS GIVEN IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED. THERE IS NO GUARANTY OF WARRANTY OF THE UNIT OR THE COMMON ELEMENTS OF THE CONDOMINIUM OTHER THAN AS SPECIFIED HEREIN, INCLUDING, BUT NOT LIMITED TO, A WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY. IN NO CASE SHALL DEVELOPER BE LIABLE FOR LOST PROFITS OR CONSEQUENTIAL OR INCIDENTAL DAMAGES OF ANY KIND. The limitations on liability for lost profits, incidental damages or consequential damages shall survive any failure of essential purpose of this limited warranty.

As to the units, Developer warrants to Purchaser that all utilities provided to the Project by Developer have been installed and approved by the public body or utility company having jurisdiction thereover.

The developer warrants each unit for Material and Workmanship for one year pursuant to a standard one year limited construction warranty which shall be delivered and executed at closing.

ARTICLE 18. UNPAID ASSESSMENTS AS LIENS

Sums assessed to a unit by the Association which are unpaid constitute a lien upon the unit at the time the assessment is due and payable. Such liens are given priority by statute over all other liens except tax liens and sums unpaid on a first mortgage. However, past due assessments which are evidenced by a notice of lien have priority over a first mortgage recorded subsequent to the recording of the notice of lien.

Prospective purchasers of a unit in a condominium project are entitled to a written statement from the Association setting forth the amount of any unpaid assessments against the seller, and the Prospective Purchaser is not liable for nor is the condominium unit conveyed subject to a lien for any unpaid assessment in excess of the amount set forth in the written statement. HOWEVER, IT IS THE RESPONSIBILITY OF THE PROSPECTIVE PURCHASER TO REQUEST SUCH A WRITTEN STATEMENT FROM THE ASSOCIATION AT LEAST FIVE (5) DAYS PRIOR TO THE CLOSING OF THE UNIT SALE, and in the event such a written statement is not requested by the Prospective Purchaser, the Prospective Purchaser by law is liable for any unpaid assessments against the condominium unit, including interest, costs, and attorney fees incurred in the collection of such assessments. All unpaid assessment shall be paid by the Seller at the time of closing.

ARTICLE 19. CO-OWNER LIABILITY

Pursuant to Section 58 of the Condominium Act, it is the responsibility of the Developer to inform potential co-owners as follows:

If the mortgagee of a first mortgage of record or other Purchaser of a condominium unit obtains title to the condominium unit as a result of foreclosure of the first mortgage, such person, its successors and assigns, is not liable for the assessments by the Association chargeable to the unit which became due prior to the acquisition of title to the unit by such person. The unpaid assessments are deemed to be common expenses collectible from all of the condominium unit owners including such persons, its successors and assigns.

ARTICLE 20. PROJECT ROAD, PARKING AND EASEMENTS

Access to the project is from Highway U.S. 12, New Buffalo, Michigan. The interior Project roads are private.

The interior road is a private roadway known as Diamond Point Lane.

Street Vacation:

The following platted, unopened streets within the project were conditionally vacated by the City of New Buffalo as follows:

Indiana Street, Green Street, Ontario Street, Michigan Street.

These conditionally vacated streets are shown on Exhibit D to the Master Deed, Sheet 2 of 5. The Circuit Court of Berrien County must approve the amendment of the plat as to these vacated streets. The City of New Buffalo and the Developer are fully cooperating to obtain the amendment of the plat to show the vacated streets in the near future.

Articles 8 and 9 of the Master Deed contain the project easements. A synopsis of the easements contained in Articles 8 and 9 are as follows:

20.1 Easements for Maintenance and Related Matters. If all or any portion of a unit or common element encroaches upon another unit or common element due to shifting, settling, or moving of a foundation due to surveyors, construction deviations, reconstruction, replacement, renovation, or repair, reciprocal easements respectively benefiting and burdening each such unit or common element shall exist for the maintenance of such encroachment so long as such encroachment exists, and for the maintenance thereof after rebuilding in the event of any destruction. This provision shall not be construed to allow or permit any encroachment upon, or an easement for an encroachment upon, units described in the Master Deed as being comprised of land and/or air space above and/or below said land, without the consent of the co-owner of the unit to be burdened by the encroachment or easement.

There shall also be permanent easements to, through, over, under and across the Condominium premises, including all units for the following:

- A. For the maintenance and repair (including replacement) of common elements, which easement shall be administered by the Association.
- B. As may be reasonable for the installation and continuing maintenance and repair (including replacement) of all utilities in the Condominium Project, including, but not necessarily limited to, light, power, cable television, water, sanitary sewer and communications.

The Association may grant such easements and right of way over, under and across the Condominium Project for utility purposes, including access to utilities and such other lawful purposes as may be necessary for connecting a unit to utility; subject, however, to the approval of the Developer so long as the Developer holds any unit within the Project for sale or so long as any additional unit(s) may be created in the Project.

20.2 Easements Retained by the Developer.

- A. **Roadway and Walkway Easements.** Until the final completion of the Project or the final completion of any adjacent development or future expansion area pursuant to Subparagraph D below, the Developer reserves, for the benefit or itself, its agents, employees, invitees, guests, independent contractors, successors and assigns, an easement for the unrestricted use of all roadways and walkways in the Condominium Project for the purpose of ingress and egress to and from all or any portion of the Condominium premises.

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

C. Repair and Replacement of Utilities. The Developer also hereby reserves, for the benefit of itself, its successor and assigns, with respect to the land described in Article 2 hereof, and any other land contiguous to the Condominium Project which may be owned or hereafter acquired by the Developer, or its successors or assigns, a perpetual easement to construct, modify, repair, maintain, utilize, tap, tie into, extend and enlarge all utility mains located within the Condominium Project, including, but not limited to, water, and sanitary and storm (if were constructed) sewer, electric, light and communication. In the event the Developer, its successors or assigns, utilizes, taps, ties into, extends, or enlarges any utilities located on the Condominium premises, the Developer, its successors or assigns, shall be obligated to pay all the expenses reasonably necessary to restore the Condominium premises to its state immediately prior to such utilization, tapping, tying in, extension, or enlargement; and such restoration shall be made promptly.

In addition, the Developer retains for the benefit of itself, its successors and assigns, and representatives of any utility company, including any cable television company, and to the burden of the Condominium premises, the right to enter the Condominium Project and do all the things necessary to install, maintain, repair, replace, or inspect utility facilities within the purview of their responsibilities.

D. Easement for Expansion. The Developer reserves for itself, its successors and assigns, the right to extend the existing roads in the Condominium Project and install and pave connecting roadways thereto in order to serve any adjoining condominium projects hereafter constructed and perpetual easements for the continuing use of such additional roadways shall exist for the benefit of such other condominium projects constructed for the same purposes and upon the same conditions as the condominium project as are applicable to the existing Project roadways.

In the event that the Developer shall construct additional condominium projects for which it is necessary to use the existing roadways within the Condominium Project, the co-owners of the Condominium Project shall be responsible from time to time for the payment of a proportionate share of the expenses for maintenance, repair, and replacement of any contiguous roadway common to both projects. Such share shall be determined by such expense times a fraction, the numerator of which shall be the number of units within the Condominium Project, and the denominator of which will be the number of units within the Condominium Project plus all other units of such contiguous condominium project or projects which utilize such common roadway as a means of access to a public road.

20.3 Other Project Easements. There are other projects which are or may be in the future shown on the Condominium Subdivision Plan as well as public utility and other easements set forth on the Master Title Policy.

20.4 Termination of Easements. The Developer reserves the right to terminate and revoke any utility or other easement granted in this Master Deed at such time as a particular easement has become unnecessary. No easement for a utility may be terminated or revoked unless and until all units served by it are adequately served by appropriate substitute utility on a shared maintenance basis. The termination or revocation of any such easement shall be affected by the recording of an appropriate amendment to the Master Deed in accordance with the requirements of the Act.

20.5 The Financial Support of Easements. The Association shall financially support all easements described in this Article 20 or otherwise pertaining the Condominium Project, regardless of the rights of others to utilize such easements.

PRIVATE ROADWAY AND UTILITY EASEMENT

20.6 Private in Nature. The private roadway as described in and as designated on Exhibit D to the Master Deed, constitutes a private non-public right of way. Said right of way is designated as a general common element of the Condominium Project, and as provided in Paragraph 4.3, A of the Master Deed, the cost of the maintenance, repair, and replacement of such general common element roadway shall be borne by the Condominium Association.

THE ROADWAY WILL BE DESIGNED, PERMITTED AND BUILT PURSUANT TO THE STANDARDS FOR PRIVATE ROAD PURSUANT TO THE CITY OF NEW BUFFALO ZONING ORDINANCE. HOWEVER, BECAUSE THE RIGHT OF WAY IS PRIVATE, NEITHER THE BERRIEN COUNTY ROAD COMMISSION NOR CITY OF NEW BUFFALO WILL REPAIR, MAINTAIN OR REPLACE SAID PRIVATE ROAD OR RIGHT OF WAY.

20.7 Dedication to the Public. In the event that at some time in the future, the Association shall elect to dedicate such right of way to the public, it shall be the responsibility of the Association, in advance of such dedication, to bear all costs and expenses reasonable and necessary to bring such right of way into compliance with the standards necessary for public acceptance.

ARTICLE 21. PRIVATE ROADS

The roads within the condominium will be private roads. They are common elements in the condominium for the use of the co-owners, their guests and invitees. The Developer has not sought the dedication of the roads to the City of New Buffalo or the Berrien County Road Commission. The Association must maintain the roads which have an estimated useful life of ten (10) years from the date of construction. Resurfacing the roads could cost \$50,000.00 at today's prices. The cost will likely be higher in the future. The Association will pay to plow the roads in the winter. Each co-owner will be responsible for plowing his own driveway, including that portion built upon the frontage area.

In the event that at some time in the future, the Association shall seek to dedicate the project roadway to the public, it will be the responsibility of the Association in advance of such dedication, to bear all costs and expenses reasonable and necessary to bring the right-of-way including the roadway constructed therein into compliance with the standards required by the public body accepting such dedication.

ARTICLE 22. PROJECT RESTRICTIONS

The project restrictions shall be as found in Article 9 of the Condominium By-Laws, and are as follows:

22.1 Establishment of Restrictions. In order to maintain, perpetuate, and preserve for future generations the amenities, resources, aesthetics, and value of the project, it is the feeling of the Developer that it is necessary to promulgate appropriate restrictions which reflect a philosophy directed at these goals. In so doing, the Developer has established the within restrictions.

Further, other restrictions have been established in order to provide for the congenial occupancy of the condominium, and for the protection of the value of the units, the use of the condominium property shall be subject to the limitations set forth below. Reasonable accommodations in the rules, policies and practices of the Condominium will be made as required by the Federal Fair Housing Act to accommodate handicapped persons.

22.2 Persons Subject to Restrictions. All present and future co-owners, tenants, and any other persons or occupants using the facilities of the Condominium shall be subject to compliance with

the Act, the Master Deed, these Condominium By-Laws, the Association Articles of Incorporation, the Association By-Laws, and the Rules and Regulations of the Association.

22.3 Enforcement. A breach of any provision of the restrictions set forth in Paragraph 4 shall constitute a breach of these Condominium By-Laws and may be enforced pursuant to the terms of these By-Laws.

22.4 Declaration of Restrictions.

A. General Restrictions on Usage. The following are general guidelines with regard to the usage of units in the Condominium:

1. Except for units owned by the Developer or used for displaying model homes, all units shall be used for their intended purpose: single family residential, and the common elements shall be used for purposes consistent with the such uses.
2. Although all units are to be used only for single-family residential purposes, nonetheless home occupations will be considered part of a single-family residential use if, and only if, the home occupation is conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence, which use is clearly incidental and secondary to the use of the residence for dwelling purposes and does not change the character thereof. To qualify as a home occupation, there must be (i) no sign or display that indicates from the exterior that the residence is being utilized in whole or in part for any purpose other than that of a dwelling; (ii) no commodities sold within the unit; (iii) no person employed other than a member of the immediate family residing within the unit; and (iv) no mechanical or electrical equipment used, other than personal computers and other office-type equipment.
3. The co-owner may lease his unit for the same purposes set forth in Subparagraph (1); provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the same manner as specified in Article 10. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, and be subject to all of the provisions of the condominium documents. The Developer may lease any number of units in the condominium in its discretion.
4. No immoral, improper, unlawful or offensive activity shall be carried on in any unit or upon the common elements, limited or general, nor shall anything be done which may be or become an annoyance or a nuisance to the co-owners of the condominium, nor shall any unreasonably noisy activity be carried on in any unit or on the common elements. No co-owner shall do or permit anything to be done or keep or permit to be kept in his unit or on the common elements anything that will increase the rate of insurance on the condominium without the written approval of the Association and each co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition, if in fact such condition is approved by the Association.
5. Except for household dogs, cats, small cage birds, and fish, kept in reasonable numbers, an owner may not keep, raise, or breed animals, livestock or poultry of any kind on any unit. Such care and restraint shall be taken such that a co-owner's pet shall not be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the common elements and any animal shall at all times be attended by some responsible person while on the common elements, limited or general. No savage or dangerous animal shall be kept or allowed onto the premises at any time, whether

or not the Association has given its permission therefor. Savage and dangerous animals include, but are not limited to, the following: pit-bull terriers, doberman pinchers and other attack dogs. No animal shall be left unattended outside a structure as approved by the Developer or the Board of Directors. No animal shall be allowed on the common elements unless it is under leash and any waste products eliminated by a co-owner's animal shall be promptly and efficiently cleaned up by the co-owner. The disposal of such waste products shall be in an appropriate sanitary facility. No animal shall be allowed to interfere with any unit owner's reasonable use and enjoyment of its unit or the common elements. No animals may be allowed into the Association pool house or recreation room at any time. The Association may charge all co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article 2 in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the condominium. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. Any person who causes an animal to be brought or kept in the condominium shall indemnify and hold harmless the Association for any damages, loss or liability which might accrue to the Association as a result of the presence of such animal in the condominium, regardless of whether the animal's presence is permitted.

6. No trash, garbage or rubbish of any kind shall be kept within any unit, except in an enclosed wildlife-proof trash bin. The location of such trash bin shall be subject to the approval of the Board of Directors. All trash bins and sanitary containers shall be kept in a reasonably clean and sanitary condition. All sanitary containers shall be secured in a trash bin, except as necessary to allow for trash collection. Placement of trash containers in the frontage area for collection shall not exceed a period of twenty-four (24) hours.

The Manager shall have the responsibility for contracting with a trash disposal company for trash pick up within the Condominium Project. There shall be only one disposal company at any point and time collecting trash from within the Condominium Project.

OPEN BURNING OF BRUSH, LEAVES, GRASS AND/OR TRASH SHALL BE PROHIBITED.

7. In general, activities shall not be carried on, nor conditions maintained by a co-owner, either in his unit or upon the common elements, which spoil the appearance of the condominium premises or endanger the environmental or cultural resources of the condominium project.
8. No noxious, offensive or unlawful activity shall be carried on upon the Project, nor shall anything be done thereon which may be or may become an annoyance or nuisance to other Owners.
9. No item of equipment, furniture or any other large movable item shall be kept within any unit outside a building, except lawn furniture, provided the same are kept in a neat and good condition. All other items, such as lawn mowers, and snow mobiles, shall be stored in a garage or other allowable storage facilities.

10. Walkways, yards, landscaped areas, driveways, roads, parking areas, and porches shall not be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, or chairs may be left unattended on or about the common elements, except as provided by Association rules and regulations.
11. Use of any recreational facilities in the condominium may be limited to such times and in such manner as the Association shall determine by duly adopted regulations.
12. Parking on the roads constituting general common elements is prohibited except as provided by duly adopted rules and regulations of the Association.
13. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobiles, snowmobile trailers, ATV's or vehicles other than automobiles or vehicles used primarily for general personal transportation may be parked or stored on the condominium premises unless parked in a garage with the door completely closed, or unless present for temporary loading or unloading purposes, unless approved in writing by the Board of Directors. No inoperable vehicles of any type may be brought or stored on the condominium premises, either temporarily or permanently, unless within a garage with the door completely closed. Commercial vehicles and trucks shall not be parked in or about the condominium (except as above provided) unless while making deliveries or pickups in the normal course of business or for construction purposes. No commercial vehicles of any nature will be parked overnight on the condominium premises except in a completely closed garage without the prior written consent of the Developer. Any truck over 3/4 ton and any vehicle with a company name or other advertising or commercial designation will be considered a commercial vehicle. No vehicle may be parked overnight on any road or on any frontage area, except as provided by duly adopted rules and regulations of the Association. Each co-owner shall park his car in the garage or driveway or parking area appurtenant to or contained in the co-owner's unit.
14. No co-owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows or other similar dangerous weapons, projectiles or devices anywhere on or about the condominium premises.
15. No sign of any kind shall be displayed to the public view on the Project, except only one sign of not more than one (1) square foot used to indicate the name of the resident or one sign of not more than five (5) square feet advertising the property for sale or for rent (in locations and in accordance with applicable design standards of any sign used by a builder to advertise the company during the construction and sales period. No sign of any kind shall be permitted to be placed on the outside walls of the unit or on any fences within the Common Areas.
16. No unsightly condition shall be maintained upon any balconies, porches, or decks, and only furniture and equipment consistent with ordinary balcony, porch, or deck use shall be permitted to remain there during seasons when such areas are reasonably in use, and no further or equipment of any kind shall be stored in such areas during seasons when they are not reasonably in use.
17. **[OMITTED INTENTIONALLY]**
18. **[OMITTED INTENTIONALLY]**

19. No co-owner shall take any action on or with respect to his unit that violates any federal, state or local statute, regulation, rule or ordinance.
20. Co-owners shall refrain from any actions from within the unit(s) which would detract from or interfere with any other member's use or enjoyment or their respective units or the common elements.
21. The co-owners shall be required to use only those fertilizers, pesticides and other plant enhancement products approved by the Association within unit boundaries and on the Project limited and general common elements.

In this regard, the Association shall have the authority to hire an environmental consultant to provide the Association with an approved list of fertilizers, pesticides and other plant enhancement products. The Association shall make this list and/or updates to this list available to the co-owner on an annual basis prior to March 1 of each calendar year.

22. **Temporary Structures.** No structure of a temporary character, or trailer, tent, mobile home or recreational vehicle, shall be permitted on the Project at any time or used at any time as a residence, either temporarily or permanently, except by the Developer and its affiliates during construction or the sales period. No gas tank, gas container or gas cylinder shall be permitted to be placed on or about the outside of any Unit or on or about any ancillary building, except for one (1) gas cylinder (not to exceed 20 lbs.) connected to a barbecue grill.
23. **Garbage and Trash Disposal.** No garbage, refuse, trash or rubbish shall be deposited except as permitted by the Association. The requirements from time to time of the applicable government authority or other company or association for disposal or collection of waste shall be complied with. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. Such containers may not be placed out for collection sooner than 24 hours prior to scheduled collection and must be removed within 12 hours of collection.
24. **Fences.** No fence, wall or other structure shall be erected in the front yard, back yard, or side yard setback areas, except as originally installed by Developer or its affiliates, and except any approved by the Association.
25. **Members' Permittees.** No Lot or Unit shall be occupied by any person other than the Owner(s) thereof and the applicable Members' Permittees and in no event other than as a residence. For purposes of this Declaration, a Member's Permittees shall be the following persons and such persons' families, provided that the Owner or other permitted occupant must reside with his/her family: (i) an individual Owner(s), (ii) an officer, director, stockholder or employee of a corporate owner, (iii) a partner in or employee of a partnership owner, (iv) a fiduciary or beneficiary of an ownership in trust, or (v) occupants named or described in a lease or sublease, but only if approved in accordance with these Bylaws. Under no circumstances may more than one family reside in a Unit at one time. The Board of Directors shall have the power to authorize occupancy of a Unit by persons in addition to those set forth above. The provisions of this Section shall not be applicable to Units used by the Developer for model apartments, sales offices, management services or otherwise.

As used herein, "family" or words of similar import shall be deemed to include a spouse, children, parents, brothers, sisters, grandchildren and other persons permanently cohabiting the Unit as or together with the Owner or permitted

occupant thereof. As used herein, "guest" or words of similar import shall include only those persons who have a principal residence other than the Unit. Unless otherwise determined by the Board of Directors of the Association, a person(s) occupying a Unit for more than one (1) month shall not be deemed a guest but, rather, shall be deemed a lessee for purposes of these Bylaws (regardless of whether a lease exists or rent is paid) and shall be subject to the provisions of these Bylaws, which apply to leases and lessees.

26. Applicability to Developer. The provisions of this Article 9 shall not apply to Developer.

B. General Construction Restrictions. The following are the general construction restrictions regarding units within the project:

1. Co-owners shall be allowed to erect or construct satellite dishes and television or radio antennas. Such devices shall be erected or constructed behind the single-family residence located on the unit or on the rooftop decks of the townhome units. Further, the placement and configuration of such devices shall be subject to any reasonable rules or regulations adopted by the Association.
2. No co-owner shall damage, modify or make attachments to the common elements. However, landscaping within the frontage area adjacent to a unit shall be allowed subject to the provisions of Subsection (3), below.
3. No co-owner shall perform any landscaping or plant any trees, shrubs, or flowers or place any ornamental materials upon the condominium unit or frontage area without the approval of the Developer prior to the initial meeting of the Association and afterwards by the Board of Directors. The Developer and/or the Board of Directors shall be supplied with a landscaping plan for approval prior to any landscaping. No co-owner shall remove any trees or existing landscaping from any unit or any part of the condominium project without the approval of the Developer prior to the initial meeting of the Association and afterwards by the Board of Directors. However, a unit co-owner may, from time to time, change "annual" plantings within a "flower bed" or "planting bed."
4. No building, structure or other improvements, including, without limitations, any dwelling, fence, storage shed, or other permanent or temporary building or structure, shall be constructed within the perimeters of a unit or elsewhere on the condominium project (primarily the frontage area), nor shall any exterior addition, modification or structural alteration, including, without limitation, painting the exterior (except repainting or restaining with a substantially similar color) and adding exterior lights, awnings, doors and shutters, be made to any existing building, structure or improvement, unless plans and specifications therefore, containing such detail as the Association may reasonably require, have first been approved in writing by the Board of Directors. Construction of any building or other improvements must also receive any necessary approvals from the local public authority. The Board of Directors shall have the right to refuse to approve any plans or specifications, color and/or material applications, grading or landscaping plans, or building location plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be constructed, the proposed location within the unit, the location of structures within adjoining units and the degree of harmony thereof with the condominium as a whole.

The purpose of this section is to assure the continued maintenance of the condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all co-owners. Prior to the sale of all the condominium units by the Developer, the Developer may construct dwellings or other improvements upon the condominium project without the necessity of prior consent from the Association, the Board of Directors, subject only to the express limitations contained in the condominium documents; provided, however, that all such dwellings and improvements shall, in the reasonable judgment of the Developer or its architect, be architecturally compatible with the structures and improvements constructed elsewhere on the condominium project.

5. Except as otherwise provided, all single-family residences constructed within the project shall be constructed in compliance with all applicable zoning and building codes in force at the time of construction of said single-family residence.
6. No more than one (1) single-family residence shall be placed on a unit as shown on the Condominium Subdivision Plan.
7. Construction of in-ground or above-ground pools within the boundaries of a unit shall be prohibited. Except, however, portable above-ground swimming pools, of the type commonly used for small children, shall be allowed so long as they do not exceed thirty (30) square feet in area and two (2) feet in height.

Hot tubs shall be permitted behind the single-family residence located within the unit, or on the roof top decks of the townhome units. The location of such hot tub on the single-family units shall be subject to the review and approval of the Board of Directors, which may require appropriate screening of the hot tub.

8. Detached storage sheds and other out buildings shall not be allowed within the boundaries of a unit. However, a gazebo or similar recreational structure may be allowed, subject to the approval of the Board of Directors.
9. Playground structures of the type typically used by elementary school age children shall be allowed within the boundaries of the unit. However, the style, designs, materials, and location of such play ground devices, shall be subject to the review and approval of the Board of Directors.
10. **NO FUEL STORAGE TANKS SHALL BE INSTALLED WITHIN THE BOUNDARIES OF A UNIT, THE FRONTAGE AREA AND/OR ANY OTHER PROJECT COMMON ELEMENT.**
11. No changes will be made in the grading of any areas to alter the surface run off drainage pattern for the Condominium Project without the prior written consent of the Developer, or after the transitional control date, the Association, and the Berrien County Drain Commissioner.
12. No single-family residence which is incomplete as to the exterior or basement shall be used for a temporary or permanent residence.
13. No motorcycles, dirt bikes, motor scooters, snow mobiles, jet skis, ATV's, or other such recreational vehicles shall be operated on the condominium premises, except for the purpose of ingress and egress, in which case the vehicles shall utilize only the paved surface of the general common element roadway.
14. All exterior lighting systems, including lights mounted on the single-family residence or appurtenances thereto constructed within the unit, shall be

aesthetically pleasing and shall not produce undue glare directed toward adjacent units or the general common element roadway.

15. A co-owner may make improvements or modifications to the co-owner's Condominium Unit, including improvements or modifications to common elements and to the route from the public way to the co-owner's Condominium Unit, at his or her expense, if the purpose of the improvement or modification is to facilitate access to or movement within the Unit for persons with disabilities who reside in or regularly visit the Unit, or to alleviate conditions that could be hazardous to persons with disabilities who reside in or regularly visit the Unit. Such improvements shall be made in compliance with Section 47(a) of the Act.

C. Specific Construction Restrictions. The following are the specific construction restrictions on the type of improvements which may be constructed within the units.

1. No residence shall be constructed with a fully enclosed first floor area of less than 1500 square feet of living space above ground, exclusive of garage area.
2. No single-family residence shall be erected exceeding the height restrictions of the City of New Buffalo Zoning Ordinance.
3. No modular, log homes, or A-frame homes shall be allowed.
4. Concrete block or poured walls are acceptable for foundations. Brick and field stone shall acceptable for above grade foundation walls or porch piers. Aluminum or vinyl siding shall be acceptable for exterior walls. Wood sided homes are not required to include brick or stone. Soffit and fascia may be either wood or aluminum, and all gutters and downspouts shall be aluminum.
5. All utilities serving the improvements located with a unit shall be underground from the main lines to said improvements.
6. All driveways constructed within a unit shall be either asphalt, paving bricks, or concrete.

D. Time Limitation Restrictions. The following restrictions shall apply with regard to time limitations of construction.

1. Construction of the single-family residence on a unit within the Condominium Project must be commenced within twenty-four (24) months from the date the initial owner, other than the Developer, acquires legal or equitable title to such unit, unless such twenty-four (24) month period is extended in writing by the Developer.

In the event a co-owner shall not commence construction within such twenty-four (24) month period, the Developer, its successors and assigns shall, and is hereby granted, an Option to Purchase said unit from such co-owner at fair market value.

Such Option shall be exercised by written notice to the co-owner within forty-five (45) days of the lapse of said twenty-four (24) month period. Upon exercise, such sale shall be closed within thirty (30) days of notice. Such Option shall be exercised in the sole discretion of the Developer, its successors or assigns, at the terms and conditions of such sale shall be cash at closing.

For the purpose of this Option, the fair market value of the real estate shall be determined as follows:

- a. Based upon an appraisal of a real estate appraiser mutually agreed to between the Developer and the unit co-owner(s); or in the event the Developer and the co-owner shall be unable to mutually agree upon one real estate appraiser as follows:
 - (1) The Developer shall appoint a real estate appraiser;
 - (2) The co-owner shall appoint a real estate appraiser;
 - (3) The two appraisers so appointed shall appoint a third appraiser.
 - (4) Each appraiser shall then proceed to independently appraise the unit. The fair market value of the unit shall be the average of the two appraisals which are closest in value.
 - (5) The Developer shall pay the cost of the Developer's real estate appraiser, the co-owner shall pay the cost of the co-owner's real estate appraiser, and the Developer and co-owner shall split 50-50 the cost of the third real estate appraiser or the mutually agreed to real estate appraiser.

- 2. Once commenced, construction of a single-family residence must be completed on the exterior within two hundred ten (210) days from the date construction is commenced, and within said period, the soil within such unit and the frontage area appurtenant to such unit must be completely stabilized by grading and seeding or sodding of a lawn or other ground cover growth so as to prevent any soil blow area or soil erosion; provided this provision shall neither prevent nor prohibit anyone from maintaining open areas for the planting of trees, shrubbery or flower garden, but any such open area shall be controlled so as to prevent blowing or erosion of soil therefrom.

22.5 Promulgation of Rules and Regulations. Reasonable regulations consistent with the Act, the Master Deed and these Condominium By-Laws, concerning the use of the common elements may be made and amended from time to time by any Board of Directors of the Association, including the First Board of Directors (or its successors elected by the Developer prior to the First Annual Meeting of the entire Association, held as provided in Paragraph 1.9 of the Bylaws. Copies of all such regulations and amendments thereto shall be furnished to all co-owners and shall become effective thirty (30) days after mailing or delivery thereof to the designated voting representative of each co-owner. Any such amendment may be revoked at any time by the affirmative vote of sixty-six and two-thirds (66-2/3%) percent or more of all co-owners in number and in value.

22.6 Variance. A co-owner shall be allowed a variance from the strict application of the restrictions set forth in Paragraph 22.4.A., B. or C., above, and the rules and regulations promulgated pursuant to Paragraph 22.5 above, or a decision of the Developer or the Board of Directors as required by Paragraph 22.4.A., B. or C., above.

Such variance shall be granted upon the co-owner obtaining 66 2/3% votes from Association co-owners in favor of the grant of such variance.

In voting for the grant or denial of a co-owner's variance request, the units adjacent to the unit requesting the variance shall have two votes each and all other units (including the unit requesting the variance) shall have one vote each.

In addition to any variance granted by the Association co-owners, the co-owner may be required to obtain a variance from a particular provision of the zoning or building codes of the City of New Buffalo, Berrien County, Michigan.

22.7 Application of Restrictions to Developers. None of the restrictions contained in this Article 9 shall apply to the commercial activities or signs or billboards, if any, of the Developer and its duly authorized agents, representatives, and employees, and residential builders who receive an assignment of rights from the Developer during the development and sales period, or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation and By-Laws as the same may be amended from time to time. For the purposes of this Section, the development and sales period shall be deemed to continue so long as the Developer or a residential builder who has received an assignment of rights from the Developer, owns any unit which he offers for sale. Until all units in the entire condominium project are sold by the Developer or a residential builder, the Developer or residential builder shall have the right to maintain a sales office, a business office, a construction office, model units, storage areas, reasonable parking incident to the foregoing and such access to, from and over the project as may be reasonable to enable development and sale of the entire project by the Developer or residential builder. The Developer shall pay or be responsible to require a residential builder to pay all costs related to the Condominium Units or common elements while owned by the Developer and to restore the facilities to habitable status upon termination of use.

ARTICLE 23. PROJECT ENCROACHMENTS

A detailed survey of the project by Wightman & Associates discloses no encroachments from adjacent and adjoining property upon the condominium real estate.

ARTICLE 24. RECREATIONAL FACILITIES

The Condominium Subdivision Plan (Exhibit D to the Master Deed) of LAKE MICHIGAN VIEW AT DIAMOND POINT contains the following recreational facilities as "Must Be Built" items: Pool house and recreation room, observation deck, retention pond, project walkways and open spaces. Tennis courts and putting green are listed as "Need Not Be Built" items.

ARTICLE 25. RIGHTS AND OBLIGATIONS AS BETWEEN DEVELOPER AND CO-OWNERS

Before closing, the respective obligations of the Developer and Purchaser of a condominium unit prior to the closing of such sale are set forth in the Preliminary Reservation Agreement (if one has been signed), the Condominium Unit Purchase Agreement, and the Escrow Agreement. These documents should be closely examined by all Purchasers in order to ascertain disposition of earnest money deposits advanced by Purchaser at the time of closing, anticipated closing adjustments, and the obligation of both parties with respect to modifications to the standard unit and extra installations.

At closing, each Purchaser shall receive a Warranty Deed to his 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. Further, each Purchaser, either prior to at the time of closing of the sale of his unit, shall receive a title insurance commitment for an owners policy in the amount of the unit purchase price showing record marketable title in the Developer.

ARTICLE 26. UTILITIES SERVING THE PROJECT

The utilities serving the project are as follows:

Electric	AEP
Gas	Semco
Sanitary Sewage	Galien River Sanitary District
Telephone	SBC
Water	City of New Buffalo
Cable Television	Comcast

ARTICLE 27. REGULATIONS OF SIGNS

No signs or other advertising devices other than "For Sale" signs, shall be displayed on the common elements or within the units. However, this restriction does not apply to the Developer's signs or billboards during the development sales period of the project. For the purposes of the condominium documents, the development sales period is deemed to continue so long as Developer owns any unit within the project which it offers for sale.

ARTICLE 28. LEGAL PROCEEDINGS

The Developer is not presently aware of any pending judicial or administrative proceeding involving the condominium project or the Developer, nor is the Developer, as the date hereof, aware of any situation which could in the future give rise to a judicial or administrative proceeding involving the condominium project or the Developer.

ARTICLE 29. FILING OF ARCHITECTURAL PLANS AND SPECIFICATIONS

Pursuant to Section 73 of the Condominium Act, detailed Architectural Plans for the improvements in the project have or will be filed with the City of New Buffalo.

ARTICLE 30. CONFLICTING PROVISIONS

- 30.1** In the event there is a conflict between the provisions of the Michigan Condominium Act and the Condominium Documents the order of priority which shall prevail is as follows:
- A.** Michigan Condominium Act;
 - B.** Condominium Master Deed, including the Condominium Subdivision Plan;
 - C.** Condominium By-Laws;
 - D.** Articles of Incorporation of the Association;
 - E.** By-Laws of the Association; and
 - F.** Rules and Regulations of the Association.

The information in this Disclosure Statement is intended to make you, as a potential Purchaser of a unit in LAKE MICHIGAN VIEW AT DIAMOND POINT aware of the rights and responsibilities upon the purchase of a unit. The above information is not intended to create any warranties or guarantees on the part of the Developer. Further, this Disclosure Statement is not a substitute for the Master Deed, Condominium By-Laws, Association Articles of Incorporation, or Association By-Laws. It is suggested that you also review these documents carefully. If you have any questions regarding any of the condominium documents, we would encourage you to obtain legal or other counsel in this matter.

ARTICLE 31. OTHER MATERIAL PROVISIONS

Other material provisions contained in the condominium documents of LAKE MICHIGAN VIEW AT DIAMOND POINT are as follows:

- 31.1 Reserved The Right To Alter Unit Boundaries.** The Developer has reserved the right that Article 6 of the Master Deed, in its discretion to modify the dimensions of any unit or units within the Condominium Project, even if such action will result in the elimination of a unit.

Such modification shall not unreasonably impair the appearance of the Project.

Further, this reserved right to alter unit boundaries does not apply to units which have been previously sold or are subject to a binding Purchase Agreement unless co-owner or purchaser consents to such modification.

- 31.2 Utility Easement.** Utilities accessing the project are identified in easements, which are part of the Master Deed.
- 31.3 Flood Plain.** No portion of the Project is located in the 100 year flood plain (591 MGVD U.S.G.S. 1929).
- 31.4 Condominium Subdivision Plan.** Attached to this Disclosure Statement is a copy of the Condominium Subdivision Plan, Exhibit D attached to the Condominium Master Deed for the Project.

ARTICLE 32. CONCLUSION

This Disclosure Statement is intended as a summary of the Condominium Documents. No summary can fully state all of the details of this Condominium Project. The Developer encourages each purchaser, in addition to reading this Disclosure Statement to carefully review all of the Condominium Documents for the Project. Any purchaser having questions pertaining to the legal aspects of the Project is advised to consult his or her own lawyer or other professional advisor.

Submitted by,

LAKE MICHIGAN VIEW TOWNHOMES & COTAGES,
LLC a/k/a LAKE MICHIGAN VIEW AT DIAMOND POINT,
a Michigan Limited Liability Company

Paul D. Oselka, Its Manager