

DISCLOSURE STATEMENT for MILLIANIGAN CONDOMINIUM

**Provided by: Millianigan, Inc.
Twilight St.
Edwardsburg, MI 49112**

This is the Disclosure Statement for Millianigan Condominium, which is a residential condominium project in Ontwa Township, Cass County, Michigan. The project consists of 15 residential condominiums. This statement is intended to explain certain aspects of the condominium to prospective buyers.

THIS DISCLOSURE STATEMENT OF THE CONDOMINIUM IS NOT A SUBSTITUTE FOR THE MASTER DEED AND OTHER CONDOMINIUM DOCUMENTS, THE CONDOMINIUM BUYER'S HANDBOOK, OR OTHER APPLICABLE LEGAL DOCUMENTS. AS A PROSPECTIVE BUYER YOU SHOULD READ ALL SUCH DOCUMENTS TO FULLY ACQUAINT YOURSELF WITH THE PROJECT AND YOUR RIGHTS AND RESPONSIBILITIES RELATING TO THE PROJECT.

IT IS RECOMMENDED THAT YOU CONSULT WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISOR BEFORE PURCHASING A CONDOMINIUM.

Effective Date:
November 5, 2014
Prepared By:
Millianigan, Inc. and Millianigan Condominium Assc.

MILLIANIGAN CONDOMINIUM DISCLOSURE STATEMENT

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1. **Introduction.** Condominium development in Michigan is governed by a statute called the Michigan Condominium Act, MCL 559.101 et seq. (the Act), and by rules adopted by the Michigan Department of Licensing and Regulatory Affairs. On the following pages, Millianigan, Inc. as developer of the Millianigan Condominium has set forth certain facts involved in its development. This will assist a prospective buyer in reviewing Millianigan Condominium Disclosure Statement together with copies of the Master Deed, the Condominium Bylaws and other legal documents intended for the creation and operation of Millianigan Condominium. The Condominium Documents constitute the only authorized description and none of Millianigan's Inc. representatives are permitted to vary the terms stated in those Documents except by written amendment to the Condominium Documents.

2. **The Condominium Concept.** *Condominium* is a form of real property ownership. Under Michigan law, the portion of the condominium that is individually owned has the same legal attributes as any other form of real estate and may be sold, mortgaged, or leased subject to the restrictions in the Condominium Documents. A condominium project is established by recording a master deed in the office of the register of deeds for the county where the project is located.

Each owner of a condominium will own a lot on which a residence may be built or may already be built (a Unit), to which the Owner receives a warranty deed, and is one of a number of mutual owners of common facilities (the Common Elements) that serve both the Owner's condominium and other condominiums. The Units and the Common Elements are described generally in the Master Deed, and each Unit's boundaries and dimensions are shown in the condominium subdivision plan attached

to the Master Deed. All portions that are not included within the Units constitute the Common Elements and are owned by all Owners in equal undivided proportions. Limited Common Elements are those Common Elements that are set aside for the use of less than all Unit Owners. All other Common Elements are designated as General Common Elements for the use of all Unit Owners.

The interrelationship of individual ownership of Units and joint ownership of common elements requires that certain restrictions be imposed on the use of the Units and the Common Elements for the mutual benefit of all. The restrictions are in the Condominium Bylaws, which are recorded as part of the Master Deed. The Condominium Documents are prepared with the goal of allowing each Owner individual freedom and discretion without permitting any one Owner to infringe on the rights and interests of the group. All Owners must be familiar with and abide by the restrictions if Unit living is to be an enjoyable experience.

3. Description. Millianigan Condominium is a residential condominium in Ontwa Township, Cass County, Michigan developed in a single phase on approximately **seven and a half** acres of land, and contains a maximum of 15 Condominium Units. Millianigan Inc. has not reserved any rights to expand the Condominium Project beyond 15 Units.

All Units are accessible by private roads off of Twilight Street and vary from 1512 to 2507 square feet in size. The utility services available at each Unit include private water and public sewer, available for hookup by laterals from each Unit.

The land, walkways, roads, and landscaping are all General Common Elements, which are owned and used in common by all Owners. Individual Owners also have an exclusive right to use the Limited Common Elements, such as area adjacent to the Channel, Garages and Sheds.

4. Condominium Documents. Millianigan Condominium has been established as a condominium project by the recording of a Master Deed in the Cass County records, a copy of which either has been or will be delivered to a purchaser before closing. The Condominium Bylaws and the Condominium Subdivision Plan, a three-dimensional survey establishing the physical relationship and location of each of the Units are attached as forms to the Master Deed. Other Condominium Documents include this statement and the articles of incorporation and the corporate bylaws of Millianigan Inc. a nonprofit corporation that serves as the association of owners for the Condominium.

The Master Deed contains definitions, the relative value assigned to each Unit for assessment and voting purposes, a description of both the Limited and General Common Elements, and a statement about the responsibility of the individual Owners and of the Association for upkeep and maintenance of the Common Elements.

The Condominium Bylaws contain provisions relating to the operation, management, and fiscal affairs of the Condominium, including authorization for the levy of both regular and special assessment of the Owners to pay for the costs of operation. Restrictions on the ownership, occupancy, and use of Condominium Units are listed in the Bylaws, which also contain provisions allowing the Association to adopt additional rules and regulations governing the use of the Units and the Common Elements.

The Condominium Subdivision Plan contains a survey of the Condominium land showing the location of all roadways, walkways, and common utility systems together with all those other common elements that can be shown on the drawings.

5. Millianigan's Background and Experience. The Condominium was developed by Millianigan, Inc., a Michigan non profit corporation. This corporation was formed in 1979 for the specific purpose of developing, operating and managing Millianigan, a former cooperative and the subject of this current Condominium.

6. Administration of Millianigan Condominium. The responsibility for management and maintenance is vested in the Millianigan Condominium Association, which Millianigan Inc. has incorporated as a nonprofit corporation under Michigan law. Each Unit Owner automatically becomes a member of the Association when that party purchases a Unit in the Project. Each Unit Owner will be entitled to one vote at all meetings of the Association and will share equally with all other owners in the expenses and proceeds of administration.

Additional information about the organization and operation of condominiums in Michigan may be found in the *Condominium Buyer's Handbook*, published by authority of the Michigan Department of Licensing and Regulatory Affairs, a copy of which can be found online.

7. Budget and Assessments. The Condominium Bylaws require that the board of directors adopt an annual budget for the operation of the Project. A copy of this budget is attached to this statement as form A. The amount projected as annual expenses for the Association varies. This amount does not include expenses for utilities or real property taxes, which are billed individually to and must be paid directly by each Owner.

Because the budget must necessarily be prepared in advance, it reflects estimates of expenses based on past experience. These estimates may prove to be inaccurate during actual operations on account of such factors as increases in the cost of goods and services, the need for repair or replacement of Common Elements, and property improvements. If such adjustments should occur, the budget will need to be revised.

The Association's only other source of revenue to fund the budget is by assessment of its members who own Units. For this reason, each Owner must pay an annual assessment that is determined by dividing the balance of the projected budget

expenses by the number of Units in the Project, as established in the Master Deed. This annual assessment must be paid in annual installments on January 01, May 01 and September 01 of each year. Thus, on the basis of the budget attached as form A, the estimated average annual assessment will vary per Unit.

8. Warranties. CAUTION: THERE ARE NO WARRANTIES ON THIS CONDOMINIUM PROJECT OTHER THAN THOSE DESCRIBED IN THIS STATEMENT, AS EXPRESS WARRANTIES ARE NOT PROVIDED UNLESS SPECIFICALLY STATED. YOU, INDIVIDUALLY OR AS A MEMBER OF THE ASSOCIATION, MAY BE REQUIRED TO PAY FOR THE REPLACEMENT OR REPAIR OF ANY DEFECTS IN THIS CONDOMINIUM PROJECT THAT ARE NOT COVERED BY WARRANTY, IF ANY SUCH DEFECTS EXIST. UNDER NO CIRCUMSTANCES WILL DEVELOPER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

9. Escrow Requirements. MCL 559.183 is not applicable since this Condominium is already developed.

10. Restrictions Applicable to the Unit. Owners of Condominium Unit will be bound by various use and occupancy restrictions applying to both the Condominium Units and the Common Elements. For example, there are prohibitions against conducting commercial or quasi commercial activities from any Unit; changing the exterior appearance of any Unit or common element; leasing Units; using firearms, fireworks, or other dangerous projectiles on the Unit property; using or parking recreational vehicles, boats, or trailers outside a closed garage.

It is impossible to paraphrase all the restrictions without risking the omission of some portion that may be of significance to a particular purchaser. Consequently, each buyer should carefully review the Master Deed and Condominium Bylaws to be sure that they do not infringe on an intended use that the buyer feels is important.

11. Enforcement Provisions. Compliance with use restrictions may be enforced by the levy of fines or by legal action seeking damages or an injunction against the offending Owner. The board may also take direct action to correct any condition that violates the Bylaws, may prohibit use of the Common Elements by an Owner in default, or may elect to discontinue furnishing services to the Unit involved on seven days' notice to the Owner in default. If the Owner of a Condominium Unit does not pay assessments when due, the Association may charge reasonable interest or assess late charges from and after the due date. The Association is also given a lien on the Unit, which may be enforced as described above or by foreclosure proceedings in the manner provided by the Condominium Act. Owners should be aware, however, that MCL 559.158 provides that if the holder of a first mortgage or another buyer obtains title to a Unit as a result of foreclosure of that mortgage, the holder of the first mortgage or other buyer is not liable for unpaid assessments against that Unit that had

become due before foreclosure. These unpaid assessments then become common expenses of the Association, which are collectible from all Unit Owners.

12. Insurance. The Condominium documents require that the Association carry fire and extended coverage for vandalism and malicious mischief and liability insurance and worker's compensation insurance (if applicable) with respect to all of the Common Elements. The policies may contain deductible clauses that, in the event of a loss, may result in the Association bearing a portion of the loss. The board of directors is responsible for obtaining the insurance coverage for the Association, and each Owner's pro rata share of the annual Association insurance premiums is included in the Unit assessment. The Association insurance policies will be available for inspection at the address shown on the face sheet of this statement.

The liability insurance coverage provided by the Association will not cover the interior of a Condominium Unit, nor will it protect against any accident or injury that occurs on a Limited Common Element appurtenant solely to a Unit. No casualty insurance coverage will be provided for any building, structure, or other improvement constructed within the perimeters of a Condominium Unit; the contents of any such building, structure, or improvement; or property of a Owner located outside the Unit on the grounds of the Condominium. For that reason, all Owners are cautioned that it is their own responsibility to insure the residential dwelling and its contents.

Each Owner must also obtain personal liability coverage against injury to persons or damage to property resulting from accidents in and about the Owner's Unit, naming the Condominium Association as an additional insured. An insurance agent should be consulted to decide just what coverage will be needed for protection, since without such coverage an Owner will be uninsured for any loss that might occur within the Owner's Unit, to the Owner's property, or to the Owner's guests.

13. Private Drives and Easements. Unnamed private drives, provides access from the Units to Twilight Street. The Condominium Association has been granted a perpetual easement over said unnamed private drives, and the Association will share the cost of maintaining, snowplowing, and improving the same.

These expenses will ultimately be paid by the Owners as a part of their assessed fees. The drives and parking areas are not paved and will require some routine maintenance, although it is impossible to estimate just how much maintenance may be required in any given year as their life expectancy will vary depending on the extent of maintenance provided, type of use, and weather conditions encountered.

The Unit premises will be subject to a number of easements. The Master Deed describes certain reciprocal easements granted to Owners and to the Association. There may also be easements relating to drainage and utilities, which will be described in each title insurance commitment and title insurance policy furnished to buyers.

14. Real Estate Taxes. Real property taxes on the Units in the Condominium are assessed by Ontwa Township. Under Michigan law, such taxes are supposed to be assessed on the basis of 50 percent of true cash value.

Except for the year in which the Condominium is established, real property taxes and assessments are levied individually against each Unit and not against the Association as a whole. These taxes cover both the Unit and its proportionate share of the Common Elements. No taxes or assessments are levied separately against the Common Elements, either general or limited.

It is not possible to determine the amount of real property taxes or assessments that may be levied in subsequent years. Those taxes are a function of both property values and tax rates, which may either rise or fall in response to inflation levels, community needs, and other factors beyond our control.

15. Association's First Right of Refusal and Owner's Right to Transfer Unit. When an Owner desires to sell or transfer a Unit outside of what has been defined as immediate family the Association will have First Right of Refusal to purchase the Owner's Unit. Both the Owner's rights and Association's rights and procedures are specified in more detail in the Bylaws. Prospective Owners are encouraged to familiarize themselves with this provision.

16. Legal Matters. There are no pending proceedings, either legal or administrative, that involve either the Condominium or Millianigan Inc. and its officers and shareholders in their capacity as such, and Millianigan Inc. has no knowledge of any such proceedings that have been threatened in the future. Michael M. Bell, Esq. of Howard & Howard Attorneys, PLLC has served as legal counsel in connection with the preparation of this disclosure statement and other Condominium Documents.

THE MATTERS DISCUSSED IN THIS DISCLOSURE STATEMENT ARE INTENDED TO HIGHLIGHT CERTAIN IMPORTANT FACTS RELATING TO THE CONDOMINIUM ASSOCIATION. BUYERS ARE URGED TO READ ALL CONDOMINIUM DOCUMENTS CAREFULLY AND TO ENGAGE A LAWYER OR ANOTHER ADVISOR IN CONNECTION WITH ANY DECISION TO PURCHASE A UNIT.

17. Form A: MILLIANIGAN CONDOMINIUM ASSOCIATION Estimated Annual Operating Budget* Millianigan will annually pass an approved budget for the upcoming year. The budget will be divided into two categories 1) Essential Items and 2) Non-Essential Items. Examples of Essential Budget Items would be utilities, snow plowing, insurance, maintenance of grounds to name a few. Examples of Non-Essential Items would be capital projects, new equipment purchases, additional social to name a few. Essential Items will be the responsibility of the board to compile annually, non-essential items will be requests generated by membership and voted on by membership for approval according to the By Laws, if passed those items would be included for the specific budget year. The final budget will be a product of both

Essential and Non-Essential Items and will be the equal responsibility of each Unit annually, payable according to the schedule in the By Laws. Members will be given a copy of the approved budget annually for their records and should be considered an attachment to this disclosure statement.