

APPLEGATE TRAILS

A Site Condominium Community
Texas Township, Michigan

DISCLOSURE STATEMENT

Developed By:

AEG Development, L.L.C
dba ALLEN EDWIN HOMES
2186 E. Centre St.
Portage, MI 49002

Applegate Trails is a site condominium project located in Texas Township, Kalamazoo County, Michigan. The project consists of Forty Six (46) residential building sites.

THE CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU OF THE MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES IS DESIGNATED AS THE "ADMINISTRATOR" FOR CONDOMINIUMS BY THE MICHIGAN CONDOMINIUM ACT. THE BUREAU MAKES NO REVIEW OF CONDOMINIUM DOCUMENTS, HOWEVER, NOR ANY RECOMMENDATIONS AS TO THE MERITS OF ANY PROJECT OR 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 APPLICABLE LEGAL DOCUMENTS, AND BUYERS SHOULD READ ALL SUCH DOCUMENTS TO FULLY ACQUAINT THEMSELVES WITH THE PROJECT AND THEIR RIGHTS AND RESPONSIBILITIES RELATING TO THE PROJECT.

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

Effective Date: June 22, 2011

APPLEGATE TRAILS
DISCLOSURE STATEMENT

Table of Contents

	<u>PAGE</u>
Introduction.	4
The Site Condominium Concept.	4
Description of the Project.	5
Legal Documents.	5
Developer's Background and Experience.	6
Administration of the Project.	7
Project Warranties.	8
Escrow Requirements.	9
Budget and Assessments.	9
Use Restrictions and Construction Requirements.	10
Enforcement Provisions.	11
Insurance.	11
Private Drives and Easements.	12
Water and Sewer Facilities and Utilities.	13
Real Estate Taxes.	13
Recreational Facilities.	13
Legal Matters.	14
Operating Budget.	Exhibit A

Development Team.....

Exhibit B

INTRODUCTION

Condominium development in Michigan is governed by a statute called the Michigan Condominium Act, which is Act 59 of the Public Acts of 1978, as amended (the "Act"), and by rules adopted by the Michigan Department of Consumer and Industry Services, the state agency which administers the Act. On the following pages AEG DEVELOPMENT, L.L.C., as Developer of the Applegate Trails project (the "Project"), has set out those material facts about the Project and the persons involved in its development which it believes will satisfy the needs of the typical buyer. This Disclosure Statement, together with copies of the legal documents intended for the creation and operation of the Project, are furnished to each buyer to fulfill the requirement of the Act that the Developer disclose to prospective purchasers the characteristics of the site condominium units which are offered for sale. These documents constitute the only authorized description of the Project and none of the Developer's sales or other representatives are permitted to vary the terms.

THE SITE CONDOMINIUM CONCEPT

"Condominium" is a form of real property ownership. Under Michigan law, the portion of a site Condominium development which is individually owned (the "Unit") has the same legal attributes as any other form of real estate and may be sold, mortgaged or leased subject to the restrictions contained in the condominium documents. A condominium project is established by recording a Master Deed in the office of the Register of Deeds of the County in which the Project is located. Applegate Trails is a "site" condominium project in which the unit which is purchased by an owner, and to which he receives a warranty deed, consists of a building site or "envelope" of land and airspace within which a residential dwelling has been constructed or within which he may construct a residential dwelling of a type and size approved by the Developer and/or the Architectural Review Committee of the Applegate Trails Homeowners Association (the "Association"). Each owner will also own an interest in the private access road and other common facilities (the "common elements") which serve both his unit and other units in the project. 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 as an exhibit to the Master Deed. All portions of the Project which are not included within the units constitute common elements and are owned by all Co-owners in equal shares. Limited Common Elements are those common elements which are set aside for the use of less than all unit owners. All other common elements are designated as General Common Elements.

The interrelationship of individual ownership of units and joint ownership of common elements requires that certain restrictions and obligations be imposed on the use of the units and the common elements for the mutual benefit of all. Such

restrictions and obligations are contained in the Condominium Bylaws which are recorded as part of the Master Deed. All of the condominium documents are prepared with the goal of allowing each Owner a maximum amount of individual freedom and discretion without allowing any one owner to infringe upon the rights and interests of the group at large. All Co-owners and residents must be familiar with and abide by such restrictions if living in a site condominium is to be an enjoyable experience.

DESCRIPTION OF THE PROJECT

Applegate Trails is a residential site condominium project located in Texas Township, Kalamazoo County, Michigan. The Project will include Forty Six (46) residential building sites, sometimes referred to as Units. The Developer is currently in the process of constructing the improvements required to complete the Project. The Project is not expandable.

Each unit in the Project is equivalent to a fully improved building site, with utility service available at the unit boundaries. All units are accessible by public roads.

The land outside of unit boundaries, landscaping and common utility lines, are General Common Elements which are owned and used in common by all Co-owners. Designated individual Co-owners also have an exclusive right to use and responsibility to maintain certain Limited Common Elements of the Project.

LEGAL DOCUMENTS

Applegate Trails has been established as a site condominium project by the recording of a Master Deed in the Kalamazoo County Records, a copy of which will be delivered to each Purchaser at least nine (9) business days prior to closing. The Condominium Bylaws and the Condominium Subdivision Plan, a site, survey and utility plan establishing the physical relationship and location of each of the building sites (Condominium Units) in the Project, are attached as exhibits to the Master Deed. Other Condominium Documents include the Articles of Incorporation, and the Corporate Bylaws of Applegate Trails Homeowners Association, a non-profit corporation which serves as the Association of Co-owners for the Applegate Trails Site Condominium Project.

The Master Deed contains a definition of terms used to describe the Project, the percentage of value assigned to each unit, a general description of both the limited and general common elements constituting the Project, a statement as to the responsibility of the individual owners and of the Association for upkeep and maintenance of the common elements, and the time and manner in which the Project may be expanded. The Master Deed also reserves to the Developer the right to

expand or contract the Project within defined limits and to modify the number, size and location of any units or common elements in the Project which have not been sold or which are not the subject of a binding Purchase Agreement by an amendment or series of amendments to the Master Deed. Such amendments do not require the consent of any owner or mortgagee providing that the changes do not unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute of any unit which adjoins a modified unit or common element.

The Condominium Bylaws contain provisions relating to the operation, management and fiscal affairs of the Project including authorization for the levy of both regular and special assessments of members to pay for the costs of operating the Project. Requirements relating to construction and restrictions on the ownership, occupancy and use of condominium units in the Project are discussed in Articles VII and VIII, which also contain provisions allowing the Association to adopt additional rules and regulations governing the use of the units and the common elements which are not inconsistent with the Condominium Bylaws.

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

DEVELOPER'S BACKGROUND AND EXPERIENCE

The Project is being developed by AEG DEVELOPMENT, L.L.C., a Michigan limited liability company. The Company was formed for the purpose of acquiring lots, acquiring and developing land, and building and selling homes. The Company is affiliated with Allen Edwin Company, which has built a significant number of homes in the Kalamazoo and Portage markets since 1995. The Company expects to utilize Allen Edwin Home Builders, d.b.a. ALLEN EDWIN HOMES, as the primary builder of homes in the Project.

The principals of the Company, and Allen Edwin Company, include three individuals: Gregory A. DeHaan, Scott Sanderson, and James E. Sanderson.

Mr. DeHaan is a licensed real estate broker who has been responsible for the sales and marketing efforts of the Company and Allen Edwin Company since their inception. Scott Sanderson is a licensed builder and is an officer of both the Company and Allen Edwin Company. James E. Sanderson is a retired attorney currently involved in various local businesses.

The names, addresses and previous experience with condominium projects of the developer and of any management agency, real estate broker, escrow agent,

project engineer, attorney and/or other member of the development "team" involved in the Project are described in Exhibit B attached to this Statement.

ADMINISTRATION OF THE PROJECT

The responsibility for management and maintenance of the Project is vested in the Applegate Trails Condominium Homeowners Association (the "Association"), which has been incorporated by the Developer as a non-profit corporation under Michigan law. Each condominium owner automatically becomes a member of the Association when he purchases a unit in the Project. While the Units have been assigned different percentages of value for purposes of funding the operating expenses of the Project, the owner of each Unit is entitled to one equal vote at meetings of the Association.

The Association was formed by certain individuals acting at the request of the Developer. These persons now make up the Board of Directors of the Association and will control its affairs until a new Board of Directors is elected. The composition of the Board as between Developer representatives and non-Developer Co-owners will thereafter be adjusted from time to time under the formula described in Section 3.4 of the Condominium Bylaws. The initial meeting of the members of the Association must be within 120 days after legal or equitable title to 75% of the units which may be created in the Project has been conveyed to non-Developer Co-owners, but in no event later than 54 months after the first conveyance of title to a non-Developer Owner has been made.

Not later than 120 days after conveyance of legal or equitable title to non-Developer Co-owners of one-third of the units in the Project, or one year after the initial conveyance of a unit to such a person, whichever first occurs, two or more persons will be selected from among the non-Developer Co-owners to serve as an advisory committee to the Board of Directors. The advisory committee is intended to function as an informal organization with which the Board can consult on matters concerning the Project. The Board will attempt to meet with the advisory committee at least twice each year. At such meetings, the Developer intends to provide the advisory committee with information about the development of the Project and to receive recommendations from the committee. In the event an advisory committee is formed, the members will be appointed by and serve at the pleasure of the Developer.

The Bylaws of the Association permit the hiring of a professional manager or management company to manage the Project. To date the Developer has not entered into any such management contract. Currently, the management of the Project is being handled by the Developer without charge for its time, although the cost of goods and services purchased and out-of-pocket expenses incurred by the Developer for management purposes are included in the annual budget of the Association

attached as Exhibit A. This arrangement, as well as any formal contract between the Association and the Developer or a management agent or company related to the Developer which might be entered into before the date of the initial meeting of members, is subject to termination at the option of the owners upon their assumption of control of the Condominium, with or without cause.

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 Consumer and Industry Services, a copy of which either has or will be furnished to you by the Developer.

PROJECT WARRANTIES

As described in the Purchase Agreement, the Developer will warrant the workmanship and materials of all units (other than Consumer Products as defined in the Magnuson-Moss Warranty Federal Trade Commission Improvement Act which are included within a purchaser's unit) for a period of one year from the date of occupancy against defects in workmanship and materials. If written notice of defect is given by a unit owner within the warranty period, the Developer will make an inspection of the unit and, where such inspection reveals defects in workmanship and materials, will make reasonable repairs to cure such defects without cost to the Co-owner. The Developer is also responsible for defects in workmanship and materials in the buildings and other common elements of the Project as to which it receives written notice within one year from the date on which construction or installation of the particular common element is completed.

The Developer's warranty does not include alleged defects which are the result of characteristics common to the materials used, such as: warping of wood; fading, chalking or checking of paint due to sunlight; hairline cracks caused by the drying and curing of concrete, stucco, plaster, bricks and masonry; drying, shrinking or cracking of caulking and weather stripping; heaving of cement; snow or ice buildup on roofs causing leakage in a Unit or in the Common Elements; or initial settlement of buildings and/or material shrinkage commonly associated with new construction.

All Developer warranties are freely assignable to subsequent purchasers of a condominium unit. In addition, any warranty given by the manufacturer of an appliance or other manufactured item installed in the condominium unit by the builder or Developer will be assigned to the purchaser of that unit. The Developer makes no other warranties as to such items.

All notices with regard to warranty claims should be sent to the Developer c/o Mr. Scott Sanderson, at the address noted on the Face Sheet of this Statement.

CAUTION: THERE ARE NO WARRANTIES ON THIS CONDOMINIUM PROJECT OTHER THAN THOSE DESCRIBED HEREIN, 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 THE DEVELOPER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

ESCROW REQUIREMENTS

Section 83 of the Condominium Act requires that all reservation deposits received from a prospective purchaser under a Preliminary Reservation Agreement must be deposited in an escrow account with an authorized escrow agent. In the event that the prospective purchaser decides to cancel the Preliminary Reservation Agreement, all such deposits must be refunded to him within three (3) business days after notice of cancellation is received.

Section 84 of the Condominium Act requires that all payments received from a prospective purchaser under a Purchase Agreement must also be deposited in the escrow account, and must be refunded if the Purchase Agreement is canceled within nine (9) business days after receipt by the Purchaser of the Condominium Documents which the Developer is required to furnish under Section 84(a). Upon expiration of such withdrawal period, the Developer may be required to retain sufficient amounts in the escrow account or provide other adequate security as provided in Section 103(b) of the Act to assure the completion of those uncompleted structures and improvements which are labeled "must be built" under the terms of the Condominium Documents.

The Project is a Site Condominium in which all site preparation and improvements will have been completed by the time of closing on most sites. Once such improvements have been completed, the Developer will not maintain any funds in escrow subsequent to the closing date.

BUDGET AND ASSESSMENTS

The Condominium Bylaws require that the Board of Directors adopt an annual budget for the operation of the Project. The Developer will be solely responsible for these expenses through December 31, 2011. Thereafter, these costs will be the responsibility of the Association. The amount projected as expenses of the Association does not include individual expenses for utilities, maintenance or repair of any residential buildings or other improvements located within the

boundaries of a unit, nor for real property taxes on the units, all of which are billed individually to and will be the responsibility of individual unit owners.

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, property improvements, or other items relating to the condominium. If such cost increases should occur, the budget will have to be revised accordingly.

Until such time as enough units have been sold to make the Condominium self-supporting, the Developer is required to supplement the income received by the Association to the extent necessary to keep the budget balanced and the Association "in the black". After the time at which assessments paid by the individual owners are sufficient to support the budget, however, the Developer will be legally responsible only for actual costs incurred by the Association which are directly related to units owned by the Developer. The Association's only other source of revenue to fund the budget is by assessment of its non-Developer members who own units in the project subject to the Bylaw provisions which allow the Association to reduce or eliminate assessments for vacant sites within which no buildings or improvements have yet been constructed.

For this reason, each Co-owner may be required to pay an annual assessment which will be based on the Unit's Percentage of Value, as defined in the Master Deed.

USE RESTRICTIONS AND CONSTRUCTION REQUIREMENTS

Owners of Condominium Units 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, (except for certain activities permitted as home occupations under various limitations set forth in the Condominium Bylaws) making changes in the exterior appearance of any residence or common element, erecting signs or advertising devices of more than 4 square feet in size which are visible from the common elements, using firearms, fire works, or other dangerous projectiles on any part of the condominium property, allowing pets to run loose outside of unit boundaries, or using or parking recreational vehicles, boats or trailers on the condominium property outside of a closed garage, without the prior written permission of the Board of Directors or Managing Agent.

Section 7.3 of the Condominium Bylaws requires that plans and specifications for all residential buildings, structures and improvements be submitted

for approval to the Architectural Review Committee appointed by the Association (which initially will be controlled by the Developer) before any construction is commenced by an Owner within a Condominium Unit. Required construction materials, minimum square footage and other space requirements affecting the residential dwelling to be built, and rules governing the construction of improvements and outbuildings are specified in detail and no plans will be approved which do not comply with these requirements. Section 8.9 also requires Developer approval of plans and specifications so long as the Developer is selling units in the Project. All construction must also comply with building codes and other ordinances of Texas Township.

It is impossible to paraphrase all the restrictions without risking the omission of some portion that may be significant to a particular purchaser. Consequently, each Purchaser should carefully review the Master Deed and Condominium Bylaws to be sure that they do not infringe on an important intended use. None of the restrictions prohibit the Developer from carrying on normal sales activities as long as the Developer is selling units in the Project.

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 which violates the By-laws, may prohibit use of the common elements by an Owner in default, or may elect to discontinue furnishing services to the unit involved upon 7 days notice to the Co-owner in default. If assessments are not paid by the owner of a condominium unit 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 Section 58 of the Michigan Condominium Act provides that if the holder of a first mortgage or other purchaser obtains title to a unit as a result of foreclosure of that mortgage, such holder of the first mortgage or other purchaser is not liable for unpaid assessments which are chargeable against that unit and which had become due prior to foreclosure. These unpaid assessments are common expenses which are collectible from all unit owners.

INSURANCE

The condominium documents require that the Association carry appropriate insurance covering the General Common Elements of the Project. The Association may, (if such coverage is deemed appropriate), obtain casualty insurance covering

certain of the General Common Elements and liability insurance covering such General Common Elements upon such terms and in such amounts as may be deemed appropriate by the Board of Directors. With no significant assets or exposures, the Board may determine that no insurance is required. Such policies may contain deductible clauses, however, so that in the event of a claim which is covered by the policy, the deductible portion must be paid by the Association. Each Co-owner's pro-rata share of the annual Association insurance premium is included in the monthly assessment. The Association insurance policy will be available for inspection at the offices of the Developer, at the address shown on the face sheet of this Statement.

Any liability insurance coverage provided by the Association will not cover the actual residential unit, nor protect against any accident or injury which occurs on a limited common element of the project. 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, nor for property of an owner located outside the unit on the common elements of the Project. For that reason, all owners are cautioned that it is their responsibility to insure the residential dwelling and its contents, together with any improvements bought and paid for by the owner. Each owner must also obtain personal liability coverage against injury to persons or damage to property resulting from accidents in and about his condominium unit or the limited common elements appurtenant to his unit, naming the Applegate Trails Condominium Association as an additional insured. An insurance agent should be consulted in order to decide just what coverage will be needed, since without such coverage an owner would be uninsured for any loss that might occur within his unit, to his property or to his guests.

PRIVATE DRIVES AND EASEMENTS

All roads within Applegate Trails will be public roads, and will be maintained by Kalamazoo County. The Property will also be subject to a number of easements. The Master Deed describes certain reciprocal easements granted to Co-owners and to the Association. A prior owner of the Property granted Consumers Power Company an easement for a utility line installation and maintenance. Easements have been granted for water lines and emergency vehicle access as well. There may also be other easements relating to drainage and utilities which will be described in each title insurance commitment and title insurance policy furnished to buyers.

Until development of the Property has been completed, the Developer has reserved the right to unrestricted use of all roads, drives and walkways of the Condominium, and easements to utilize, tap and tie into, extend and enlarge all utility mains which may be located on Association property without the payment of any charge or fee except for the reasonable cost to the Association of work

performed, utilities consumed and/or maintenance necessitated as a direct result of the Developer's use.

WATER AND SEWER FACILITIES and UTILITIES

Potable (drinking) water will be supplied to the Project by public water mains owned and governed by the City of Kalamazoo. Easements have been provided for such service. The Project, and each unit, will be served by the public sanitary sewer system. Easements have also been provided for such service. Private utilities (gas, electric, telephone and cable television) will be underground and will be designed and installed by each private utility provider. Streetlights will be installed.

REAL ESTATE TAXES

Real Property taxes on the Applegate Trails condominium units are assessed or collected by Texas Township, the Portage School District, KRESA, KVCC, the County of Kalamazoo, and the State of Michigan. Under Michigan law, such taxes are required to be assessed on the basis of fifty percent of true cash value.

Except for the year in which the Project is established, real property taxes and assessments are levied individually against each unit and not against the Project as a whole. These separate taxes and assessments cover both the unit and its proportionate share of the common elements. The Developer has been informed that no taxes or assessments will be levied independently against the common elements, either general or limited.

In the year in which the Project is established or expanded, however, the taxes and assessments for the added property on which new units are to be developed will be billed to the Developer and must be paid by the purchasers of such units on a proportionate basis. The Developer will also contribute its pro-rata share to the payment of such taxes and assessments, based upon the number of units which it owns at the time the taxes fall due.

It is impossible to determine with any degree of accuracy at this date the amount of real property taxes and/or assessments which may be levied in subsequent years, since such taxes are a function of both property values and tax rates which may either rise or fall in response to inflation levels and community needs.

RECREATIONAL FACILITIES

The Developer plans to construct and maintain a recreational pedestrian trail system within the Project.

LEGAL MATTERS

There are no pending proceedings, either legal or administrative, which involve either the Condominium Project or the Developer, its officers or shareholders in their capacity as such, and the Developer has no knowledge as to any such proceedings which have been threatened in the future.

James E. Sanderson, 2186 E. Centre St., Portage, MI 49002 has, in his capacity as a principal in the Developer assisted the Developer in connection with the preparation of this Disclosure Statement and other Condominium Documents. Independent legal counsel has not passed upon the accuracy of the factual matters contained in such documents.

THE MATTERS DISCUSSED IN THIS DISCLOSURE STATEMENT ARE INTENDED TO HIGHLIGHT ONLY A FEW OF THE MORE IMPORTANT FACTS RELATING TO THE PROJECT. BUYERS ARE URGED TO READ ALL CONDOMINIUM DOCUMENTS CAREFULLY AND TO ENGAGE A LAWYER OR OTHER ADVISOR IN CONNECTION WITH ANY DECISION TO PURCHASE A UNIT IN THE PROJECT.

EXHIBIT B

DEVELOPMENT TEAM

<u>Function</u>	<u>Name and Address</u>	<u>Previous Condominium Experience</u>
DEVELOPER	AEG DEVELOPMENT, L.L.C. 2186 E. Centre St. Portage, MI 49002	Yes
MANAGEMENT AGENT	Allen Edwin Company 2186 E. Centre St. Portage, MI 49002	Yes
REAL ESTATE BROKER	Allen Edwin Realty 2186 E. Centre St. Portage, MI 49002	Yes
GENERAL CONTRACTOR	Allen Edwin Company 2186 E. Centre St. Portage, MI 49002	Yes
ESCROW AGENT	Devon Title Agency 800 E Milham Rd Portage, MI 49002	Yes
PROJECT ENGINEER	Ingersall, Watson & McMahon, Inc. 1133 East Milham Rd, Portage, MI 49002	Yes

Applegate Trails Association Budget for 2016

Insurance Expense	\$ 350.00
Irrigation Maintenance	\$ 400.00
Lawn Mowing Expense	\$ 1,800.00
Landscaping Expense	\$ 1,000.00
Fertilization	\$ 1,050.00
Repairs and Maintenance	\$ 150.00
Snow Removal Expense	\$ 13,000.00
Road Salt	\$ 700.00
Utilities Expense	\$ 500.00
Road Repair	\$ -
Applegate Branding Agreement	\$ 4,680.00
Misc. Expense	\$ 400.00
Professional Fees- Accounting	\$ 200.00
Property Management Fees	
 Total Cost	 \$ 24,230.00
 10% Reserve	 \$ 2,423.00
Total	\$ 26,653.00

Lots 111

Total per month per Lot	\$ 20.01
Total per month all Lot's	\$ 2,221.08
Total per year all Lot's	\$ 26,653.00
 Annual	 \$ 240.00
Semi Annual	\$ 120.00
Quarterly	\$ 60.00
Monthly	\$ 20.00

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Pages: 1 of 59 MSDE

ALLEN EDWIN HOMES

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



MASTER DEED

APPLEGATE TRAILS

A Site Condominium Community

(Act 59, Public Acts of 1978)
as amended

Kalamazoo County Condominium Subdivision Plan No. 252

- (1) Master Deed establishing Applegate Trails, a Site Condominium Project.
- (2) Exhibit A to Master Deed: Applegate Trails Condominium By-Laws.
- (3) Exhibit B to Master Deed: Applegate Trails Condominium Subdivision Plan.
- (4) Exhibit C to Master Deed: Affidavit of Mailing as to Notices required by Section 71 of the Michigan Condominium Act.
- (5) Exhibit D to Master Deed: Applegate Trails Condominium Percentage of Value Chart.

No interest in real estate being conveyed hereby, no revenue stamps are required.

This Instrument Drafted by: James E. Sanderson
 AEG Development L.L.C.
 2186 E. Centre St.
 Portage, MI 49002

MASTER DEED

APPLEGATE TRAILS
A Site Condominium Community

(Act 59, Public Acts of 1978)
as amended

This Master Deed is signed on the 21st day of June 2011 by AEG Development, L.L.C., a Michigan limited liability company, d.b.a. Allen Edwin Homes of 2186 East Centre Street, Portage, Michigan 49002 (the "Developer").

PRELIMINARY STATEMENT

A. The Developer is engaged in developing a site condominium project to be known as Applegate Trails (the "Project"), according to development plans on file with Texas Township on a parcel of land described in Article II; and

B. The Developer desires, by recording this Master Deed together with the Condominium By-Laws attached as Exhibit "A" and the Condominium Subdivision Plan attached as Exhibit "B" (both of which are incorporated by reference as a part of the Master Deed), to establish the real property described in Article II, together with the improvements located and to be located on such property, as a site condominium project under the provisions of the Michigan Condominium Act, as amended (the "Act").

C. Upon the recording of this Master Deed, Applegate Trails shall be established as a Condominium Project under the Act and shall be held, conveyed, encumbered, leased, rented, occupied, improved or in any other manner utilized, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations contained in this Master Deed, all of which shall be deemed to run with the land and to be a burden upon and a benefit to the Developer, its successors and assigns, and to any persons who may acquire or own an interest in such real property, their grantees, successors, heirs, personal representatives, administrators and assigns. In furtherance of the establishment of the Project, it is provided as follows:

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Pages: 2 of 59 MSDE

ALLEN EDWIN HOMES

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



ARTICLE I

NATURE OF PROJECT

1.1 Project Description. The Project is a residential site condominium. The first Phase of the Project will include Forty Six (46) building sites (the "Units") which will be developed in the Project, including the number, boundaries, dimensions and area of each Unit, are shown on the Condominium Subdivision Plan. Each such Unit is capable of individual utilization by reason of having its own entrance from and exit to a common element of the Project, or by having access to a public road.

1.2 Co-Owner Rights. Each Co-owner in the Project shall have an exclusive property right to his Unit and to the limited common elements which are appurtenant to his Unit, and shall have an undivided right to share with other Co-owners in the ownership and use of the general common elements of the Project as described in this Master Deed.

ARTICLE II

LEGAL DESCRIPTION

2.1 Condominium Property. The land which is being submitted to condominium ownership in accordance with the provisions of the Act, is described as follows:

A parcel of land situated in the Northwest quarter of Section 13, Town 3 South, Range 12 West, Texas Township, Kalamazoo County, Michigan being more particularly described as follows:

Commencing at the Northwest corner of Section 13, Town 3 South, Range 12 West; thence S 00°29'55" W 629.38 feet along the West line of the Northwest quarter of said Section to the Place of Beginning; thence continuing S 00°29'55" W 307.31 feet along said West line; thence S 89°28'35" E 757.95 feet; thence N 00°31'25" E 121.01 feet; thence S 89°28'35" E 20.00 feet; thence N 00°29'55" E 66.00 feet parallel with said West line of the Northwest quarter; thence S 89°28'35" E 132.00 feet; thence N 00°29'55" E 421.19 feet parallel with said West line of the Northwest quarter; thence S 89°35'22" E 1359.32 feet parallel with the North line of said Northwest quarter of Section 13; thence N 00°42'36" E 22.00 feet parallel with the East line of said Northwest quarter of Section 13; thence S 89°17'24" E 132.00 feet perpendicular with said East line of the Northwest quarter; thence N 00°42'36" E 110.69 feet parallel with said East line of the Northwest quarter to a South line of "Applegate Trails" Condominium according to the Master Deed thereof as recorded as Document No. 2010-008747 in Kalamazoo County Records and designated as Kalamazoo County Condominium Subdivision Plan Number 248; thence continuing N 00°42'36" E 66.00 feet along a South line of said "Applegate Trails" condominium; thence N 89°35'22" W 131.93 feet along a South line of said "Applegate Trails" condominium; thence N 00°24'38" E 132.29 feet along a South line of said "Applegate Trails" condominium to said North line of the Northwest quarter; thence N 89°35'22" W 1689.92 feet along said North line of the Northwest quarter to a point S 89°35'22" E 580.00 feet from said

2011-020689 06/22/2011 03:25:49 PM

Pages: 3 of 59 MSDE

ALLEN EDWIN HOMES

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



Northwest corner of Section 13; thence S 00°29'55" W 629.38 feet parallel with said West line of the Northwest quarter; thence N 89°35'22" W 580.00 feet parallel with said North line of the Northwest quarter to the Place of Beginning. Parcel contains 21.43 acres of land, the West 50.0 being subject to highway easement for South 10th Street.

ARTICLE III

DEFINITIONS

3.1 Definitions. Certain terms are used in this Master Deed and in various other instruments such as, by way of example and not of limitation, the Articles of Incorporation, Association By-Laws, and Rules and Regulations of the Applegate Trails Homeowners Association, a Michigan non-profit corporation, and various deeds, mortgages, land contracts, easements and other instruments affecting the establishment or transfer of interests in the Project. As used in such documents, unless the context otherwise requires:

(a) **Act.** "Act" or "Condominium Act" means the Michigan Condominium Act, which is Act 59 of the Public Acts of 1978, as amended.

(b) **Administrator.** "Administrator" means the Michigan Department of Consumer and Industry Services, which is designated to serve in such capacity by the Act.

(c) **Association.** "Association" or "Association of Co-owners" means Applegate Trails Homeowners Association, the Michigan non-profit corporation of which all Co-owners shall be members, which shall administer, operate, manage and maintain the Project.

(d) **Association By-Laws.** "Association By-Laws" means the corporate By-Laws of the Association organized to manage, maintain and administer the Project.

(e) **Common Elements.** "Common Elements", where used without modification, means the portions of the Project other than the condominium units, including all general and limited common elements described in Article IV of this Master Deed.

(f) **Condominium By-Laws.** "Condominium By-Laws" means Exhibit "A" to this Master Deed, which are the By-Laws setting forth the substantive rights and obligations of the Co-owners.

(g) **Condominium Documents.** "Condominium Documents" means this Master Deed with its exhibits, the Articles and Bylaws of the Association,

2011-020689 06/22/2011 03:25:49 PM

Pages: 4 of 59 MSDE

ALLEN EDWIN HOMES

4

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



the Rules and Regulations adopted by the Board of Directors and any other document which affects the rights and obligations of a Co-owner in the Condominium.

(h) Condominium Property. "Condominium Property" means the land described in Article II, as the same may be amended, together with all structures, improvements, easements, rights and appurtenances located on or belonging to such property.

(i) Condominium Subdivision Plan. "Condominium Subdivision Plan" means Exhibit "B" to this Master Deed, which is the site, survey and other drawings depicting the real property and improvements to be included in the Project.

(j) Condominium Unit. "Condominium Unit", "Unit" or "Building Site" means a single residential building site which is designed and intended for separate ownership and use, as described in this Master Deed.

(k) Co-owner. "Co-owner" means the person, firm, corporation, partnership, association, trust or other legal entity or any combination of such entities who or which own a Condominium Unit in the Project, including the vendee of any land contract of purchase who is not in default under the contract. The term "Owner", wherever used, shall be synonymous with the term "Co-owner".

(l) Developer. "Developer" means AEG Development, L.L.C., a Michigan limited liability company, which has made and executed this Master Deed, its successors and assigns. Both successors and assigns shall always be deemed to be included within the term "Developer" whenever, wherever and however such term is used in the Condominium Documents.

(m) Development and Sales Period. "Development and Sales Period", for purposes of the Condominium Documents and the rights reserved by the Developer and its successors, shall be deemed to continue for as long as the Developer or its successors continue to own and to offer for sale any Unit in the Project.

(n) General Common Elements. "General Common Elements" means those Common Elements of the Project described in Section 4.1, which are for the use and enjoyment of all Co-owners in the Project.

(o) Limited Common Elements. "Limited Common Elements" means those Common Elements of the Project described in Section 4.2, which



are reserved for the exclusive use of the Co-owners of a specified Unit or Units.

(p) **Master Deed.** "Master Deed" means this instrument, together with the exhibits attached to it and all amendments which may be adopted in the future, by which the Project is being submitted to condominium ownership.

(q) **Percentage of Value.** "Percentage of Value" means the percentage assigned to each Unit by this Master Deed, which is determinative of the amount of the annual or special assessments for which a Co-Owner will be responsible, and the proportionate share of each Co-owner in the Common Elements of the Project.

(r) **Percentage of Value Factor.** "Percentage of Value Factor" shall be the number assigned to each Unit as shown on Exhibit D to the Master Deed, or on a subsequently executed and recorded Master Deed, which shall be used in the calculation of the Percentage of Value of each such Unit.

(s) **Project.** "Project" or "Condominium" means Applegate Trails, a residential site condominium development established in conformity with the provisions of the Act, as expanded under Article VI.

(t) **Transitional Control Date.** "Transitional Control Date" means the date on which a Board of Directors for the Association takes office pursuant to an election in which the votes that may be cast by eligible Co-owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

3.2 Applicability. Whenever any reference is made to one gender, it will be assumed to include any and all genders where such reference would be appropriate; similarly, whenever a reference is made to the singular, it will be assumed to include the plural where such reference would be appropriate.

ARTICLE IV

COMMON ELEMENTS

4.1 General Common Elements. The General Common Elements are:

(a) **Land.** The land described in Article II of this Master Deed (except for that portion described in Section 5.1 as constituting a part of a Condominium Unit, and any portion designated in Exhibit B as a Limited

2011-020689 06/22/2011 03:25:49 PM

Pages: 6 of 59 MSDE

ALLEN EDWIN HOMES

6

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



Common Element), including easement interests of the Condominium provided to it for ingress, egress and utility installation over, across and through non-condominium properties and/or individual Units in the Project;

(b) Improvements. The private drive and the common walkways, lawns, trees, shrubs and other improvements not located within the boundaries of a Condominium Unit, or designated as a Limited Common Element on the Condominium Subdivision Plan, as recorded as part of this Master Deed. All structures and improvements located within the boundaries of a Condominium Unit shall be owned in their entirety by the Co-owner of the Unit within which they are located and shall not, unless expressly provided in the Condominium Documents, constitute Common Elements;

(c) Electrical. The street lighting system and the electrical transmission system throughout the Project up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(d) Gas. The natural gas line network and distribution system throughout the Project, up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(e) Storm Drainage. The storm drainage and/or retention system throughout the Project;

(f) Telephone. The telephone wiring system throughout the Project up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(g) Telecommunications. The cable television and/or other telecommunications systems installed throughout the Project up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(h) Water. The underground sprinkling system, and the water distribution system throughout the Project, up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(i) Sanitary Sewer. The sanitary sewer system throughout the Project, up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit



boundaries;

(j) **Entry Improvements.** The entry signage and other improvements located at the entry to the Project;

(k) **Miscellaneous.** All other Common Elements of the Project which are not designated as Limited Common Elements and are not enclosed within the boundaries of a Condominium Unit, and which are intended for common use or are necessary to the existence, upkeep or safety of the Project.

Some or all of the utility lines, equipment and systems (including mains and service leads), and the telecommunications systems described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility and/or telecommunication lines, equipment and systems shall be General Common Elements only to the extent of the Co-owners' interest in them, if any, and the Developer makes no warranty whatsoever with respect to the nature or extent of such interest.

4.2 Limited Common Elements. The Limited Common Elements are:

(a) **Utility Service Lines.** The pipes, ducts, wiring and conduits supplying service for electricity, gas, water, sewage, telephone, television and/or other utility or telecommunication services to or from a Unit, up to and including the point of lateral connection with a General Common Element of the Project or utility line or system owned by the local public authority or company providing the service;

(b) **Subterranean Land.** The subterranean land located within Unit boundaries, from and below a depth of fifteen (15) feet as shown on Exhibit B, including all utility and/or supporting lines located on or beneath such land;

(c) **Footings and Foundations.** The portion of any footing or foundation extending more than fifteen (15) feet below surrounding grade level;

(d) **Yard Areas.** The portion of any yard area designated as a Limited Common Element on the Condominium Subdivision Plan (Exhibit B), which is limited in use to the Unit of which it is a part;

(e) **Delivery Boxes.** The mail and/or paper box located on a Unit or permitted by the Association on the General Common Elements to serve the residence constructed on a Unit;

2011-020689 06/22/2011 03:25:49 PM

Pages: 8 of 59 MSDE

ALLEN EDWIN HOMES

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



(f) **Driveways and Sidewalks.** The portion of any driveway and/or sidewalk located between the Unit and the paved common roadway; and

(g) **Miscellaneous.** Any other improvement designated as a Limited Common Element appurtenant to a particular Unit or Units in the Subdivision Plan attached as Exhibit B or in any future amendment to the Master Deed made by the Developer or the Association.

In the event that no specific assignment of all the Limited Common Elements described in this Section has been made in the Condominium Subdivision Plan, the Developer (during the Development and Sales Period) and the Association (after the Development and Sales Period has expired) reserve the right to designate each such space or improvement as a Limited Common Element appurtenant to a particular Unit by subsequent amendment or amendments to this Master Deed.

4.3 Maintenance Responsibilities. Responsibility for the cleaning, decoration, maintenance, repair and replacement of the Common Elements will be as follows:

(a) **Limited Common Elements.** Except as provided in this subsection, each Co-owner shall be individually responsible for the routine cleaning, snow removal, maintenance, repair and replacement of all Limited Common Elements appurtenant to his Unit. Individual Co-owners shall be responsible for the snow plowing, repair and long-term maintenance of the driveways and sidewalks within their Unit.

(b) **Unit Improvements.** Unit owners shall also be responsible for the maintenance, repair and replacement of all structures and improvements situated within the boundaries of a Unit, including any portions which may extend beyond Unit boundaries up to the paved roadway. If a Co-owner elects, with the prior written consent of the Association, to construct or install any improvements within a Unit or on the Common Elements which increase the costs of maintenance, repair or replacement for which the Association is responsible, such increased costs or expenses may, at the option of the Association, be specially assessed against such Unit or Units.

(c) **Roads; Sidewalk Maintenance.** All private roads shall be maintained at the level required by Texas Township by the Co-owners within the Project or by the Association or the Developer, as the case may be. In addition, five foot wide sidewalks shall be installed by the Developer along one side of each road. All sidewalks shall be maintained (including snow removal) by the Co-owners or the Association or the Developer as the case may be. In the event either the private roads or the sidewalks are not maintained in a manner consistent with Township requirements, Texas



Township is hereby authorized to make such repairs or provide such maintenance as is necessary, with all costs assessed to the Co-owners or the Association.

The exterior appearance of all structures, improvements and yard areas (to the extent visible from any other Unit or from a Common Element), shall be subject at all times to the approval of the Association and to such reasonable aesthetic and maintenance standards as may be prescribed by the Association in duly adopted rules and regulations; provided, that the Association may not disapprove the appearance of an improvement so long as it is maintained as constructed by the Developer or constructed with the Developer's approval.

4.4 Oversight Authority. While it is intended that each Co-owner will be solely responsible for the performance and cost of maintaining, repairing and replacing the residence and all other improvements constructed or located within a Unit, it is nevertheless a matter of concern that a Co-owner may fail to properly maintain the exterior of the residence, improvements or any appurtenant Limited Common Element in a proper manner and in accordance with the standards adopted by the Association.

(a) Maintenance by Association. In the event a Co-owner fails, as required by this Master Deed, the By-laws or any rules or regulations promulgated by the Association, to properly and adequately decorate, repair, replace or otherwise maintain his Unit, any structure or improvement located within the Unit or any appurtenant Limited Common Element, the Association (and/or the Developer during the Development and Sales Period) shall have the right, but not the obligation, to undertake such reasonably uniform, periodic exterior maintenance functions with respect to residences, yard areas or other improvements constructed or installed within any Unit boundary as it may deem appropriate; provided, that the Association (or Developer) will in no event be obligated to repair or maintain any such Common Element or improvement. Failure of the Association (or the Developer) to take any such action shall not be deemed a waiver of the Association's (or Developer's) right to take any such action at a future date.

(b) Assessment of Costs. All costs incurred by the Association or the Developer in performing any maintenance functions which are the primary responsibility of a Co-owner shall be charged to the affected Co-owner or Co-owners on a reasonably uniform basis and collected in accordance with the assessment procedures established by the Condominium By-laws. The lien for nonpayment shall attach to any such charges as in all cases of regular assessments and may be enforced by the use of all means available to the Association under the Condominium Documents or by law for the collection of

2011-020689 06/22/2011 03:25:49 PM

Pages: 10 of 59 MSDE

ALLEN EDWIN HOMES

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



regular assessments, including without limitation, legal action, foreclosure of the lien securing payment and the imposition of fines.

4.5 Power of Attorney. By acceptance of a deed, mortgage, land contract or other instrument of conveyance or encumbrance all Co-owners, mortgagees and other interested parties shall be deemed to have appointed the Developer (during the Development and Sales Period) and/or the Association (after the Development and Sale Period has expired) as their agent and attorney, to act in connection with all matters concerning the Common Elements and their respective interests in the Common Elements. Without limiting the generality of this appointment, the Developer (or Association) will have full power and authority to grant easements over, to sever or lease mineral interests and/or to convey title to the land or improvements constituting the General Common Elements or any part of them, to dedicate as public streets any part of the General Common Elements, to amend the Condominium Documents for the purpose of assigning or reassigning the Limited Common Elements and in general to execute all documents and to do all things necessary or convenient to the exercise of such powers.

4.6 Separability. Except as provided in this Master Deed, Condominium Units shall not be separable from their appurtenant Common Elements, and neither shall be used in any manner inconsistent with the purposes of the Project, or in any other way which might interfere with or impair the rights of other Co-owners in the use and enjoyment of their Units or their appurtenant Common Elements.

ARTICLE V

ESTABLISHMENT AND MODIFICATION OF UNITS

5.1 Description of Units. A complete description of each Condominium Unit in the Project, with elevations referenced to an official benchmark of the United States Geological Survey, is contained in the Condominium Subdivision Plan as surveyed by Ingersoll, Watson & McMachen, Inc., consulting engineers and surveyors. Site plans have been filed with Texas Township. Each such Unit shall include the space located within Unit boundaries from and above a depth of fifteen (15) feet and extending upwards to a height of forty (40) feet above the surface, as shown on Exhibit B and as delineated with heavy outlines, together with all appurtenances to the Unit.

5.2 Percentage of Value. The total value of the Project is 100, and the percentage of such value which is assigned to each of the Forty Six (46) Condominium Units in Phase I of the Project is shown on Exhibit D. The determination of the Percentage of value Factor for each Unit was made by the Developer after reviewing the comparative characteristics of each Unit, including market value, size, location, and allocable expenses of maintenance. The Percentage of Value Factor assigned to each Unit shall be changed only in the manner permitted by Article IX, expressed in an Amendment to this Master Deed and recorded in the

2011-020689 06/22/2011 03:25:49 PM

Pages: 11 of 59 MSDE

ALLEN EDWIN HOMES

1 Timothy A. Snow County Clerk/Register Kalamazoo County, MI



public records of Kalamazoo County, Michigan. The Percentage of Value of an existing unit will be reduced as the Project is expanded to include additional Units or increased as the Project is contracted.

5.3 Unit Modification. The number, size and/or location of Units or of any Limited Common Element appurtenant to a Unit may be modified from time to time by the Developer or its successors without the consent of any Co-owner, mortgagee or other interested person, so long as such modifications do not unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute of any Unit which adjoins or is proximate to the modified Unit or Limited Common Element; provided, that no Unit which has been sold or which is subject to a binding Purchase Agreement shall be modified without the consent of the Co-owner or Purchaser and the mortgagee of such Unit. The Developer may also, in connection with any such modification, readjust Percentages of Value for all Units in a manner which gives reasonable recognition to such changes based upon the method of original determination of Percentages of Value for the Project.

5.4 Conditions Precedent. Unless prior approval has been obtained from the title insurance company issuing policies to Unit purchasers, no Unit modified pursuant to Section 5.3 shall be conveyed until an amendment to the Master Deed reflecting all material changes has been recorded. All Co-owners, mortgagees of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have unanimously consented to any such amendments, and to have granted a Power of Attorney to the Developer and its successors for such purpose which is similar in nature and effect to that described in Section 4.5 of this Master Deed.

ARTICLE VI

EXPANSION OF CONDOMINIUM

6.1 Future Development Area. The Condominium Project established under this Master Deed may be expanded beyond the Forty Six (46) Units provided for herein as Phase I of the Project without the consent of Co-owners. Such additional Units, if any, will be constructed on all or some of the portion of the land described below, or upon subsequently acquired additional land contiguous to such below-described parcel: (the "Future Development")

PARCEL DESCRIPTION APPLEGATE TRAILS FUTURE EXPANSION AREA

A parcel of land situated in the Northwest quarter of Section 13, Town 3 South, Range 12 West, Texas Township, Kalamazoo County, Michigan being more particularly described as follows:

Commencing at the North quarter corner of Section 13, Town 3 South, Range 12 West, Texas

2011-020689 06/22/2011 03:25:49 PM

Pages: 12 of 59 MSDE

1 ALLEN EDWIN HOMES

Timothy A. Snow County Clerk/Register Kalamazoo County, MI



Township, Kalamazoo County, Michigan; thence N 89°35'22" W 2600.54 feet along the North line of the Northwest quarter of said Section 13 to the Northwest corner of said Section 13; thence S 00°29'55" W 936.69 feet along the West line of said Northwest quarter; thence S 89°28'35" E 757.95 feet to the Place of Beginning; thence N 00°31'25" E 121.01 feet; thence S 89°28'35" E 20.00 feet; thence N 00°29'55" E 66.00 feet parallel with said West line; thence S 89°28'35" E 132.00 feet; thence N 00°29'55" E 421.19 feet parallel with said West line; thence S 89°35'22" E 1359.32 feet parallel with said North line of the Northwest quarter; thence N 00°42'36" E 22.00 feet parallel with the East line of said Northwest quarter; thence S 89°17'24" E 132.00 feet perpendicular with said East line; thence N 00°42'36" E 110.69 feet parallel with said East line to a South line of "Applegate Trails" condominium according to the Master Deed thereof as recorded as Document Number 2010-008747 in Kalamazoo County Records and known as Kalamazoo County Condominium Subdivision Plan Number 248; thence S 78°43'43" E 67.14 feet along a South line of said "Applegate Trails" condominium; thence S 89°17'24" E 132.00 feet along a South line of said "Applegate Trails" condominium to said East line of the Northwest quarter; thence S. 00°42'36" W. 2038.04 feet along said East line to the North line of the South 396.00 feet (perpendicular measure) of said Northwest quarter; thence N. 89°29'23" W. 819.74 feet along said North line of the South 396.00 feet to the Northeast corner of "Applegate in the Woods No.9" subdivision according to the plat thereof as recorded in Liber 34 of Plats, Page 3, Kalamazoo County records; thence N. 89°28'44" W. 476.38 feet along the North line of said "Applegate in the Woods No.9" subdivision to the West line of the East half of said Northwest quarter; thence N. 00°36'16" E. 1308.05 feet along said West line of the East half to a line extending S. 89°28'35" E. from said Place of Beginning; thence N. 89°28'35" W. 540.59 feet to the Place of Beginning. Parcel contains 63.83 acres of land.

6.2 Limits on Expansion. The size and location of all such additional Units shall be determined by Developer in its sole discretion. In no event shall the Project be expanded to include more than a total of 250 Units. Such expansion of the Project, and the addition of such additional Units may be undertaken by the Developer, or its successors or assigns, from time to time, within a period ending no later than six (6) years from the date of recording this Master Deed.

6.3 Method of Expansion. The Project may be expanded by recording an amendment to this Master Deed in the manner provided by law, which shall set forth the Percentages of Value for the Project, as expanded, and as determined under Article V above. As Units are added, the Percentage of Value shall be proportionally adjusted in order to preserve a total value of 100 per cent for the entire Project. The precise determination of the Percentage of Value for each Unit and the determination of the Percentage of Value Factor shall be made within the sole discretion of Developer.

6.4 Compatibility. Developer shall exercise its discretion and judgment in assuring that residences permitted on Units created by expansion of the Project are reasonably compatible with the development contemplated under Phase I. In no event shall this provision preclude the construction of attached condominium residences developed pursuant to all applicable regulations, or variance obtained therefrom.

6.5 Developer Retained Rights. In addition, with any such amendment(s) Developer shall have the right to change the nature of any Common Element previously included in the Project for any purpose reasonably necessary to achieve the purposes of this Article, including, but not limited to, the connection of roadways and sidewalks in the Project to any roadways and sidewalks that may be located on, or planned for the Future Development. All of the Co-owners and mortgages of Units and other persons interested or to become interested in the Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing. All such interested persons irrevocably appoint Developer and its successors and assigns as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of re-recording an entire Master Deed or the exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and exhibits hereto; provided, however, that a Consolidating Master Deed, when recorded shall supercede the previously recorded Master Deed and all amendments thereto. Nothing herein contained, however, shall in any way obligate Developer to enlarge the Condominium Project beyond the phase established by this Master Deed, and Developer (or its successors and assigns) may, in its discretion, establish all or a portion of such Future Development as a separate condominium project (or projects) or any other form of development. There are no restrictions on the election of the Developer to expand the Project other than as explicitly set forth herein. There is no obligation on the part of the Developer to add to the Condominium Project all or any portion of the area for Future Development described in this Article VI, nor is there any obligation to add portions thereof in any particular order nor to construct particular improvements thereon in any specific locations.

ARTICLE VII

CONTRACTION OF CONDOMINIUM

7.1 Limits of Contraction. Phase I of the Condominium Project established by this Master Deed consists of Forty Six (46) Condominium Units and may, at the election of the Developer, be contracted to a minimum of Thirty (30) Units.

7.2 Withdrawal of Units. The number of Units in the Project may, at the option of the Developer from time to time within a period ending not later than six (6) years after the initial recording of a Master Deed, be decreased by the withdrawal of all or any portion of the lands described in Article II; provided, that no Unit which has been sold or which is the subject of a binding Purchase Agreement may be withdrawn without the consent of the Co-owner, purchaser and/or mortgagee of such Unit. The Developer may also, in connection with any such contraction, readjust Percentages of Value for Units in the Project in a manner which gives reasonable recognition to the number of remaining Units, based upon the method of original determination of Percentages of Value.

Other than as provided in this Article, there are no restrictions or limitations on the right of the Developer to withdraw lands from the Project or as to the portion or portions of land which may be withdrawn, the time or order of such withdrawals or the number of Units and/or Common Elements which may be withdrawn; provided, however, that the lands remaining shall not be reduced to less than that necessary to accommodate the remaining Units in the Project with reasonable access and utility service to such Units.

7.3 Contraction not Mandatory. There is no obligation on the part of the Developer to contract the Condominium Project nor is there any obligation to withdraw portions of the Project in any particular order nor to construct particular improvements on any withdrawn lands. The Developer may, at its discretion, establish all or a portion of the lands withdrawn from the Project as a separate condominium project (or projects) or as any other form of development. Any development on the withdrawn lands will, however, be residential in character or at least not detrimental to the adjoining residential development.

7.4 Amendment(s) to Master Deed. A withdrawal of lands from this Condominium Project by the Developer will be given effect by an appropriate amendment or amendments to the Master Deed, which amendment(s) will not require the consent or approval of any Co-owner, mortgagee or other interested person. Such amendment(s) will be prepared by and at the sole discretion of the Developer, and may proportionately adjust the Percentages of Value assigned by Section 5.2 in order to preserve a total value of one hundred (100%) percent for the entire Project resulting from such amendment or amendments.

7.5 Additional Provisions. Any amendment or amendments to the Master Deed made by the Developer to contract the Condominium may also contain such provisions as the Developer may determine necessary or desirable: (i) to create easements burdening or benefiting portions or all of the parcel or parcels being withdrawn from the Project; and (ii) to create or change restrictions or other terms and provisions, including designations and definition of Common Elements, affecting the parcel or parcels being withdrawn from the Project or affecting the balance of the Project, as reasonably necessary in the Developer's judgment to enhance the value or desirability of the parcel or parcels being withdrawn from the Project.

ARTICLE VIII

EASEMENTS

8.1 Easements for Maintenance and Repair. In the event that any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to the shifting, settling or moving of a building, or due to survey errors or construction deviations, reciprocal easements shall exist for the maintenance of the encroachment for so long as the

2011-020689 06/22/2011 03:25:49 PM
Pages: 15 of 59 MSDE

15 ALLEN EDWIN HOMES
Timothy A. Snow County Clerk/Register Kalamazoo County, MI



encroachment exists, and for the maintenance of the encroachment after rebuilding in the event of destruction. There shall also be permanent easements in favor of the Association (and/or the Developer during the Development and Sale Period) for the maintenance and repair of Common Elements for which the Association (or Developer) may from time to time be responsible or for which it may elect to assume responsibility, and there shall be easements to, through and over those portions of the land (including the Units) as may be reasonable for the installation, maintenance and repair of all utility services furnished to the Project. Public utilities shall have access to the Common Elements and to the Units at such times as may be reasonable for the installation, repair or maintenance of such services, and any costs incurred in the opening or repairing of any common element or other improvement to install, repair or maintain utility services to the Project shall be an expense of administration assessed against all Co-owners in accordance with the Condominium By-Laws.

8.2 Easements Reserved by Developer. Until the initial sale of all Units in the Project as described in Article I of this Master Deed has been completed, the Developer reserves non-exclusive easements for the benefit of itself, its successors and assigns which may be utilized at any time or times without the payment of any fee or charge other than the reasonable cost of corrective work performed, utilities consumed and/or maintenance required as a direct result of such use:

(a) to use, improve and/or extend all roadways, drives and walkways in the Condominium for the purpose of ingress and egress to and from any Unit or real property owned by it; and

(b) to utilize, tap, tie into, extend and/or enlarge all utility lines and mains, public and private, located on the land described in Article II.

8.3 Developer Responsibility. So long as the Developer owns one or more of the Units in the Project, it shall be subject to the provisions of this Master Deed and of the Act.

ARTICLE IX

AMENDMENT AND TERMINATION

9.1 Pre-Conveyance Amendments. If there is no Co-owner other than the Developer, the Developer may unilaterally amend the Condominium Documents or, with the consent of any interested mortgagee, unilaterally terminate the Project. All documents reflecting such amendment or termination shall be recorded in the public records of Kalamazoo County, Michigan.

9.2 Post-Conveyance Amendments. If there is a Co-owner other than the Developer, the recordable Condominium Documents may be amended for a proper purpose

2011-020689 06/22/2011 03:25:49 PM

Pages: 16 of 59 MSDE

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as follows:

(a) Non-Material Changes. The amendment may be made without the consent of any Co-owner or mortgagee if the amendment does not materially alter or change the rights of any Co-owner or mortgagee of a Unit in the Project, including, but not limited to: (i) amendments to modify the number or dimensions of unsold Condominium Units and their appurtenant Limited Common Elements; (ii) amendments correcting survey or other errors in the Condominium Documents; or (iii) amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective Co-owners, and enabling the purchase of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association and/or any other agency of the federal government or the State of Michigan.

(b) Material Changes. The amendment may be made, even if it will materially alter or change the rights of the Co-owners or mortgagees, with the consent of not less than two-thirds of the Co-owners and mortgagees; provided, that a Co-owner's Unit dimensions or Limited Common Elements may not be modified without his consent, nor may the formula used to determine Percentages of Value for the Project or provisions relating to the ability or terms under which a Unit may be rented be modified without the consent of the Developer and each affected Co-owner and mortgagee. Rights reserved by the Developer, including without limitation rights to amend for purposes of contraction or modification of units, shall not be further amended without the written consent of the Developer so long as the Developer or its successors continue to own and to offer for sale any Unit in the Project. For purposes of this sub-section, a mortgagee shall have one vote for each first mortgage held.

(c) Compliance With Law. Material amendments may be made by the Developer without the consent of Co-owners and mortgagees, even if the amendment will materially alter or change the rights of Co-owners and mortgagees, to achieve compliance with the Act or rules, interpretations or orders adopted by the Administrator or by the Courts pursuant to the Act, or with other federal, state or local laws, ordinances or regulations affecting the Project.

(d) Reserved Developer Rights. A material amendment may also be made unilaterally by the Developer without the consent of any Co-owner or mortgagee for the specific purpose(s) reserved by the Developer in this Master Deed. During the Development and Sales Period, this Master Deed and Exhibits A and B hereto shall not be amended nor shall their provisions be



modified in any way without the written consent of the Developer, its successors or assigns.

(e) **Consolidating Master Deed.** An As Built Amendment shall be prepared and recorded by the Developer as required by the Act when construction of the Project has been completed. Such documents may incorporate changes made by previous amendments, restate some or all of the provisions of this Master Deed and of the Exhibits attached, delete provisions or parts of provisions which benefit the Developer, which have been superseded or the effectiveness of which has expired, and make such further changes as do not materially affect the rights of Co-owners and mortgagees.

(f) **Costs of Amendments.** A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of the prescribed majority of Co-owners and mortgagees or based upon the Advisory Committee's decision, the costs of which are expenses of administration. The Co-owners and mortgagees of record shall be notified of proposed amendments under this Section not less than 10 days before the amendment is recorded.

9.3 Project Termination. If there is a Co-owner other than the Developer, the Project may be terminated only with consent of the Developer and not less than 80% of the Co-owners and mortgagees, in the following manner:

(a) **Termination Agreement.** Agreement of the required number of Co-owners and mortgagees to termination of the Project shall be evidenced by their execution of a Termination Agreement, and the termination shall become effective only when the Agreement has been recorded in the public records of Kalamazoo County, Michigan.

(b) **Real Property Ownership.** Upon recording an instrument terminating the Project, the property constituting the Condominium shall be owned by the Co-owners as tenants in common in proportion to their respective undivided interests in the Common Elements immediately before recording. As long as the tenancy in common lasts, each Co-owner or his/her heirs, successors, or assigns shall have an exclusive right of occupancy of that portion of the property which formerly constituted their Condominium Unit.

(c) **Association Assets.** Upon recording an instrument terminating the Project, any rights the Co-owners may have to the assets of the Association shall be in proportion to their respective undivided interests in the Common Elements immediately before recording, except that common profits shall be



distributed in accordance with the Condominium Documents and the Act.

(d) **Notice to Interested Parties.** Notification of termination by first class mail shall be made to all parties interested in the Project, including escrow agents, land contract vendors, creditors, lien holders, and prospective purchasers who deposited funds. Proof of dissolution must also be submitted to the administrator.

ARTICLE X

ASSIGNMENT OF DEVELOPER RIGHTS

10.1 Right to Assign. Any or all of the rights and powers granted to or reserved by the Developer in the Condominium Documents or by law, including without limitation the power to approve or to disapprove any act, use or proposed action, may be assigned by the Developer to any other entity or person, including the Association. Any such assignment or transfer shall be made by appropriate instrument in writing, and shall be duly recorded in the office of the Kalamazoo County Register of Deeds.

2011-020689 06/22/2011 03:25:49 PM

Pages: 19 of 59 MSDE

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