



FENNER GLEN

FENNER GLEN, A SITE CONDOMINIUM DEVELOPMENT
LAKETON TOWNSHIP, MICHIGAN

Developer:

Fenner Glen, Inc.
175 W. Apple Avenue
Muskegon, Michigan 49440
616.722.1621

title
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Fenner Glen Site Condominium

Section 1

EXPLANATION FORM PURSUANT TO SECTION 84a
OF THE MICHIGAN CONDOMINIUM ACT, AS AMENDED

Section 84a of the Michigan Condominium Act (the "Act") requires a developer to provide copies of the following documents to a prospective purchaser of a condominium unit, other than a business condominium unit:

- (a) The recorded Master Deed;
- (b) A copy of a Purchase Agreement that conforms with Section 84a of the Act, as amended, and that is in a form in which the purchaser may sign the agreement;
- (c) The Condominium Buyers Handbook; and
- (d) A Disclosure Statement relating to the project containing the information required by Section 84a of the Act.

These requirements are designed to enable the purchaser to review the important provisions of the condominium documents.

The Developer has put together a Purchaser Information Booklet for Condominium containing the documents required by Section 84a of the Michigan Condominium Act, as amended, and other documents which may be of interest to prospective purchasers.

Purchaser acknowledges receipt from Developer of a copy of the Purchaser Information Booklet, which includes the following documents for Fenner Glen, a Site Condominium:

- (1) This Explanation Form;
- (2) The Disclosure Statement;
- (3) The recorded Master Deed and Amendment;
- (4) The Condominium Bylaws;
- (5) The Condominium Subdivision Plan;
- (6) The Articles of Incorporation of Condominium Association;
- (7) The Bylaws of Condominium Association; and
- (8) The Escrow Agreement and forms of Preliminary Reservation Agreement and Purchase Agreement.
- (9) The Condominium Buyer's Handbook

Any Purchase Agreement which has been or may in the future be executed between Purchaser and Developer will become binding on the first to occur of (a) the expiration of nine business days from the date set forth below; or (b) the execution of a Purchase Agreement. The calculation of such nine day business period shall not include the date set forth below unless it is a business day. The term "business day" as used in this Acknowledgment means a day other than a Saturday, Sunday, or legal holiday.

A copy of any Purchase Agreement executed between a purchaser and will be given to the purchaser at the time of execution separate and apart from the Purchaser Information Booklet.

The signature of Purchaser upon this Acknowledgment is prima facie evidence that the documents contained in the Purchaser Information Booklet and the Condominium Buyers Handbook were received and understood by Purchaser. This Acknowledgment has been executed by Purchaser on this _____ day of _____, _____.

Receipt of a copy of this Acknowledgment is also acknowledged.

Fenner Glen Site Condominium

Section 10

ESCROW AGREEMENT

This Agreement is entered into this _____ day of _____, _____, between **Fenner Glen, Inc.**, a Michigan corporation of 175 W. Apple Avenue, Muskegon, Michigan 49440 ("Developer") and **First American Title Insurance Company**, a Michigan Corporation of 3130 Glade Street, Muskegon, Michigan 49444 ("Escrow Agent").

Background

A. Developer is establishing a site condominium development known as Fenner Glen, a Site Condominium, ("Fenner Glen") which has been established as a condominium project under the Michigan Condominium Act (Act No. 59, Public Acts of 1978, as amended) (the "Act").

B. Developer is selling units in Fenner Glen and is entering into Preliminary Reservation Agreements and Purchase Agreements (collectively the "Agreements") with Purchasers for such units in substantially the form attached, and the Act and certain Agreements require that certain deposits made under such Agreements be held by Escrow Agent under an Escrow Agreement.

C. The parties desire to enter into such an Escrow Agreement for the benefit of Developer and for the benefit of each purchaser ("Purchaser") who makes a deposit under one or both of the Agreements.

Therefore, in consideration of the mutual promises of the parties set forth in this agreement and other valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

1. **Deposit With Escrow Agent.** Developer shall, after receipt, promptly transmit to the Escrow Agent all sums deposited with it under an Agreement, together with a fully executed copy of such Agreement.

2. **Release of Funds.** The sums paid to Escrow Agent under the terms of any Preliminary Reservation Agreement shall be held and released upon the following conditions:

(a) If either Developer or Purchaser notifies Escrow Agent at any time prior to the execution of a Purchase Agreement by Purchaser of his or her intent to withdraw from a Preliminary Reservation Agreement, Escrow Agent shall immediately return the amount held in escrow to the Purchaser. Upon the return of said deposit, the Preliminary Reservation Agreement shall terminate, and all liability of Escrow Agent under this agreement with respect to the Preliminary Reservation Agreement shall be discharged.

(b) If Developer and Purchaser enter into a Purchase Agreement superseding a Preliminary Reservation Agreement and direct Escrow Agent to continue to hold the deposit in escrow in accordance with its terms, and if they provide Escrow Agent with a copy of the Purchase Agreement, then Escrow Agent shall continue to hold said deposit in accordance with the terms of this Escrow Agreement that pertain to Purchase Agreements.

3. **Release of Funds to Developer.** The sums paid to Escrow Agent under the terms of any Purchase Agreement shall be held and released to Developer or Purchaser only upon the conditions set forth below:

(a) Except as provided in Paragraphs 2(b) and 5, amounts required to be retained in escrow in connection with the purchase of a unit shall be released to Developer pursuant to Paragraph 6 upon completion of all of the following events:

- i. Issuance of a certificate of occupancy for the unit, if required by local ordinance; and
- ii. Conveyance of legal or equitable title to the unit to the Purchaser;
- iii. Receipt by Escrow Agent of a Certificate of Substantial Completion signed by a licensed professional engineer or architect either confirming that those portions of the phase of the project in which the unit being sold is located and which on the condominium subdivision plan are labeled "must be built" are substantially complete or determining the amount necessary for substantial completion thereof.
- iv. Receipt by Escrow Agent of a Certificate of Substantial Completion signed by a licensed professional engineer or architect either confirming that recreational or other facilities which on the condominium subdivision plan are labeled "must be built," whether located within or outside of the phase of the project in which the unit is located, and which are intended for common use, are substantially complete or determining the amount necessary for substantial completion thereof.

(b) If Purchaser under a Purchase Agreement shall default in making any payments required by said Agreement or in fulfilling any other obligations thereunder for a period of 10 days after written notice by Developer to Purchaser, Escrow Agent shall release sums held pursuant to said Agreement to Developer.

(c) If a Purchaser fails to obtain a mortgage, and a mortgage contingency is provided in the Purchase Agreement, Escrow Agent shall release all sums held by it pursuant to said Agreement to Purchaser.

(d) If a Purchaser duly withdraws from a Purchase Agreement prior to the time that said Agreement becomes binding under the General Provisions thereof, then Escrow Agent shall release to Purchaser all of Purchaser's deposits held thereunder. Funds held in the escrow account will be returned to the Purchaser within three business days upon such Purchaser's withdrawal from a Purchase Agreement within the specified period.

4. **Interest.** Escrow Agent shall be under no obligation to earn interest upon the sums held in escrow pursuant to this Agreement. In the event that Escrow Agent and Developer mutually agree that interest is to be earned upon such sums, such interest shall be separately accounted for by Escrow Agent and shall be held in escrow and paid to Developer upon termination of this Escrow Agreement; provided, however, that if this Agreement terminates pursuant to Paragraph 3(c), then such interest, if any, shall be paid to Purchaser.

5. **Release of Funds Based on Adequate Security.** If Developer requests that escrowed funds held pursuant to this Agreement be delivered to Developer prior to the time it would otherwise become entitled, Escrow Agent may release all sums requested if Developer furnishes to Escrow Agent evidence of adequate security such as an irrevocable letter of credit, lending commitment, indemnification agreement, or other security which Escrow Agent determines to be adequate.

6. **Release of Funds Based on Substantial Completion.**

(a) Substantial completion and the estimated cost for substantial completion of the items described in Paragraphs 3(a)(iii) and 3(a)(iv) and in paragraph 7 shall be determined by a licensed professional engineer or architect, as provided in paragraph 6(b), subject to the following:

i. Items referred to in paragraph 3(a)(iii) shall be substantially complete only after all utility mains and leads, all major structural components of buildings, all building exteriors and all sidewalks, driveways, landscaping and access roads, to the extent such items are designated on the condominium subdivision plan as "must be built" are substantially complete in accordance with the pertinent plans therefor.

ii. If the estimated cost of substantial completion of any of the items referred to in subsection 3 (a)(iii) and 3 (a)(iv) cannot be determined by a licensed professional engineer or architect due to the absence of plans, specifications or other details that are sufficiently complete to enable such a determination to be made, such cost shall be the minimum expenditure specified in the recorded Master Deed or amendment for completion thereof. To the extent that any item referred to in subsection 3 (a)(iii) and 3 (a)(iv) is specifically depicted on the condominium subdivision plan, an estimate of the cost of substantial completion prepared by a licensed professional engineer or architect shall be required in place of the minimum expenditure specified in the recorded master deed or amendment.

(b) A roadway, common element, or other improvement shall be deemed to be substantially complete when it can be reasonably employed for its intended use, and shall not be required to be constructed, installed or furnished precisely in accordance with the specifications for Fenner Glen. A certificate of substantial completion shall not be deemed to be a certificate as to the quality of the items to which it relates.

A licensed professional architect or engineer undertaking to make a certification to the Escrow Agent shall be held to the normal standards of care required of a member of that profession in determining substantial completion and the estimated cost of substantial completion, but such architect or engineer shall not be required to have designed the improvement or item or to have inspected or to have otherwise exercised supervisory control thereof during the course of construction or installation of the improvement or item with respect to which the certificate is delivered.

7. **Determination of Amount of Funds to be Released.** Upon receipt of a certificate signed by a licensed professional engineer or architect determining the amount of funds necessary for substantial completion, the Escrow Agent shall release to the Developer all funds in escrow in excess of the amounts determined by the issuer of such certificate to be necessary for substantial completion. In addition, upon receipt of a certificate signed by a licensed professional engineer or architect confirming

substantial completion in accordance with the pertinent plans of an item for which funds have been deposited in escrow, the Escrow Agent shall release to the Developer the amount of such funds specified by the issuer of the certificate as being attributable to such substantially completed item. However, of the amounts remaining in escrow (after such certificate for substantial completion of any remaining items for which funds have been deposited in escrow) only the amount in escrow in excess of such estimated cost to substantially complete shall be released by Escrow Agent to Developer.

8. **Release of Funds by Escrow Agent.** Not earlier than nine months after closing the sale of the first unit in a phase of Fenner Glen for which funds have been retained in escrow pursuant to this Agreement or for which security has been provided under Paragraph 3(a)(iii), Escrow Agent, upon the request of the Association or any interested Co-owner, as defined in the master Deed of Fenner Glen, shall notify the Developer of the amount of funds deposited under Paragraph 3 or security provided under Paragraph 5 for such purpose that remains, and of the date determined under this subsection upon which those funds can be released. In the case of a recreational facility or other facility intended for general common use, not earlier than nine months after the date on which the facility was promised in the Condominium Documents to be completed by the Developer, Escrow Agent, upon the request of the Association or any interested Co-owner, shall notify the Developer of the amount of funds deposited under Paragraph 3 or security provided under Paragraph 5 for such purpose that remains, and of the date determined under this Paragraph upon which those funds can be released. Three months after receipt of a request pertaining to funds described in Paragraph 3, funds that have not yet been released to the Developer may be released by Escrow Agent for the purpose of completing incomplete improvements for which the funds were originally retained, or for a purpose specified in a written agreement between the Association and the Developer entered into after the Transitional Control Date, as defined in the Disclosure Statement for Fenner Glen. The agreement may specify that issues relating to the use of the funds be submitted to arbitration. Escrow Agent may release funds in the manner provided in such an agreement or may initiate an interpleader action and deposit retained funds with a court of competent jurisdiction. In any interpleader action, the circuit court shall be empowered, in its discretion, to appoint a receiver to administer the application of the funds. Any notice or request provided for in this Paragraph shall be in writing.

9. **Status of Escrow Agent.** Escrow Agent in the performance of its duties under this Paragraph shall be deemed an independent party not acting as the agent of the Developer, any Purchaser, Co-owner, or other interested party. So long as Escrow Agent relies upon any certificate, cost estimate, or determination made by a licensed professional engineer or architect, as described in the Act, Escrow Agent shall have no liability whatever to the Developer or to any Purchaser, Co-owner, or other interested party for any error in such certificate, cost estimate, or determination, or for any act or omission by Escrow Agent in reliance thereon. Escrow Agent shall be relieved of all liability upon release, in accordance with this Paragraph, of all amounts deposited with it pursuant to the Act.

10. **Proof of Occurrence.** Escrow Agent may require reasonable proof of occurrence of any of the events, actions, or conditions stated in this agreement before releasing any sums held by it pursuant to any Purchase Agreement to a Purchaser or Developer.

11. **Liability of Escrow Agent.** Upon making delivery of the funds deposited with Escrow Agent pursuant to any of the Purchase Agreements and performance of the obligations and services stated in the Purchase Agreements and or in this agreement, Escrow Agent shall be released from any

further liability under any such Agreement, it being expressly understood that liability is limited by the terms and provisions set forth in such Agreement and in this Agreement, and that by acceptance of this Agreement, Escrow Agent is acting in the capacity of a depository and is not, as such, responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments submitted to it, or the marketability of title to any Unit reserved or sold under any other Agreement except as insured independently through title insurance. It is not responsible for the failure of any bank used by it as an escrow depository for funds received by it under this escrow.

Further, Escrow Agent is not a guarantor of performance by Developer under the Condominium Documents or any Purchase Agreement, and Escrow Agent undertakes no responsibilities whatever with respect to the nature, extent or quality of such performance thereunder or with regard to the conformity of such performance to the terms of such documents, to the plans and specifications for the Project, or to local or state laws.

Except in instances of gross negligence or wilful misconduct, Escrow Agent's liability under this agreement shall in all events be limited to return of the funds to the party or parties entitled thereto retained in escrow (or which were replaced by security) less any reasonable expenses which Escrow Agent may incur in the administration of such funds including, without limitation, reasonable attorney's fees and litigation expenses paid in connection with the defense, negotiation or analysis of claims against it, by reason of litigation or otherwise, arising out of the administration of such escrowed funds, all of which costs Escrow Agent shall be entitled without notice to deduct from amounts on deposit.

12. **Indemnification.** Developer agrees to indemnify and hold harmless Escrow Agent for any loss or damage sustained by Escrow Agent, including, but not limited to, attorneys' fees resulting from any litigation arising from the performance of Escrow Agent's obligations and services, provided such litigation is not a result of Escrow Agent's negligence.

13. **Notices.** All notices required or permitted and all notices of change of address shall be deemed sufficient if personally delivered or sent by registered mail, postage prepaid and return receipt requested, addressed to the recipient party at the address shown below such party's signature to this Agreement or upon any of the other said agreements. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

The parties have caused this Agreement to be executed by their duly authorized officers on the date set forth above.

Witnesses

Developer: Fenner Glen, Inc., a Michigan corporation

By: _____
Christopher L. Kelly, President

Address: 175 W. Apple Avenue
Muskegon, Michigan 49440

Escrow Agent: First American Title Insurance Company, a Michigan Corporation

By: _____
Karen S. Ames, authorized signor

Address: 3130 Glade Street
Muskegon, Michigan 49444

Fenner Glen Site Condominium

Section 11

PRELIMINARY RESERVATION AGREEMENT

FENNER GLEN, A SITE CONDOMINIUM

This Preliminary Reservation Agreement is entered into on the ____ day of _____, _____ between **Fenner Glen, Inc.**, a Michigan corporation, ("Developer") and _____ ("Depositor") with reference to the following facts:

Background

Developer is the developer of a site condominium project known as Fenner Glen, a Site Condominium, consisting of 134 proposed units and located in Laketon Township, Michigan ("Project"). Depositor wishes to reserve a unit in the Project for purchase.

Therefore, in consideration of the mutual promises of the parties set forth in this agreement and other valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

1. **Reservation of Unit.** Developer agrees to reserve Unit No. ____ (the "Unit") in the Project for purchase by Depositor at a purchase price of _____ Dollars (\$_____), plus closing costs. The Unit is indicated on the site plan for the Project, which Depositor acknowledges he or she has examined.
2. **Deposit.** In consideration of such reservation, Depositor agrees to deposit the sum of Two Thousand (\$2,000) (the "Deposit") pursuant to the terms of the Escrow Agreement existing between Developer and First American Title Insurance Company, a Michigan Corporation, of 3130 Glade Street, Muskegon, Michigan 49444 ("Escrow Agent") for the purpose of holding such deposits.
3. **Execution of Purchase Agreement.** Subject to the provisions of Paragraphs 5, 6 and 7, Depositor agrees that, upon request by Developer, he or she will execute and deliver to Developer a formal purchase agreement with respect to the Unit in the standard form of Purchase Agreement employed by Developer for the Project ("Purchase Agreement"). The form and contents of all documents of any nature by which the Project may be established shall be within the sole discretion of Developer, subject only to the applicable laws of the State of Michigan. Any additional deposits required by the Purchase Agreement shall be made as specified therein.
4. **Delivery of Information.** Depositor agrees to submit promptly, upon request by Developer, such personal and financial information as Developer may, in its discretion, require to determine whether Depositor will be preliminarily accepted or rejected for participation in the Project. In the event that Depositor is rejected for participation, this Agreement shall immediately terminate, and the Deposit shall be refunded without further liability on the part of either party. Preliminary acceptance by Developer shall not be deemed final approval for purchase, which right of final approval is reserved as specified in the Purchase Agreement.

5. **Termination by Developer.** If Depositor fails or refuses, for a period of five days after notice to Depositor by Developer requesting either (a) execution and delivery of the Purchase Agreement, or (b) delivery of such personal or financial information as Developer may require, to comply with either of such requests, then this Agreement shall, at Developer's option, terminate and the Deposit shall be refunded in full without further liability on the part of either party.

6. **Termination by Depositor.** If Depositor desires to withdraw his or her reservation at any time prior to execution of the Purchase Agreement, then this Agreement shall terminate immediately upon notice to Developer by Depositor, and the Deposit shall be refunded by the Escrow Agent in full within three business days without further liability on the part of either party.

7. **Development of Unit or Project.** If Developer elects not to proceed with the Project as a condominium, or if Depositor's Unit is eliminated from the Project by Developer, then this Agreement shall immediately terminate, and the Deposit shall be refunded in full without further liability on the part of either party.

8. **Construction of Unit or Project.** The location, design and layout of the Unit to which this Agreement applies and of all other improvements in the Project are to be determined by Developer in its sole discretion.

9. **Not a Purchase Agreement.** This Agreement is not a purchase agreement. No lien of any sort is acquired by Depositor hereunder either upon the Unit or upon the Project, the Project site, or any portion thereof.

10. **Limitation of Liability.** The liability of Developer is at all times limited to the return of the Deposit without interest.

11. **Notices.** All written notices required or permitted under this Agreement and all notices of change of address shall be deemed sufficient if personally delivered or sent by ordinary first-class mail or by registered or certified mail, postage prepaid, and return receipt requested, addressed to the recipient party at the address shown below such party's signature to this Agreement. For purposes of calculating time periods under the provisions of this Agreement, notice shall be deemed to be effective upon mailing or personal delivery, whichever is applicable.

The parties have executed this Agreement as of the _____ day of _____,
_____.

Witnesses:

Developer: Fenner Glen, Inc., a Michigan corporation

By _____
Christopher L. Kelly, President

Address: 175 W. Apple Avenue
Muskegon, Michigan 49440

Escrow Agent: First American Title Insurance Company, a Michigan Corporation

By _____
Karen S. Ames, authorized signor

Address: 3130 Glade Street
Muskegon, Michigan 49444

Depositor -

Address: _____

Fenner Glen Site Condominium

Section 12

**EXHIBIT B
FENNER GLEN, A SITE CONDOMINIUM**

PURCHASE AGREEMENT

BUYER'S CERTIFICATE

WHEREAS, _____ ("Buyer"), on _____, _____, entered into a Preliminary Reservation Agreement and/or Purchase Agreement ("Agreement") with Fenner Glen, Inc., a Michigan corporation ("Seller"), in respect of Unit No. ____ of Fenner Glen, a Site Condominium, a condominium project located in Laketon, Michigan; and

WHEREAS, all amounts received by Seller under such Agreement have been deposited in an escrow account with ("Escrow Agent") in accordance with the Michigan Condominium Act, and pursuant to the terms of an Escrow Agreement between Seller and Escrow Agent; and

WHEREAS, such Escrow Agreement provides that the funds held by Escrow Agent with respect to Buyer shall be released to Buyer only upon satisfaction of certain specified conditions; and

WHEREAS, Buyer, by executing and delivering this Certificate, desires to certify that one of such specified conditions has occurred;

ACCORDINGLY, Buyer certifies to Escrow Agent that all of the conditions indicated by an "X" below have occurred, and Buyer therefore requests that Escrow Agent release to Buyer all funds held in escrow pursuant to the Agreement:

___ **CANCELLATION OF PRELIMINARY RESERVATION AGREEMENT.** Buyer has executed a Preliminary Reservation Agreement, but has not executed a Purchase Agreement, and Buyer has canceled such Agreement.

___ **WITHDRAWAL FROM PURCHASE AGREEMENT.** Buyer has executed a Purchase Agreement, and has withdrawn from such Agreement within the withdrawal period described therein.

___ **MORTGAGE CONTINGENCY.** A mortgage contingency is provided for in the Agreement, and Buyer has failed or has been unable to obtain a mortgage within the period described therein.

___ **FAILURE TO CONVEY TITLE.** Seller has failed to convey good and merchantable title to Buyer within sixty (60) days after the issuance of a title commitment in respect of the unit to be sold to Buyer.

This Certificate has been signed by Buyer on this day of _____, _____.

Buyer

Buyer

STATE OF MICHIGAN)
COUNTY OF MUSKEGON)

The foregoing Certificate was subscribed and sworn to before me this day of _____, _____, by _____ and _____.

Notary Public
County of Muskegon, Michigan
My Comm. Expires:

Fenner Glen Site Condominium

Section 13

WAIVER OF NINE-BUSINESS-DAY PERIOD

The undersigned, having been provided all of the documents required by the Michigan Condominium Act to be provided to purchasers of residential condominium units, knowingly and voluntarily waives their right to the protection provided by the nine business-day right of withdrawal provided by the Michigan Condominium Act. The undersigned desires to close upon their purchase of a condominium unit at Fenner Glen, a Site Condominium, Laketon Township, Michigan, immediately.

The undersigned acknowledges that, but for this Waiver, they would have had nine business days to review the condominium documents for Fenner Glen, a Site Condominium and, at any time within that period, to rescind their agreement to purchase a unit without penalty or loss of funds.

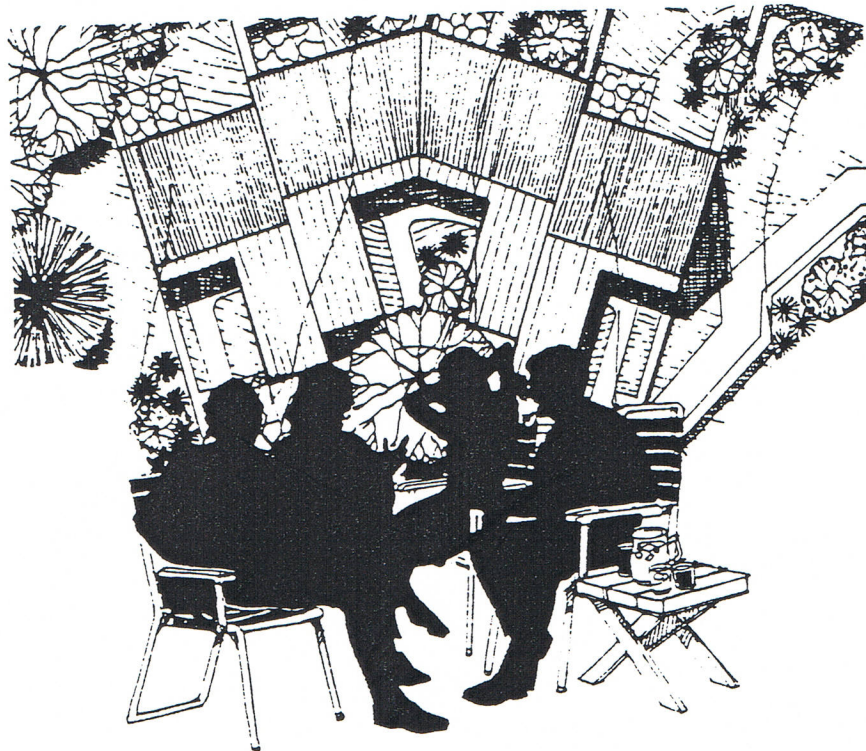
IN WITNESS WHEREOF, the undersigned has executed this Waiver as of this _____ day of _____, 19____

Fenner Glen Site Condominium

Section 14

The Condominium Buyers Handbook

down-to-earth answers to your questions
about the condominium concept in Michigan



Do You Know . . .

- Your rights and responsibilities as a co-owner?
- The developer's background and financial references?
- What's planned for future development in the project?
- The developer's rental policy?
- When the recreation facilities will be completed?
- Who will control the recreation facilities?
- What's included as standard equipment in your unit?
- What's under warranty?
- What costs are included in the monthly assessment?
- When the co-owners will be permitted to vote for directors of the condominium's Association?
- How condominium living differs from other types of residential living?
- The difference between a Preliminary Reservation Agreement and a Purchase Agreement?

You Should Know The Answers To These Questions Before Buying A Condominium

Introduction

The first edition of this booklet was published by the Corporation and Securities Bureau, Michigan Department of Commerce in 1975. Since then, there have been changes in both the condominium industry and the law governing the development of condominiums. On March 14, 1978, a new condominium act, designed in part to provide condominium purchasers more protection than the previous Horizontal Real Property Act of 1963, was signed into law and the handbook was revised to reflect the changes.

On January 17, 1983, an amendment to the Condominium Act (1978, PA 59) became effective. This amendment, P.A. 538 of 1982, changed the law so that condominium developers will no longer file applications with the Department of Commerce for approval of their project before marketing units or establishing the project by recording the condominium documents with the county register of deeds. This latest edition updates the information to include 1982 PA 538 and subsequent amendments.

While the condominium concept has expanded in recent years to include commercial and industrial projects, the information presented in this booklet is directed primarily toward the prospective buyer of a residential condominium. Read this booklet and all documents relating to the particular project carefully so you may make an informed decision.

Keep in mind that most developers have well-earned reputations for honesty, integrity and competence. If a negative factor is encountered in a particular project, it does not necessarily mean the project is unsound or that the developer is unscrupulous. It may be due to an oversight or lack of understanding which can be easily corrected.

In all cases, we recommend that you seek professional assistance from a lawyer or other business advisor before buying a condominium.

What Is a Condominium

You've heard about condominiums, read newspaper ads, or perhaps have a friend or relative who is living in one. Now you are considering the purchase of a condominium unit for yourself.

What, actually, is a condominium?

The word *condominium* comes from a Latin word meaning common ownership or control. Ordinarily it means individual ownership of all the space inside the inner walls of an apartment or house and common ownership of the structures and land. This division between exclusive and common ownership exists regardless of the form or design of the project. The project may take the form of a high-rise, duplex, townhouse, or single family dwelling. In other forms of condominium projects such as mobile homes, campground, or marina, the exclusive ownership may be merely a cube of airspace within which a mobile home, recreational vehicle, or boat is parked or anchored. The common ownership would be the land and improvements such as concrete pads and piers and the utility systems.

The inner space, which you own, is yours to decorate, to maintain, to live in. Usually, everything else in the condominium development—the exterior walls, the land, the common hallways, the recreation facilities—is the common property of everyone who owns a unit and is termed *common elements*.

Limited or General Common Elements

Some of this commonly-owned property, such as your patio or balcony or carport space, is called *limited common elements* and is restricted to use by your family only. In the case of stairways or laundry facilities it may be limited to other families who live in your building, but it remains the common property of all the co-owners in the development. The rest of the common elements—roads, green areas, recreation facilities—are termed *general common elements* and are available for use by everyone in the development. You must read your legal documents carefully to understand which parts of your condominium are designated as limited, or general, common elements.

The co-owners of a condominium are legally organized into an association, which is responsible for governing and maintaining the common elements of the condominium. Each co-owner pays a monthly fee or assessment for these services.

Condo Advantages

Condominiums account for an increasing share of the housing market. There are several reasons for this:

- Condominiums, like single-family homes, offer owners certain tax deductions, appreciate in equity value and (unlike rentals) offer assurance of long-term occupancy.
- Condominiums often are more convenient to shopping and business facilities due to land use patterns, and demand less individual maintenance than single-family homes.
- Condominium projects may contain more recreational facilities (such as swimming pools and tennis courts) than an individual homeowner could reasonably afford.
- Condominiums are an economical and environmentally sound use of land compared to a subdivision containing the same number of living units.

How They Began

Condominiums are not a new concept in housing. The Romans used them and they were popular in the walled cities of the Middle Ages in what is now Western Europe. In the first half of the 20th century other European countries enacted statutes permitting condominiums.

A few condominiums existed in the United States as early as 1947, but they were not legally established in this country until 1961

The concept of condominium housing was first incorporated into Michigan law with the passage of the Horizontal Real Property Act in 1963. Fifteen years later this law proved inadequate to meet the needs of the fast-growing condominium industry and in 1978, a new Michigan condominium law was enacted, PA 59 of 1978. This law, administered by the Corporation and Securities Bureau of the Michigan Department of Commerce, is important to buyers and developers of condominiums in Michigan because it provides safeguards for both parties and outlines the rights and responsibilities of each.

For condominium purchasers it establishes the legal basis for two relationships: (1) between the buyer and the developer of the condominium, and (2) between the owner of a condominium unit and the association of co-owners.

The Buyer and the Developer

Section 21 of the Michigan Condominium Act provides in part that: "A condominium unit located within this state may not be offered for its initial sale in this state unless the offering is made in accordance with this Act or the offering is exempt by rule of the administrator."

P.A. 538 of 1982, effective January 17, 1983, changed the law, in that the developer is no longer required to have a Permit To Take Reservations or Permit To Sell prior to offering condominium units to the public. In addition, developers and associations will no longer be required to obtain approval of amendments to project documents, even though the documents may indicate approval is required.

Under the amended Condominium Act, the developer will be required, unless exempt, to meet a more stringent escrow requirement. The developer is required to create a series of escrow accounts to assure completion of the construction of a phase of a project once sales have started. A licensed architect or engineer would determine if the project was substantially complete or would set the amount of escrow necessary to ensure the developer's ability to complete those portions of the project that must be built.

Advertising and Sales

There are some prohibitions on the content of the developer's advertising, including newspaper ads, radio and television announcements, brochures, material in the sales office, sales presentations, and the housing models themselves.

The developer or salesman cannot advertise or tell you orally

- that your unit will automatically increase in value if you wish to sell in the future;
- that you must act quickly to purchase a unit because of limited availability or because the price will increase, unless this is actually the case;
- that you will receive a discount or savings, or that you will receive "free" goods or services for purchasing a unit, unless this is actually the case.

In a model of the unit, the developer must tell you which items are not standard equipment, such as special flooring, carpeting, ceiling beams, moldings, light fixtures, patios, fences, or other features.

Persons selling condominiums in Michigan are also subject to the rules of the Michigan Department of Licensing and Regulation and are usually required to hold a real estate broker's or salesperson's license.

Preliminary Reservation Agreements and Purchase Agreements

Once you've made up your mind which condominium you want, you will be asked to sign one of the following agreements:

Preliminary Reservation Agreement This agreement will never become a binding sales document. It is not binding on either you or the developer. It simply gives a prospective purchaser the first opportunity to buy a specific unit once the developer has established the project. Many developers use this method to test the market for their project. Since the Preliminary Reservation Agreement can never become a binding sales

document, you must then enter into a Purchase Agreement with the developer, if you decide to buy. However, should you cancel, the developer must refund your money within three business days.

Purchase Agreement This agreement may be the first agreement you sign with the developer or it may follow the use of a Preliminary Reservation Agreement. In either case, this agreement is not binding until nine business days after the developer has delivered the condominium documents to you, as the prospective purchaser. The condominium documents that must be delivered would include:

- the recorded master deed, which would include as attachments the condominium bylaws and condominium subdivision plans
- a copy of the purchase and escrow agreements
- Condominium Buyers Handbook
- Disclosure Statement
- If the project is a conversion, the developer must disclose known information regarding the condition of the building, any building code or other regulation violations, and the year(s) of construction of the building

If you decide not to buy during the nine business day "cooling off" period, you may still request and receive your deposit in full, within three business days of cancellation notification.

If you decide to withdraw after the cooling off period, your deposit may be forfeited. A provision in a purchase agreement for liquidated damages in case of default is limited by the Condominium Act to a reasonable percentage of the purchase price of the condominium unit. The provision does not prevent the developer from recovering actual damages.

If you want to close the transaction immediately without waiting for the nine business day "cooling off" period, you can do so by signing a written waiver. The sale of the unit could then be concluded when the certificate of occupancy is issued to the developer, and other requirements in the purchase agreement are completed.

The agreements and other documents used for the offer and sale of a condominium are different from those used for the offer and sale of conventional real estate. It is important that you seek professional advice or assistance when reviewing the package of documents received before signing a preliminary reservation agreement or purchase agreement. You may also find it necessary to modify an agreement or contract to meet your particular needs or circumstances. You may be subject to a binding purchase agreement before construction begins or is completed.

The Master Deed, Condominium Bylaws and the Disclosure Statement

The condominium documents mentioned in the preceding section—the master deed, condominium bylaws and disclosure statement—contain important information about the project in which you're interested.

The master deed and condominium bylaws, along with the condominium subdivision plans, are the basic documents establishing and describing your condominium and the future operation of the project. These documents must be recorded with the Register of Deeds in the county where the condominium is located.

The disclosure statement contains a summary of important information about the developer's previous experience.

What Percent of the Project Do You Own?

The master deed will designate the percentage of ownership each condominium unit has in the total project. This percentage of value will determine your obligation for payment of assessments and may determine your voting percentage at association meetings. In some instances, the master deed may state that all votes and obligations to pay assessments will be equal. The percentage of value in that case only describes what your percentage of ownership in the total property will be. Read your master deed carefully to determine which method is used. This can be a controversial matter if not fully understood from the beginning.

Read the Fine Print!

Read all these documents carefully. You should be aware of restrictions or covenants which govern the use of your condominium and the surrounding land. Check the master deed and your preliminary reservation agreement or purchase agreement to learn what, if anything, the developer reserves the right to change or modify in the future. The most common reservation is the right to expand or contract the project. Make sure you understand just how the developer plans to do this. Many developers build a small number of units at a time, holding sections of nearby land for other phases or future parts of the condominium. The right to do this is reserved in the master deed. It is important to know what will be built in the vicinity of your condominium.

Other usual reservations are the right to correct survey errors, the right to make changes in the documents that do not materially diminish the rights of the co-owners or mortgagees, the right to assign specific garage or parking space locations at a later date and the right to rent units that are not sold.

You should also inquire about any unusual conditions that might affect the project. If the roads are private, for example, how much will it cost for maintenance? Is there a private water or sewage system? Are there any easements other than public utility easements which might affect the condominium project or your unit?

If your project contains recreational facilities, find out what the developer's financial obligations are for these facilities and the responsibilities of the co-owners for the financing and management of the facilities. Find out if third parties will be using the facilities and when the facilities will be turned over to the association.

Warranties

Most buyers also are interested in the kind of warranty that comes with their condominium. The answer usually is found in the purchase agreement. The developer normally warrants the project against building defects in materials or workmanship for one year. Be sure to find out when the warranty begins and whether it covers building structures, recreational facilities, roads, sidewalks and

shrubbery. Remember that warranties generally cover only new construction. There may be no warranty if you are buying a unit in a conversion project.

Conversions-How Good?

Many conversion projects are offered "as is" to the buyer. Although local authorities may inspect the building's heating, plumbing, and electrical systems, roofing and structure, the developer will not guarantee the project if it is offered "as is." You may want to personally inspect the building for these items.

It is important to be aware when local authorities inspect the building it is to be sure it conforms to construction codes in effect at the time the structure was originally erected or remodeled. This may or may not be up to the current code for new construction depending on the age of the building. Any extensive remodeling done at the time of conversion, however, would have to meet current construction standards.

Pitfalls and Safeguards

Since a condominium is a large investment of your money, ranging from about \$20,000 to more than \$150,000, it is important that you be fully informed before you buy. And, beyond being fully informed about the condominium itself, the single most important step you can take before you buy is to *know your developer* before entering into a binding agreement. The two things you should be looking for in a developer are competence and integrity. Ask about the developer's previous experience. The disclosure statement will list the names and addresses of projects with which the developer has been associated. Visit those projects and talk to the people who live in them. If people are already living in the condominium project you are considering, discuss the project and the developer with them.

The "pitfalls" mentioned here represent problems a person could conceivably encounter in the purchase of a condominium. The "safeguards" describe steps one can take to avoid them.

1. *Pitfall*—Yielding to a high pressure sales pitch by signing contracts or agreements which you do not fully understand.

Safeguard—Do not take a chance on losing your investment. Carefully review all documents and seek professional assistance.

2. *Pitfall*—Falling for a sales pitch which emphasizes the advantages of equity buildup and maintenance-free living, but does not point out the responsibilities of owning a condominium.

Safeguard—Do not be gullible; get all the facts and weigh them. Owning a condominium is not the same as renting an apartment where you can rely on the landlord to maintain your building. You and other co-owners are your own landlords and will be collectively responsible for arranging for the upkeep of your project.

3. *Pitfall*—Entering into a binding purchase agreement which does not depend on your being able to obtain a mortgage commitment or acceptable financing.

Safeguard—Do not sign a binding purchase agreement until you have arranged your financing or unless the agreement specifies that it is dependent upon your ability to obtain a mortgage commitment for the condominium you wish to buy. Otherwise you could lose your deposit as liquidated damages if you are unable to obtain financing.

4. *Pitfall*—Assuming that you will have to pay only the purchase price before moving into your condominium.

Safeguard—Determine in advance the total amount due at the time you complete the deal. In addition to the purchase price, you may have to pay settlement or closing costs. Some developers also charge advance assessments which are due at closing. Find out if your developer does this and determine how the advance assessments will be used.

5. *Pitfall*—Relying on verbal promises regarding such matters as when your unit will be ready for occupancy, warranties, stability of monthly assessments and items the developer will install.

Safeguard—Do not rely on verbal promises. If you are promised something, insist that it be put in writing and signed by the person who made the promise. If you have been given a date when your condominium will be ready, find out if the date has been given on a firm commitment basis (that it will be ready on that date no matter what), or if the date is subject to change under certain conditions (strikes, material shortages or other reasons). If you are shown a model unit, find out what items will be included in your unit and be sure they are written into the purchase agreement.

6. *Pitfall*—Assuming that you will not be able to hear your neighbor because your condominium has been "sound conditioned."

Safeguard—Sound conditioning is not the same as sound proofing. Sound conditioning merely means that the developer has taken some steps to reduce the transmission of sound between units—not to eliminate it.

7. *Pitfall*—Deciding to purchase a unit in a "conversion" condominium project because "they don't make 'em like they used to and the price is right."

Safeguard—Purchase price savings can be quickly used up through high assessments. When buying a condominium in a structure which has been converted from an existing building, keep in mind that you will not only become the owner of a unit, but also a joint owner of the furnace, roof, pipes, wires and other common elements. Ask for a copy of an architect or engineer's report on the condition of all building components and their expected useful life. Ask to see copies of the building maintenance records for preceding years. Find out what improvements the developer has made. Do not be misled by a fresh coat of paint and new carpeting. Find out what, if any, warranties remain.

The Buyer and the Association

When you take title to your unit, you automatically become a co-owner and a voting member of the co-owners' association formed to administer the affairs of the condominium. The association is usually a non-profit corporation. The value of each vote is normally determined by the percentage of value given to each living unit and is stated in the master deed. However, voting and the obligation to pay assessments may not necessarily be equal, and this fact also must be stated in the master deed and condominium bylaws.

Who's in Charge?

The association is governed by a board of directors appointed by the developer until the first annual meeting. This initial meeting of the co-owners to elect members to the board of directors may take place one year or more after the master deed is recorded. The provisions for holding the annual meeting and designating the voting procedures are included in the condominium bylaws, along with other information about the operation of the association. The condominium bylaws are attached to and incorporated by reference in the master deed you receive when you buy a condominium. The bylaws should be read carefully as they may contain complete provisions outlining your rights as an owner as well as the scope of activities permitted co-owners of the project during the transition.

Before the first annual meeting of the association, the developer may have the ability to amend the condominium bylaws so long as the amendment does not materially affect the rights of the co-owners. If units are still being sold after the first association meeting, the developer votes and pays assessments as any other co-owner.

Associations Have Bylaws, Too!

The association also operates under its own bylaws, in addition to the condominium bylaws. Association bylaws provide for the operation of the association as a non-profit corporation including details regarding officers, directors, meetings, order of business, and so forth.

Responsibilities and Rights

The Association

The association usually is responsible for maintenance of the outside of the condominium units, such as hallways, lobby, building exterior, lawn care, snow removal, trash pick-up, street maintenance (if the roads are private), and operation of the common elements, including the recreation facilities, heating plant, water or electric systems. These jobs are done through a management firm or manager hired by the association, by employees hired directly by the association, or, in some cases, by co-owners themselves.

The association sets fees for the maintenance of those common elements which fall under its responsibility as stated in the master deed or other condominium documents and may increase the charges. Special assessments may be made by the board of directors to cover capital improvements, but generally any substantial increase in the monthly assessment must first be approved by a vote of the co-owners. The condominium bylaws often set the dollar limit on what may be approved by the board of directors without a vote of the co-owners.

The condominium bylaws also provide methods for settling disputes concerning interpretation or application of the master deed, bylaws, management agreement or between co-owners, between co-owners and the association, or between the association and the management firm.

The Co-owners

While the association is responsible for maintaining the common elements of the condominium, you are responsible for the maintenance and upkeep of your unit interior.

There may be restrictions on your use of your unit that can be enforced by the association. They include such things as: restrictions on pets; selling or renting your unit to someone of your choice; willing it to another person. Check for these in the condominium bylaws.

The association also sets rules for use of the recreational facilities and other common elements. It may require approval of repairs or structural modifications you wish to make in your unit. If

you mortgage your unit, you must notify the association of the name of the lender who is holding the mortgage, and the association may inform the mortgage holder of unpaid assessments due from you for your unit. Late charges and other penalties for non-payment of assessments are also common provisions found in the condominium bylaws.

All condominium associations created and operating under the Condominium Act must make provisions for a reserve fund to be used for major repairs and replacement of common elements. Ultimately, the co-owners must determine whether the amount kept in the reserve account is adequate for their project.

and More Questions . . .

Some additional questions often asked by prospective buyers are:

- What does the monthly assessment include?
- If I don't use all the facilities, why do I have to pay for them?
- What happens regarding unpaid monthly assessments if a co-owner defaults?

The monthly assessment varies from one development to another, but generally includes repairs and maintenance costs, insurance, reserve funds, management costs and upkeep for recreation facilities. You should receive a disclosure statement itemizing the budget at the time you are given the master deed.

If the project is a conversion—that is, converted from rental housing to condominium ownership—the developer should report actual past costs of maintenance and repairs and taxes from previous years and how they compare with the proposed budget. Remember, however, that the project may be assessed differently for tax purposes when it is converted, which could mean a tax increase.

The monthly assessment is considered as a lien on the condominium and you cannot exempt yourself from paying it, whether you use all the facilities provided or not.

If a co-owner loses a condominium unit through foreclosure to a lender, the lender is not liable for assessments charged to the unit and still owing. The unpaid assessments will be allocated among all of the units, including the foreclosed unit.

What to Do If You Have a Complaint

A reputable developer is interested in dealing with you fairly if you have problems with your condominium. It is in the developer's best interest to create satisfied owners, and, therefore, the majority of your questions and complaints usually can be handled by direct communication and negotiation between the two of you.

Ask your developer for the name, address and telephone number of the person within its organization to contact when you have a complaint.

If your project was established after the Condominium Act amendments took effect in 1983, your purchase agreement should contain wording that explains your right to take any claims against the developer, which involve \$2,500.00 or less, before the American Arbitration Association.

There are procedures to follow if you are not satisfied with the construction of the development, or you think you have been misinformed by a condominium sales representative, or you are in disagreement with the practices of the co-owners' association, or if some other problem does arise.

If your difficulty is with the developer, first contact the developer by letter. If no response is received within 15 days after the developer receives a certified, return receipt requested letter, contact:

1. For Construction Defects:

- A. Your local building inspector
- B. Michigan Department of Commerce,
Bureau of Commercial Services, Enforcement Division,
P.O. Box 30018, Ottawa Building North,
Lansing, MI 48909
Telephone: (517) 373-9153

2. For Sales Misrepresentations of licensed residential builders, salespeople or real estate brokers:

Michigan Department of Commerce,
Bureau of Commercial Services, Enforcement Division,
P.O. Box 30018, Ottawa Building North,
Lansing, MI 48909
Telephone: (517) 373-9153

3. Actions Regarding Purchase Agreement or Master Deed:

Corporation and Securities Bureau
Michigan Department of Commerce,
P.O. Box 30222, Lansing, Michigan 48909
Telephone: (517) 334-6203

If you have a complaint with the association at the time it is controlled by the co-owners or with other co-owners, check the condominium bylaws to find out what recourse you have. Neither the Corporation and Securities Bureau nor other state agencies generally have jurisdiction over complaints between these parties.

The Condominium Act now provides in Section 145 that upon receipt of an oral or written complaint with respect to a developer of a condominium project, the Corporation and Securities Bureau shall forward a copy of the complaint to the affected developer, and shall mail a notice of the available remedies to the complainant. At the end of this handbook is a section entitled, "Available Remedies Under the Condominium Act."

The jurisdiction of certain agencies such as the Michigan Department of Licensing and Regulation may be limited to complaints filed within a specific period of time after construction or sale. For this reason it is important that you pursue any complaints quickly and be able to back up any claims.

Remember:

The best protection in buying a condominium is your own common sense. Follow these steps and you should enjoy condominium ownership:

1. Know Your Developer.
2. Read and Know the Contents of Your Condominium Documents.
3. Get Sales Promises in Writing.
4. Don't Submit to High Pressure Sales Tactics.
5. Get the Answers to the Questions in This Book.

What the Words Mean

Assessment (Operating)

Proportionate share of the budgeted annual cost which is paid as a monthly charge to maintain the common areas and elements of a condominium and to maintain a sufficient reserve fund to assure financial stability.

Assessment (Special)

An assessment made for some special purpose or because of inadequate budgeting of operating expenses.

Association of Co-Owners

All of the co-owners acting as a group in accordance with the master deed and bylaws for the administration of the project. The co-owner can exercise voting rights in the association.

Condominium Bylaws

The operation of the property is governed by a set of bylaws which are recorded with the master deed. The bylaws impose certain duties and obligations on the co-owners and the association such as timing of meetings, record keeping, and determination and collection of assessments.

Association Bylaws

The association bylaws set forth the operating procedures for the association.

Common Interest

The percentage of undivided interest in the common elements apportioned to each unit as expressed in the master deed.

Co-Owner

A person who buys a unit in a condominium project becomes a co-owner. A co-owner owns a divided interest in the unit purchased, which may be a fee simple interest or a land contract vendee's interest, and has an undivided co-interest in all the common property in the condominium project.

Default

The failure to meet certain contractual obligations, such as monthly payments or maintenance of the property.

Easement

An easement in a condominium refers to the right of use under, across or over the land and improvements in the condominium, such as the sewer pipe or utility easement running beneath the surface of the land, the right to walk over a parking area or over the lobby area and stairways, and the right to have the utility lines running through the walls of a building.

Escrow Funds

Subscription deposits or downpayments required to be held unused, until the condominium project is recorded and titles are conveyed to each buyer.

Liability and Hazard Insurance (Association)

Insurance to protect against negligent actions of the co-owners association and damages caused to property by fire, windstorm, and other common hazards. This policy differs from the homeowner's personal insurance on the unit and furnishings.

Lien

A claim recorded against a property as security for payment of a just debt.

Limited Common Element

Those common elements designated in the Master Deed and reserved for the use of a certain unit to the exclusion of other units, such as hallways on a given floor reserved for the use of the apartment owners on that floor, carports, patios, or balconies.

Master Deed

The basic document used in the creation of a condominium, describes the division of the project into units and common elements.

Mortgage Commitment

The written notice from the bank or other lender saying that it will advance the mortgage funds in a specified amount to enable one to buy the unit.

Reserve Funds (Replacement)

Funds which are set aside usually in escrow from monthly association assessments to replace common elements, such as roofs, at some future date.

Taxes

Local real estate taxes are levied on the individual units and not on the condominium association.

Undivided Interest

In condominium law, the joint ownership of common areas in which the individual percentages are known but not applied to separate the areas physically. This situation is similar to the joint ownership of an automobile or home by husband and wife.

Available Remedies Under The Condominium Act

Section 145 of the Act provides that at a minimum, a purchaser would have the following remedies available to resolve a complaint:

1. The right to bring an action under Section 115 of the Act.

Section 115 provides a person or association of co-owners adversely affected by a violation of, or a failure to comply with, the Act, Rules promulgated under the Act, or any provision of an agreement or a Master Deed, may bring an action for relief in a court of competent jurisdiction. This section provides that the court may award costs to the prevailing party. The section also provides that under certain circumstances, the court may award damages to the purchaser because of the developer's actions.

A purchaser or association of co-owners considering this remedy should consult with their legal advisor.

2. The right to arbitration under Section 144 of the Act. Section 144 provides:

“(1) A contract to settle by arbitration may be executed by the developer and any claimant with respect to any claim against the developer that might be the subject of a civil action.

- (2) At the exclusive option of the purchaser, co-owner or person occupying a restricted unit under section 104b, a contract to settle by arbitration shall be executed by the developer with respect to any claim that might be the subject of a civil action against the developer, which claim involves an amount less than \$2,500.00 and arises out of or relates to a purchase agreement, condominium unit, or project.

- (3) At the exclusive option of the association of co-owners, a contract to settle by arbitration shall be executed by the developer with respect to any claim that might be the subject of a civil action against the developer, which claim

arises out of or related to the common elements of a condominium project, if the amount of the claim is \$10,000.00 or less.

- (4) The period of limitations prescribed by law for the bringing of a civil action shall apply equally to the execution of a contract to settle by arbitration under this section.
- (5) All costs of arbitration under this section shall be allocated in the manner provided by the arbitration association.
- (6) A contract to settle by arbitration under this section shall specify that the arbitration association shall conduct the arbitration.
- (7) The method of appointment of the arbitrator or arbitrators shall be pursuant to reasonable rules of the arbitration association.
- (8) Arbitration under this act shall proceed according to sections 5001 to 5065 of Act No. 236 of the Public Acts of 1961, being sections 600.5001 to 600.5065 of the Michigan Compiled Laws, which may be supplemented by reasonable rules of the arbitration association.
- (9) An arbitration award shall be binding on the parties to the arbitration.”

A purchaser or association of co-owners considering this remedy should consult with their legal advisor.

3. The right to lodge a complaint pursuant to Article 5 of the Occupational Code (Section 501 to 522 of 1980 P.A. 299).

A condominium developer may be required to be a licensed residential builder under the Occupational Code. Complaints concerning construction would be filed with the Department of Licensing and Regulation, Complaint Division, P.O. Box 30018, Lansing, Michigan 48909.

4. The right to initiate an investigation or bring an action under the Michigan Consumer Protection Act, 1976 P.A. 331.

This is an Act to prohibit certain methods, acts, and practices in trade or commerce; to prescribe certain powers and duties; to provide for certain remedies, damages, and penalties; to provide for the promulgation of rules; to provide for certain investigations; and to prescribe penalties.

Complaints may be filed with the Department of Attorney General, Consumer Protection Division, 525 West Ottawa, Lansing, Michigan 48913. Complaints may also be filed with the Prosecuting Attorney in the county in which the condominium project is located.

A purchaser or association of co-owners considering this remedy may wish to consult with their legal advisor.

5. The right to notify the appropriate enforcing agency of an alleged violation of the State Construction Code, other applicable building code, or construction regulations. The term "enforcing agency" is defined in the State Construction Code, 1972 P.A. 230, as the local building official.

This handbook is published as a general guide for people who are considering buying a condominium. It is not intended as a substitute for the Michigan Condominium Act (1978 P.A. 59), or for the rules of the Corporation and Securities Bureau that pertain to condominiums, or for the specific condominium documents of any development.

For information re condominiums:

Department of Commerce
Manufactured Housing Division
Condominium Division
Attn: Diane Wade
1-517/334-6203

For copies of The Condominium Buyers Handbook contact:

Speaker, Hines & Thomas
Attn: Janet
3366 Remy Drive
Lansing, MI 48906
Telephone: 517/321-0740