

## **EVANS LANDING CONDOMINIUMS DISCLOSURE STATEMENT**

Developed by:

Rowhouse Environment, LLC,  
2000 The Bluffs  
Toledo, OH 43615

Evans Landing Condominiums is a residential condominium project located in the City of Luna Pier, County of Monroe, Michigan. The project, consisting of seventy-two (72) site residential units, is being constructed in three (3) phases with completion of the last phase expected by the fall of 2008.

The administration of condominiums in Michigan is the responsibility of the Corporation, Securities, and Land Development Bureau; Michigan Department of Consumer and Industry Services; 6546 Mercantile Way; P.O. Box 30222; Lansing, Michigan 48909. The department has not undertaken to pass on the value or merits of the development or to make any recommendations regarding the purchase of units in the development.

This disclosure statement is not a substitute for the master deed, the condominium by-laws, or other applicable legal documents. Buyers should read all such documents to fully acquaint themselves with the project and their rights and responsibilities relating to it. It is recommended that buyers consult an attorney or other professional advisor before purchasing a condominium unit.

Effective Date: August 1, 2003

Prepared By: Developer

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## **EVANS LANDING CONDOMINIUMS DISCLOSURE STATEMENT**

### **INTRODUCTION**

Condominium development in Michigan is governed largely by a statute called the Michigan Condominium Act, MCLA 559.101 et seq., MSA 26.50(101) et seq., and by rules adopted by the Michigan Department of Consumer and Industry Services, the state agency that administers the act. In this document, Rowhouse Environment, LLC, as the developer of Evans Landing Condominiums, states the material facts about the project and the parties involved in its development that it believes will satisfy the needs of the average 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 condominium units that are offered for sale. These documents constitute the only authorized description of Evans Landing Condominiums, and none of the developer's sales agents or other representatives may vary the terms.

### **THE CONDOMINIUM CONCEPT**

A condominium is a form of real property ownership. Under Michigan law, a condominium unit has the same legal attributes as any other form of real estate and may be sold, mortgaged, or leased subject to the restrictions in the condominium documents. A condominium project is established by recording a master deed with the register of deeds of the county where the project is located.

Each owner of a condominium unit in Evans Landing Condominiums, or co-owner, owns a cubicle of air which will include thirty-five (35) feet above and ten (10) feet below the finished grade and the building residence located therein, for which the co-owner receives a warranty deed. A co-owner is one of a number of mutual owners of common facilities, the common elements, that serve both the co-owner's unit and other units in the project. The units and the common elements (which are legally inseparable from the units) are generally described in the master deed. Each unit's boundaries are shown in the condominium subdivision plan, which is attached as an exhibit to the master deed. All parts of the project that are not included within the units constitute the common elements and are owned by all co-owners in undivided proportions equal to the percentages of value assigned to each unit in the master deed. Limited common elements are those common elements that are set aside for the use of less than all unit owners. All other common elements are general common elements. Some of the exterior elements of a unit, while owned by a co-owner, shall be maintained by the association.

The relatively close proximity of residents dictates that certain restrictions and obligations be imposed on each owner for the mutual benefit of all. Such restrictions are stated in the condominium bylaws, which are recorded as part of the master deed. All the condominium documents are prepared with the goal of allowing each co-owner a maximum amount of individual freedom without allowing any one owner to infringe on the rights and interests of the group at large. All co-owners and residents must be familiar with and abide by the restrictions if a condominium project is to be an enjoyable place to live.

### **DESCRIPTION OF THE PROJECT**

Evans Landing Condominiums is a residential condominium project located in Luna Pier, County of Monroe, Michigan. The project is being developed in three (3) phases on approximately five (5) acres of land and will contain seventy-two (72) residential units.

All units in the project are constructed on three (3) floors (garage floor included) with two (2) bedrooms, an enclosed garage, and an individual entry. Walkouts are available as an option where the terrain permits. All units shall have a separate furnace, hot-water heater. Central air-conditioning is an option.

The land outside a unit, walkways, drives and landscaping located outside a unit, common utility systems, and any recreational joint facilities are all general common elements, owned and used in common by all co-owners. Individual co-owners also have exclusive rights to use the limited common elements of the

project, such as parking areas, driveways, decks, and stoops if located outside a unit.

#### **LEGAL DOCUMENTS**

Evans Landing Condominiums has been established as a condominium project pursuant to a master deed recorded in the Monroe County records, a copy of which will be delivered to all purchasers prior to closing. The master deed includes the condominium bylaws as Exhibit "A" and the condominium subdivision plan, a three-dimensional survey establishing the physical relationship and location of each of the units in the project, as Exhibit "B". Other condominium documents include the articles of incorporation, the corporate bylaws of the association of co-owners, and the rules and regulations of the association.

The master deed contains the definitions of terms used in the legal documents, the percentage of value assigned to each unit, a general description of both the limited and the general common elements, and a statement about the responsibilities of the individual owners and of the association for maintaining the common elements. The master deed also reserves to the developer the right to expand the project within defined limits and to modify the number, size, style, and location of any units or common elements in the project that are shown as "proposed" in the subdivision plan, by an amendment or a series of amendments to the master deed. Such amendments do not require the consent of any owner or mortgagee as long as the changes do not unreasonably impair or diminish the appearance of the project or the view, privacy, or other significant attribute of any unit that adjoins a modified unit or common element.

The condominium bylaws contain provisions relating to the operation, management, and fiscal affairs of the condominium, including, in Article V, provisions relating to both regular and special assessment of the members to pay for the costs of operating the project. Restrictions on the ownership, occupancy, and use of condominium units in the project are listed in Article VII, together with provisions allowing the association to adopt additional rules and regulations governing the use of the units and the common elements.

The condominium subdivision plan contains a survey of the condominium land showing the location of all units and utilities.

#### **THE DEVELOPER'S BACKGROUND AND EXPERIENCE**

The project is being developed by Rowhouse Environment, LLC, a Michigan limited liability company. This company was formed in April of 2003. Two (2) members of the company have backgrounds in the building industry and are licensed builders under the laws of the State of Michigan. Evans Landing Condominiums is the company's first endeavor in condominium development in Michigan.

#### **ADMINISTRATION OF THE PROJECT**

The responsibility for managing and maintaining the project is vested in the Evans Landing Condominiums Association, Inc. which has been, or soon will be, incorporated by the developer as a nonprofit corporation under Michigan law. Each condominium owner automatically becomes a member of the association when the person purchases a unit in the project. The owner of each unit is entitled to one vote at all meetings of the association.

The association was formed by the developer. The principals of developer now make up the board of directors of the association and will control its affairs until a new board of directors is elected by the owners. This election will take place at the initial meeting of the members of the association, which must be held within one hundred twenty (120) days after legal or equitable title to twenty five percent (25%) of the units in the project has been conveyed to nondeveloper co-owners but no later than fifty four (54) months after the first conveyance of title to such a nondeveloper co-owner. The composition of the board of developer representatives and nondeveloper co-owners will be adjusted from time to time under the formula stated in the condominium bylaws.

No later than one hundred twenty (120) days after the conveyance of legal or equitable title to nondeveloper 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 occurs first, three persons will be selected from among the nondeveloper

co-owners to serve on 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 Evans Landing Condominiums. The board will attempt to meet with the advisory committee at least twice each year. At these meetings, the developer intends to provide the advisory committee with information about the development of the condominium and to receive recommendations from the committee. When 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 it to hire a professional manager or a management company to manage the project. The developer has not entered into any such management contract. At present, the management of the project is being handled by the developer without charge for its time, but 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. If an interim arrangement for outside management of the condominium should become necessary before the initial meeting, any contract between the association and the developer, a management agent, or a company related to the developer would be subject to termination, with or without cause, at the option of the owners when they assume control of the condominium.

#### **PROJECT WARRANTIES**

As described in the purchase agreement, the developer warrants the work and materials of all units (other than consumer products, as defined in the Magnuson-Moss Warranty Federal Trade Commission Improvement Act, that are included within a purchaser's unit) for one year from the date of occupancy. If a unit owner notifies the developer in writing of a defect before the warranty period expires, the developer will inspect the unit and, if the inspection reveals defects in work or materials, will make reasonable repairs to fix the defects without cost to the co-owner. The developer is also responsible for defects in work and materials in the buildings and other common elements of the project about which it receives written notice within one year after the particular common element is completed.

The developer's warranty does not include alleged defects that result from characteristics common to the materials used, such as the warping of wood; the fading or checking of paint due to sunlight; hairline cracks caused by the drying and curing of concrete, stucco, plaster, bricks, or masonry; the drying, shrinking, or cracking of caulking and weatherstripping; the heaving of cement; snow or ice buildup on roofs causing leakage in a unit or in the common elements; or the initial settlement of buildings or material shrinkage commonly associated with new construction.

All the developer's 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 developer will be assigned to the purchaser of that unit. The developer makes no other warranties about such items.

All notices regarding warranty claims should be addressed to the developer, c/o Mark Nowakowski, Member, at the address noted on the first sheet of this statement.

There are no warranties on this condominium project other than those described in this statement; 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. Under no circumstances will the developer be liable for incidental or consequential damages.

#### **ESCROW REQUIREMENTS**

MCLA 559.183, MSA 26.50(183) requires that all reservation deposits received from prospective purchasers under preliminary reservation agreements must be deposited in an escrow account with an authorized escrow agent. If a prospective purchaser decides to cancel the preliminary reservation agreement, the purchaser's deposit must be refunded within three business days after the notice of cancellation is received.

MCLA 559.184, MSA 26.50(184) provides that all payments received from prospective purchasers under purchase agreements must also be deposited in the escrow account and must be refunded if the purchase agreement is canceled within nine business days after the purchaser receives the condominium documents that the developer must give the purchaser under MCLA 559.184a, MSA 26.50(184a). When the withdrawal period expires, the developer must retain sufficient amounts in the escrow account or provide other adequate security as provided in MCLA 559.203b, MSA 26.50(203b) to ensure the completion of the uncompleted structures and improvements labeled "must be built" in the condominium documents.

Units 1-28 (buildings 1-3) of the project have been designated "must be built" in the master deed, and additional buildings and units will be similarly designated as construction progresses. Sufficient funds will therefore need to be retained to ensure completion of all utility mains and leads, and all sidewalks, common area, landscaping, and access roads appurtenant to these "must be built" units.

#### **BUDGET AND ASSESSMENTS**

The condominium bylaws require that the board of directors adopt an annual budget for operating the project. The initial budget was formulated by the developer to provide for the normal and reasonably predictable expenses of administering the project, including a reserve for the replacement of major structural components of the buildings and other common elements as needed in the future. A copy of this budget is attached to this statement as Exhibit "A". The amount projected as expenses for the 2003-2004 year is Two Thousand Dollars (\$2,000.00), which does not include expenses for gas, interior electric, or telephone services, which are individually metered and must be paid directly by each co-owner.

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

The developer is responsible for actual costs that the association incurs that are directly related to units that the developer is constructing. In addition, the developer must pay a pro rata share of certain administration costs, such as legal and accounting fees, liability insurance premiums, and the maintenance of access roads, that are not related to construction, as described in Article V, provision five (5) of the condominium bylaws. The association's only other source of revenue to fund the budget is the assessment of its members who own completed units.

Each co-owner must therefore pay an annual assessment which is determined by dividing the projected budget expenses by the number of completed units in the project. This assessment must be paid in twelve (12) equal monthly installments on the first day of each month. Thus, under the budget attached as exhibit A, the average monthly assessment for each of the seventy-two (72) units of the project will be approximately One-hundred Dollars (\$100.00) per unit.

To provide working capital, each purchaser must pay to the association at the closing both the pro rata share of the current monthly assessment for the unit and an additional sum equal to two months' assessments for the association reserves. The reserve deposit is not refundable and will not apply as a credit against any future monthly installments or annual assessments. The board of directors may also levy special assessments to cover expenses that are not anticipated in the budget, as permitted by Article V, provision two (2) of the condominium bylaws.

#### **RESTRICTIONS**

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 restrictions on the maximum number of individuals who may reside in a unit and prohibitions against altering the structure or the exterior appearance of any unit or limited common element; parking recreational vehicles, boats, and trailers on the

condominium property; renting units for less than prescribed periods of time; and keeping pets without written permission from the board of directors of the association.

It is impossible to paraphrase all the restrictions without risking the omission of some restriction that might be significant to a particular purchaser. Consequently, each buyer should carefully review the master deed and condominium bylaws to be sure that an important intended use is not restricted. None of the restrictions prohibit the developer from carrying on sales activities as long as the developer is selling units in the condominium.

#### **ENFORCEMENT PROVISIONS**

Compliance with use restrictions may be enforced by the levy of fines or by a legal action seeking damages or an injunction against the offending owner. The board may also take direct action to correct any condition that violates the bylaws or elect to discontinue furnishing services to the unit involved on seven days' notice to the co-owner in default. If an owner does not pay monthly assessments when they are due, the association may charge the owner reasonable interest or assess late charges from the due date. The association is also given a lien on the unit that may be enforced as described above or by foreclosure proceedings as provided by the Michigan Condominium Act. Owners should be aware, however, that MCLA 559.158, MSA 26.50(158) provides that if the holder of a first mortgage or other purchaser obtains title to a unit as the result of a foreclosure of that mortgage, the holder of the first mortgage or a subsequent purchaser is not liable for unpaid assessments for that unit that became due before the foreclosure. Such unpaid assessments are common expenses that are collectible from all unit owners.

#### **INSURANCE**

The condominium documents require that the association carry fire and extended coverage insurance for vandalism and malicious mischief and liability insurance and worker compensation insurance (if applicable) for all the common elements of the project. Such policies may contain deductible clauses, which may result in the association bearing part of a loss. The board of directors is responsible for obtaining this insurance coverage for the association, and each co-owner's pro rata share of the annual association insurance premiums is included in the monthly assessment. The association insurance policies will be available for inspection at the offices of 2000 The Bluffs, Toledo, OH 43615 (telephone 419-843-2222).

The insurance coverage provided by the association will not cover the units. Coverage will not include property of an owner that is located outside the unit on the grounds of the project or on a limited common element appurtenant to a unit. All owners are cautioned, therefore, that it is their responsibility to insure their units (including subsequently acquired appliances and fixtures), their contents, and any improvements 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 around the owner's condominium unit. An insurance agent should be consulted to decide what coverage will be needed. Without such coverage, an owner is uninsured for any loss that occurs within the owner's unit or to the owner's property or guests.

#### **PRIVATE DRIVES AND EASEMENTS**

Center Third Street and Harold Drive, public streets, pass adjacent to the project and provide access to other public streets and highways serving. As public streets, they are maintained and plowed by the City of Luna Pier.

However, all private parking areas within the project, as well as open parking areas and walkways, are general common elements of the project and must be cleared, maintained, and repaired as needed by the condominium association. Expenses for these services will ultimately be paid by the co-owners as part of their monthly assessment fees. The drives and parking areas are asphalt and will require some routine maintenance, although it is impossible to estimate just how much maintenance might be required in any given year since their life expectancy will vary depending on the type of use, weather conditions, and degree of maintenance.

The condominium premises will also be subject to a number of easements. The master deed describes certain reciprocal easements granted to co-owners and to the association. There are various easements relating to drainage and utilities, which will be described in each title insurance commitment and title insurance policy furnished to buyers.

Until the development of the land described in the master deed has been completed and all seventy-two (72) units have been constructed, the developer has reserved the right to unrestricted use of all roads, driveways, and walkways of the condominium and easements to use, tap into, extend, and enlarge all utility mains on association property without any charge or fees except for the reasonable cost to the association of work performed, utilities consumed, and maintenance necessitated as a direct result of the developer's use.

#### **REAL ESTATE TAXES**

Taxes on the condominium units are assessed by the City of Luna Pier, Monroe County, and the Mason Consolidated School District. Under Michigan law, taxes must be assessed on the basis of fifty percent (50%) of true cash value. During the year when the condominium master deed is initially recorded, real property taxes on all newly constructed units will constitute an administration expense to be shared by the co-owners of the units in proportion of their percentages of value. In that initial year, the association will receive one tax bill, which it must pay and reallocate to the individual co-owners of these units. The developer will contribute to the payment of these taxes its proportionate share for those units that it owns when the taxes become due. In subsequent years, each co-owner will receive an individual tax bill for the co-owner's unit. At this time it is impossible to accurately determine the amount of real property taxes for subsequent years, since those taxes are a function of both property values and tax rates, either of which can rise or fall.

#### **RECREATIONAL FACILITIES**

The developer does plan to construct certain recreational facilities, i.e. pond and fishing pier.

#### **LEGAL MATTERS**

There are no pending proceedings, either legal or administrative, that involve either the condominium project or the developer and its officers and members in their capacity as such, and the developer has no knowledge of any such proceedings that might be threatened.

Gressley, Kaplin & Parker, LLP, of 324 Washington Street, Monroe, MI 48161 have served as legal counsel in connection with the preparation of this disclosure statement and the other condominium documents. Legal counsel has not passed on the accuracy of the factual matters in these 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 another adviser in connection with the purchase of a unit in the project.

**EXHIBIT "A"**  
**EVANS LANDING CONDOMINIUM ASSOCIATION**

**ESTIMATED OPERATING BUDGET\***  
**(2002-2003)**

	<u>Total Annual</u>	<u>Per Unit Annual</u>
Insurance	\$15,000.00	\$ 500.00
Snow removal	4,750.00	158.34
Exterior maintenance	4,050.00	135.00
Lawn care	6,200.00	206.66
Management & accounting fee	2,000.00	66.66
Reserve for replacement	<u>4,000.00</u>	<u>133.34</u>
Total annual maintenance charge	\$36,000.00	\$1,200.00
Monthly maintenance charge†	\$100.00	

\* Estimated by Developer on the basis of seventy-two (72) completed units.

† In the initial year of the condominium, the real property taxes will be billed to the developer and divided among the unit owners on the basis of their percentages of value, so this charge will be in addition to the estimated monthly charge noted above. Beginning with the second year, real property taxes will be assessed and charged directly to each condominium owner and paid individually by each owner. Water, sewer, and trash removal will be billed individually to each owner by the City of Luna Pier or independent contractor.



**COPY**

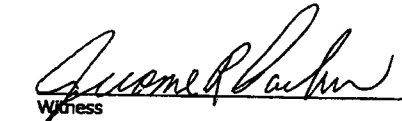
**EXHIBIT "C"**

**AFFIDAVIT**

The undersigned, being duly sworn, hereby swears, attests and avers that it has mailed the Notices required under MCLA Section 559.171, and MSA Section 26.50 (171) in compliance with the Michigan Condominium Act, with respect to the formation and sale of the condominiums more commonly known as Evans Landing Condominiums, developed in the City of Luna Pier, Monroe County, Michigan.

Further affiant sayeth not.

**ROWHOUSE ENVIRONMENT, LLC,**  
a Michigan limited liability company

  
Witness

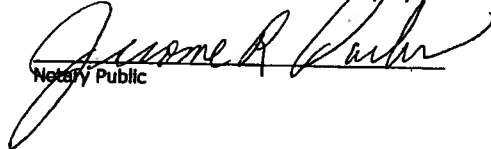
By:   
Mark Nowakowski, Member

\_\_\_\_\_  
Witness

By:   
Alan Nowakowski, Member

State of Ohio, County of Lucas, ss:

The foregoing instrument was acknowledged before me this 30th day of JANUARY, 2003, by Mark Nowakowski and Alan Nowakowski, all of the members of Rowhouse Environment, LLC, a Michigan limited liability company, on behalf of said company.

  
Notary Public

This instrument prepared by:  
Gressley, Kaplin & Parker, LLP  
324 Washington Street  
Monroe, Michigan 48161  
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