

DISCLOSURE STATEMENT

MEADOWBROOK RESIDENTIAL SITE CONDOMINIUM PROJECT

(Clinton County Condominium Subdivision Plan No. 13)

DEVELOPER: HDI Development Company

Meadowbrook is a Residential Site Condominium Project consisting of up to 150 Site Units, located in Bath Township, Clinton County, and Meridian Township, Ingham County, Michigan. The Condominium Units consist of a building site together with access to and an undivided interest in the Common Elements of the Project. The Project is served by roadways dedicated to the public and maintained by Clinton County, as well as private roadways constituting Common Elements and maintained by the Association. The maximum size of the project is 150 Units. The minimum size of the Project is 81 Units. All of the Units committed to the Project are described in the Master Deed and/or First Amendment to Master Deed to which this Disclosure Statement relates.

The effective date of this Disclosure Statement is: August 6, 1999.

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

IT IS RECOMMENDED THAT PROFESSIONAL ASSISTANCE BE SOUGHT FROM AN ATTORNEY OR OTHER APPROPRIATE ADVISOR PRIOR TO PURCHASING A CONDOMINIUM UNIT.

THIS DISCLOSURE STATEMENT IS REQUIRED BY THE MICHIGAN CONDOMINIUM ACT BUT IS NOT REQUIRED TO HAVE BEEN, AND CONSEQUENTLY, HAS NOT BEEN, FILED WITH THE CORPORATION AND SECURITIES BUREAU, MICHIGAN DEPARTMENT OF COMMERCE, 6546 MERCANTILE WAY, LANSING, MICHIGAN 48913; NOR HAS THE DEPARTMENT UNDERTAKEN TO PASS ON THE VALUE OR MERITS OF THE DEVELOPMENT OR TO MAKE ANY RECOMMENDATIONS AS TO THE PURCHASE OF UNITS IN THIS DEVELOPMENT.

I

INTRODUCTION

This Disclosure Statement is required by Michigan Law. Condominium developments in Michigan are governed largely by a series of Michigan Public Act which, taken together, are called the "Condominium Act" or the "Act" (Act 59 of Michigan Public Acts of 1978, as amended by Act 538 of the Michigan Public Acts of 1982, and Act 113 of the Michigan Public Acts of 1983). This Disclosure Statement, together with copies of the legal documents required for the creation and operation of the Condominium Project (which are referred to as the "Condominium Documents"), are furnished each

purchaser pursuant to the requirement of Michigan Law that the Developer of a Condominium Project disclose to prospective purchaser the characteristics of the Condominium Units which are offered for sale. '

The Condominium and Living Care Division of the Corporations and Securities Bureau of the Michigan Department of Commerce administers the laws under which condominium projects are developed in this State. This Department is not required, to and has not undertaken to pass on the value or merits of the Condominium Development or to make any recommendations as to the purchase of Units in this Development.

II THE CONDOMINIUM CONCEPT

A. In General. The term "condominium" designates a type of ownership of real property. A condominium unit is a form of real property. A condominium unit has the same legal attributes as any other form of real property under Michigan Law and, accordingly, may be sold, mortgaged or leased, subject only to such restrictions as are contained in the Condominium Documents or are otherwise applicable to the property.

Various types of condominium developments including, but not necessarily being limited to, residential, business, marina and mobile home developments, are contemplated by the Condominium Act. This Project is a residential site condominium project.

Each owner receives a deed to his individual condominium unit. In addition to his individual condominium unit, each owner owns an undivided interest in the common facilities ("Common Elements" or "Common Areas") which service the Project. Title to the Common Elements is included in and is inseparable from title to the individual condominium units. A Co-owner's proportionate share of the Common Elements is determined by the Percentage of Value assigned to his Unit in the Master Deed, as described subsequently.

What the condominium unit consists of is described specifically in the Master Deed. All portions of the Project not included within the Units, or dedicated as roadways to the public, constitute the Common Elements. Common Elements may be "general" Common Elements or "limited" Common Elements. Limited Common Elements are those Common Elements which are set aside for use by less than all Unit Co-owners. General Common Elements are all Common Elements other than Limited Common Elements. Because there are Common Areas and because the law requires it, the Project is administered generally by a non-profit association, the Condominium Association, of which all Co-owners are members. In Meadowbrook, the Condominium Association will be a not-for-profit Michigan corporation. The nature and duties of the Association are described more specifically in the Master Deed and Condominium Bylaws, which are also the bylaws for the not-for-profit

corporation and are summarized subsequently in this Disclosure Statement.

As indicated, the term "condominium" denotes a form or type of ownership of real property and the Condominium Units have all the same attributes of real property as any other piece of real property. Except for the year in which the Project is established, or in which an Expansion Amendment is recorded, real property taxes and assessments are levied individually against each Unit in the Project. The separate taxes and assessments cover the Unit and its proportionate share of the Common Elements. No taxes or assessments are levied independently against the Common Elements. In the excepted years, the taxes and assessments for the Units covered by the original Master Deed or Expansion Amendment are billed to the Association and are then paid by the Co-owners of such Units in proportion to the Percentage of Value assigned to the Units owned by them.

The Condominium Act provides for considerable flexibility in development of a condominium project. Each project is different and the details of each development may vary substantially. While what is stated above and below is generally accurate, each purchaser is urged to carefully review all of the actual documents involved which will be furnished to you by the Developer. Any purchaser having questions or concerns pertaining to the legal aspects of this Project is advised to consult his own attorney or other professional advisor. Any purchaser having other questions relating to the Development is urged to have those questions answered to his satisfaction by the Developer or its representatives, or other professional advisor.

B. Condominium Building Sites. Meadowbrook Condominiums, while offering all the ownership attributes of any other condominium, is unique in that the Condominium Units in the Project consist of individual vacant land building sites serviced by all required and necessary utilities in an area specifically zoned by the Township of Bath for this type of project and which Units are fully accessible by public roadways through a Common Area in which a Co-owner will have an undivided interest. The Condominium Units and the Common Elements in this Project do not include the buildings, structures and improvements which may be constructed on the Condominium Sites. Each Condominium Unit consists of the land included within the boundaries depicted in the Condominium Subdivision Plan attached as Exhibit "B" to the Master Deed and First Amendment to Master Deed. A prospective purchaser, to understand the nature of his purchase, needs to understand the condominium concept in general and the specific nature of the Meadowbrook Residential Site Condominium Project.

While the Michigan Condominium Act contemplates condominium projects of various types, including marina and mobile home condominium sites, the more traditional form of residential or business condominium project consists of the interior enclosed air

space within a building, with the Co-owners having fee title to that interior air space and an undivided interest in the building and other improvements which are usually considered part of the common facilities or Common Elements of the Project. In the more traditional form of condominium project, the Common Elements include the exterior structural components and like elements between the exterior and interior walls. In the more traditional condominium project, the land surrounding the buildings in which the Condominium Units are located, are also part of the Common Areas in which all Co-owners have an undivided interest.

In Meadowbrook Residential Site Condominium, each Co-owner holds absolute fee title to his building site unit, and will have the same interest in any building or other improvements located within the boundaries of his Condominium Unit, together with an undivided interest in a Common Areas accessible to and designed to benefit all Units in this Project. As such, Meadowbrook Residential Site Condominium is more analogous to a marina or mobile home condominium project than the more traditional condominium type project described above. Within the various restrictions and provisions contained in the Condominium Documents, including a provision for architectural control retained by Developer, which control is assignable to the Condominium Association, and within the parameters of local ordinance and state law, a purchaser may construct, and will generally be responsible for whatever building or structure is placed within the boundaries of a Condominium Unit, and will have fee title to the land on which any such building, structure or improvement is placed and will own any such building, structure or improvement.

As in all condominium projects, a Condominium Co-owners Association, established as a non-profit member corporation, administers and manages the Condominium Project, including all Common Areas. As in any other condominium project, responsibility for the cost of maintenance is divided between individual Co-owners and the Association. Subject to the more specific provisions within the Master Deed and Condominium Bylaws, which a prospective purchaser is urged to review, the Co-owner is generally responsible for all maintenance, repair, decoration and replacement of such Co-owner's Site Unit and any building or improvements located with such Co-owners's Unit.

Because of the nature of this Residential Site Condominium Project, there are no Limited Common Elements at this time.

Any lawn or green-belt area within a Residential Site not occupied by the footprint of a building or structure, is the responsibility of the Co-owner to mow, landscape and generally maintain. Both the nature and type of structures and improvements and certain of the landscaping is subject to architectural control and approval as more specifically set forth in the Condominium Master Deed and Condominium Bylaws.

As to those expenses which are the responsibility of the Association, payment is by monthly assessment as more specifically set forth in the Condominium Documents. Such expenses are allocated amongst' Co-owners, and includes certain insurance expenses. Given the nature of this Condominium Project, each Co-owner will be responsible for maintaining fire, extended coverage and related insurance as to such Co-owner's Unit and any buildings, structures or improvements located within it and also to obtain and maintain personal property, liability and other personal insurance coverage. The Association will maintain only liability insurance coverage and the like for occurrences on the Common Elements and such other insurance on the Common Elements and otherwise as may be specified in the Condominium Documents.

The Condominium Act provides for considerable flexibility in the development of a condominium project. The Act defines "Condominium Unit" to mean that portion of the Condominium Project designed and intended for separate ownership and use, as described in the Master Deed and/or First Amendment to Master Deed, regardless of whether it is intended for residential, office, industrial, business, recreational use as a time-share unit, or any other type of use. Developer has created a project which provides maximum flexibility to Co-owners, within the parameters of the Condominium Act and local ordinance, while at the same time maintaining and establishing the same form of ownership and use of Common Areas and division of responsibilities, as in any other condominium project. The nature of ownership in this Project is the same as in any other condominium project. All required approvals of Bath Township and Meridian Township for a Condominium Project have been obtained. Because the Condominium Act provides such flexibility, you are urged to carefully review, with professional assistance, all the Condominium Documents.

III SUMMARY OF PROJECT

A. **Size, Nature and Physical Characteristics of the Project.** Meadowbrook is a residential site condominium project initially consisting of 48 site units with an additional 33 site units subsequently added, for a total of 81 units, located in Bath Township, Clinton County, and Meridian Township, Ingham County, Michigan. This Project is expandable at the sole discretion of the Developer, in one or more phases, to a total of not more than 150 Units. The Project initially consists of 48 separate building sites, and is now comprised of 81 building sites, each of which is a separate Condominium Unit, together with ingress and egress, and other improvements provided for common use by the Co-owners of the Units as set forth in the Condominium Documents. Access to the Project and to each site unit will be by public and/or private roadways. Driveway access and all structures and improvements within the perimeter of a Unit are the responsibility of the purchasing Co-owner.

The total land committed to the Project contains approximately 19.99 acres for the 81 site units and 22.17 acres, more or less, for potential future development, some of which acreage is expected to be used for public road rights of way. The land is specifically zoned for this Project and is subject to Bath and Meridian Township ordinances, rules and regulations. Site plans for the project have been approved by and are on file with Bath Township.

As noted above, the Condominium Project is expandable. This may be done at the sole discretion of the Developer, but if at all, must be declared within six years after the initial recording of the Master Deed. This Project may be expanded by the addition of all or part of certain land, described in this Master Deed, and some or all of such additional land will be additional Units, up to an additional 69 Units, for a maximum total of 150 Units. This may be done in more than one phase. Other restrictions apply and may be found in Articles VII, VIII and IX of the Master Deed.

B. Roads. The Project lies west of, and adjacent to Perry Road, in the Township of Bath, County of Clinton, State of Michigan. Perry Road is a public roadway maintained by Clinton County. Some or all of the roadway areas within the land committed to the Condominium Project are or will be dedicated to the public and accordingly will be maintained by Clinton County. The Project does not abut any public roadway in Meridian Township, and all access to public roads will be to roads maintained by Clinton County. Other roadway areas within the land committed to the Project are or will be private roads, maintained by the Association. Any driveways created by Co-owners connecting with the public roadways serving the Project or private roadways comprising Common Areas, are part of what is owned by the Co-owner, and the Co-owner is accordingly responsible for appropriate maintenance and repair of such driveway.

C. Utilities. The Meadowbrook Residential Site Condominium Project is served by all necessary public utilities. Purchasing Co-owners are responsible for certain other similar services. The Condominium Master Deed and other Condominium Documents should be consulted for the detail as to General and Limited Common Elements and utility services to the Project. Storm sewer and related facilities are located within the Common Areas and/or under or near the public roadways but any connections to those facilities within and from a Condominium Unit is the responsibility of the purchasing Co-owner. Gas service is furnished by Consumers Energy; electricity is furnished by Consumers Energy; telephone services are furnished by Ameritech; and water and sanitary sewer services are furnished by The Charter Township of Bath. All utilities, other than those which service the Common Elements, if any, are or will be billed directly to each Co-owner as more specifically described in the Condominium Documents.

D. Reserved Rights of Developer. Developer has reserved certain rights as more specifically set forth in the Condominium

Documents. Some of those rights are summarized herein and you should consult the Condominium Documents for further detail.

(1) Developer has reserved architectural control and may establish a Design Committee to implement such controls. The Design Committee may have the authority to delegate this control to the Association or other entity. Under this reservation, no building, structure, landscaping or other improvement may be made or constructed, nor may exterior modifications of any type be made, without Developer's approval or that of its assignee.

(2) Developer has reserved the right, during the development and sales period, to maintain on the Condominium Premises, at its option, a sales office, a business office, model units, storage areas, reasonable parking for such areas, and appropriate access to, from and over the Condominium Premises as is reasonable to enable development and sale of the Project.

(3) Developer has reserved the right to amend the Master Deed without approval from Co-owners and Mortgagees for specific purposes set forth in the Condominium Documents, including the correcting of errors and for any other purpose so stated. Any amendment that would materially alter the rights of a Co-owner or Mortgagee may be made only with the approval of sixty-six and two-thirds (66-2/3%) percent of the Co-owners and first Mortgagees. Certain provisions of the Master Deed cannot be amended without Developer's approval, as indicated therein.

(4) Developer has reserved a continuing easement five (5) feet in width, along the side boundary lines of each Unit for the purpose of completing all necessary finish grading and landscaping.

(5) Developer has reserved and may in the future create easements over the Condominium Project as may be required to perform any of the Developer's maintenance, repair, decoration or replacement obligations, or expansion, and to enable development and sale of the Units.

(6) Developer has reserved the right to enforce the Bylaws as long as Developer owns any Unit in the Project which is offered for sale.

(7) Both in the Condominium Act and Condominium Documents, certain rights and powers are granted or reserved to Developer in order to facilitate the development and sale of the Project as a condominium, including the power to approve or disapprove a variety of proposed acts and uses, and the power to secure representation on the Board of Directors of the Association.