

## **DISCLOSURE STATEMENT**

# **RAVENSFIELD CONDOMINIUM**

### **DEVELOPER**

C.A. Kime, Inc.  
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Warren, Michigan 48091  
(586) 558-8001

Ravensfield is a 140-unit residential townhouse condominium project which may be contracted to no less than 5 units prior to September 24, 2009.

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

**IT IS RECOMMENDED THAT PROFESSIONAL ASSISTANCE BE SOUGHT PRIOR TO PURCHASING A CONDOMINIUM UNIT.**

September, 2003

# RAVENSFIELD CONDOMINIUM

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# DISCLOSURE STATEMENT

## RAVENSFIELD CONDOMINIUM

### I. Introduction

Condominium development in Michigan is governed largely by Act 59 of the Michigan Public Acts of 1978, as amended (the Condominium Act).

This Disclosure Statement for Ravensfield Condominium (herein simply called "Ravensfield"), together with copies of the legal documents required for the creation and operation of the project, are furnished each purchaser pursuant to the requirement of Michigan law that the Developer of a condominium project disclose to prospective purchasers the characteristics of the condominium units that are offered for sale.

### II. The Condominium Concept

A. General. Condominium is a method of subdividing, describing and owning real property. A condominium unit has the same legal attributes as any other form of real property under Michigan law and may be sold, mortgaged or leased subject only to such restrictions as are contained in the condominium documents and as otherwise may be applicable to the property.

Each owner receives a deed to his individual condominium unit. Each owner owns, in addition to his unit, an undivided interest in the other components ("common elements") of the project. Title to the common elements is included as part of, and is inseparable from, title to the individual condominium units. Each owner's proportionate share of the common elements is determined by the percentage of value assigned to his unit in the Master Deed described in Section IV of this Disclosure Statement.

All portions of the project not included within the units constitute the common elements. Limited common elements are those common elements that are set aside for use by less than all unit owners. General common elements are all common elements other than limited common elements.

The project is administered generally by a non-profit corporation of which all owners are members (the "Association"). The nature and duties of the Association are described more fully in Section VI of this Disclosure Statement.

Except for the year in which the project is established, 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 year in which the project is established, the taxes and assessments for the units covered by the Master Deed usually are billed to the Association

and are paid by the owners of such units in proportion to the percentages of value assigned to the units owned by them.

**B. Other Information.** Although the foregoing is generally accurate as applied to most condominium developments, the details of each development may vary substantially. Accordingly, each purchaser is urged to review carefully all of the documents contained in the Ravensfield Purchaser Information Booklet as well as any other documents that the Developer has delivered to the purchaser in connection with this development. Any purchaser having questions pertaining to the legal aspects of the project is advised to consult his own lawyer or other professional advisor.

### **III. Description of the Condominium Project**

**A. Size, Scope and Physical Characteristics of the Project.** Ravensfield is a proposed 140-unit residential townhouse condominium project located on the south side of Geddes Road, east of Denton Road and west of Beck in Canton Township, Michigan. Each unit enjoys the exclusive use of a porch and privacy area. Parking is provided by a two-car garage and driveway immediately adjacent to each garage, together with the roadways, natural common open spaces and other improvements provided for common use by the owners of the units.

**B. Utilities.** The Condominium Premises are served by public water and sanitary sewers, gas, electric and telephone service. Gas service is furnished by Michigan Consolidated Gas Company, electricity is furnished by DTE Energy Company and telephone service is provided by SBC Communications. All utilities, other than any utilities provided to service the common elements, will be separately metered for payment by the individual unit owners; utilities, if any, furnished to the common elements will be billed directly to the Association. The costs of maintaining the storm sewer system serving the Project, to the extent that system is located within the Project boundaries, will be borne by the Association.

**C. Roads.** The roads in Ravensfield are private and will be maintained (including, without limitation, snow removal) by the Association. Replacement, repair and resurfacing will be necessary from time to time as circumstances dictate. It is impossible to estimate with any degree of accuracy future roadway repair or replacement costs. It is the Association's responsibility to inspect and to perform preventative maintenance on the condominium roadways and parking areas on a regular basis in order to maximize the life of Project roadways and parking areas and to minimize repair and replacement costs.

**D. Reserved Rights of Developer.**

(1) **Convertible Areas; Contraction.** The Developer has reserved the right, at any time on or before 6 years from the date the Master Deed is recorded, to redefine Units by subdivision or consolidation and to otherwise modify the condominium units and common elements within the convertible areas identified as such on the Condominium Subdivision Plan. For purposes of flexibility in meeting market conditions, the Developer has also reserved the right in the Master Deed to contract the Condominium by withdrawal of Units on or before September 24, 2009 so long as the number of Units is not reduced below 5.

(2) **Right to Approve Improvements.** No dwelling, structure or other improvement may be constructed, nor may exterior modifications of any type be made without the Developer's approval.

(3) **Conduct of Commercial Activities.** The Developer has reserved the right, until all of the units in the Project have been sold, to maintain on the condominium premises a sales office, a business office, model units, storage areas, reasonable parking incident to the use of such areas, and such access to, from and over the condominium premises as may be reasonable to enable development and sale of the entire Project. The Developer is obligated to restore the areas so utilized to habitable status upon termination of use.

(4) **Right to Amend.** The Developer has reserved the right to amend the Master Deed without approval from owners and mortgagees for the purpose of correcting errors and for any other purpose. Any such amendment that would materially alter the rights of the owners or mortgagees may be made only with the approval of 66-2/3% of the owners and first mortgagees. Further, certain provisions of the Master Deed cannot be amended without the Developer's approval.

(5) **Easements.**

(a) **For Development, Construction, Marketing, Maintenance, Repair and Replacement.** The Developer has reserved such easements over the condominium project (including all units and common elements) as may be required to perform any of the Developer's development, construction, marketing, maintenance, repair, decoration or replacement obligations.

(b) **For Use of Utilities.** The Developer has reserved easements to utilize, tap, tie into, extend and enlarge all utility mains in the project in connection with the exercise of its rights with respect to the contraction of the Project or the development of separate projects on the contracted land. The Developer has also reserved the right to grant easements for utilities to appropriate governmental agencies or public utilities.

(c) **For Use of Roads.** The Developer has reserved easements and rights of use over any roads and walkways in the Project for the purpose of ingress and egress to and from all or any portion of the land that hereafter may be removed from the Project, regardless of how such land ultimately may be used.

(d) **Right to Dedicate Roads.** The Developer has reserved the right to dedicate the roads within the condominium to the public.

(6) **Enforcement of Bylaws.** The Developer has reserved the right to enforce the Bylaws as long as the Developer owns any unit in the Project that it offers for sale.

(7) **General.** In the condominium documents and in the Condominium Act, certain rights and powers are granted or reserved to the Developer 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.

#### IV. Legal Documentation

A. **General.** Ravensfield Condominium was established as a condominium project pursuant to the Master Deed recorded in Wayne County Records and contained in the Ravensfield Purchaser Information Booklet. The Master Deed includes the Bylaws as Exhibit "A" and the Condominium Subdivision Plan as Exhibit "B".

B. **Master Deed.** The Master Deed contains the definitions of certain terms used in the condominium documents, the percentage of value assigned to each unit in the condominium project, a general description of the units and common elements included in the Project and a statement regarding the relative responsibilities for maintaining the common elements. Article VI of the Master Deed contains the contractable provisions, Article VII contains convertible area provisions, Article IX covers easements, Article X covers the provisions for amending the Master Deed and Article XI provides that the Developer may assign to the Association or to another entity any or all of its rights and powers granted or reserved in the condominium documents or by law.

C. **Bylaws.** The Bylaws contain provisions relating to the operation, management and fiscal affairs of the condominium and, in particular, set forth the provisions relating to assessments of Association members for the costs of operating the condominium project. Article VI contains certain restrictions upon the ownership, occupancy and use of the condominium project. Article VI also contains provisions permitting the adoption of rules and regulations governing the common elements. At the present time no rules and regulations have been adopted by the Board of Directors of the Association.

D. **Condominium Subdivision Plan.** The Condominium Subdivision Plan is a three dimensional survey depicting the physical location and boundaries of each of the units and all of the common elements in the project.

#### V. The Developer

A. **Developer's Background and Experience.** C.A. Kime, Inc. has been established as a Michigan corporation to engage in real estate development and construction activities. Its president, Curtis A Kime, was previously an officer of Kime Brothers, Inc. since its founding in 1987 and has, in that capacity, had substantial involvement in the development and marketing of condominium projects. Kime Brothers, Inc. was responsible for developing various condominiums in Wayne County, Michigan and C. A. Kime, Inc. has likewise developed numerous condominium projects in southeastern Michigan. Curtis A. Kime, President of the Developer, has had extensive experience generally in residential development and building in the metropolitan Detroit area.

B. **Legal Proceedings Involving the Condominium Project or the Developer.** The Developer is not aware of any pending judicial or administrative proceedings involving the condominium project or the Developer.

## VI. Operation and Management of the Condominium Project

A. The Condominium Association. The responsibility for management and maintenance of the project is vested in the Ravensfield Condominium Association, which has been incorporated as a non-profit corporation under Michigan law. The Articles of Incorporation of the Association are contained in the Purchaser Information Booklet. The Bylaws include provisions that govern the procedural operations of the Association. The Association is governed by its Board of Directors, the initial members of which are designees of the Developer.

Within 120 days after closing the sales of 25% of the units, 1 of the 5 directors will be selected by the non-developer owners; within 120 days after closing the sales of 50% of the units, 2 of the 5 directors will be selected by the non-developer owners; and within 120 days after closing the sales of 75% of the units, the non-developer owners will elect all directors, except that the Developer will have the right to designate at least one director as long as it owns at least 10% of the units in the project. Regardless of the number of units conveyed, 54 months after the first conveyance, non-developer owners may elect directors in proportion to the number of units that they own.

Within 120 days after closing the sales of 1/3 of the units or one year from the date of the first conveyance, whichever first occurs, the Developer must establish an advisory committee to serve as liaison between the non-developer owners and the Developer.

The First Annual Meeting may be convened any time after 50% of the units have been sold and must be held on or before the expiration of 120 days after 75% of the units have been sold or within 54 months after conveyance of the first unit, whichever first occurs. At the First Annual Meeting, the members of the Association will elect directors, and the directors in turn will elect officers for the Association.

The Developer's voting rights are set forth in Article VIII, Section 2 of the Bylaws.

B. Percentages of Value. All of the units in Ravensfield have equal percentages of value. The percentage of value assigned to each unit determines each owner's share of the common elements of the Project.

### C. Project Finances.

(1) Budget. Article II of the Bylaws requires the Board of Directors to adopt an annual budget for the operation of the Project. The initial budget formulated by the Developer is intended to provide for the normal and reasonably predictable expenses of administration of the Project and includes a reserve for major repairs to and replacement of common elements. Inasmuch as the budget must necessarily be prepared in advance, it reflects estimates of expenses made by the Developer. To the extent that estimates prove inaccurate during actual operation and to the extent that the goods and services necessary to service the condominium project change in cost in the future, the budget and the expenses of the Association also will require revision. The current budget of the Association has been included as Appendix I to this Disclosure Statement.

(2) **Assessments.** Each owner of a unit, including the Developer, must contribute to the Association to defray expenses of administration; while the Developer is obligated to contribute to the Association for such purpose, its contributions are determined differently than the other owners' contributions are determined. See Article II, Section 3 of the Bylaws. The Board of Directors may also levy special assessments in accordance with the provisions of Article II, Section 2(b) of the Bylaws.

(3) **Foreclosure of Lien.** The Association has a lien on each unit to secure payment of Association assessments. The Bylaws provide that the Association may foreclose its lien in the same fashion that mortgages may be foreclosed by action or by advertisement under Michigan law. By closing on the purchase of a unit, each purchaser will be deemed to have waived notice of any proceedings brought by the Association to foreclose its lien by advertisement and notice of a hearing prior to the sale of his unit.

(4) **Other Possible Liabilities.** Each purchaser is advised of the following possible liability of each owner under Section 58 of the Condominium Act:

If the mortgagee of a first mortgage of record or other purchaser of a condominium unit obtains title to the condominium unit as a result of foreclosure of the first mortgage, that mortgagee or purchaser and his or her successors and assigns are not liable for the assessments by the administering body chargeable to the unit that became due prior to the acquisition of title to the unit by that mortgagee or purchaser and his or her successors and assigns.

**D. Management of Condominium.** The Association has entered into a management contract with Residential Property Services, Inc., 43494 Woodward Avenue, Suite 205, Bloomfield Hills, Michigan 48302, for management of the condominium at a cost of approximately \$12.00 per unit per month. Professional management is not required by the condominium documents. A copy of the Management Agreement is included in the Purchaser Information Booklet.

**E. Insurance.**

(1) **Title Insurance.** The Purchase Agreement provides that the Developer shall furnish each purchaser a commitment for an owner's title insurance policy issued by First American Title Insurance Company through its agent, First Michigan Title, Inc., at or prior to closing, and that the policy itself shall be provided within a reasonable time after closing. The cost of the commitment and policy is to be borne by the Developer. Each purchaser should review the title insurance commitment with a qualified advisor of his choice prior to closing to make certain that it conforms to the requirements of the Purchase Agreement.

(2) **Other Insurance.** The condominium documents require that the Association carry fire and extended coverage for vandalism and malicious mischief and liability insurance and workers' compensation insurance, if applicable, with respect to all of the common elements of the Project. The insurance policies have deductible clauses and, to the extent thereof, losses will be borne by the Association. The Board of Directors is responsible for obtaining insurance coverage for the Association. Each owner's pro rata share of the annual Association insurance premiums is



included in the monthly assessment. The Association insurance policies are available for inspection during normal working hours. A copy of the certificate of insurance with respect to the condominium project will be furnished to each owner upon request.

Each owner is responsible for obtaining fire and extended coverage insurance on his unit and the building and other improvements located thereon, as well as personal property, liability and other individual insurance coverage to the extent indicated in Article IV of the Bylaws. Each owner must deliver a certificate of insurance to the Association to confirm that the required insurance coverage is being maintained. If an owner fails to maintain any such insurance coverage or to provide evidence thereof to the Association, the Association may obtain such insurance and collect the cost thereof from the delinquent owner. The Association should periodically review all insurance coverage to be assured of its continued adequacy and owners should each do the same with respect to their individual insurance.

**F. Restrictions on Ownership, Occupancy and Use.** Article VI of the Bylaws sets forth restrictions on the ownership, occupancy and use of a unit in the condominium project. It is impossible to paraphrase these restrictions without risking the omission of some provision that may be of significance to a purchaser. Consequently, each purchaser should examine the restrictions with care to be sure that they do not infringe upon an important intended use. The following is a list of certain of the more significant restrictions:

- (1) Units are to be used only for single-family residential purposes.
- (2) No owner may lease his unit for less than an initial term of six months unless approved by the Association. An owner must disclose his intention to lease a unit and provide a copy of the exact lease form to the Association at least ten days before presenting a lease to a potential lessee. Although it is the Developer's intention to sell all of the units that it owns in the project, it will necessarily require some time for the Developer to achieve this goal. Further, market conditions and other factors beyond the Developer's control may impede the Developer's efforts to complete its sales program and may necessitate the suspension of the sales program from time to time. Accordingly, the Developer hereby notifies all prospective owners that the Developer proposes to lease all unsold units in the project for such terms as may be most compatible with achievement of the Developer's sales program in an effort to keep the project fully occupied throughout the duration of such program. In such event, a copy of the Developer's lease form will be placed on file with the Association's records and may be reviewed by the owners during normal business hours.
- (3) No animals may be maintained by any owner unless approved by the Association on an application and approval form prescribed by the Association. Detailed restrictions are applicable to the maintenance and behavior of all pets.
- (4) There are substantial limitations upon physical changes which may be made to the common elements and to the units in the condominium, and upon the uses to which the common elements and units may be put.

(5) Reasonable regulations may be adopted by the board of directors of the Association concerning the use of common elements, without vote of the owners.

None of the restrictions apply to the commercial activities or signs of the Developer.

## VII. Rights and Obligations as Between Developer and Owners

A. Before Closing. The respective obligations of the Developer and the purchaser of a Unit in the project prior to closing are set forth in the Purchase Agreement and the accompanying Escrow Agreement. Those documents should be closely examined by all purchasers in order to ascertain the disposition at closing of earnest money deposits advanced by the purchaser, anticipated closing adjustments, and other important matters. The Escrow Agreement provides, pursuant to Section 103b of the Condominium Act, that the escrow agent shall maintain sufficient funds or other security to complete those improvements shown as "must be built" on the Condominium Subdivision Plan until such improvements are substantially complete. Under the Escrow Agreement, funds retained in escrow are not to be released to the Developer until conveyance to a purchaser of title to a unit and confirmation by the escrow agent that all improvements labeled "must be built" are substantially complete unless the Developer provides other adequate security for such completion, in the judgment of the escrow agent. It is contemplated that all common element improvements which "must be built" will be built prior to any unit sale closing or that other adequate security therefor will be provided and that no funds will be retained in escrow at the time of any such closing.

B. At Closing. Each purchaser will receive by warranty deed fee simple title to his unit subject to no liens or encumbrances other than the condominium documents and those other easements and restrictions that are specifically set forth in the condominium documents and title insurance commitment.

C. After Closing.

(1) General. Subsequent to the purchase of the unit, relations between the Developer and the owner are governed by the Master Deed and the Condominium Act, except to the extent that any contractual provisions of the Purchase Agreement are intended to survive the closing.

(2) Condominium Project Warranties. The Developer is warranting each of the units against defects in workmanship and materials for a period of one year from the date of closing the sale of the pertinent unit, as more particularly set forth in the Limited Warranty which accompanies the Purchase Agreement. Except for emergencies or in other extraordinary circumstances, all warranty claims must be submitted in writing to the Developer at its address appearing on the cover sheet of this Disclosure Statement within the applicable one year warranty period. In the case of emergencies or in other extraordinary circumstances where written communications would be inappropriate, purchasers should contact the Developer by telephone at the number shown on the cover of this Disclosure Statement. The warranty is extended only to the first purchaser of each unit and is not transferable. The warranty does not cover consequential or incidental damages. Further, any

implied warranty is limited to the one-year period applicable to the Developer's express warranty. It is recommended that you examine the Limited Warranty and review it with advisors of your choice prior to the execution of the Purchase Agreement and the closing on the purchase of your unit.

### **VIII. Purpose of Disclosure Statement**

The Developer has prepared this Disclosure Statement in good faith, in reliance upon sources of information believed to be accurate and in an effort to disclose material facts about the Project. Each purchaser is urged to engage a competent lawyer or other advisor in connection with deciding whether to purchase a unit. In accepting title to a unit, each purchaser shall be deemed to have waived any claim or right arising out of or relating to any immaterial defect, omission or misstatement in this Disclosure Statement. The terms used herein are defined in the Condominium Act.

The Michigan Department of Consumer and Industry Services publishes The Condominium Buyers Handbook that the Developer has delivered to you. The Developer assumes no obligation, liability, or responsibility as to the statements contained in or omitted from The Condominium Buyers Handbook.

The descriptions of the Master Deed and other instruments contained herein are summary only and may or may not completely and adequately express the content of the various condominium documents. Each purchaser is referred to the original Master Deed and other original instruments as contained in the Purchaser Information Booklet. Legal phraseology, technical terms and terms of art have been minimized and brevity has been the objective to the extent consistent with the purposes of the Disclosure Statement and rules of the Michigan Department of Consumer and Industry Services.

**RAVENSFIELD CONDOMINIUM ASSOCIATION  
PROPOSED BUDGET FOR INITIAL YEAR OF OPERATION  
COVERING 140 UNITS**

**ADMINISTRATIVE:**

Management Fees	\$20,160.00
Miscellaneous Administration	500.00
Legal Fees	500.00
Postage and Printing	2,500.00
Accounting Fees	1,500.00

**UTILITIES:**

Electricity	3,000.00
Water/Sewer	13,000.00

**BUILDING MAINTENANCE:**

Building Maintenance	8,500.00
Roof and Gutter	2,200.00
Pest Control	600.00
Miscellaneous Maintenance	2,000.00

**GROUNDS MAINTENANCE:**

Asphalt and Concrete	3,500.00
Lawn Maintenance	23,500.00
Snow Removal/Salting	16,500.00
Sprinkler System	3,700.00
Misc. Grounds Maintenance	8,000.00
Fertilization (trees/shrubs)	5,500.00
Pond Expense	3,000.00

**INSURANCE:**

Hazard and Liability Insurance	25,000.00
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**RESERVES:**

Replacement and deferred maintenance reserves for the common elements	<u>15,000.00</u>
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**TOTAL OPERATING EXPENSES AND RESERVES** **\$158,160.00**

**ASSOCIATION INCOME:**

Unit Assessments: 140 Units x \$95.00 per month x 12 = \$159,600.00

