

DISCLOSURE STATEMENT for BERRY FARMS CONDOMINIUM

Provided by R A Berry Holdings, LLC of 2222 N. Michigan Road, Eaton Rapids, MI 48827.

This is the Disclosure Statement for Berry Farms Condominium, which is a residential condominium project in Delhi Township, Ingham County, Michigan. The project consists of up to 118 residential condominiums. This statement is intended to explain certain aspects of the condominium to prospective buyers.

THIS DISCLOSURE STATEMENT OF THE CONDOMINIUM IS NOT A SUBSTITUTE FOR THE MASTER DEED AND OTHER CONDOMINIUM DOCUMENTS, THE CONDOMINIUM BUYER'S HANDBOOK, OR OTHER APPLICABLE LEGAL DOCUMENTS. AS A PROSPECTIVE BUYER YOU SHOULD READ ALL SUCH DOCUMENTS TO FULLY ACQUAINT YOURSELF WITH THE PROJECT AND YOUR RIGHTS AND RESPONSIBILITIES RELATING TO THE PROJECT.

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

Effective Date: August 23, 2021
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BERRY FARMS CONDOMINIUM DISCLOSURE STATEMENT

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DISCLOSURE STATEMENT FOR BERRY FARMS CONDOMINIUM

1. **Introduction.** Condominium development in Michigan is governed by a statute called the Michigan Condominium Act, MCL 559.101 et seq. (the Act), and by rules adopted by the Michigan Department of Licensing and Regulatory Affairs. On the following pages, R A Berry Holdings, LLC., as developer of the Berry Farms Condominium project (the Project), has set forth certain facts about the Project and the persons involved in its development that it believes will assist a prospective buyer in reviewing the Project. This disclosure statement (the Disclosure Statement), together with copies of the Master Deed (the Master Deed), the Condominium bylaws (the Condominium Bylaws), and other legal documents intended for the creation and operation of the Project (together the Condominium Documents), are furnished to each buyer to fulfill the requirement of the Act that Developer disclose to prospective buyers the characteristics of the condominiums that are offered for sale. The Condominium Documents constitute the only authorized description of the Project, and none of Developer's representatives are permitted to vary the terms stated in those Documents except by written amendment to the Condominium Documents.

2. **The Condominium Concept.** *Condominium* is a form of real property ownership. Under Michigan law, the portion of the condominium that is individually owned 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 in the office of the register of deeds for the county where the project is located.

Each owner of a condominium in the Project (an Owner) will own a lot on which a residence may be built (a Unit), to which the Owner receives a warranty deed, and is one of a number of mutual owners of common facilities (the Common Elements) that serve both the Owner's condominium and other condominiums in the Project. The Units and the Common Elements are described generally in the Master Deed, and each Unit's boundaries and dimensions are shown in the condominium subdivision plan (the Subdivision Plan) attached to the Master Deed. All portions of the Project that are not included within the Units constitute the Common Elements and are owned by all Owners in equal undivided proportions. 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 designated as General Common Elements for the use of all Unit Owners.

The interrelationship of individual ownership of Units and joint ownership of common elements requires that certain restrictions be imposed on the use of the Units and the Common Elements for the mutual benefit of all. The restrictions are in the Condominium Bylaws, which are recorded as part of the Master Deed. The Condominium Documents are prepared with the goal of allowing each Owner individual freedom and discretion without permitting any one Owner to infringe on the rights and interests of the group. All Owners must be familiar with and abide by the restrictions if Unit living is to be an enjoyable experience.

3. Description of the Project. Berry Farms Condominium is a residential condominium project in Delhi Township, Ingham County, Michigan (the Condominium). The Project is being developed in multiple phase on approximately 50 acres of land, to contain 34 units which may be expanding up to a maximum of 118 Condominium Units. Developer has not reserved any rights to expand the Berry Farms Condominium Project beyond 118 Units.

Each Unit in the Project is a fully improved building site, with utility service available at the Unit boundaries. All Units are accessible by private roads off of Aurelius Road. The utility services available at each Unit include public water and sewer, available for hookup by laterals from each Unit.

The -roads and sidewalks are all General Common Elements, which are owned and used in common by all Owners. Individual Owners also have an exclusive right to use the Limited Common Elements of the Project such as driveways, and yard areas. Utility Service Lines are also Limited Common Elements if not owned by a utility company.

The roads contain a base layer of three inches when it was constructed 14 years ago. The developer will repair any defects in the road and install a two-inch new topcoat no later than after completion of construction of 20 lots in the subdivision. The roads will be subject to additional traffic from Heather Haven which is a subdivision to the west of Berry Farms Condominium. Delhi requires a completion of the Eastlund Circle connection to Heather Haven.

4. Condominium Documents. Berry Farms Condominium has been established as a condominium project by the recording of a Master Deed in the Ingham County records, a copy of which either has been or will be delivered to each purchaser at least nine business days before closing. The Condominium Bylaws and the Condominium Subdivision Plan, a three-dimensional survey establishing the physical relationship and location of each of the Units in the Project, are attached as forms to the Master Deed. Other Condominium Documents include this statement and the articles of incorporation and the corporate bylaws of the Berry Farms Condominium Association (the Association), a nonprofit corporation that serves as the association of owners for the Condominium.

The Master Deed contains a definition of terms used to describe the Project, the relative value assigned to each Unit for assessment and voting purposes, a description of both the Limited and General Common Elements in the Project, and a statement about the responsibility of the individual Owners and of the Association for upkeep and maintenance of the Common Elements. All Units in the Project have been assigned an equal value by Developer after reviewing the comparative size, market value, location, and allocable expenses of maintenance. The Master Deed also reserves to Developer the right to contract the Project within defined limits and to modify the number, size, style, and location of any Units or Common Elements in the

Project that have not been sold or that are not subject to a binding purchase agreement by an amendment or series of amendments to the Master Deed. Such amendments do not require the consent of any Owner or mortgagee if the changes do not unreasonably impair or diminish the appearance of the Project or the view, the privacy, or another 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 authorization for the levy of both regular and special assessment of the Owners to pay for the costs of operation. Restrictions on the ownership, occupancy, and use of Condominium Units in the Project are listed in the Bylaws, which also contain provisions allowing the Association to adopt additional rules and regulations governing the use of the Units and the Common Elements that are not inconsistent with the Condominium Bylaws.

The Condominium Subdivision Plan, as shown as form B attached to the Master Deed contains a survey of the Condominium land showing the location of all roadways, walkways, and common utility systems together with all those other common elements of the Project that can be shown on the drawings.

5. Developer's Background and Experience. The Project is being developed by R A Berry Holdings, LLC., a Michigan, limited liability company. This partnership was formed for the specific purpose of developing the Berry Farms Condominium Project, its first endeavor in Condominium development. The principals of R A Berry Holdings, LLC, however, bring with them experience and skills essential to condominium development.

Berry Development LLC was founded in 1993 by Richard Berry, Sr., Richard Berry, Jr., and Kimberly Berry-Smokoski. In 2019 Berry Development LLC was merged into R.A. Berry Holdings, LLC.

Berry Development developed Grovenburg Woods Subdivision Phases 2-6, and Berry Farms.

Prior to the founding of Berry Development, Berry Construction and Richard Berry, Jr. developed several other subdivisions, with Richard Berry, Jr. Kimberly Berry-Smokoski actively involved. This included the eight-unit condominium on Glenberry Drive.

The names and addresses of Developer and of any management agency, real estate broker, escrow agent, project engineer, attorney or other member of the development team involved in the Project are set forth in form A attached to this statement.

6. Administration of the Project. The responsibility for management and maintenance of the Project is vested in the Berry Farms Condominium Association, which Developer has incorporated as a nonprofit corporation under Michigan law.

Each Unit Owner automatically becomes a member of the Association when that party purchases a Unit in the Project. Since each Unit in the Condominium has been assigned an equal percentage of value, the owner of each Unit will be entitled to one vote at all meetings of the Association and will share equally with all other owners in the expenses and proceeds of administration.

The Association was formed by Developer. The persons that now make up the board of directors of the Association were appointed by Developer 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, as called by Developer. That meeting must be held within 120 days after legal or equitable title to 75 percent of the Units that may be created in the Project have been conveyed to non-Developer Owners, but in no event later than 54 months after the first conveyance of title of a Unit. The composition of the board between Developer representatives and non-Developer Owners will be adjusted from time to time under the formula described in the Condominium Bylaws.

Not later than 120 days after the conveyance of legal or equitable title to non-Developer Owners of one-third of the Units in the Project, or one year after the initial conveyance of a Unit to a non-Developer Owner, whichever occurs first, two or more persons will be selected from among the non-Developer Owners to serve as an advisory committee to the board of directors. The advisory committee is intended to function as an informal organization with which the board can consult on matters concerning the Condominium until the board of directors is elected by owners. At such meetings, Developer intends to provide the advisory committee with information about the development of the Project and to receive recommendations from the committee. The members of the advisory committee will be appointed by and serve at Developer's pleasure.

The Bylaws of the Association permit the hiring of a professional manager or management company to manage the Project. Developer has not entered into a management contract. Rather, the management of the Project is being handled by Developer without charge for its time, but the cost of goods and services purchased and out-of-pocket expenses Developer incurs for management purposes are included in the annual budget of the Association, attached as Form B. This arrangement, as well as any formal contract between the Association and Developer or a management agent or company related to Developer that might be entered into before the date of the initial meeting of Owners, is subject to termination at the option of the Owners on their assumption of control of the Unit, with or without cause.

Additional information about the organization and operation of condominiums in Michigan may be found in the *Condominium Buyer's Handbook*, published by authority of the Michigan Department of Licensing and Regulatory Affairs, a copy of which Developer either has or will furnish to you.

7. Budget and Assessments. The Condominium Bylaws require that the board of directors adopt an annual budget for the operation of the Project. Developer formulated the initial budget to estimate the reasonably predictable annual expenses of administration of the Project, including a reserve for the replacement of General Common Elements as needed in the future. A copy of this budget is attached to this statement as Form B. The amount projected as annual expenses for the Association is \$13,400.00. This amount does not include expenses for utilities or real property taxes, which are billed individually to and must be paid directly by each 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 for repair or replacement of General Common Elements, and property improvements. If such adjustments should occur, the budget will need to be revised accordingly.

Until control of the Association has been turned over to the Owners on the transitional control date, Developer is required to supplement the income received by the Association to the extent necessary to keep the budget balanced and the Association in the black. Units owned by Developer are not subject to assessments from the Association. Those Units only become subject to assessment on conveyance or lease by Developer to a third party.

The Association's only other source of revenue to fund the budget is by assessment of its members who own Units, excepting Developer. For this reason, each Owner must pay an annual assessment that is determined by dividing the balance of the projected budget expenses by the number of Units in the Project, as established in the Master Deed. This annual assessment must be paid in annual installments on January 31 of each year. Thus, on the basis of the budget attached as Form B, the estimated average annual assessment for the Project will be \$400 per Unit, although actual assessments will vary somewhat depending on the number of Units when the assessment is levied.

To provide working capital, each buyer must also pay to the Association at closing of the purchase of a Unit both the pro rata share of the current assessment for the Unit and an additional sum equal to two year's assessments for the Association reserves. This additional payment may, at Developer's option, be placed either in a short-term operating capital reserve or in the long-term repair and replacement reserve, for use by the Association or Developer as needed from time to time. The reserve deposit is not refundable and will not apply as a credit against any future quarterly installment or annual assessment. The board of directors may also levy special assessments to cover expenses that were not anticipated in the budget as permitted by the Condominium Bylaws.

8. Project Warranties. Except for the sidewalks, developer is responsible for defects in workmanship and materials in the General Common Elements of the Project for which it receives written notice within one year from the date on which construction

or installation of the particular General Common Element is completed. If written notice of defect is given by the Association or a Unit owner within the warranty period, Developer will make an inspection and, where such inspection reveals defects in workmanship and materials, will make reasonable repairs to cure the defects without cost to the Owners.

All notices for warranty claims should be sent to Developer at the address noted on the front sheet of this statement.

CAUTION: THERE ARE NO WARRANTIES ON THIS CONDOMINIUM PROJECT OTHER THAN THOSE DESCRIBED IN THIS STATEMENT, AS EXPRESS WARRANTIES ARE NOT PROVIDED UNLESS SPECIFICALLY STATED. YOU, INDIVIDUALLY OR AS A MEMBER OF THE ASSOCIATION, MAY BE REQUIRED TO PAY FOR THE REPLACEMENT OR REPAIR OF ANY DEFECTS IN THIS CONDOMINIUM PROJECT THAT ARE NOT COVERED BY WARRANTY, IF ANY SUCH DEFECTS EXIST. UNDER NO CIRCUMSTANCES WILL DEVELOPER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

9. Escrow Requirements. MCL 559.183 requires that all reservation deposits received from a prospective buyer under a preliminary reservation agreement must be deposited in an escrow account with an authorized escrow agent. If the prospective buyer decides to cancel the preliminary reservation agreement, all such deposits must be refunded to that party within three business days after notice of cancellation is received.

MCL 559.184 provides that all payments received from a prospective buyer under a purchase agreement must be deposited in the escrow account and must be refunded if the purchase agreement is canceled within nine business days after receipt by the buyer of the Condominium Documents that Developer is required to furnish under MCL 559.184a.

Under the Act, Developer must retain sufficient amounts from buyers' payments in the escrow account or provide other adequate security as provided in MCL 559.203b, to ensure the completion of those uncompleted structures and improvements labeled "must be built" under the terms of the Condominium Documents. Since the Project is a site Condominium in which all site preparations and improvements will have been completed by the time of closing of the sale of any Unit, Developer will not maintain any funds in escrow subsequent to the closing date.

10. Restrictions Applicable to the Unit. Owners of Condominium Unit will be bound by various use and occupancy restrictions applying to both the Condominium Units and the Common Elements. For example, there are prohibitions against conducting commercial or quasicommercial activities from any Unit; changing the exterior appearance of any Unit or common element; leasing Units on a transient basis or for less than prescribed periods of time; using firearms, fireworks, or other

dangerous projectiles on the Unit property; using or parking recreational vehicles, boats, or trailers outside a closed garage; and keeping certain pets or other animals on the Unit property without prior written permission from the board of directors of the Association.

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

11. Enforcement Provisions. Compliance with use restrictions may be enforced by the levy of fines or by legal action seeking damages or an injunction against the offending Owner. The board may also take direct action to correct any condition that violates the Bylaws, may prohibit use of the General Common Elements by an Owner in default, or may elect to discontinue furnishing services to the Unit involved on seven days' notice to the Owner in default. If the Owner of a Condominium Unit does not pay assessments when due, the Association may charge reasonable interest or assess late charges from and after the due date. The Association is also given a lien on the Unit, which may be enforced as described above or by foreclosure proceedings in the manner provided by the Condominium Act. Owners should be aware, however, that MCL 559.158 provides that if the holder of a first mortgage or another buyer obtains title to a Unit as a result of foreclosure of that mortgage, the holder of the first mortgage or other buyer is not liable for unpaid assessments against that Unit that had become due before foreclosure. These unpaid assessments then become common expenses of the Association, which are collectible from all Unit Owners.

12. Insurance. The Condominium documents require that the Association carry casualty and extended coverage for vandalism and malicious mischief and liability insurance and worker's compensation insurance (if applicable) with respect to all of the General Common Elements of the Project. The policies may contain deductible clauses that, in the event of a loss, may result in the Association bearing a portion of the loss. The board of directors is responsible for obtaining the insurance coverage for the Association, and each Owner's pro rata share of the annual Association insurance premiums is included in the Unit assessment. The Association insurance policies will be available for inspection at Developer's offices, at the address shown on the face sheet of this statement.

The liability insurance coverage provided by the Association will not cover the interior of a Condominium Unit, nor will it protect against any accident or injury that occurs on a Limited Common Element appurtenant solely to a Unit. No casualty insurance coverage will be provided for any building, structure, or other improvement constructed within the perimeters of a Condominium Unit; the contents of any such building, structure, or improvement; or property of a Owner located outside the Unit

on the grounds of the Project. For that reason, all Owners are cautioned that it is their own responsibility to insure the residential dwelling and its contents.

Each Owner must also obtain personal liability coverage against injury to persons or damage to property resulting from accidents in and about the Owner's Unit, naming the Condominium Association as an additional insured. An insurance agent should be consulted to decide just what coverage will be needed for protection, since without such coverage an Owner will be uninsured for any loss that might occur within the Owner's Unit, to the Owner's property, or to the Owner's guests.

13. Private Drives and Easements. The Roads in the condominium are private and provide access from the project to Aurelius Road, from the Project. The Condominium Association has been granted a perpetual easement over the condominium roads and the Association will share the cost of maintaining, snowplowing, and improving the roads, unless the roads are dedicated to the County, maintaining entrance signs and plantings.

The Unit premises will be subject to a number of easements. The Master Deed describes certain reciprocal easements granted to Owners and to the Association. There may also be easements relating to drainage and utilities, which will be described in each title insurance commitment and title insurance policy furnished to buyers.

Until development of all the land described in the Master Deed has been completed, Developer has reserved the right to unrestricted use of all roads, drives, and walkways of the Condominium and easements to use, tap and tie into, extend, and enlarge all utility mains located on Association property without the payment of any charge or fee to the Association.

14. Real Estate Taxes. Real property taxes on the Units in the Condominium are assessed by Delhi Township. Under Michigan law, such taxes are supposed to be assessed on the basis of 50 percent of true cash value.

Except for the year in which the Project is established, real property taxes and assessments are levied individually against each Unit and not against the Project as a whole. These taxes cover both the Unit and its proportionate share of the Common Elements. No taxes or assessments are levied separately against the General Common Elements.

In the year in which the Project is established, the taxes and assessments for the property on which Units are to be located will be billed to Developer. On the sale of a Unit in that year, the proportionate amount of taxes and assessments attributable to a Unit and paid by Developer in the year of sale will be prorated and charged to the buyer of the new Unit at the closing. Developer will also pay or contribute its pro rata

share to the payment of the taxes and assessments based on the number of Units that it owns when the taxes are billed.

It is not possible to determine at this date the amount of real property taxes or assessments that may be levied in subsequent years. Those taxes are a function of both property values and tax rates, which may either rise or fall in response to inflation levels, community needs, and other factors beyond Developer's control.

15. Legal Matters. There are no pending proceedings, either legal or administrative, that involve either the Condominium Project or Developer and its officers and shareholders in their capacity as such, and Developer has no knowledge of any such proceedings that have been threatened in the future. Reid and Reid PLLC II, Attn: Patrick T. Reid has served as legal counsel in connection with the preparation of this disclosure statement and other Condominium Documents.

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

Form A
DEVELOPMENT TEAM

<i>Function</i>	<i>Name and Address</i>	<i>Previous Condominium Experience</i>
Developer	R A Berry Holdings, LLC 2222 N. Michigan Road, Eaton Rapids, MI 48827	
Management Agent		
Real Estate Broker		
General Contractor		
Escrow Agent		
Project Engineer	Wolverine Engineers & Surveyors, Inc 312 North Street Mason, MI 48854	
Project Attorney	Reid and Reid PLLC II Attn: Patrick T. Reid 110 W. Michigan Ave, Suite 750 Lansing, MI 48933	

Form B

BERRY FARMS CONDOMINIUM ASSOCIATION
Estimated Annual Operating Budget*

<i>Operating Expense</i>	<i>TOTAL ANNUAL</i>
Reserve Funds	\$4,900.00
Insurance	\$500.00
Street Sweeping	\$500.00
Snow Removing and Salting	\$5,500.00
Management Fee	\$1,000.00
 Miscellaneous	 <u>\$1,000.00</u>
 Total annual operating expenses	 <u>\$13,400.00</u>

Initial Annual Assessment per Unit is approximately \$400.00 per year.

34 Units @\$400/annual

*Estimated by R A Berry Holdings, LLC, Developer, on the basis of 34 occupied Units.

