

DISCLOSURE STATEMENT

Ledgestone

GRAND RAPIDS TOWNSHIP, MICHIGAN

Developer: Ledgestone Place Development Company, LLC
2562 Breton Creek Drive, SE
Kentwood, MI 49512
(616)

Ledgestone is an expandable, contractible and convertible residential condominium project located in Grand Rapids Township, Kent County, Michigan. The Project presently consists of thirty two (32) units. The Project may be expanded to up to one hundred (100) units. The ultimate completion date of the Project will be determined by the level of sales activity.

The effective date of this disclosure statement is June 15, 2005.

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.

WE RECOMMEND THAT YOU CONSULT WITH AN ATTORNEY OR OTHER ADVISER PRIOR TO PURCHASING A CONDOMINIUM UNIT.

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1. INTRODUCTION

Condominium development in Michigan is governed largely by a statute called the Michigan Condominium Act (the "Act"). This Disclosure Statement, together with copies of the legal documents pertaining to the creation and operation of Ledgestone (which are referred to as the "condominium documents") are furnished to each purchaser pursuant to the requirements of Michigan law that the Developer of a condominium project disclose to prospective purchasers the characteristics of the condominium units which are offered for sale.

"Condominium" is a form of real property ownership. Under Michigan law, a condominium unit (that part of the condominium individually owned and occupied) has the same legal attributes as any other form of real property and may be sold, mortgaged or leased, subject only to such restrictions as are contained in the condominium documents. The condominium units described herein are residential units. Each unit has been designed and intended for separate ownership and use, and each unit has individual access to a common element of the condominium project.

Each co-owner receives a deed to his individual condominium unit. Each co-owner owns, in addition to his unit, an undivided interest in the common facilities (called common elements") which service the project. Title to the common elements is included as part of, and is inseparable from, title to the individual condominium units. Each co-owner's proportionate share of the common elements is determined by the percentage of value assigned to his unit in the Master Deed.

All portions of the project not included within the units constitute the common elements. Limited Common Elements are those common elements whose use is reserved in the Master Deed by less than all co-owners. General Common Elements are all common elements other than Limited Common Elements.

Each Condominium Unit at Ledgestone consists of the airspace within the walls, ceilings and unfinished floor areas. Each Unit has been designed and intended for separate ownership and use, and each Unit has individual access to a public street.

The Limited Common Elements of the Project include such areas as porch decks, patios, interior garage space and sidewalks leading to the driveways. General Common Elements are all Common Elements other than Limited Common Elements. The utility systems throughout the Project up the point of lateral connection for Unit service are General Common Elements.

Ledgestone presently consists of thirty two (32) Units. The Project may be expanded to include more Units by the election of the Developer, made from time to time, within six (6) years from the recording of the initial Master Deed. Within this

same time period, the Developer has also reserved the right solely in its discretion to contract and withdraw unsold portions of the Project, or to convert the nature of certain areas of the Project.

An equal percentage of value is assigned to each of the units in LedgeStone. The percentage of value is determinative of each co-owner's ownership interest in the Common Elements. In certain rare instances, this value is also used when voting on matters affecting the administration of the Condominium.

Except for the year in which the project is established, real property taxes and assessments will be levied individually against each unit at LedgeStone. These individual 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 are billed to the Association and are paid by the co-owners of such units in proportion to the percentages of value assigned to the units owned by them.

Of course, no summary such as the one contained in this Disclosure Statement can fully state all of the details of a condominium development. Each purchaser is therefore urged to carefully review all of the condominium documents for LedgeStone. All purchasers are also advised to consult their own lawyer or other professional adviser.

2. LEGAL DOCUMENTATION

A. General. LedgeStone was established as a condominium project pursuant to a Master Deed recorded in the office of the Kent County Register of Deeds on October 28, 2004. A copy of the Master Deed has been provided to you with this Disclosure Statement. The Master Deed includes the Condominium Bylaws as Exhibit A, and the Condominium Subdivision Plan as Exhibit B. The Master Deed has been amended five times to increase the numbers of units in the Project. All of these documents should be reviewed carefully by prospective purchasers.

B. Master Deed. The Master Deed contains definitions of terms used within the condominium project, the percentage of value assigned to each unit in the Condominium Project, a general description of the units and general and limited common elements included in the project and a statement regarding the relative responsibilities for maintaining the common elements. Article VI of the Master Deed discusses easements affecting the Project, and Article VII identifies the modifications to the Project which may be made by the Developer with respect to certain reserved rights to contract, expand or convert the Project. Article IX contains a statement of when and how the Master Deed may be amended.

C. Condominium Bylaws. The Condominium 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 purpose of paying the costs of operation of the Condominium Project. Article VII contains certain restrictions upon the occupancy and use of the Condominium Project. Article VII 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. Article IX contains a statement of the limited restrictions upon the leasing of units at Ledgestone. The restrictions satisfy the requirements of the Act.

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

3. SUMMARY OF PROJECT

Ledgestone (the "Project") is located in the Grand Rapids Township, Kent County, Michigan and consists of thirty two (32) units. Construction was commenced in the Fall of 2004. The Developer has reserved the right to add additional condominium units to the project, either by expanding the boundaries of or converting existing areas of the Project. The Developer has also reserved the right to contract the Project. Unit purchasers may elect various options, such as a finished lower level, and interior finish options. Purchasers can from a variety of basic floor plans. The Developer's sales agent can provide further details.

4. DEVELOPER AND BUILDER

Ledgestone Place Development Company, LLC, a Michigan limited liability company, is the Developer and builder of the Project. This company was formed in 2004 for the purpose of developing this site in the Grand Rapids Township. This is the first condominium development undertaken by the Developer.

5. REAL ESTATE BROKER

The real estate broker for Ledgestone is Smith-Diamond Realty with offices at 2828 Wilson Avenue, Grandville, Michigan 49418. The broker has significant prior experience in condominium development and sales. The principal real estate sales person who will be responsible for the sale of units at Ledgestone is Janet Kliefoth, phone 616-443-4346, fax 616-538-6886, home office 616-897-3086, E-mail janetkliefoth@aol.com.

6. STRUCTURES AND IMPROVEMENTS WHICH NEED NOT BE BUILT

The Michigan Condominium Act requires the Developer to clearly inform potential purchasers of its construction obligations by the use of the labels "Must Be Built" and "Need Not Be Built." These labels appear on the Condominium Subdivision Plan, attached to the Master Deed as Exhibit B. The Developer is obligated to construct only those units and improvements labeled "Must Be Built" in the Condominium Subdivision. Units 1 to 32, Ledgestone Drive, and all utilities servicing Units 1 to 32 "must be built". All other buildings, structures and improvements of the Project are labeled "Need Not Be Built".

7. ESCROW OF FUNDS

In accordance with Michigan law, all funds received from prospective purchasers of units at Ledgestone will be deposited in an escrow account with an escrow agent. The escrow agent for Ledgestone is Transnation Title Insurance Company. The address and principal place of business of Transnation Title Insurance Company is 921 N. Division Avenue, SE, Grand Rapids, Michigan 49503.

Funds held in the escrow account will be returned to the prospective purchaser within three (3) business days upon such purchaser's withdrawal from a Purchase Agreement within the specified period. After the expiration of the nine (9) business-day withdrawal period described in the Purchase Agreement, all funds received from the purchaser will be retained in escrow to assure completion of only those uncompleted structures and improvements labeled under the terms of the condominium documents "Must Be Built." Pursuant to Michigan law, if the Developer does not furnish the escrow agent with evidence of adequate security (such as an irrevocable letter of credit, lending commitment, indemnification agreement, or other security, which the escrow agent determines to be adequate), funds received from the purchaser will be released to the Developer only if all of the following occur:

- (a) (i) Issuance of a certificate of occupancy for the unit, if required by local ordinance, and conveyance of legal or equitable title to the unit to the purchaser, or
- (ii) a default by purchaser in his obligations under the Purchase Agreement.
- (b) Receipt by the escrow agent of a certificate signed by a licensed professional engineer or architect, either confirming that those portions of the phase of Ledgestone in which the unit is located and which on the condominium subdivision plan are labeled "Must Be Built" are substantially complete, or determining the amount necessary for substantial completion thereof.

(c) Receipt by the escrow agent of a certificate signed by a licensed professional engineer or architect either confirming that recreational or other facilities which on the Condominium Subdivision plan are labeled "Must Be Built" are substantially complete, or determining the amount necessary for substantial completion thereof.

A structure, element, facility or other improvement is deemed to be substantially complete when it can be reasonably employed for its intended use, and is not be required to be constructed, installed or furnished precisely in accordance with the specifications for the project. A certificate of substantial completion is not be deemed to be a certificate as to the quality of the items to which it relates.

Upon receipt of a certificate signed by a licensed professional engineer or architect determining the amount necessary for substantial completion, the escrow agent may release to the Developer all funds in escrow in excess of the amounts determined by the issuer of such certificate to be necessary for substantial completion. In addition, upon receipt of a certificate signed by a licensed professional engineer or architect confirming substantial completion in accordance with the pertinent plans of an item for which funds have been deposited in escrow, the escrow agent must release to the Developer the amount of such funds specified by the issuer of the certificate as being attributable to such substantially completed item. However, if the amounts remaining in escrow after such partial release would be insufficient in the opinion of the issuer of such certificate for substantial completion of any remaining items for which funds have been deposited in escrow, only the amount in escrow in excess of such estimated cost to substantially complete must be released by the escrow agent to the Developer.

The escrow agent in the performance of its duties is deemed an independent party not acting as the agent of the Developer, any purchaser, co-owner or other interested party. So long as the escrow agent relies upon any certificate, cost estimate or determination made by a licensed professional engineer or architect, the escrow agent has no liability whatever to the Developer or to any purchaser, co-owner or other interested party for any error in such certificate, cost estimate or determination, or for any act or omission by the escrow agent in reliance thereon. The escrow agent is be relieved of all liability upon release of all amounts deposited in accordance with the Michigan Condominium Act.

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

certification by a licensed professional architect or engineer does not limit the Developer's liability for any defect in construction.

Also pursuant to Michigan law, if the Developer has not substantially completed the improvements for which escrowed funds have been retained or security has been provided within nine (9) months after closing the sale of the first unit in a phase of Ledgestone, the escrow agent, upon the request of Ledgestone Association or any interested owner of a unit at Ledgestone, must notify the Developer of the amount of funds or security that remain in the escrow account, and of the date upon which those funds can be released. If after three (3) months have passed the Developer has not completed the specified improvements, or otherwise acted to gain release of the escrowed funds, the escrow agent may release the funds for the purpose of completing the incomplete improvements for which the funds were originally retained, or for a purpose specified in a written agreement between the Ledgestone Association and the Developer.

Any interest earned on funds held in the escrow account will be released to the party who is entitled to receive the funds upon which the interest has accrued, except that interest on funds released from the escrow account due to a prospective purchaser's withdrawal from a Purchase Agreement must be paid to the Developer.

Additional details of the escrow arrangements made in connection with Ledgestone are contained in the Escrow Agreement which is included in the purchaser information package.

8. FINANCIAL ARRANGEMENTS FOR COMPLETION OF BUILDINGS

The Developer has arranged construction financing through Fifth Third Bank in Grand Rapids, Michigan.

9. RECREATIONAL FACILITIES

No recreational facilities are required to be constructed by the Developer as part of Ledgestone.

10. ORGANIZATION AND CONTROL OF THE CONDOMINIUM

A. The Condominium Buyer's Handbook. General information about the government and organization of condominiums in Michigan may be found in the Condominium Buyer's Handbook, published by the Michigan Department of Commerce, and provided to you previously by the Developer through the real estate broker.

B. Ledgestone Condominium Association. Ledgestone Condominium Association (the "Association") has been incorporated under the laws of the State of

Michigan as a not-for-profit corporation by the Developer. It will be responsible for the management, maintenance and administration of the Condominium. A person will automatically become a member of Association upon closing on the purchase of a unit.

The Articles of Incorporation and Bylaws of the Association which have been provided to you with this Disclosure Statement govern the procedural operations of the Association. The Association is governed by a three-person Board of Directors whose initial members have been appointed by the Developer. The initial directors are empowered to serve pursuant to the provisions of the Condominium Bylaws until the first annual meeting of members of the Association, which must be held on or before the expiration of 120 days after legal or equitable title to sixty seven (67) condominium units has been conveyed to non-Developer co-owners or 54 months after the first conveyance of legal or equitable title to a condominium unit to a non-Developer co-owner, whichever occurs first. Article II of the Condominium Bylaws sets forth the complete requirements for the election of directors.

At the first meeting of members of the Association, the Association will select Directors, and the Directors in turn will elect officers for the Association. Cumulative voting by members is not permitted. The Developer will be entitled to cast votes at any meeting with respect to all units then remaining titled in its name. The Developer may have the right to determine the composition of a majority of the Board at the time of the first meeting and for some time after the first meeting.

C. Annual Meetings. Following the first annual meeting, annual meetings of the co-owners of Ledgestone will be held each year in accordance with the Condominium Bylaws for the purpose of conducting the business of the Association and electing directors for the succeeding year. Prior to each annual meeting, co-owners will receive notice stating the time and location of the meeting and the matters to be considered at the meeting as prescribed by the Condominium Bylaws.

D. Advisory Committee. The Board of Directors of the Association must establish an Advisory Committee of non-Developer co-owners upon the passage of: (a) 120 days after legal or equitable title to twenty five (25) Condominium units has been conveyed to non-Developer co-owners; or (b) one year after the first conveyance of legal or equitable title to a Condominium unit to a non-Developer co-owner, whichever first occurs. The Advisory Committee will meet with the Board of Directors to facilitate communication with the non-Developer co-owners and to aid in transferring control from the Developer to the non-Developer co-owners. The Advisory Committee will be composed of not less than one (1) nor more than three (3) non-Developer members, who will be appointed by the Board of Directors in any manner it selects, and who serves at the pleasure of the Board of Directors. The Advisory Committee will automatically dissolve following the appointment of a majority of the Board of Directors by non-Developer co-owners. The Advisory Committee must meet at least quarterly with the Board of Directors.

E. Percentages of Value. Each of the units at the Condominium has been assigned an equal share of the total value of the project based upon its size and anticipated allocable expenses of maintenance. The total value of the project is 100%. The percentage of value assigned to each unit is determinative of the value of such unit's vote at meetings of the Association of Co-Owners, when voting by value, and of the unit's undivided interest in the common elements.

F. Management. The Association is presently managed by the Developer for a fee. As long as the Developer is assisting with the management of the Condominium, Co-owners who have a complaint or a problem should transmit it in writing to Ledgestone Place Development, LLC, at 2562 Breton Creek Drive, SE, Kentwood, Michigan 49512, and it will attempt to resolve the problem or will refer it to the Board of Directors of the Condominium Association. Section 55 of the Michigan Condominium Act allows the Association to void a management contract with the Developer or its affiliates and any management contract to the extent it extends more than one year beyond the date on which the Association is turned over to its members.

11. CONVERTIBLE AREA

Ledgestone includes convertible area which the Developer may use for the purpose of creating additional condominium units and/or general and limited common elements. The Developer may also alter the size and shape of unsold units. In addition, the ceiling height of each unsold unit may be altered to create a cathedral ceiling. All convertible areas may be modified by the Developer through an amendment to the Master Deed, without the prior consent of any party. The convertible areas in the Condominium are governed by Article VII of the Master Deed.

12. EXPANSION AND CONTRACTION OF THE CONDOMINIUM

The Master Deed of Ledgestone provides that the number of units and the amount of land included in the Condominium may be expanded or contracted by the addition of lands or the removal of certain parts of the Condominium Project. The land which may be removed from the Condominium, consists of general common element lawn area and the areas associated with unsold units. Any portion or all of this land may be removed from the Condominium by one or more amendments to the Master Deed. Such amendments may be made by the Developer in its discretion, without the consent of any co-owners. No Unit may be contracted without the consent of the owner of the Unit once the Unit has been transferred by the Developer. The land which may be added to the Project is labeled "future expansion area "A" and "future expansion area "B" on the Plan. Any land which has been withdrawn from the Project may also be added back into the Project. Any portion or all of the future development land (or other land contracted from the Project) may be added to the Project by one or more amendments to the Master Deed. Such

amendments may be made by the Developer in its discretion, without the consent of any co-owners.

The Developer must exercise its expansion and contraction rights not later than six (6) years after the recordation of the Master Deed. If the Condominium is contracted by the removal of units or expanded by the addition of units, the percentages of value assigned to each individual unit will be proportionately readjusted in order to preserve a total value of 100 percent for the entire project. At the time of the recording of the initial Master Deed, an equal percentage of value was assigned to each of the units in LedgeStone. If the total number of units in the Condominium decreases, the percentage of value assigned to each unit will increase; the converse is true with any increase in the number of Units in the Project. A change in the number of units at LedgeStone may affect the usage of certain common elements and the demand for certain services, leading to different maintenance and repair expenses for the project as a whole.

13. SUMMARY OF LIMITED WARRANTY

All manufactured items sold with a unit at LedgeStone carry those warranties provided to purchasers by their manufacturers and no other warranties. A purchaser should verify the terms of the manufacturers' warranties and determine when the warranties begin to run on items installed in a particular unit before signing a purchase agreement. For more detailed information about such warranties, including transferability and claims procedures, the owners' guides provided by the manufacturers should be examined.

All shrubbery in the Condominium will be guaranteed for one year from installation by the supplier.

At the time of closing, the Developer will also furnish each co-owner with the limited warranty attached as Exhibit "1" from the Developer. This limited warranty guaranties to co-owners that all materials and equipment, other than manufactured items, furnished pursuant to the Purchase Agreement will be new unless otherwise specified, and that all materials, equipment and work will be of good quality, and free from certain faults and defects enumerated in the limited warranty; provided, however, that the Developer does not guarantee against: glass breakage; tile or cement cracks or heaving; damage resulting from settlement of a unit or ground under or around the building in which a unit is located or under other units or common elements; the expansion or contraction of wood building materials; or the cracking, fading, or blistering of any paint, stain, or other exterior surface coating materials. The limited warranty furnished by the Developer is in effect for one year after the date of the closing of the sale of the unit. If purchaser gives the Developer written notice of alleged defects in workmanship or materials in his unit or on the common elements attached to or contained within the building in which his unit is located in the manner specified by the limited warranty, and within one year after the

date of closing, the Developer will inspect such items. Where inspection reveals defects in workmanship or materials, the Developer will make reasonable repairs to cure such defects without cost to purchaser. The Developer will assign to and for the benefit of purchaser all assignable warranties made to it by subcontractors and suppliers relative to services, materials and equipment incorporated in the Condominium. The Developer is not responsible for any special or consequential damages associated with work which is the subject of a warranty claim.

The Developer is not furnishing any warranty to the Purchaser from itself, and it disclaims all implied warranties.

CAUTION: THERE ARE NO WARRANTIES ON THIS CONDOMINIUM PROJECT OTHER THAN THOSE DESCRIBED HEREIN. YOU, INDIVIDUALLY OR AS A MEMBER OF THE ASSOCIATION, MAY BE REQUIRED TO PAY SUBSTANTIAL SUMS FOR THE REPLACEMENT OR REPAIR OF ANY DEFECTS IN THIS CONDOMINIUM PROJECT THAT ARE NOT COVERED BY WARRANTY, IF ANY SUCH DEFECTS EXIST.

14. BUDGET AND ASSESSMENTS

A budget for the operation of the Condominium Association has been estimated by the first Board of Directors of the Association, appointed by the Developer, on a projected basis. A copy of this estimated budget is attached to this Disclosure Statement as Exhibit "2" and forms the basis for the initial monthly assessment charged to members. It must be kept in mind, however, that this is an estimate only and there can be no guarantee that the budget will be sufficient to meet all expenses of the Association. For example, this budget is based on the assumption that thirty two (32) units will be sold and occupied in 2005-2006, which may not occur. The Developer, however, believes that revenues and expenses will be reduced pro rata for each unit not sold and occupied.

The Association's budget includes estimated charges for water and sewer expenses. These expenses are billed to and paid by the Association. The Association's budget does not include charges for the consumption of other utilities by individual units. Electricity, gas and telephone are individually metered and must be ordered and paid directly by each Co-owner to the utility companies servicing the Project. The individually metered utilities will be provided by Consumers Energy (electricity), DTE (gas), SBC (telephone) and Comcast (cable T.V.).

The Association's only source of revenue to fund this budget is by assessment of its members. Each Co-owner must therefore pay an annual assessment which is determined by dividing the projected budget expenses by the number of units in the Project. This annual assessment is paid in monthly installments which are due on the first day of each month. On the basis of the budget attached as Exhibit "2",

the monthly assessment for each of the Units in the Project will be approximately \$142.18.

The Developer is responsible for payment of the regular annual assessment, and all special assessments, for all completed Units owned by the Developer, except that the Developer is not responsible for the payment of any charges for deferred maintenance, reserves for replacements, reserves for contingencies, or capital improvements except with respect to a Unit owned by it upon which a completed building is located. A "completed Unit" is one with respect to which a certificate of occupancy (or its equivalent has been issued by the local public authority and in which a person or persons regularly occupies as a dwelling). The Developer is also not responsible for certain assessments relating to capital expenditures and other charges more fully described in Section 5.09 of the Condominium By-Laws.

Like many expenses today, the expenses in the budget are subject to change as a result of changing costs in the economy. The budget represents the Association's best estimate of those expenses at this time. These costs may increase from year to year on account of such factors as cost increases, the need for repair or replacement of common elements, and property improvements. Cost increases will result in increased monthly assessments. In the event the Association incurs expenses which are not anticipated in the budget, the Board of Directors may also levy additional regular assessments to cover such expenses. Additional assessments are typically apportioned among the Co-owners on an equal basis in accordance with the Master Deed.

There are no fees, payments or services which are paid or furnished directly or indirectly by the Developer which will later become an expense of administration, except that the Developer has arranged for management services at a fee that may be below the prevailing rate for such services. Management fees paid by each co-owner could therefore increase when the Developer ceases to manage the project.

15. CO-OWNER LIABILITY

If title to a unit at Ledgestone passes by virtue of a first mortgage foreclosure, the new title holder may not be not liable for the assessments of the prior owner which became due prior to the acquisition of the title to the unit by the foreclosure sale purchaser. In this case, any unpaid assessments are deemed to be common expenses collectible from all of the Condominium unit owners, including that person. This provision is contained in the Condominium Bylaws, as required by the laws of the State of Michigan.

16. RESTRICTIONS APPLICABLE TO THE CONDOMINIUM

In order to provide an environment conducive to pleasant living at Ledgestone, the Condominium Bylaws contain certain limitations upon the activities of co-owners

which might infringe upon the right to quiet enjoyment of all co-owners. Some of these restrictions are set forth herein. You should read Article VII of the Condominium Bylaws to ascertain the full extent of the restrictions.

The units in Ledgestone may be used solely for residential purposes, although some home office uses are also permitted. Unit owners are not permitted to modify the exterior of the Condominium units or the grounds at Ledgestone without the express written consent of the Board of Directors of the Association. Any structural modification of the interior of a Condominium unit at Ledgestone requires prior approval from the Association. Well behaved dogs and cats are allowed as pets if they are registered with the Association and they do not cause a nuisance to other co-owners or occupants of the community. A pet registration form is included with this Disclosure Statement as Exhibit 3.

17. ENFORCEMENT PROVISIONS

The use restrictions at Ledgestone are enforceable by the Association which may take appropriate action to enforce the restrictions, such as levying fines and/or commencing legal actions for injunctive relief and damages. The remedies available in the event of default are contained in Article VII and XII of the Condominium Bylaws. The Board of Directors of the Association may also take direct action to correct any such condition and may specially assess the Condominium Unit involved for the cost of such correction. The Board may elect to discontinue furnishing services to the Unit involved upon seven (7) days notice to the Co-owner in default. If any fine or assessments are not paid by the owner of a Condominium Unit, the Association may enjoy a lien against the Unit which may be enforced as described above, or by foreclosure proceedings in the manner provided by the Condominium Act.

18. INSURANCE

The Association is responsible for securing fire and extended coverage, vandalism and malicious mischief and liability insurance, and, when necessary, worker's compensation insurance pertinent to the ownership, use, and maintenance of the common elements of the Condominium. Such insurance policies contain deductible clauses which, in the event of a loss, could result in the Association's being responsible for a certain portion of the loss.

Unit owners, as members of the Association, would bear any such loss in proportion to their percentage ownership of the common elements. Ledgestone Condominium Association has taken out an "all-risk" policy of insurance on the common elements. A copy of the "all-risk" policy is available at the sales office for inspection by prospective purchasers. Worker's compensation insurance will not initially be secured by the Association, since the Association will have no employees.

Co-owners should regularly review the insurance coverage of the Condominium to insure it is adequate.

The insurance coverage provided by the Association will not cover the interior of individual units, any articles contained therein or any personal property of a co-owner on the grounds of the Condominium other than items provided by the Developer in the initial sale of a unit. Each unit owner must therefore secure Condominium unit owner's insurance to insure against loss to the interior of his unit (the area from the paint on the wall in, including those items not furnished by Developer at the time of the initial sale, or replacements thereof) and his personal property. A unit owner should consult with his insurance adviser to determine the amount of coverage required for his particular needs. In the event a unit owner fails to procure his own insurance, he will be uninsured for any loss that might occur to his unit, to himself or his property.

If the Condominium is destroyed, in whole or in part, Section 6.03 of the Condominium Bylaws attached to the Master Deed provides a plan for reconstruction or repair. A copy of the current insurance policy for the Project is available for review at the office of the Developer.

19. PRIVATE ROADS AND EASEMENTS

All condominium units will be serviced by a private roads known as "Ledgestone Place" and Ledgestone Drive. All of the private roads are maintained by the Association at the expense of the co-owners of the Project, and not by any public authority. The use and maintenance of Ledgestone Drive is shared with neighboring property owners pursuant to recorded easement agreements. All of these roads are depicted on the Condominium Subdivision Plan.

Garages will be available for use by the owners of the units to which each garage is attached. Parking space is also available on the driveways in front of the garages, which have been designated limited common elements reserved for the use of the designated unit owner.

Ledgestone Place Development, LLC, as Developer, is permitted to enter the Condominium for the purpose of sale and preparation for sale of units. The Developer's sales personnel are also permitted to enter Ledgestone and to maintain an office and model units at the Condominium. The usual public utility easements, such as telephone, electricity, water and sewer, are enjoyed by those companies and municipalities responsible for the furnishing of public utilities to the Condominium. As set forth more fully in Article VI of the Master Deed, the Developer has also reserved the right to tie into utilities serving the Condominium.

Representatives of Ledgestone Condominium Association are entitled to enter a unit in the case of an emergency or to make necessary repairs to a common

element. While such an entry may cause inconvenience, it is necessary to the well-being of all the co-owners.

20. ARBITRATION

Your Purchase Agreement contains a provision permitting the purchaser to elect to arbitrate a dispute with the Developer if the amount claimed by the purchaser in such dispute is less than \$2,500, as required by the Michigan Condominium Act. The Act also provides that the Association may elect to arbitrate any dispute with the Developer concerning the common elements of the Condominium in which dispute the Association claims \$10,000 or less.

21. LEGAL PROCEEDINGS

There are no pending proceedings, either legal or administrative, which involve either the Condominium Project or the Developer in its capacity as such and the Developer has no knowledge as to any such proceedings which have been threatened in the future.

THE MATTERS DISCUSSED IN THIS DISCLOSURE STATEMENT ARE INTENDED TO HIGHLIGHT ONLY A FEW OF THE MORE IMPORTANT FACTS RELATING TO THE PROJECT. BUYERS SHOULD READ ALL CONDOMINIUM DOCUMENTS TO FULLY ACQUAINT THEMSELVES WITH THE PROJECT AND THEIR RIGHTS AND RESPONSIBILITIES RELATING THERETO.

The Developer's attorneys, Charron & Hanisch, PLC, served as legal counsel in connection with the preparation of this Disclosure Statement and related documents. Legal counsel has not passed upon the accuracy of the factual matters herein contained.

Exhibit 1

LIMITED WARRANTY

NOTE: CONSEQUENTIAL AND INCIDENTAL DAMAGES ARE EXCLUDED AND THERE ARE LIMITATIONS IN THE DURATION OF IMPLIED WARRANTIES.

1. **Term.** The terms of the various coverages of this warranty begin on the date of closing or the date when the Owner first occupies the new condominium unit or its appurtenant limited common elements, whichever comes first. Notwithstanding the foregoing, with respect to general common element areas of the condominium project, this warranty commences from the date of installation of the general common element.

2. **Coverage.** Ledgestone Place Development, LLC, a Michigan limited liability company of 2562 Breton Creek Drive, SE, Kentwood, Michigan ("Developer") warrants that all construction related to the condominium unit, its appurtenant limited common elements, and any general common elements which enclose the unit, has been in substantial conformity with the plans and specifications and change orders for the condominium unit. Developer warrants that during the first sixty (60) days after the Owner moves in, Developer will adjust or correct minor defects, omissions, or malfunctions, such as missing equipment or hardware; sticking doors, drawers, and windows; dripping faucets; caulking around exterior openings and other minor malfunctions of the condominium unit or its appurtenant limited common elements reported by owners upon inspection of the property. Within one (1) year from the date of closing or occupancy by the Owner, whichever is first, Developer will repair or replace, at the Developer's option, any latent defects in material or workmanship of the condominium unit, its appurtenant limited common elements, or any general common elements which enclose the unit. All workmanship and materials shall satisfy the standards of construction described in the current version of *The Residential Construction Performance Guidelines -- For Professional Builders and Remodelers*, published by the National Association of Home Builders (the "Guidelines"). A latent defect is defined as one which was not apparent/ascertainable at the time of occupancy. The owner agrees to accept a reasonable match in any repair or replacement in the event the original item is no longer available. If any latent defects in material or workmanship causes or result in water, mold, insect or animal infestation, or damage from any other agent, Developer's responsibility will be limited to repairing or replacing the portions of the dwelling which allowed water, mold, insects, animals, or other agents to enter or occupy the Condominium unit. Developer is not responsible for any damages caused by water, mold, insect or animal infestation, or damage by some other agent, that may be associated with defects in our construction, to include but not be limited to property damage, personal injury, loss of income, emotional distress, death, loss of use, loss of value, and adverse health effects, or any other effects.

3. **Manufacturers' Warranties.** Developer assigns and passes through to Owner, to the extent they are assignable, the manufacturers' warranties on all appliances and equipment. The following are examples of such appliances and equipment, though not every home includes all of these items and some units may include appliances or

equipment not in this list: refrigerator, range, space heater, washing machine, dishwasher, garbage disposal, ventilating, attic fan, and air conditioner.

4. EXCLUSIONS FROM COVERAGE WE DO NOT ASSUMES RESPONSIBILITY FOR ANY OF THE FOLLOWING, ALL OF WHICH ARE EXCLUDED FROM THE COVERAGE OF THIS LIMITED WARRANTY:

(a) Consequential or incidental damages.

(b) Defects in appliances and equipment that are covered by manufacturers' warranties. (We have assigned these manufacturers' warranties to you, to the extent they are assignable, and you should follow the procedures in these warranties if defects appear in these items.)

(c) Damage resulting from fires, floods, storms, electrical malfunctions, accidents, acts of God; or damages from alterations, misuse or abuse of the covered items by any person; or damage resulting from the owner's failure to observe any operating instructions furnished by the Developer at the time of installation; or damage resulting from a malfunction of telephone, gas company, power company, or water company equipment or lines.

(d) Damage due to ordinary wear and tear, abusive use, or lack of proper maintenance of your home.

(e) Defects that are the results of characteristics common to the materials used, such as (but not limited to) warping and deflection of wood, fading, chalking, and checking of paint due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks, and masonry; drying, shrinking and cracking of caulking and weather-stripping, except that Developer will return once to the Condominium unit at the conclusion of the first year following the date of closing to repair or patch any drywall cracks or nail pops.

(f) Defects in items installed by you or anyone else except us or, if requested by us, our subcontractors.

(g) Work done by you or anyone else except us or, if requested by us, our subcontractors.

(h) Conditions resulting from condensation on, or expansion or contraction of, materials, and/or

(i) Paint applied over newly plastered interior walls.

5. **No Other Warranties.** This Limited Warranty is the only express warranty given by Developer. The Developer makes no other warranties, express or implied, including but not limited to warranties of merchantability, fitness for a particular purpose, habitability, and good workmanship are expressly excluded, or to the extent not excludable by law, limited to the warranty period set forth above. This Limited Warranty gives you specific legal rights, and you may also have other rights.

6. **Claims Procedure.** If a defect appears that you think is covered by this Limited Warranty, you must write a letter describing it and send it by certified mail, return receipt requested, to our office at 2562 Breton Creek Drive, SE, Kentwood, Michigan 49512. You must tell us in your letter what times during the day you will be at home, so that we can schedule service calls appropriately. If delay will cause extra damage (e.g., if a pipe has burst) telephone us. Only emergency reports will be taken by phone.

7. **Repairs.** Upon receipt of your written report of a defect, if the defective item is covered by this warranty, we will repair or replace it at no charge to you within 60 days (longer if weather conditions, labor problems, or material shortages cause delays). The work will be done by us or subcontractors chosen by us. The choice between repair or replacement is ours.

8. **Limited Transferability.** This Limited Warranty is extended to only the initial purchaser of the condominium unit. When the initial purchaser sells the home or moves out of it, this Limited Warranty automatically terminates. This Limited Warranty is not transferable to subsequent purchasers of the home.

9. **This is the Only Warranty Given by Developer.** Owner acknowledges that he/she/they has/have thoroughly examined the property to be conveyed and relies solely on his judgment in signing this Limited Warranty, and that there are no guarantees, warranties, understandings, or representations made by Developer, or any representatives of Developer, that are not set forth in this document.

Date of closing: _____, 20____.

Description of condominium unit: Unit ____, LedgeStone.

DEVELOPER:

OWNER(S):

LEDGESTONE PLACE DEVELOPMENT,
LLC, a Michigan limited liability company

By: _____

Its: Member