

DISCLOSURE STATEMENT
FOR
SANTREE
KENT COUNTY, MICHIGAN

Developer:

Holshoe Land Company, L.L.C.
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Belmont, MI 49306
(616) 863-9231

Santree is a residential site condominium project that is located in Solon Township, Kent County, Michigan.

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.

I.

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 Santree (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.

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 which are reserved in the Master Deed for use by less than all co-owners. General common elements are all common elements other than limited common elements.

Except for the year in which the project is established, real property taxes and assessments will be levied individually against each unit at Santree. 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 Santree. Any purchaser having questions pertaining to the legal aspects of the project is advised to consult his own lawyer or other professional adviser.

II.

LEGAL DOCUMENTATION

A. General. Santree was established as a condominium project pursuant to a Master Deed recorded in the office of the Kent County Register of Deeds. 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. 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 VIII of the Master Deed covers easements. Article XI 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 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. Article VI contains a statement of the limited restrictions upon the leasing of units at Santree. The restriction meets the requirement 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.

III.

DEVELOPER

Holshoe Land Company, L.L.C., a Michigan limited liability company is the Developer of the Project. This Project is the first condominium project developed by the Developer. Frank J. Holshoe is a member of Holshoe Land Company, L.L.C. Mr. Holshoe has developed three other site condominium developments.

IV.

BUILDER

Each co-owner will retain his or her own builder, subject to the terms of Article VI of the By-Laws attached to the Master Deed.

V.

REAL ESTATE BROKER

At present, there is no real estate broker for the Project. The Developer, at the Developer's discretion, may, however, retain the services of a real estate broker in the future.

VI.

STRUCTURES AND IMPROVEMENTS WHICH NEED NOT BE BUILT

The Michigan Condominium Act, as amended, requires the Developer to clearly inform potential purchasers what its construction obligations are through the use of labels "Must Be Built" and "Need Not Be Built." There are no uncompleted "Must Be Built" items and no "Need Not Be Built" items in the Project.

VII.

ESCROW OF FUNDS

In accordance with Michigan law, all funds received from prospective purchasers of units at Santree will be deposited in an escrow account with an escrow agent. The escrow agent for Santree is First American Title Insurance Company, by and through its representative, Metropolitan Title Company. The address and principal place of business of Metropolitan Title Company, is 2776 Birchcrest, SE, Grand Rapids, Michigan 49506.

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 all uncompleted structures and improvements. 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) 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 all improvements are substantially complete, or determining the amount necessary for substantial completion thereof.

A structure, element, facility or other improvement shall be deemed to be substantially complete when it can be reasonably employed for its intended use, and shall not be required to be constructed, installed or furnished precisely in accordance with the specifications for the project. A certificate of substantial completion shall 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 shall 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 shall be released by the escrow agent to the Developer.

The escrow agent in the performance of its duties shall be 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 shall have 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 shall 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 shall be 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 shall 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 shall not be construed to 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, the escrow agent, upon the request of the Santree Condominium Association or any interested owner of a unit at Santree, shall 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 Santree Condominium Association and the Developer.

Additional details of the escrow arrangements are contained in the Escrow Agreement which is attached to your Purchase Agreement.

VIII.

FINANCIAL ARRANGEMENTS FOR
COMPLETION OF BUILDINGS

The Developer has obtained construction financing for the Project from Kent Commerce Bank of 4050 Lake Drive, S.E., Kentwood, Michigan.

IX.

RECREATIONAL FACILITIES

No recreational facilities will be included in Santree.

X.

ORGANIZATION AND CONTROL OF THE CONDOMINIUM

A. The Condominium Buyers Handbook. General information about the government and organization of condominiums in Michigan may be found in the Condominium Buyers Handbook, published by the Michigan Department of Commerce, and provided to you previously by the Developer.

B. Santree Condominium Association. The Santree Condominium Association has been incorporated under the laws of the State of Michigan as a not-for-profit corporation. It will be responsible for the management, maintenance and administration of the Condominium. A person will automatically become a member of the Santree Condominium 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 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 one hundred twenty (120) days after legal or equitable title to twenty-five (25) percent of the condominium units have been conveyed to non-Developer co-owners or fifty-four (54) months after the first conveyance of legal or equitable title to a condominium unit to a non-Developer co-owner, whichever occurs first. The Condominium Bylaws sets forth the complete requirements for election of directors.

At the first meeting of members of the Association, the Association will elect 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.

C. Annual Meetings. Following the first annual meeting, annual meetings of the co-owners of Santree 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) One hundred twenty (120) days after legal or equitable title to thirty-three (33) percent of the Condominium units have been conveyed to non-Developer co-owners; or (b) one (1) 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 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 shall serve 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 may meet at least quarterly with the Board of Directors.

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

XI.

SUMMARY OF LIMITED WARRANTIES

Developer shall 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 this Condominium.

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.

XII.

BUDGET AND ASSESSMENTS

At closing, each purchaser of a unit at Santree will pay Sixty Dollars (\$60.00) to the Association as a nonrefundable working capital contribution. After the closing, each co-owner will pay a semi-annual assessment as his share of the common expenses of the Condominium. The semi-annual amounts are paid in advance and are collected from co-owners to operate and maintain the Condominium. A co-owner's first assessment shall be prorated. Because day-to-day operations are dependent upon the availability of funds, it is important that each co-owner pay his assessment in a timely manner. Semi-annual assessments at Santree are due by the first day of January and July each year. In the event a co-owner fails to pay this amount in a timely manner, the Condominium Bylaws provide that the Association may impose a lien upon a delinquent co-owner's unit, collect interest at the maximum legal rate on delinquent assessments, and impose other penalties. Article II of the Condominium Bylaws should be consulted for further details.

The amount of the semi-annual assessment will be determined by the amount of the common expenses. Under the budget of the Santree Condominium Association for fiscal year 2000 (the fiscal year of the Association will be a calendar year), adopted by the Developer in the exercise of their best judgment, each co-owner will pay Sixty Dollars (\$60) on the first day of January and Sixty Dollars (\$60) on the first day of July. This will generate an annual revenue from 45 units in the first phase of Five Thousand Four Hundred Dollars (\$5,400).

For fiscal year 2000, the estimated revenues and expenses of the Condominium are as follows:

Revenues:

Assoc. Dues - semi annually	\$60
No. of Units (first phase)	45
Annual Receipts	\$5,400

Expenses:

Snow Plowing	\$2,500
Bank Service Charges	\$300
Legal and Accounting	\$600

Insurance	*^\$750
Reserve	\$1^235

Total Expenses \$5,400

There is no assurance that the contingency reserve will be adequate. Each co-owner must also pay other charges in connection with his ownership of a unit. For example, each co-owner will be responsible for paying real estate taxes levied on his unit and his undivided interest in the common elements. The amount of such taxes will be determined by the assessor of the Solon Township. Santree Condominium Association will pay no real estate taxes, except in the first year of the Condominium, as describe on page 2 above.

Each co-owner could be required to pay special assessments, if special assessments are levied by the Board of Directors of the Santree Condominium Association. Special assessments may be levied by the Board of Directors in the event that, among other things, the regular assessment should prove inadequate, common elements need to be replaced or expanded, or an emergency occurs. Article II of the Bylaws of Santree attached to the Master Deed should be examined for further details about special assessments.

Like most expenses today, the expenses in the budget are subject to change as a result of changing costs in the economy. The budget contained herein represents the Developer's best estimate of those expenses at this time. However, 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. Such cost increases will result in increased assessments.

XIII.

RESTRICTIONS ON USE

In order to provide an environment conducive to pleasant living at Santree, 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 VI of the Condominium Bylaws to ascertain the full extent of the restrictions. The residential units in Santree may be used solely for the purpose of single-family dwellings.

The use restrictions at Santree are enforceable by the Santree Condominium Association, which may take appropriate action to enforce the restrictions, such as legal actions for injunctive relief and damages. The remedies available in the event of default are contained in Article II of the Condominium Bylaws.

XIV.

INSURANCE

Santree Condominium Association is responsible for securing 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. Copies of all policies of insurance taken out by the Association are available for inspection by prospective purchasers. Worker's compensation insurance will not initially be secured by the Association, since Santree 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 individual units, any articles contained therein or any personal property of a co-owner on the grounds of the Condominium. Each unit owner must therefore secure their own insurance. 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.

XV.

PRIVATE ROADS AND EASEMENTS

There will be a private road system which will be a common element of the Condominium which must be maintained by the Santree Condominium Association. The roads will not be patrolled by public police forces. The Developer has not sought the dedication of the road to the Solon Township or the Kent County Road Commission.

The usual public utility easements have been provided for those companies and municipalities responsible for the furnishing of public utilities to the Condominium.

Representatives of the Santree 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.

XVI.

CO-OWNER LIABILITY

If title to a unit at Santree passes by virtue of a first mortgage foreclosure, the new title holder is not liable for the assessments of the Association which came due prior to the acquisition of the title to the unit by that person. 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.

XVI.

ARBITRATION

The 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. For more information, see the Purchase Agreement.

The Michigan Condominium Act, as amended, also provides that the Condominium 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.

XVII.

UNUSUAL CIRCUMSTANCES

To the Developer's knowledge, there are no unusual circumstances associated with Santree, provided, however, Santree was approved by the Township as a Planned Unit Development and the development is subject to the Solon Township Ordinance No. 99-1Z, adopted July 20, 1999 (the "Ordinance"). The Ordinance is attached to the Master Deed as Exhibit E and should be reviewed in its entirety by potential purchasers of units. In accordance with the Ordinance, all Unit Co-owners in the Association shall be deemed to have petitioned and consented to include Santree and/or the individual Units therein, within a special assessment district for paving and other improvements to Wiersma Street, should Solon Township determine such improvements are in the public interest. The procedure for levying and the permissible amount of such assessments shall be as provided by law.

XVIII.

LEGAL MATTERS

Rhoades, McKee, Boer, Goodrich, and Titta, of Grand Rapids, Michigan, 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.