

DISCLOSURE STATEMENT
FOR
SILVER LAKE STORAGE BARN

Developed By:

Silver Lake Building Condominium, LLC
610 N. East Silver Lake Road
Traverse City, Michigan 49685

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DISCLOSURE STATEMENT

Silver Lake Storage Barns is a fifty (50) unit Condominium Project located in the Township of Blair, County of Grand Traverse and State of Michigan.

The effective date of this Disclosure Statement is July 26, 2024.

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

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

I. INTRODUCTION

- A. A Condominium development in Michigan is governed largely by a statute called the Michigan Condominium Act. This Disclosure Statement, together with copies of the legal documents pertaining to the creation and operation of **Silver Lake Storage Barns** (which are referred to as the "Condominium Documents") are furnished to each purchaser pursuant to the requirement of the Michigan law that the Developer of a Condominium Project disclose to prospective purchasers the characteristics of the Condominium Units which are offered for sale.
- B. "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 storage 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.
- C. 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.
- D. 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.

- E. Except for the year in which the Project is established, real property taxes and assessments will be levied individually against each Unit at **Silver Lake Storage Barns**. 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-owner of such Units in proportion to the Percentages of Value assigned to the Units owned by them.
- F. 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 review carefully all of the documents contained in **Silver Lake Storage Barns** Purchasers' Information Booklet, as well as the other documents that have been delivered to the purchaser in connection with this Project. 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. Silver Lake Storage Barns** was established as a Condominium Project pursuant to a Master Deed recorded in the office of the Grand Traverse 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 a definition 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.
- 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 the Association members for the purpose of paying the costs of operation of the Condominium Project. Articles VI and VII contain certain restrictions upon the ownership, occupancy and use of the Condominium Project. Article VI also contains provisions permitting the adoption of rules and regulations governing the common elements. At the present time, no rules and regulations have been adopted by the Board of Directors of the Association.
- D. **Condominium Subdivision Plan.** The Condominium Subdivision Plan is a two-dimensional survey depicting the physical location and boundaries of each of the Units and all of the common elements in the Project.

III. SUMMARY OF THE PROJECT

Silver Lake Storage Barns is located in the Township of Blair, County of Grand Traverse and State of Michigan. **Silver Lake Storage Barns** is a storage Condominium and includes fifty (50) Units.

IV. DEVELOPER

The Developer of **Silver Lake Storage Barns** is Silver Lake Building Condominium, LLC. The address and principal place of business of the Developer is 610 N. East Silver Lake Road, Traverse City, Michigan 49685.

This is the first condominium project the Developer has been involved in.

V. REAL ESTATE BROKER

Coldwell Banker Schmidt Realtors whose address and principal place of business is 402 E. Front Street, Traverse City, Michigan 49686, and Century 21 Northland whose address and principal place of business is 241 E. State Street, Traverse City, Michigan 49684, will serve as the real estate brokers for **Silver Lake Storage Barns**.

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 the labels "Must Be Built" and "Need Not Be Built." The Developer is obligated to construct only those Units and improvements labeled "Must Be Built" in the Condominium Subdivision Plan attached to the Master Deed. None of the Units and improvements shown in the Condominium Subdivision Plans for **Silver Lake Storage Barns** are labeled "Must Be Built."

VII. ESCROW OF FUNDS

- A. In accordance with Michigan law, all funds received from prospective purchasers of Units at **Silver Lake Storage Barns** will be deposited in an escrow account with an escrow agent. The escrow agent for **Silver Lake Storage Barns** is ATA National Title Group. The address and principal place of business for ATA National Title Group is 13919 S. W. Bay Shore Drive, #105, Traverse City, Michigan 49684.
- B. 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. Nine (9) business days after purchaser signs a receipt for the Purchasers' Handbook, all funds received from the purchaser will be retained in escrow until closing, or upon default of a purchaser, the escrowed monies will be paid to Developer.
- C. 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 shall be paid to the Developer.

- D. Additional details of the escrow arrangements made in connection with **Silver Lake Storage Barns** are contained in the Escrow Agreement which is attached to your Purchase Agreement.

VIII. RECREATIONAL FACILITIES

No recreational facilities will be included in **Silver Lake Storage Barns**.

IX. 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 Licensing and Regulatory Affairs, and provided to you previously by the Developer.
- B. **Silver Lake Storage Barns Condominium Association.** Silver Lake Storage Barns Condominium Association ("Association") has been incorporated under the laws of the State of Michigan as a nonprofit corporation. It will be responsible for the management, maintenance and administration of the Condominium. A person will automatically become a member of the Association upon closing on the purchase of a Unit.
- C. **Board of Directors.** 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 who are empowered to serve pursuant to the provisions of the Condominium Bylaws until the First Annual Meeting of Members of the Association. Article III of the Association Bylaws sets forth the complete requirements for appointment of directors.
- D. **Transitional Control Date.** Control of **Silver Lake Storage Barns** will be turned over to Silver Lake Storage Barns Condominium Association as an independent entity at the transitional control date. The transitional control date is the date on which a Board of Directors who are unaffiliated with the Developer takes office. Until the transitional control date, the Condominium will be managed by the Silver Lake Storage Barns Condominium Association, although the Association will be controlled by the Developer. Even after the transitional control date, the Developer is entitled to participate, through voting and through appointment of directors, in the affairs of the Condominium to the extent it owns Units in the Condominium.
- E. **Annual Meetings.** Following the First Annual Meeting, annual meetings of the Co-owners of **Silver Lake Storage Barns** will be held each year in accordance with the Condominium Bylaws for the purpose of conducting the business of the Association and appointing 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.

- F. **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 five (5) Condominium Units has 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) or 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 must meet at least quarterly with the Board of Directors.
- G. **Percentage of Value.** Each of the Units at the Condominium has been assigned a percent of the total value of the Project based upon its location, size, value and 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 share of each Unit in the common elements. Each Unit will share equally in the expenses of administration of the Condominium Association and each Unit owner will have one (1) vote at meetings of the Association.
- H. **Management.** The Developer will serve as managing agent for the Condominium until the transitional control date. Thereafter, the Association must provide for its own management. The Developer will not be paid for its services as managing agent. As manager, the Developer will be given responsibility for the day-to-day management of the Condominium.

X. SUMMARY OF LIMITED 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.

XI. BUDGET

- A. After the closing, each Co-owner will pay a yearly assessment as his share of the common expenses of the Condominium. The yearly amounts collected from Co-owners are used to operate and maintain the Condominium. Because day-to-day operation of the Condominium is dependent upon the availability of funds, it is important that each Co-

owner pay his yearly assessment in a timely manner. Yearly assessments at **Silver Lake Storage Barns** are due by January 1st of each year. In the event a Co-owner fails to pay this amount in a timely manner, the Condominium Bylaws provide that the Silver Lake Storage Barns Condominium Association may impose a lien upon a delinquent Co-owner's Unit, collect interest at the rate of seven percent (7%) per annum on delinquent assessments and impose other penalties.

- B. An amount equal to two (2) months' estimated maintenance assessment shall be paid by Purchaser to Developer on behalf of the Association at the time of closing as a non-refundable working capital deposit.
- C. The amount of the yearly assessment will be determined by the amount of the common expenses.

For fiscal year 2024, the estimated revenues and expenses of the Condominium are as follows:

Expenses:

| | |
|--|--------------------|
| Property & Liability Insurance | \$7,000.00 |
| Snow Removal | \$10,000.00 |
| Common Electric | \$1,000.00 |
| Building & Ground Maintenance | \$3,000.00 |
| Operating & Maintenance Part 41 System | \$1,750.00 |
| Office | \$500.00 |
| Contingency Reserve | \$2,605.00 |
| TOTAL EXPENSES: | \$25,855.00 |

TOTAL INCOME: ¹\$25,855.05

- D. Below is an estimate of the total assessments owed by the co-owner of each unit:

| Unit | Percentage (%) of Value | Yearly Assessment |
|------|-------------------------|-------------------|
| 1 | 2.43% | \$ 627.59 |
| 2 | 2.43% | \$ 627.59 |
| 3 | 2.43% | \$ 627.59 |

¹ This Budget has been estimated by the Developer based upon an assumption that all units have been sold and occupied.

| | | |
|-----|-------|-----------|
| 4 | 2.43% | \$ 627.59 |
| 5 | 2.43% | \$ 627.59 |
| 6 | 2.43% | \$ 627.59 |
| 7 | 2.43% | \$ 627.59 |
| 8 | 2.92% | \$ 757.72 |
| 9 | 2.92% | \$ 757.72 |
| 10 | 2.92% | \$ 757.72 |
| 11 | 2.92% | \$ 757.72 |
| 12A | 1.13% | \$ 292.25 |
| 12B | 1.15% | \$ 297.08 |
| 12C | 1.13% | \$ 292.25 |
| 13 | 2.18% | \$ 564.87 |
| 14 | 1.81% | \$ 467.85 |
| 15 | 1.81% | \$ 467.85 |
| 16 | 1.81% | \$ 467.85 |
| 17 | 1.81% | \$ 467.85 |
| 18 | 1.81% | \$ 467.85 |
| 19 | 1.81% | \$ 467.85 |
| 20 | 1.81% | \$ 467.85 |
| 21 | 1.81% | \$ 467.85 |
| 22 | 1.81% | \$ 467.85 |
| 23 | 1.81% | \$ 467.85 |
| 24 | 1.81% | \$ 467.85 |
| 25 | 1.81% | \$ 467.85 |
| 26 | 1.81% | \$ 467.85 |
| 27 | 1.81% | \$ 467.85 |
| 28 | 1.81% | \$ 467.85 |
| 29 | 1.81% | \$ 467.85 |
| 30 | 1.81% | \$ 467.85 |
| 31 | 2.18% | \$ 564.87 |
| 32A | 1.13% | \$ 292.25 |
| 32B | 1.15% | \$ 297.08 |

| | | |
|-----|-------|-----------|
| 32C | 1.15% | \$ 297.08 |
| 32D | 1.13% | \$ 292.25 |
| 33A | 1.13% | \$ 292.25 |
| 33B | 1.15% | \$ 297.08 |
| 33C | 1.13% | \$ 292.25 |
| 34 | 2.93% | \$ 757.72 |
| 35 | 2.43% | \$ 627.59 |
| 36 | 2.43% | \$ 627.59 |
| 37 | 2.43% | \$ 627.59 |
| 38 | 2.43% | \$ 627.59 |
| 39 | 2.43% | \$ 627.59 |
| 40 | 2.43% | \$ 627.59 |
| 41 | 2.43% | \$ 627.59 |
| 42 | 2.43% | \$ 627.59 |
| 43 | 2.43% | \$ 627.59 |

Under this budget of the Silver Lake Storage Barns Condominium Association for fiscal year 2024, adopted by the Developer in the exercise of its best judgment, this will generate annual revenue from fifty (50) Units of \$25,855.05.

- E. Each Co-owner must also pay other charges in connection with his ownership of a Unit at **Silver Lake Storage Barns**. 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, as well as any assessment for maintenance and repair of the road. The amount of such taxes will be determined by the assessor of the Township of Blair.
- F. The Developer's obligations for contributing to expenses are set forth in Article II of the Condominium Bylaws.
- G. Each Co-owner could be required to pay special assessments, if special assessments are levied by the Board of Directors of Silver Lake Storage Barns 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. The Bylaws of **Silver Lake Storage Barns** attached to the Master Deed should be examined for further details about special assessments.
- H. Like most expenses today, the expenses in the budget are subject to changes as a result of changing costs in the economy. The budget contained herein represents the Association'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.

- I. 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.

XII. RESTRICTIONS ON USE

- A. In order to provide an environment conducive to pleasant ownership at **Silver Lake Storage Barns**, 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 Articles VI and VII of the Condominium Bylaws to ascertain the full extent of the restrictions.
- B. The Units in **Silver Lake Storage Barns** may be used solely for dry storage purposes. Many restrictions apply to construction of Units at **Silver Lake Storage Barns**. Articles VI and VII of the Condominium Bylaws should be reviewed by prospective purchasers.
- C. The use restrictions at **Silver Lake Storage Barns** are enforceable by Silver Lake Storage Barns 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 Articles XII of the Condominium Bylaws.

XIII. INSURANCE

- A. Silver Lake Storage Barns Condominium Association is responsible for securing 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.
- B. Unit owners, as members of the Association, would bear any such loss in proportion to their percentage ownership of the common elements. Silver Lake Storage Barns Condominium Association has taken out an all-risk policy of insurance on the common elements. A copy of the all-risk policy of insurance is available at the sales office for inspection by prospective purchasers. Worker's compensation insurance will not initially be secured by the Association, since Silver Lake Storage Barns Condominium Association will have no employees. Co-owners should regularly review the insurance coverage of the Condominium to insure it is adequate.
- C. The insurance coverage provided by the Association will not cover the 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. Co-owners are also required to insure any improvements made by a Co-owner within a Unit; however, the Association has the right to cover the same under its insurance policy

with each Co-owner being responsible for the additional cost to the Association for covering the same. At the time of the effective date of this Disclosure Statement, the Association is insuring improvements made by a Co-owner to a Unit; however, this insurance does not include any of the personal property of the Co-owners. Each Unit owner must, therefore, secure Condominium owner's insurance and personal liability insurance to insure against loss to his Unit 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.

XIV. PRIVATE ROADS AND EASEMENTS

- A. There is a private road which runs through and services **Silver Lake Storage Barns**. It will not be maintained by the Grand Traverse County Road Commission. The roads are for use by the Co-owners and their guests and the Developer and its guests, and must be maintained by the Association. The road will not be patrolled by public police forces. The Developer will not seek the dedication of the road to the County of Grand Traverse or the Grand Traverse County Road Commission.
- B. Silver Lake Building Condominium, LLC, as Developer, is permitted to enter the Condominium for the purpose of sale of Units. The Developer's sales personnel are also permitted to enter **Silver Lake Storage Barns** and to maintain an office and model units at the Condominium. The usual public utility easements, such as telephone and electricity are enjoyed by those companies and municipalities responsible for the furnishing of public utilities to the Condominium. As set forth more fully in Article VII of the Master Deed, the Developer has reserved perpetual easements for the unrestricted use of the private road and driveways for the purpose of ingress and egress to and from any portion of the Condominium and any land contiguous to the Condominium which Developer now owns or hereafter acquires, and for the right to tie into utilities serving the Condominium.
- C. Representatives of Silver Lake Storage Barns 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.

XV. EASEMENTS RETAINED BY DEVELOPER

The Developer reserves for the benefits of itself, its successors and assigns, perpetual easements for the unrestricted use of all roads, driveways, paths and walkways in the Condominium for the purposes of ingress and egress to and from all or any portion of the parcel described in Article II of the Master Deed or any portion or portions thereof, and any other land contiguous to the Condominium Premises which may be now owned or hereafter acquired by the Developer or its successors. The Developer also hereby reserves for the benefit of itself, its successors and assigns, and all future owners of the land described in Article II of the Master Deed or any portion or portions thereof and any other land contiguous to the Condominium Premises

which may be now owned or hereafter acquired by the Developer, perpetual easements to utilize, tap and tie into all utility mains located on the Condominium premises. The Developer reserves to itself, its successors and assigns, the right to terminate and revoke any utility easements granted in Exhibit "B" at such time as the particular easement has become unnecessary. This may occur by way of example but not limitation when water or sewer systems are connected to municipal systems. No utility easement may be terminated or revoked unless and until all units served by it are adequately served by an appropriate substitute or replacement utility. Any termination or revocation of any such easement shall be effected by the recordation of an appropriate instrument of termination.

XVI. CO-OWNER LIABILITY

If title to a Unit at **Silver Lake Storage Barns** passes by virtue of a first mortgage foreclosure, the new title holder is not liable for the assessments of Silver Lake Storage Barns Condominium 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.

XVII. UNUSUAL CIRCUMSTANCES

The sewage disposal system that is a Common Element of the Project is required to be permitted as a Part 41 Sewerage System by the Department of Environment, Great Lakes and Energy. As of the date of this disclosure, the Developer is in the process of preparing all permit applications for the Sewerage System. No Units will be permitted to hook into the water or sewerage system until such time as the Developer has obtained all necessary permits. Though the Developer anticipates no issues with obtaining the Part 41 permits, there are no guarantees the Developer will be able to obtain the required permits.

XVIII. LEGAL MATTERS

David H. Rowe of Alward, Fisher, Rice, Rowe & Graf, PLC, 412 S. Union Street, Traverse City, Michigan 49684, 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.

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