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MASTER DEED

THIS MASTER DEED has been made and executed on April 13, 1999. by P.O.M. ASSOCIATES, INC., a Michigan corporation of 6660 Mission Ridge, Traverse City, Michigan 49686, (hereinafter referred to as "Developer"), pursuant to the provisions of the Michigan Condominium Act, Act 59 of the Public Acts of 1978, as amended, including, but not limited to, those amendments contained in Act 538 of the Public Acts of 1982 and in Act 113 of the Public Acts of 1983 (hereinafter referred to as the "Act").

ARTICLE I *DEDICATION*

By executing and recording this Master Deed, the Developer establishes PORT OF OLD MISSION CONDOMINIUMS NO. III (sometimes hereinafter referred to as the "Condominium Project") as a condominium project under the Act. After being so established, the Condominium Project shall be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved and in every manner utilized subject to the provisions, covenants, conditions, restrictions and obligations set forth in this Master Deed (including Exhibits "A" and "B" hereto) and to the provisions of the Act. All of the provisions, covenants, conditions, restrictions and obligations set forth in this Master Deed (including Exhibits "A" and "B" hereto) shall run with the real property included in the Condominium Project and shall burden and benefit the Developer and all persons acquiring or owning an interest in the Condominium Project, or in the real property hereby dedicated to the Condominium Project, and their grantees, successors, assigns, heirs and personal representatives. The remainder of this Master Deed (including Exhibits "A" and "B" hereto) has

been set forth in furtherance of the establishment of the Condominium Project.

ARTICLE II
TITLE AND NATURE

The Condominium Project shall be known as Port Of Old Mission Condominiums No. III. Grand Traverse County Subdivision Plan No. 110. The architectural plans for the Condominium Project have been filed with and approved by the Construction Code Office of Grand Traverse County, Michigan. Such approval has been evidenced by the issuance of a building permit. The improvements contained in the Condominium Project, including the number, boundaries, dimensions and area of each unit, are set forth completely in the Condominium Subdivision Plan attached hereto as Exhibit "B", utilizing the Sandpiper model as a typical unit. As the Project develops, Lark, Meadowlark, Tern and Chickadee model units may be substituted for the Sandpiper model unit. When the consolidating Master Deed is filed for the Project, the Exhibit "B" as amended, attached thereto will show the actual model used with respect to each unit. Each building in the Condominium Project contains individual units to be used for residential purposes, and each unit has been designed and intended for separate ownership and use, as evidenced by individual entrances from and exits to a common element of the Condominium Project. Each co-owner in the Condominium Project shall have an exclusive right to occupy his unit and shall have undivided and inseparable rights to share with other co-owners the use and enjoyment of common elements.

ARTICLE III
LEGAL DESCRIPTION

The real property submitted to the Condominium Project by this Master Deed and certain easements benefiting such property are described in Addendum I attached hereto and made a part hereof by reference.

ARTICLE IV

DEFINITIONS

When used in any of the Condominium Documents (as hereinafter defined), or in any contract, deed, mortgage, lien, easement or other instrument affecting the Condominium Project or the establishment or transfer of any interest therein, the following terms shall carry the definitions which follow them unless the context clearly indicates to the contrary:

(A) "Act" means the Michigan Condominium Act, being Act 59 of the Public Acts of 1978, as amended, including, but not limited to, amendments contained in Act 538 of the Public Acts of 1982 and in Act 113 of the Public Acts of 1983.

(B) "Association" means Port Of Old Mission Condominiums No. III Association, a not-for-profit corporation organized under the laws of the State of Michigan, of which all co-owners shall be members and which shall administer, operate, manage and maintain the Condominium Project. Any action required of or permitted to the Association shall be exercisable by its Board of Directors unless explicitly reserved to the members by the Condominium Documents or the laws of the State of Michigan, and any reference to the Association shall, where appropriate, also constitute a reference to its Board of Directors.

(C) "Association Bylaws" means the corporate bylaws of the Association.

(D) "Common elements," where used without modification, means both the general and limited common elements, as defined in Article V hereof.

(E) "Condominium Bylaws" means attached Exhibit "A", the Bylaws for the Condominium Project setting forth the rights and obligations of the co-owners and required by Sections 3(8), 53 and 54 of the Act to be recorded as part of the Master Deed.

(F) "Condominium Documents" means and includes this Master Deed, Exhibits "A" and "B" hereto, and the Articles of Incorporation, Bylaws and the Rules and Regulations, if any, of the Association.

(G) "Condominium Premises" means and includes the land and the buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging to the Condominium Project as described above.

(H) "Condominium Project" "Condominium" or "Project" means Port Of Old Mission Condominiums No. III, a Condominium Project established pursuant to the Act.

(I) "Condominium Subdivision Plan" means Exhibit "B" hereto.

(J) "Consolidating Master Deed" means the final amended Master Deed which shall describe Port Of Old Mission Condominiums No. III, as a completed Condominium Project and shall reflect the final status of the Convertible Areas determined under Article VIII hereof, the entire land area added, if any, to the Condominium from time to time under Article IX hereof, and all units and common elements therein, and which shall express percentages of value pertinent to each unit as finally re-adjusted. Such Consolidating Master Deed, when recorded in the Office of the Grand Traverse County Register of Deeds, shall supersede all previously recorded Master Deeds for Port of Old Mission Condominiums No. III.

(K) "Co-owner," "Owner" or "Member" each means a person, firm, corporation, partnership, trust or other legal entity or any combination thereof who or which owns legal or equitable title to a condominium unit within the Condominium Project and, therefore, is a member of the Association.

(1) "Developer" means P.O.M. Associates, Inc. a Michigan corporation, which has prepared and executed this Master Deed, and shall include its successors and assigns.

(M) "Condominium unit" or "unit" each means that portion of the Condominium Project designed and intended for separate ownership and use, as described on Exhibit "B" hereto.

(N) "Master Deed" means this Master Deed, including Exhibits "A" and "B" hereto, both of which are hereby incorporated by reference and made a part hereof.

Terms not defined herein, but defined in the Act, shall carry the meanings given them in

the Act unless the context clearly indicates to the contrary. Whenever any reference herein is made to one gender, the same shall include a reference to any and all genders where such a reference would be appropriate; similarly, whenever a reference is made herein to the singular, a reference shall also be included to the plural where such a reference would be appropriate, and vice versa.

ARTICLE V
COMMON ELEMENTS

The common elements of the Condominium Project and the respective responsibilities for maintenance, decoration, repair or replacement thereof are as follows:

A. General Common Elements. The general common elements are:

- (1) The land described and recorded easements in Article III hereof, including the roads, sidewalks, parking areas, lawns, landscaping and yards, and all rights appertaining thereto;
- (2) The electrical wiring throughout the Condominium Project, including that contained within unit walls, up to the point of connection with, but not including, electrical fixtures, plugs and switches within any unit;
- (3) The telephone wiring throughout the Condominium Project;
- (4) The plumbing network throughout the Condominium Project, including that contained within unit walls, up to the point of connection with plumbing fixtures within any unit;
- (5) The water distribution system, storm water discharge and detention system and sanitary sewer system throughout the Condominium Project;
- (6) Foundations, supporting columns, unit perimeter walls and other walls as shown on Exhibit "B" (including windows, screens and doors therein), roofs, ceilings, floor construction between building levels, and any space between the ceiling and the roof, between the ground or foundation and the ground level construction, between the

basement level and the ground level construction and between the ground or foundation and the basement level construction and chimneys;

(7) The gas line network throughout the Condominium Project, including that contained in any unit walls, up to the point of connection with gas fixtures in any unit;

(8) Any television cable network or facilities that may from time to time be installed in the Condominium Project;

(9) Storage areas, if any, in the attached garages as shown in Exhibit "B"; and

(10) Such other elements of the Condominium Project not herein designated as general or limited common elements which are not enclosed within the boundaries of any unit, and which are intended for common use by all the co-owners or are necessary to the existence, upkeep and safety of the Condominium Project.

Some or all of the utility lines, systems (including mains and service leads) and equipment and the cable television system described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility lines, systems and equipment and the cable television system shall be general common elements only to the extent of the co-owners' interest therein, if any, and Developer makes no warranty whatever with respect to the nature or extent of such interest, if any.

B. Limited Common Elements. The limited common elements, which, except as otherwise provided in this Subsection B, shall be appurtenant to the unit or units to which they are attached or adjacent or which they service (or which they are deemed by Exhibit "B" to benefit) and limited in use to the owners of such unit or units, or their designee, are:

(1) Each individual patio, porch and deck in the Project;

(2) Each individual walkway and parking space in the Project which shall be assigned and restricted in use to the Owner or Owners of the unit or units having the same

number as such walkways and parking spaces as shown in Exhibit "B".

(3) Each individual fireplace combustion chamber, if any, in the Condominium Project shall be limited in use to the Owner of the unit into which the fireplace opens.;

(4) Each individual driveway in the Project providing access to one or more units or detached garages.

(5) Each individual crawl space, if any, in the Project.

(6) The garages contained in a detached garage building. Each such garage shall be assigned and restricted in use to the owner of the unit as shown on Exhibit "B" having the same number as such garage and such garage shall be deemed appurtenant to such unit.

(7) Any space between attached garage ceiling and roof.

(8) Interior surfaces of unit and limited common element perimeter walls (including the interior surfaces of windows, screens and doors therein), and the interior surfaces of the ceilings and floors contained within a unit or the appurtenant limited common elements;

C. Upkeep of Common Elements and Appliances: Payment of Utility Bills. The respective responsibilities for the maintenance, decoration, repair and replacement of the common elements, of certain appliances and for the payment of utility bills are as follows:

(1) The cost of decorating and maintaining, but not of repairing or replacing, except in case of co-owner fault, all surfaces referred to in Article V.B(1) above shall be borne by the co-owner of the unit to which such limited common elements appertain.

(2) The cost of decorating, maintaining, repairing and replacing the items referred to in Article V.B(7), as well as the water heater, garage door opener, internal unit plumbing, dishwasher, refrigerator, stove, oven, garbage disposal, heating and air-conditioning equipment, lighting and other items servicing a unit that are not common

elements, whether or not they are within the unit they service, shall be the sole responsibility of the co-owner whose unit is serviced by such items.

(3) Except as provided above, the cost of maintaining, decorating, repairing and replacing all general and limited common elements shall be borne by the Association, unless the need for maintenance, repair or replacement is due to the act or neglect of a co-owner or his agent, guest, invitee, family member or pet, for which such co-owner shall be wholly responsible. Except as otherwise provided herein or in the Condominium Bylaws, any damage caused to a unit or its contents by the maintenance or by repair activities of the Association or by the common elements shall be repaired at the expense of the Association.

(4) Each co-owner shall be responsible for payment of the utilities attributable to his unit.

Any maintenance, repair or replacement (the cost of which is to be borne by the co-owner) may, if not performed by the co-owner, be performed by or under the direction of the Association, and the cost may be assessed against the responsible co-owner.

D. Use of Common Elements. No co-owner shall use his unit or the common elements in any manner inconsistent with the purposes of the Project or in any manner which will interfere with or impair the rights of any other co-owner in the use and enjoyment of his unit or the common elements

E. Grounds Control Committee. As provided in Article VII, Section 1(b) of the Condominium Bylaws, the decoration and maintenance of all common elements, except the decoration of those common elements located solely within a unit (but this exception shall not include windows or other portions visible from the exterior), are subject to such written standards as may be established by the Board of Directors or its Grounds Control Committee, if the Board determines to appoint such a Committee.

F. Alterations. Until the Developer has sold all of the units in the Condominium Project, it

may, in its discretion, (1) modify the dimensions of unsold units, the general common elements and limited common elements appurtenant to any unit, by enlargement, combination, division or reduction in size and (2) make such structural alterations as it deems necessary or appropriate to any unsold units or common elements. However, no such modifications or alterations may be performed which would unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute or amenity of any unit sold by Developer which adjoins or is proximate to the modified unit. All space in the Project, since it is or could be affected by such a modification or structural alteration, is hereby designated as "convertible areas," whether or not so designated on the Condominium Subdivision Plan attached hereto as Exhibit "B". Such space may be converted, in the Developer's sole discretion, into portions of a unit, general common elements or limited common elements, or any combination of these, and the responsibility for maintenance, repair and replacement therefore may be assigned by an amendment to this Master Deed effected solely by Developer without the consent of any other person. No unit altered or modified in accordance with the provisions of this section shall be conveyed until an amendment to this Master Deed effectuating such modification is recorded. The Developer may, in connection with any such amendment, readjust percentages of value for all units in a manner which gives reasonable recognition to such unit or common element modifications based upon the method of original determination of percentages of value for the Project.

All of the co-owners and mortgagees of units and other persons interested or to become interested in the Project from time to time shall be deemed to have unanimously consented to such amendment or amendments to this Master Deed to effectuate the foregoing and subject to the limitations set forth herein, proportionate reallocation of percentages of value of existing units which Developer may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer as agent and attorney for the purpose of execution of such amendment or amendments to the Master Deed and all other documents

necessary to effectuate the foregoing.

ARTICLE VI

UNIT DESCRIPTION AND PERCENTAGE OF VALUE

A. Description. A complete description of each unit, with elevations therein referenced to an official benchmark of the United States Geological Survey sufficient to relocate accurately the space enclosed by the description without reference to the structure itself, is set forth in the Condominium Subdivision Plan. Each unit in the Condominium Project, as described in the Condominium Subdivision Plan, shall include: (1) with respect to each unit basement, if any, all that space contained within the unpainted surfaces of the basement floor and walls and the uncovered underside of the first-floor joists, and (2) with respect to the upper floors of units, all that space contained within the interior finished, unpainted walls and ceilings and from the finished sub-floor, all as shown on the floor plans and sections in Exhibit "B" hereto and delineated with heavy outlines, but (3) not any common elements contained therein. Detailed architectural plans for the Condominium Project will be placed on file with the Construction Code Office of Grand Traverse County, 400 Boardman, Traverse City, Michigan 49684

B. Percentages of Value. The total value of the project is 100%. Because the first 32 units are approximately the same size and are expected to have equal allocable expenses of maintenance, the percentage of value initially assigned to each unit is equal. If the Condominium Project is expanded or if convertible area is converted, and this expectation becomes untrue with respect to additional units, or if a substantial disparity in size exists, the percentages of value may be readjusted by the Developer in its discretion so long as reasonable recognition is given to the method of original determination of percentages of value for the Project. This percentage of value shall be determinative of the proportionate share of each unit in the proceeds and expenses of administration, the value of such unit's vote at meetings of the Association of co-owners, and of such unit's undivided interest in the common elements (which is hereby allocated to each unit).

All of the co-owners and mortgagees of units and other persons interested or to become interested in the Project from time to time shall be deemed to have unanimously consented to such amendment or amendments to this Master Deed to effectuate the foregoing and, subject to the limitations set forth herein, proportionate reallocation of percentages of value of existing units which Developer or its successor may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer or its successors as agent and attorney for the purpose of execution of such amendment or amendments to this Master Deed and all other documents necessary to effectuate the foregoing.

ARTICLE VII

EASEMENTS

A. Easements for Maintenance and Related Matters.

(1) If all or any portion of a unit or common element encroaches upon another unit or common element due to shifting, settling or moving of a building, or of a foundation or support, or due to survey errors, construction deviations, reconstruction, replacement, renovation or repair, reciprocal easements, respectively benefiting and burdening each such unit or common element, shall exist for the maintenance of such encroachment for so long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction.

(2) Perpetual easements shall also exist to, through, over, under and across the Condominium Premises, including all units and interior walls, (a) in favor of the Association and all co-owners for the maintenance and repair (including replacement) of common elements and (b) in favor of the various utility companies providing service, as may be reasonable for the installation and continuing maintenance and repair (including replacement) of all utilities in the Condominium Project, including, but not necessarily limited to, light, heat, power, sewer, water, security system, cable TV system, storm water

discharge and detention and communications, which utilities are sometimes collectively referred to in this Article VII as "utilities" or "utility services."

(3) Every portion of a unit which contributes to the structural support of a building shall be burdened with an easement of structural support for the benefit of the common elements.

B. Easements Retained by Developer.

(1) Roadway Easements. In addition to all other rights reserved to it hereunder, the Developer reserves for the benefit of itself, its agents, employees, guests, invitees, independent contractors, successors and assigns, in furtherance of any legitimate purposes perpetual easements for the unrestricted use of all roads and walkways now or hereafter located in the Condominium Project for the purpose of ingress to and egress from all or any portion of the Condominium Premises, Port Of Old Mission Condominiums No 1 and Port Of Old Mission Condominiums No. II, Michigan condominiums created by the recording of Master Deeds with the Register of Deeds of Grand Traverse County, Michigan and lying contiguous to the Project, the lands described in Article IX hereby and any other land contiguous to the Project which may be now or hereafter acquired by Developer, its successors or assigns. All expenses of maintenance, repair, replacement and resurfacing of any road referred to in this Article shall be shared by this Condominium, Port Of Old Mission Condominiums No. I and Port Of Old Mission Condominiums No. II and any developed portions of the contiguous land described in Article IX whose closest means of access to a public road is over such roads or lands. The owners of units in this Condominium shall be responsible from time to time for payment of a proportionate share of these expenses. The shares shall be determined by multiplying such expenses times a fraction, the numerator of which is the number of dwelling units in this Condominium, and the denominator of which is comprised of the number of such units, plus all other

Condominium dwelling units in Port Of Old Mission Condominiums No. I, Port Of Old Mission Condominiums No. II, the adjoining land described in Article IX and the number of dwelling units in any other land contiguous to the Project whose closest means of access to a public road is over such land, or the access to such land.

(2) Use of Facilities. The Developer, and its duly authorized agents, representatives and employees, may maintain offices, model units and other facilities on the Condominium Premises and engage in any acts reasonably necessary to facilitate the construction and sale of units in the Condominium Project. In connection therewith, the Developer shall have full and free access to all common elements and unsold units.

(3) Repair and Replacement. The Developer retains for the benefit of itself and representatives of the Peninsula Township, and any other governmental body or agency, any utility company, and to the burden of the Condominium Premises, the right to enter the Condominium Project and do all the things necessary to install, maintain, repair, replace or inspect facilities within the purview of their responsibilities.

(4) Hook-Up of Utilities. The Developer reserves for the benefit of itself, its agents, employees, independent contractors, successors and assigns, and for the benefit of any appropriate utility company, perpetual easements to enter upon and across the Condominium Premises and lay pipes and cables and do all other things reasonably necessary to utilize, tap and tie into, and to construct, extend and enlarge, all utility services or systems now or hereafter located on the property described in Article III hereof to service all or any portion of the Condominium Project, Fort Of Old Mission Condominiums No. I, Port Of Old Mission Condominiums No. II, or any adjoining lands described in Article IX hereof or any other lands.

(5) Creation of Easements by Developer. The Developer also reserves for the benefit of itself, its successors and assigns, the exclusive right to create easements of any

kind or nature whether utility, roadway or otherwise, within any portion of the original Condominium Project for the benefit of any part of all of the land described in Article IX whether or not such part or all of the such land is ever added to the Condominium Project, or any other land whether contiguous to the Project or not, including, but not limited to, easements necessary to extend the sewer and water utilities located on the Project to adjoining properties whether or not added to the Project. This right to extend such utilities shall be an express right of Developer, its successors or assigns at any time whether before or after the transitional control date or after six (6) years from the date of recording of this Master Deed, and this Paragraph (5) may not be amended at any time without the express written consent of Developer, its successors or assign.

(6) Excess Density If the Project as finally developed and set forth in the Consolidating Master Deed required to be filed in connection herewith has less density then allowed by the then applicable zoning ordinance, then Developer reserves for itself, its successors and assigns such excess density for utilization in satisfying the density requirements of any applicable zoning ordinances in connection with the development of other lands whether or not such lands are contiguous to the Project; provided, however, that such utilization is permissible under any such zoning ordinance.

C. Other Easements.

(1) The Condominium Premises benefit from certain easements, such as those described in Article III hereof and in the Condominium Subdivision Plans.

(2) The Association, on behalf of the co-owners, shall assume and perform all of the obligations of the Developer under any easement appertaining to the Condominium Project or general common elements such as those easements described in Article III which are therein dedicated to the Condominium Project.

D. Termination of Easements. Developer reserves the right to terminate and revoke any

utility or other easement granted in this Master Deed at such time as the particular easement has become unnecessary. This may occur, by way of example but not limitation, when a water or sewer system or other utility easement is relocated to coordinate further and future development of the Project. No easement for a utility may be terminated or revoked unless and until all units served by it are adequately served by an appropriate substitute or replacement utility on a shared-maintenance basis. Any termination or revocation of any such easement shall be effected by the recordation of an appropriate amendment to this Master Deed in accordance with the requirements of the Act.

E. financial Support of Easements. The Association shall financially support all easements set forth in this Article VII or otherwise pertaining to the Condominium Project, regardless of the rights of others to utilize such easements.

ARTICLE VIII

CONVERTIBLE AREA

The entire Condominium Project is convertible area. Convertible area is also described in Article V, Section F. The number of additional condominium units which may be created within such convertible area is eight (8), (subject to the approval of Peninsula Township). The convertible area may be converted to facilitate the substitution of Lark, Meadowlark, Tern and Chickadee models for Sandpiper models as described in Article II hereof. Any additional units created will be substantially similar to the units described herein and any structure including any such additional units erected on the convertible area will be compatible with the structures on other portions of the Condominium Project. The improvements to be located in the convertible area will be expansion of existing residential condominium units, new units or substitution of units all as described herein, detached garages, parking spaces, driveways and walkways assigned to individual units or general or limited common elements. In connection therewith, the Developer reserves the right to create limited common elements within any convertible area and to designate

limited and general common elements therein (including but not limited to, Association storage areas), which may subsequently be assigned as limited common elements. No such garages, carports, parking spaces, driveways and walkways created in accordance with the provisions of this Article shall be assigned until an amendment to this Master Deed effectuating such modification is recorded. The Developer may, in connection with any such amendment, re-adjust percentages of value for all units in a manner which gives reasonable recognition to such assignment based upon the method of original determination of percentages of value for the Condominium Project.

All of the co-owners and mortgagees of units and other persons interested or to become interested in the Project from time to time shall be deemed to have unanimously consented to such amendment or amendments to this Master Deed to effectuate the foregoing and subject to the limitations set forth herein, proportionate reallocation of percentages of value of existing units which Developer may determine necessary in conjunction with such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. The conversion of any convertible area must occur, if ever, not later than six (6) years from the initial recording of this Master Deed.

ARTICLE IX

ENLARGEMENT OF CONDOMINIUM

A. Right to Expand. The Condominium Project is an expandable condominium project, as that term is defined in the Act. The Condominium established pursuant to this initial Master Deed, and consisting of thirty-two (32) units, may be the first phase of a multiphase project which will contain in its entirety no more than fifty two (52) units.

The Developer, for itself and its successors and assigns, hereby explicitly reserves the right to expand the Condominium Project without the consent of any of the co-owners. This right may be exercised without any limitations whatsoever, except as expressly provided in this Article IX.

The additional land, all or any portion of which may be added to the Condominium Project, is described in Addendum 11 attached hereto except for that portion, if any, thereof which has already been dedicated to Condominium ownership (herein referred to as the "Expansion Property").

B. Restriction Upon Expansion. Expansion of the Condominium Project shall occur without restriction under the following conditions:

(1) The Developer's right to elect to expand the Project shall expire six (6) years from the initial recording of this Master Deed.

(2) All or any portion of the Expansion Property may be added, but none of it must be added.

(3) There is no limitation as to what portion of the Expansion Property may be added, and any portions added may or may not be contiguous to each other or to the Condominium Project as it exists at the time of any expansion.

(4) Portions of the Expansion Property may be added to the Condominium Project at different times.

(5) The order in which portions of the Expansion Property may be added is not restricted, nor are there any restrictions fixing the boundaries of those portions of the Expansion Property that may be added.

(6) There is no restriction as to the location of any improvements that may be made on any portions of the Expansion Property.

(7) The maximum number of condominium units that may be created on the Expansion Property is twenty (20).

(8) There is no restriction upon the number of condominium units that may be placed on any portion of the Expansion Property.

(9) Only units restricted to residential use including detached garages may be

created on the Expansion Property.

(10) The nature, size, appearance and location of all additional units, if any, placed upon the Expansion Property will be as may be determined by the Developer in its sole judgment without any restrictions whatsoever.

(11) There are no restrictions as to what improvements may be made on the Expansion Property.

(12) There are no restrictions as to the types of condominium units that may be created on the Expansion Property.

(13) The Developer reserves the right in its sole discretion to create convertible and contractible area and limited common elements within any portion of the Expansion Property added to the Condominium Project and to designate general common elements which may subsequently be assigned as limited common elements.

(14) The Condominium Project shall be expanded by a series of successive amendments to this initial Master Deed, each adding additional land to the Condominium Project as then constituted.

(15) All expansion must be carried out in accordance with the provisions of the Act.

C. Procedure for Expansion. Pursuant to the foregoing, and any other provisions of this Master Deed to the contrary notwithstanding, the number of units and the amount of real property in the Condominium Project may, at the sole option of the Developer or its successors or assigns, from time to time, within a period ending six (6) years from the initial recording of this Master Deed, be increased by the addition to this Condominium Project of all or any portion of the Expansion Property and the construction of condominium units thereon. Such increase in size of this Condominium Project shall be given effect by an appropriate amendment or amendments to this Master Deed in the manner provided by law, which amendment or amendments shall be

prepared by and at the discretion of the Developer or its successors or assigns. The percentages of value set forth in Article VI hereof shall be adjusted proportionately in the event of such expansion in order to preserve a total value of one hundred percent (100%) for the entire Project resulting from such amendment or amendments to this Master Deed. The precise determination of the readjustments in percentages of value shall be made within the sole judgment of Developer. Such readjustments, however, shall reflect a continuing reasonable relationship among percentages of value based upon the relative size of the various units and their anticipated allocable expenses of maintenance. Such amendment or amendments to the Master Deed shall also contain such further definitions or modifications of general or limited common elements as may be necessary to adequately describe the additional property being added to the Condominium Project by such amendment. Such amendment or amendments to the Master Deed shall also contain such further definitions and re-definitions of general or limited common elements as may be necessary to adequately describe and service the additional units being added to the Condominium Project by such amendment. All of the co-owners and mortgagees of units and other persons interested or to become interested in the Condominium Project from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments of this Master Deed to effectuate the foregoing and, subject to the limitations set forth herein, to any proportionate reallocation of percentages of value of existing units which Developer or its successors or assigns may determine to be necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint Developer or its successors or assigns as agent and attorney for the purpose of execution of such amendment or amendments to this Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of re-recording the entire Master Deed or the Exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits hereto; PROVIDED, HOWEVER, that a Consolidating Master Deed, when recorded, shall supersede the previously

recorded Master Deed and all amendments thereto. Nothing herein contained, however, shall in any way obligate Developer to enlarge the Condominium Project beyond the boundaries established by this Master Deed, and Developer (or its successors or assigns) may, in its discretion, establish all or a portion of said Expansion Property as a rental development, a separate condominium project (or projects), or any other form of development.

ARTICLE X

AMENDMENT

Except as otherwise expressly provided in this Master Deed or in the Act, the Condominium Project shall not be terminated, vacated, revoked or abandoned except as provided in the Act, nor may any of the provisions of this Master Deed or Exhibit "B" be amended (but Exhibit "A" hereto may be amended as therein provided) except as follows:

A. (1) The Condominium Documents may be amended without the consent of co-owners or mortgagees for any purpose if the amendment does not materially alter or change the rights of a co-owner or mortgagee. The Developer and the Association of co-owners shall have the right to amend the Condominium Documents for such a purpose. Amendments modifying the types and sizes of unsold units and their appurtenant common elements, showing minor architectural variances and modifications to a unit, correcting survey or other errors made in the Condominium Documents, or for the purpose of facilitating mortgage loan financing for existing or prospective co-owners and to enable the purchase or insurance of such mortgage loans by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans Administration, the Department of Housing and Urban Development, or by any other institutional participant in the secondary mortgage market which purchases or insures mortgages, shall be examples of amendments which do not materially alter or change the rights of a co-owner or mortgagee.

(2) This Master Deed, the Condominium By-laws, and the Condominium

Subdivision Flan may be amended even if the amendment will materially alter or change the rights of the co-owners or mortgagees, with the consent of not less than two-thirds of the co-owners in number and value and two-thirds of the mortgagees. For such purposes, a mortgagee shall have one vote for each mortgage held.

(3) The method or formula used to determine the percentages of value of units in the Condominium Project for other than voting purposes, and any provisions relating to the ability or terms under which a co-owner may rent a unit, may not be modified without the consent of each affected co-owner and mortgagee. A co-owner's Condominium unit dimensions or appurtenant limited common elements may not be modified without the co-owner's consent.

(4) Provided, however, that in no case, unless (a) all of the first mortgagees, (b) all owners (other than the Developer) of the individual Condominium units, and (c) the Developer (if at that time it owns any units or any unit remains to be created) have given their prior written approval, shall the Association be entitled to:

(i) By any act or omission seek to abandon or terminate the Condominium Project;

(ii) Change the pro rata interest or obligations of any individual Condominium unit for the purpose of: (A) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (B) determining the pro rata share of ownership of each Condominium unit in the common elements; or

(iii) Partition or subdivide any Condominium unit.

(5) The restrictions contained in this Article X on Amendments shall not in any way affect the rights of the Developer as set forth elsewhere in this Master Deed.

(6) Co-owners and mortgagees of record shall be notified in writing of proposed amendments not less than ten (10) days before the amendment is recorded at their

addresses reflected on the Condominium records.

(7) Articles III, V, VI, VII, VIII and IX shall not be amended, nor shall the provisions thereof be modified by any other amendment to this Master Deed, without the written consent of the Developer, so long as the Developer continues to offer any unit in the Condominium for sale or so long as there remains any unit that may be created.

B. (1) An amendment to this Master Deed shall not be effective until the amendment is recorded.

(2) A copy of the recorded amendment shall be delivered to each co-owner.

C. A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and expenses of the amendment, except for amendments based upon a vote of a prescribed majority of co-owners or based upon the Advisory Committee's decision, the costs of which shall be deemed expenses of administration.

ARTICLE XI

CONTROLLING LAW

The provisions of the Act, and of the other laws of the State of Michigan, shall be applicable to and govern this Master Deed and all activities related hereto.

ARTICLE XII

IMPROVEMENTS AND MODIFICATIONS FOR HANDICAPPED PERSONS

A. Improvements and Modifications. Pursuant to MCL 559.147a, MSA 26.50(I47a), a co-owner may make improvements or modifications to his or her condominium unit, including improvements or modifications to the common elements and to the route from the public way to the door of the co-owner's unit, at his or her expense, if the purpose of the improvement or modification is to facilitate access to or movement within the unit for handicapped persons, or to alleviate conditions that could be hazardous to handicapped persons. The improvement or modification shall not impair the structural integrity of a structure or otherwise lessen the support

of a portion of the Project. The co-owner shall be liable for the cost of repairing any damage to a common element caused by building or maintaining the improvement or modification, unless the damage could reasonably be expected in a normal course of building or maintaining the improvement or modification. The improvement or modification may be made notwithstanding any prohibitions or restrictions in the condominium documents. The improvement or modification shall comply with all applicable state and local building code requirements and health and safety laws and ordinances and shall be made as closely as reasonably possible in conformity with the intent of applicable prohibitions and restrictions regarding safety and aesthetics of the proposed improvement or modification. An improvement or modification that affects the exterior of the condominium unit shall not unreasonably prevent passage by other residents of the Project.

B. Timely Notice of Conveyance or Lease. A co-owner who has made exterior improvements or modifications must notify the Association of co-owners in writing of his or her intention to convey or lease his or her condominium unit to another not less than 30 days before the conveyance or lease. Within 30 days of receiving notice, the Association may require that the co-owner remove the improvement or modification at his or her own expense. If the co-owner fails to give timely notice of a conveyance or lease, the Association may at any time remove or require the co-owner to remove the improvement or modification at the co-owner's expense. However, the Association may not remove or require the removal of the improvement or modification if the co-owner conveys or leases his or her condominium unit to a handicapped person who needs the same type of improvement or modification, or to a person whose parent, spouse, or child is handicapped and who requires the same type of improvement or modification, and resides with the person.

C. Maintenance of Liability Insurance. If a co-owner makes an exterior improvement or modification, he or she shall maintain liability insurance, underwritten by an insurer authorized to do business in this state, in an amount adequate to compensate for personal injuries caused by the

exterior improvement or modification. The co-owner shall not be liable for acts or missions of the Association with respect to the exterior improvement or modification. The co-owner shall not be required to maintain liability insurance with respect to any common element. The Association shall be responsible for the cost of any maintenance of the improvement or modification, unless the maintenance cannot reasonably be included within the regular maintenance performed by or paid for by the Association, in which case the co-owner shall be responsible for the cost of the maintenance of the improvement or modification.

D. Submission of Plans. Before an improvement or modification is made, the co-owner shall submit plans and specifications to the Association for review and approval. The Association shall determine whether a proposed improvement or modification substantially conforms to the provisions of MCL 559.147a, MSA 26.50(147a), but shall not deny a proposed improvement or modification without good cause. If the Association denies a proposed improvement or modification, the Association shall list in writing the changes needed to make the proposed improvement or modification conform and deliver that list to the co-owner. The Association shall approve or deny the proposed improvement or modification within 60 days after the plans and specifications are submitted. If the Association does not approve or deny within the 60-day period, the co-owner may make the proposed improvement or modification without the Association's approval. A co-owner may bring an action against the Association and its officer and directors to compel them to comply with the provisions of MCL 559.147a, MSA 26.50(147a) if the co-owner disagrees with the denial.

ARTICLE XIII

DISPLAY OF THE AMERICAN FLAG

A Developer or Association of co-owners shall not prohibit a co-owner from displaying a single United States flag of a size not greater than three feet by five feet anywhere on the exterior of the co-owner's condominium unit.

ADDENDUM I

DESCRIPTION

"PORT OF OLD MISSION NO. II"

PART OF GOVERNMENT LOT 3 AND PART OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 28 NORTH, RANGE 10 WEST, PENINSULA TOWNSHIP, GRAND TRAVERSE COUNTY, MICHIGAN, MORE FULLY DESCRIBED AS FOLLOWS: COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 31; THENCE ALONG THE WEST LINE OF SAID SECTION $SOO^{\circ}42'03''W$ 1304.26 FEET TO THE NORTHEAST CORNER OF THE PLAT OF HURON HILLS NO. 2, RECORDED IN LIBER 6 OF PLATS, PAGE 37; THENCE ALONG THE EAST BOUNDARY OF SAID PLAT $SOO^{\circ}13'30''W$ 105.00 FEET TO THE POINT OF BEGINNING; THENCE ALONG THE SOUTH AND EAST BOUNDARY LINES OF "PORT OF OLD MISSION CONDOMINIUMS NO. F, GRAND TRAVERSE COUNTY CONDOMINIUM SUBDIVISION NO. 21 RECORDED IN LIBER 828, PAGES 643 THROUGH 707, $N89^{\circ}38'40''E$ (RECORDED AS $N89^{\circ}3T38''E$) 509.06 FEET, $NOO^{\circ}13'30''E$ 105.00 FEET AND $N17^{\circ}59'20''W$ (RECORDED AS $N17^{\circ}58'00''W$) 179.27 FEET; THENCE $N72^{\circ}00'40''E$ 66.00 FEET; THENCE, IN PART, ALONG THE SOUTHERLY BOUNDARY OF "PORT OF OLD MISSION CONDOMINIUMS NO. IT", GRAND TRAVERSE COUNTY CONDOMINIUM SUBDIVISION NO. 40 RECORDED IN LIBER 1060, PAGES 148 THROUGH 163, $S54^{\circ}07'52''E$ 322.93 FEET (RECORDED AS $S54^{\circ}10'1''E$ 322.77 FEET) AND $N89^{\circ}38'40''E$ (RECORDED AS $N89^{\circ}3T38''E$) 706.09 FEET; THENCE $SOO^{\circ}42'50''E$ 100.47 FEET; THENCE $N89^{\circ}35'40''E$ 148.58 FEET; THENCE $S03^{\circ}41'20''E$ 226.87 FEET; THENCE $S01^{\circ}33'40''W$ 226.18 FEET; THENCE $S89^{\circ}27'30''W$ 161.47 FEET; THENCE $SOO^{\circ}13'30''W$ 100.01 FEET TO THE NORTH BOUNDARY OF SAID RECORDED PLAT OF HURON HILLS NO. 2; THENCE ALONG THE SAID BOUNDARY LINE $S89^{\circ}27'30''W$ 970.18 FEET TO THE NORTHEAST CORNER OF LOT 83 OF SAID PLAT; THENCE $N04^{\circ}08'00''E$ 150.00 FEET; THENCE $N60^{\circ}35'59''W$ 181.27 FEET (RECORDED AS $N60^{\circ}44'36''W$ 182.09 FEET); THENCE $S89^{\circ}27'30''W$ 190.00 FEET; THENCE $SOO^{\circ}13'30''W$ 240.00 FEET TO THE NORTHWEST CORNER OF LOT 82, HURON HILLS NO. 2; THENCE ALONG THE NORTH AND EAST BOUNDARY LINES OF SAID PLATS $S89^{\circ}27'30''W$ 175.03 FEET (RECORDED AS 176.00 FEET AND $NOO^{\circ}13'30''E$ 553.26 FEET TO THE POINT OF BEGINNING, CONTAINING 948,533 SQ. FT. OR 21.78 ACRES OF LAND, MORE OR LESS.

Ingress and egress to the above described property from and to M-37 (Center Road) is provided pursuant to a certain Deed of Easement recorded in Liber 1299 of records, Pages 668 through 671, Register of Deeds, Grand Traverse County, Michigan

ADDENDUM II

DESCRIPTION

PROPOSED FUTURE DEVELOPMENT AREA "A" "PORT OF OLD MISSION NO. III

PART OF GOVERNMENT LOT 2 AND PART OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 28 NORTH, RANGE 10 WEST, PENINSULA TOWNSHIP, GRAND TRAVERSE COUNTY, MICHIGAN, MORE FULLY DESCRIBED AS FOLLOWS: COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 31; THENCE ALONG THE WEST LINE OF SAID SECTION $SOO^{\circ}42'03''W$ 1304.26 FEET TO THE NORTHEAST CORNER OF THE PLAT OF HURON HILLS NO. 2, RECORDED IN LIBER 6 OF PLATS, PAGE 37; THENCE, IN PART, ALONG THE SOUTHERLY BOUNDARY OF "PORT OF OLD MISSION CONDOMINIUMS NO. II", GRAND TRAVERSE COUNTY CONDOMINIUM SUBDIVISION NO. 40 RECORDED IN LIBER 1060, PAGES 148 THROUGH 163, $N89^{\circ}38'40''E$ (RECORDED AS $N89^{\circ}37'38''E$) 1023.42 FEET TO THE POINT OF BEGINNING; THENCE PARALLEL WITH THE WEST LINE OF SAID GOVERNMENT LOT 2 $NOO^{\circ}23'57''E$ 589.66 FEET; THENCE 331.40 FEET ALONG THE ARC OF A 817.93 FOOT RADIUS CURVE TO THE RIGHT, THE CHORD OF WHICH BEARS $S62^{\circ}14'58''E$ 329.14 FEET TO SAID WEST LINE OF GOVERNMENT LOT 2; THENCE ALONG SAID LINE $SOO^{\circ}23'57''W$ 134.59 FEET; THENCE ALONG THE NORTH LINE OF THE SOUTH 300 FEET OF SAID GOVERNMENT LOT 2 $N89^{\circ}38'40''E$ 1234.91 FEET TO A SHORELINE TRAVERSE OF GRAND TRAVERSE BAY; THENCE ALONG SAID SHORELINE TRAVERSE $SI7^{\circ}29'11''W$ 157.62 FEET; THENCE $S89^{\circ}38'40''W$ 132.75 FEET TO THE CENTERLINE OF EAST SHORE ROAD; THENCE ALONG SAID CENTERLINE $N48^{\circ}42'27''E$ 2.48 FEET AND 131.66 FEET ALONG THE ARC OF A 526.00 FOOT RADIUS CURVE TO THE LEFT, THE CHORD OF WHICH BEARS $N41^{\circ}32'12''E$ 131.32 FEET; THENCE $N79^{\circ}41'55''W$ 111.66 FEET; THENCE ALONG THE NORTH LINE OF THE SOUTH 270 FEET OF SAID GOVERNMENT LOT 2 $S89^{\circ}38'40''W$ 280.07 FEET; THENCE $SOO^{\circ}21'32''E$ 70.00 FEET; THENCE $S48^{\circ}57'03''E$ 238.00 FEET TO THE CENTERLINE OF EAST SHORE ROAD; THENCE ALONG SAID CENTERLINE 60.26 FEET ALONG THE ARC OF A 1233.00 FOOT RADIUS CURVE TO THE LEFT, THE CHORD OF WHICH BEARS $S44^{\circ}34'38''W$ 60.25 FEET TO THE SOUTH LINE OF SAID GOVERNMENT LOT 2; THENCE ALONG SAID SOUTH LINE $S89^{\circ}38'40''W$ 893.57 FEET TO THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 2; THENCE CONTINUING $S89^{\circ}38'40''W$ 292.37 FEET TO THE POINT OF BEGINNING, CONTAINING 434,473 SQ. FEET OR 9.97 ACRES OF LAND, MORE OR LESS. THE SIDELINES OF THE ABOVE PARCEL EXTEND TO THE ORDINARY HIGH WATER LINE OF GRAND TRAVERSE BAY. SUBJECT TO THE RIGHT-OF-WAY OF EAST SHORE ROAD. SUBJECT TO ALL APPLICABLE BUILDING AND USE RESTRICTIONS, AND EASEMENTS, IF ANY, AFFECTING THE PREMISES.

ADDENDUM II (Continued)

DESCRIPTION
PROPOSED FUTURE DEVELOPMENT AREA "B"
"PORT OF OLD MISSION NO. III

PART OF GOVERNMENT LOT 3, SECTION 31, TOWNSHIP 28 NORTH, RANGE 10 WEST, PENINSULA TOWNSHIP, GRAND TRAVERSE COUNTY, MICHIGAN, MORE FULLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 31; THENCE ALONG THE WEST LINE OF SAID SECTION $SOO^{\circ}42'03''W$ 1304.26 FEET TO THE NORTHEAST CORNER OF THE PLAT OF HURON HILLS NO. 2, RECORDED IN LIBER 6 OF PLATS, PAGE 37; THENCE ALONG THE EAST AND NORTH BOUNDARY OF SAID PLAT $SOO^{\circ}13'30''W$ 658.26 FEET (RECORDED AS 658.60 FEET) AND $N89^{\circ}27'30''E$ 1483.28 FEET; THENCE $NOO^{\circ}13'30''E$ 100.01 FEET; THENCE $N89^{\circ}27'30''E$ 161.47 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG THE SAME LINE $N89^{\circ}27'30''E$ 150.00 FEET TO THE CENTERLINE OF EAST SHORE ROAD; THENCE ALONG SAID CENTERLINE 26.44 FEET ALONG THE ARC OF A 1270.00 FOOT RADIUS CURVE TO THE RIGHT, THE CHORD OF WHICH BEARS $N35^{\circ}40'19''E$ 26.44 FEET AND $N36^{\circ}16'06''E$ 66.66 FEET; THENCE $N53^{\circ}02'50''W$ 248.62 FEET; THENCE $S01^{\circ}33'40''W$ 226.18 FEET TO THE POINT OF BEGINNING, CONTAINING 28,513 SQ. FEET OR 0.65 ACRES OF LAND, MORE OR LESS.

SUBJECT TO THE RIGHT-OF-WAY OF EAST SHORE ROAD.

SUBJECT TO ALL APPLICABLE BUILDING AND USE RESTRICTIONS, AND EASEMENTS, IF ANY, AFFECTING THE PREMISES.