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February 15, 2023

**CONFIDENTIAL CORRESPONDENCE
ATTORNEY-CLIENT PRIVILEGE**

Mayor Gatt and City Council
City of Novi
45175 Ten Mile Road
Novi, MI 48375

**RE: Property Exchange Agreement (“Swap”) with School District – General Status
Report and Discussion of Harvest Lake/Island Lake RUD Issue**

Dear Mayor Gatt and Council Members:

Back in November, 2022, City Council approved entering into the Property Exchange Agreement with the Novi School District under which the City and the Schools would “swap” two parcels each—the City would get the “Bosco” property at 11 Mile and Beck Roads and a piece near Fuerst Park that the Schools still own, and the Schools would get the playing fields/open area at Ella Mae Power Park accessed off Taft Road that it currently leases from the City and a portion of the City’s Wildlife Woods Park behind the Middle School on Wixom Road.

No money changes hands in the transaction. It is, as the School Superintendent said at the Planning Commission meeting the other night, a good deal for both sides. The Schools get an important piece of property adjacent to the high school, and some flexibility with the Wildlife Woods area. The City gets a very valuable asset in the Bosco piece, part of a longtime effort to have usable parkland in that area of the City. And the Fuerst Park anomaly parcel finally gets resolved. The issues addressed in the following explanation of where the transaction stands do not appear to us to be insurmountable, even if the resolution is a bit more complicated than originally expected.

A. General Status Report

Although the Exchange Agreement has been approved in principle by both the Schools and the City, it hasn’t actually yet been signed. Our office, Mr. Cardenas, and the Schools’ attorney and Superintendent have met several times to work out some details before bringing the Agreement back to the respective parties in final form with some minor revisions on issues that do not change the broad outlines of the deal. It looks as though the School Board may take that revised agreement up at its meeting tonight.

There is one substantive issue that the Schools would like addressed in the revised document, relating to the zoning of the Ella Mae Power Park. School uses are not permitted “as of right”

under the City's zoning ordinance on R-4 zoned property, which is what the zoning is for that property; they require a special land use in the R-4 District. The Schools' attorney asked for the City to approve a special land use, but our suggestion is instead to amend the zoning ordinance text to either permit schools in the R-4 or allow it as of right if adjacent to other school property, etc. We have started working on that language.

Both sides have also been taking this interim time to clear up some other issues that have been raised in the title work:

Bosco Title

There was an issue regarding the chain of title for the Bosco piece coming from the Schools to the City. That has been resolved and the title is generally clear, with a minor exception relating to fence and berm requirements around the former Bosco home, now owned by the Griffin Funeral Home. The City will talk to Griffin before any closing on the Exchange Agreement, but given other issues with the Griffin parcel this issue might resolve itself.

Oil & Gas Rights

The Schools are currently evaluating an issue relating to potential *surface rights* under oil and gas leases relating to the Wildlife Woods Park property. This is potentially more problematic. The issue dates back to when the City bought the 93 acres for Wildlife Woods Park from Delta Trucking in 1997. The "deal" with Delta Trucking and the School District in 1997 was that the City would take that 93 acres, combine it with 11 acres it acquired from the Archdiocese, and then "split" the 104 acres with the Schools—half park, half school. The City and the Schools believed in 1997 that they had gotten assurances from Delta Trucking that the oil and gas leases only involved **sub**-surface rights, and that no one had the right to use the surface (where park/school improvements would go).

The Schools hired an oil and gas lawyer for this current transaction who checked all the title work and has now opined that back in 1997, when Delta and its lessee, Somoco, "waived" their rights to any use of the surface of the 93 acres, Somoco actually had no right to do so, since it had already conveyed some of those rights to other third parties. Because this is property that the City is conveying away, instead of receiving, we haven't gotten too deep in this—it's the Schools' issue. Our position to the Schools when they raised it was pretty simple: they already have this problem on their own adjoining property. When the parties "split" the combined 104 acres in 1997, the Schools got a big chunk of the Delta Trucking piece. So that piece has the same oil and gas issue that the part they'd be getting from the City already has.

We understand that the Schools' attorney is working with the title company and/or trying to track down anyone with surface rights to get a waiver. We have no real sense of how likely that is; we still look at this as their issue to resolve—or to just accept.

Master Plan Amendment

The City also just started (last week) the process to remove the two properties going from the City to the Schools from the City's Master Plan. Under the Home Rule City Act, MCL 117.5(e), the City can't "sell" property that is "required under an official master plan of the City." The City had this fight back around the time of the *Sandstone* case, when a circuit judge ruled that if a park is on the master plan map then it is "required" more or less by definition (if you recall the City settled *Sandstone* in large part by transferring parkland to the developer).

The master plan removal process started formally at the PC last week and will be coming to Council at the next meeting. As you have likely heard, some neighbors showed up and objected, indicating that they were concerned about possible future residential development of the property if not owned by the City. Those concerns are entirely theoretical—the School Superintendent said at the meeting the Schools had no intention of selling the property if acquired. We have since proposed to the Schools, at the suggestion of the Mayor and others, that a general right of repurchase be put in the agreement to allay those concerns.

It looks like the City will need to do more education around this issue. It will take a couple months to get through the master plan amendment process, given the statutory notice requirements and public hearing requirements.

B. Harvest Lake (Island Lake) RUD Issue

The other issue regarding Wildlife Woods Park is the primary subject of this letter. The title work for the City's property disclosed that both the City Park Property and the School Property are "included" within the Harvest Lake RUD project—now known as the Island Lake RUD. This was not a new revelation; back when the City and the Schools were negotiating a property exchange with the Schools as part of the "Signature Park" millage proposal in 2008, the same issue was noted in the title work. Because the millage didn't pass, the issue was never resolved.

What exactly is the issue? The Schools have inquired about whether the fact that the City Park Property is included in the Harvest Lake/Island Lake RUD documents precludes it from being used for purposes other than a City park; i.e., can it even be used for school purposes rather than the "City park" or "open space" that is shown in the RUD Area Plan and described in the RUD Agreement? Given their concern on the issue—and their attorney's belief that the answer to the question might be legally "inconclusive"—the Schools have inquired about the potential and process for "removing" any park use/open space restriction from the RUD.

The rest of this letter addresses the status of the City Park Property—is it part of the RUD and, if so, what does that mean as far as encumbrance of title or limitation on use that might affect the Schools' acquisition. For the reasons discussed below, we conclude that the City's title to (ownership of) the property is not affected by any use restriction, and that there are no regulatory prohibitions either in that title or in the RUD Plan or RUD Agreement that require the City property to be used for park purposes or open space or that restrict it from being used for other than park or open space.

Apologies for the length of this letter. The hope is that by marshaling the arguments in favor of a finding that the RUD doesn't "regulate" the City Park Property, and then sharing them with the Schools, the Schools will reconsider the position that something needs to be done with the RUD before it can close on the deal. *If you don't feel compelled to get into to hear all the gritty details, there's a **summary** at the very end of this.*

1. General Background Regarding the City Park Property/RUD Approval

The following discussion of the history of the City Park Property/School Property that follows does contain some speculation on our part. This is because the transactions that resulted in the 1997 acquisition of the properties by the City and the Schools, and the contemporaneous approval of the Harvest Lake RUD development, are not particularly well documented. Our office has ordered and reviewed as many records as the City Clerk and/or Planning Department could find on this subject. We have reviewed most of the meeting minutes and looked at many old files—mostly to make sure our opinion is not inconsistent with any earlier ones—but there are enough “gaps” in the history of the transaction and development approval for us to issue a general caveat that some of the background that follows is a little speculative.

We know from the minutes of Council meetings that the City had wanted to buy the property that currently houses the bulk of Wildlife Woods Park and the Middle School from Delta Trucking back in 1995. The City tendered at least one offer to Delta Trucking in 1995. The City had previously bought some other parcels in the area, including one from the Archdiocese. The purchase didn't happen in 1995, and we don't exactly know why. There were three parties to the 1997 deal: Delta Trucking, the City, and the School District. The real estate transaction was essentially a sale by Delta to the City of about 93 acres. The City would take that land and effectively “combine” with other adjacent land that the City owned. It would then sell the parcel to the School District, for the construction of the Middle School, under a separate agreement. It appears from the minutes that there was a great deal of urgency on the Schools' part to complete the purchase and get construction started.

If that weren't complicated enough, the agreement between Delta, the City, and the School District expressly contemplated that Delta Trucking (or an entity on its behalf, Lestlyde Limited Partnership) would be developing certain adjacent land (called in the agreement “Adjacent Novi Land”) for a residential development. The agreement went on to state that Lestlyde “. . . is authorized, to the extent permitted by applicable statutes, ordinances, and other regulations, by the City of Novi School District *to include the City Park Property and the Novi School Property in its plan* for the overall residential development....”

The 3-party deal was closed at the end of 1997. The City got a deed to the 93 acres, and on that same day conveyed the 52 acres to the School District. Right around that time, the City was also amending its RUD Ordinance to address some of the aspects of the proposed Harvest Lake RUD, and was also engaged in the review and approval of the Harvest Lake RUD Plan and RUD Agreement for the residential development. By the end of 1997, a concept plan for Harvest Lake

had been approved, and by March 1998, the RUD Agreement (the development agreement for what is now Island Lake) was done and recorded.

2. *Is There an Open Space Requirement or Use Restriction on the City Park Property that Would Affect the Schools' Use?*

Today's issue, again, is the Schools' current request to "remove" any restriction on the use of the part of the City Park Property that would be transferred to the Schools. Our position is that there is no such restriction, and that representing to "the world" otherwise is potentially problematic for the City.

- **Is there an open space requirement/restriction in the Delta Trucking agreement?**

No. In fact, we would argue just the opposite.

The agreement between Delta Trucking, the City, and the School District is attached as **Tab A**. As noted above, it describes a right by Delta or its successor to "include" the City Park Property and the Novi School property "in" the application/plans for the overall residential development. (See, e.g., Section 3(b), p. 3.) But that very same paragraph also says this:

All persons acquiring any interest in any part of the Novi School Property or the City Park Property shall be deemed irrevocably to have appointed Lestlyde Limited Partnership, and its designees, as agent and attorney in fact to sign any required residential zoning option applications and to act in behalf of the owners, from time to time, of the Novi School Property and the City Park Property in any proceedings pursuant to the Novi Zoning Ordinance with respect to the Residential Development; ***provided, however, that no such application, authorization or approval shall impose any liability or obligation on the owner of the Novi School Property to develop the School Property in a manner inconsistent with the plans attached as Exhibit E or on the owner of the City Park Property to develop the City Park Property in any manner whatsoever.*** (Emphasis added.) (p. 4.)

It also includes reference to the fact that the City "intends" to use the part of the property not transferred to the Schools for a City park. (See, e.g., Section A, p. 1; Section 3(c), p. 4.) But read as a whole, we believe that the City—while certainly stating its intention to use the City Park Property as a park and to sell only a certain area of the Delta Trucking piece to the Schools—clearly avoided an ***obligation*** to do so.

One might ask, if the City didn't agree to limit its own authority to decide how to develop its property, why is the City Park Property (or the Schools' 52 acres, for that matter) even referred to in the Delta Trucking agreement? The answer, discussed further below, is that the developer wanted the density credits attributable to the City Park Property and the Schools' property to use in its residential development. By "including" those properties, it did in fact get that benefit—but

that does not mean, in our view, that the City Park Property was relegated to “permanent open space” for the RUD.¹

- **Is there an open space requirement/restriction in the deed?**

Again, there is not. In fact, there is no language in the deed restricting the use of the City’s property at all. (The deed from Delta Trucking to the City is attached as **Tab B.**)

There is, however, significant language confirming the existence of subsurface oil and gas well rights, including an attachment from what appears to be title work to the property being transferred to the City from Delta Trucking. The parties could easily have put in the reference to the required development of a City park in this document.

- **Is there an open space requirement/restriction in the RUD?**

Our answer is that it does not, even though the RUD contemplates that the City property would be developed and used for a “City Park” (which has in fact been its use for years). That conclusion is based primarily upon the nature of the City’s zoning regulations as applicable to City-owned property and on the different treatment of the City Park Property for open space purposes, as compared with other private open space within the development, which we believe recognizes and establishes the lack of regulatory limitations on the City Park Property.

- a. **City immunity from zoning regulations generally.**

As we have opined over the years, the general rule in Michigan is that local governments ***are not subject to, or are immune from, their own local zoning and land use ordinance regulations.*** For example, they do not have to go through their own review processes or comply with other regulations governing the use and development of land for public projects. The leading cases in this regard are *Morrison v East Lansing*, 225 Mich App 505 (2005), and *Mainster v West Bloomfield Twp*, 68 Mich App 319 (1976). As the basis for this immunity, the Court in *Mainster* explained:

It would appear that a reasonable basis exists for allowing governmental uses, but not similar private uses, in residentially zoned areas. A governmental use, be it a police station, fire house, school, or municipal office, serves the residents of a distinct, limited area, and, in order to be effective, must be located as close as possible to those persons. Such is not usually the case where a business enterprise is involved. Further, a governmental use, by practical necessity, must be located somewhere within the boundaries of the governmental unit. ***As such, the governmental unit does not have the freedom to construct its structures wherever expedient, as does a private business.*** (Emphasis added.)

¹ Note that the agreement does contain provisions stating that the representations of the parties “survive the closing of the transaction” and that the “covenants and agreements set forth herein shall be binding on the parties to this Agreement [and] shall survive the closing....” See Section 14, p. 8.; Section 18, p 9.

The Court in the *Morrison* case, referenced the decision in *Mainster* and expanded on the reasoning and extent of the immunity as follows:

[We] believe that a reasonable basis exists for allowing a governmental unit to develop the land according to its needs without binding it to its own land-regulation ordinances. Stated another way, a governmental unit must have freedom to make its projects work in an environment confined within its borders. To properly serve its residents, ***a city need not comply with land regulations such as height, setback, parking, and road access.*** (Emphasis added.)

The RUD process is just a land use development process. The RUD Plan and RUD Agreement, under the City's Zoning Ordinance, control the development of the several hundred acre area developed by Delta Trucking's "other" buyer. It used the RUD process because it was a flexible approval process by which it could creatively develop the adjacent property for residential purposes.

Why were the City and School properties even "included" in the legal description and the plans? Based on our review of the minutes of the Planning Commission and City Council for the various purchase agreements, the amendments to the RUD Ordinance in advance of approval of the Harvest Lake RUD, and the Harvest Lake RUD itself, the answer to that seems pretty straightforward: part of Delta Trucking's "price" for selling the property on the east side of Wixom Road to the City and ultimately by the City to the Schools, was the ability to include the density of that property in the residential development of the community that would mostly be on the other side of Wixom Road. The RUD Ordinance at the time required that the developer of the RUD "control" all of the property covered by the RUD, and the parties all agreed that the Delta Trucking agreement gave the developer sufficient "control" for the City to consider the City Park Property and the School property in the density calculations—even though, again, it specifically said that it did not require "the owner of the City Park Property to develop the City Park Property in any manner whatsoever."

b. What about the fact that the RUD Plan shows the area as "City Park" and/or open space?

It is obviously true that the City Park Property is within the legal description of the Harvest Lake project, and that the City Park Property is shown on the plans and labeled as such. The RUD Agreement specifically says that "the Property" (which includes the City Park Property) can only be developed according to the RUD Area Plan. (See Recitals, p. 1.) It is also true that the City Park Property is repeatedly referred to throughout the document as among the benefits and amenities for the development, including open space. (See, e.g., pp 39-45 of the Booklet attached to the RUD Agreement.) And, again, the developer of Harvest Lake got to use the residential density that would otherwise be ascribed to the City Park Property (and the School property) in calculating the number of homes allowed in the residential portion of the development.

But these facts alone are not the end of the inquiry. It's also true that:

- The City Park Property was not listed formally among the “amenities” of the project that was an appendix/exhibit to the RUD and part of the City Council’s approval. (See Tab C.)
- The City Park Property was specifically excluded from the calculation of “required” open space under the RUD Ordinance for the project. ***This is a particularly important point.*** Under the RUD Ordinance, for all of the “private” open space in the development (private park areas, the lake, greenbelts, etc.) the developer actually got an open space “credit” of 0.8 units per acre—which worked out to an additional 225 dwelling units. ***The City Park Property (though designated “open space”) was conspicuously not included in that calculation—and was not listed in the required open space section of the RUD Agreement.*** (See Booklet, p. 45.)
- The RUD Ordinance in 1998 (Section 2404.14) ***required*** there to be deed restrictions relating to the prohibition on the development of required open space in the RUD Agreement. ***The City Park Property is not included in the legal description of that document.*** (See Tab D.)
- In fact, the RUD Agreement devotes a whole separate section to the City and School properties, placing them in a different category of land not regulated under the RUD development approval process:

The City of Novi and the Novi Community School District own that portion of the Property located at the northeast corner of Eleven Mile and Wixom Roads, and designated on the Area Plan as a City Park, Elementary School, Middle School and ancillary uses. ***The City of Novi and the Novi Community School District shall each be solely responsible for submitting site plans for their respective portions of the overall Property, to the extent required by law.*** (Emphasis added.) (See Section 12, p. 10-11.)

Did the City intend to waive the broad immunity from the Zoning Ordinance that it would otherwise have, and concede permanent use of the City Park Property as an open space? The RUD Agreement does not say so specifically. Any conclusion to that effect can only be drawn by implication from its inclusion in the RUD for density purposes and the numerous references to it as part of the open space.

But in our view, the most salient fact in answering this question is that, while the City Park Property ***is*** used in calculating residential density credits, it ***is not*** included in the documentation by which all the other *private* open space of the development is permanently restricted by recording at the Oakland County Register of Deeds to open space.

Also relevant to our legal opinion that the RUD Ordinance and RUD Agreement (and RUD Plan) do not require the City Park Property to be “permanent” open space is the legal principle that restraints against “alienation” of the property—which simply means restraints against selling your property to someone else—are not permissible in Michigan. *Mandlebaum v McDonnell*, 29 Mich

78 (1874); *Braun v King*, 335 Mich 691; 57 NW2d 299 (1953). The RUD’s “Area Plan” doesn’t actually call the City Park Property “open space”—it calls the area “City Park.” Obviously, only “the City” can own a “City Park”; in fact, quite literally, a “public” park in the context of this RUD Agreement and RUD plan would only mean land owned by the City. To the extent that the legal act of selling the property would result in a use not “allowed” in the RUD Area Plan—if it “requires” the area to be a City Park—it follows that such a limitation cannot be a reasonable or appropriate consequence of designating the City Park Property in the Area Plan as a “City Park.”

In fact, the whole point of cases like *Morrison*, above, is that there’s only so much municipally-owned land, and public needs can often change. Who could say, in 1997, that the City would never need that land for a fire station? Or a polling place? Or a utility/DPW building? Or more to the point, who is to say now that it is not in the interests of the City and its public to convey a portion of this land to the Schools in order to allow the City to better serve the needs of its residents and businesses at a different public facility to be acquired a mile away?

There is also constitutional provision that prohibits the City from “giving away” public assets. Mich Const, Art 9, §18 prohibits municipalities from loaning their credit for any public or private purposes unless provided for by law. This has been held to mean that municipalities may transfer public property only under limited circumstances. As stated in *Kaplan v City of Huntington Woods*, 357 Mich 612 (1959), “municipalities may not give away public property without a consideration.” The consideration must be “for value.” *Alan v Wayne County*, 388 Mich 210, 230; 200 NW2d 628 (1972).

Here, the permanent preservation of the City Park Property as a City-owned park or “open space”—excluding any other uses by the City—would be of questionable value *to the City*. The purpose of the RUD Agreement, after all, is to ensure that the *developer* completes the development in a certain way.

In sum, we conclude that the park property is not **regulated** by the RUD Agreement or ordinance. The City and School property are “part of” the overall RUD in the general context of evaluating the developer’s application to the City for approval of a development. But if the intention had been to permanently or in perpetuity limit the future use of the City Park Property in a manner completely inconsistent with the City’s general immunity from compliance with its Zoning Ordinances by way of the RUD agreement, such an unusual action would require much clearer language in the RUD Ordinance and/or RUD Agreement. The developer ended up getting what it wanted—counting the City and School properties for overall residential density—while the City carefully and deliberately kept the City property (and School property) out of the open space density credit calculation and from any formal restriction on its use recorded against the property as was required for the private open space.

To complete the analysis of whether the RUD would restrict the Schools’ use of the property once transferred, our view is that the Schools’ own general immunity from having to seek City approval for school uses would kick in. Under MCL 380.1263(3):

The superintendent of public instruction has **sole and exclusive jurisdiction** over the review and approval of plans and specifications for the construction,

reconstruction, or remodeling of school buildings used for instructional or noninstructional school purposes and, subject to subsection (4), of site plans for those school buildings.

The Michigan Supreme Court held in *Charter Township of Northville v Northville Public Schools*, 469 Mich 285; 666NW2d 213 (2003), that the above language immunizes school districts from local zoning ordinances affecting school construction and site plans. While the facts of that decision involved a dispute over “site plan” jurisdiction, not an issue of proper zoning classification, the Court’s opinion contains language that has been construed over the years as preempting all local zoning authority with respect to schools. See also *Herman v Berrien County*, 481 Mich 352; 750 NW2d 570 (2008) (pointing out that under *Northville* the superintendent’s sole and exclusive jurisdiction over site plans “extended the priority of the superintendent’s power in locating and operating schools to ‘everything on the property, i.e., the entire project.’”)

We recognize that this might not address all of the Schools’ concerns. It’s possible that the Schools might want an unencumbered asset generally—in the same way the City would have an unencumbered asset with regard to the Bosco property. The Schools’ attorney has also raised the possibility that someone—whether Toll Bros. or another third party (an HOA or resident) might challenge the City’s and Schools’ action as either a party or third-party beneficiary to the RUD Agreement, with rights to use the City Park Property as open space in perpetuity—or until amendment of the RUD. We don’t think that a resident or HOA would have the standing or authority to challenge how the City administers the RUD Agreement, because they are not in our view third-party beneficiaries of that contract between the City and the Developer. The City would challenge that standing in any other RUD/PUD/PRO situation as well (a subject for another letter if needed).

That said, we think there is value to having at least Toll Bros., as the successor developer, acknowledge and agree that the conveyance to the School and the Schools’ ability to engage in school uses on the property do not violate the RUD agreement or RUD Ordinance. I assume the City could help facilitate that discussion. Alternatively, perhaps the City could prepare an affidavit or other notice for recording at closing that reflects the City’s determination and attestations as to its zoning interpretations. It could be signed by the Community Development Director or City Manager and constitute an official determination on which the Schools could rely.

Summary

It’s entirely understandable for the Schools to be concerned about whether the Wildlife Woods parcel is limited to city park open space and whether there is some limitation on the Schools’ right to use it for its own purposes. After all, the City Park Property is in the RUD legal description (as is the Schools’ own property). The City Park Property is shown on the Area Plan as “City Park,” and the RUD Agreement says the uses on the Area Plan are the only approved uses. And the City Park was used for calculating the density of the residential portion of the development and is referred to throughout the Harvest Lake “Booklet” attached to the RUD Agreement as part of the open space for the project, and as among the amenities and benefits for the development.

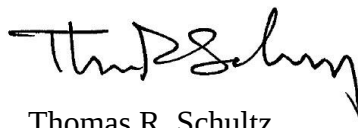
But with a little closer analysis, it becomes clear that the RUD document isn't intended to regulate how the City Park Property is to be used—it just describes the fact that it will be there as a benefit and a good piece of open space available to residents of the development (as well as the public generally). The RUD did take advantage of the 93 acres of former Delta Trucking land in calculating the permitted density the Harvest Lake/Island Lake residential component. But it's more relevant that the City Park Property was **not** counted in the open space credits that were applied to all of the other private open space areas within the residential portion of the project and that netted the residential developer an additional 225 units. And even though the RUD Ordinance requires something to be recorded against the property describing the "required" open space to be preserved, no such document was ever recorded against the City Park Property—but was against the private open space areas. The RUD agreement also says specifically that the City Park Property (and School Property) are to be owned by the City and Schools and that they are responsible for their development approvals, if any.

Our opinion also takes into account the general rule in Michigan that municipalities are not subject to their own zoning ordinances, and it notes the fact that Michigan does not allow "restraints" on the right to sell one's property, which is relevant because, if the City sells its City Park (or a portion of it) and the Area Plan is determined to require that the property must still be used as a "city park" the practical effect would be a prohibition on the right to sell property (since only the City can own and operate a "city park"); that's not a defensible reading of the RUD, as a matter of law. Finally, we point out that the City isn't allowed to "give away" property—the state constitution prohibits it; "fair value" must be received for a public asset. What value could the City be said to have received by an agreement to permanently restrict its use of City property as part of a private residential development?

Our conclusion above is that the City Park Property and School Property were included for purposes of calculating residential density, and to reflect the overall plan to have a school and park in the area of the residences as a general benefit, but for no other **regulatory** purpose. The words of the RUD Agreement don't mandate open space in perpetuity, and don't say that the City and Schools properties can never be sold or used differently. We caution against simply accepting the idea that before the City can use what would remain of Wildlife Woods Park for some other City purpose in the future—a fire station, DPW lift station, polling place, or whatever—the City would need to seek to amend the RUD Agreement and hold public hearings and give notice to Toll Bros. or others. We don't think that's a conclusion the City needs to reach as part of this transaction.

Very truly yours,

ROSATI SCHULTZ JOPPICH
& AMTSBUECHLER PC

A handwritten signature in black ink, appearing to read "Th R Schultz", written over a horizontal line.

Thomas R. Schultz

Letter to Mayor Gatt and Council

February 15, 2023

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TRS/jah

cc: Victor Cardenas
Cortney Hanson
Charles Boulard
Barb McBeth

**OFFER TO PURCHASE REAL ESTATE
AND
DEVELOPMENT AGREEMENT**

THIS OFFER TO PURCHASE REAL ESTATE AND DEVELOPMENT AGREEMENT ("Agreement") is to become effective upon the date **DELTA TRUCKING COMPANY** accepts the Offer to Purchase contained herein ("Effective Date") by and among the **CITY OF NOVI, MICHIGAN**, a municipal corporation duly organized and existing under and by virtue of the constitution and laws of the State of Michigan (the "City"); **NOVI COMMUNITY SCHOOL DISTRICT**, constituent district of the Oakland Intermediate School District of the State of Michigan (the "Novi School District") and **DELTA TRUCKING COMPANY**, a Michigan corporation ("Seller").

PRELIMINARY STATEMENT

A. Seller is the owner of a certain parcel of land in the City of Novi, Oakland County, Michigan, which parcel of land is described in Exhibit A attached hereto and made a part hereof (the "City/School Property"). The City/School Property is bordered by Wixom Road, on the west, Eleven Mile Road on the south, both public roads, and borders, on three sides at its westerly boundary a 11.20 acre parcel of land, described in Exhibit B (the "Archdiocese Property").

B. Seller has agreed to convey the City/School Property to the City. The City, in turn, will convey a portion of the City/School Property to the Novi School District. The Novi School District will use the property so conveyed to it by the City, including the Archdioceses Property, to construct school facilities to serve the children of the Novi Community School District. The City/School Property and Archdiocese Property to be owned by the Novi School District and on which school facilities and related improvements will be constructed are together referred to herein as the "Novi School Property." The Novi School District has executed this Agreement in order to acknowledge its agreements with Seller.

C. The City will utilize the portion of the City/School Property retained by it and not conveyed to the Novi School District (the "City Park Property") to provide a public park for the residents of the City of Novi.

D. Subject to execution of this Agreement the Novi School District has irrevocably agreed to modify the boundary of the Novi Community School District (the "School District Boundary Relocation") to accept into the Novi Community School District, from the South Lyon Community School District, certain property in the City of Novi (the

X

"Transfer Parcel") as described in the resolution approving such transfer attached as Exhibit C.

NOW, THEREFORE, in consideration of the agreements set forth herein, the Seller, the City, and the Novi School District agree as follows:

1. Cash Sale and Warranty Deed

a) Seller shall convey to the City insurable title to the City/School Property by warranty deed at the time of closing (subject to the existing public road and public utility easements of record, and zoning ordinances, if any) for the sum of One Million Six Hundred Seventy Thousand Six Hundred Eighty (\$1,670,680.00) Dollars. Seller's sale of the City/School Property to the City does not include oil and gas rights to the City/School Property. The warranty deed to be delivered to the City at the time of closing shall reserve unto Seller all oil and gas rights to the City/School Property. Further, Seller's sale of the City/School Property is subject to a certain easement for ingress and egress to the production facility on the City/School Property heretofore granted by Seller to Somoco, Inc., over and across the north twenty (20) feet of the parcel of land identified for tax purposes as Sidwell No. 50-22-17-300-014.

b) The Seller warrants that at the time Seller delivers its warranty deed conveying title to the City/School Property to the City that no person, firm, or corporation having any oil, gas, mineral rights, surface rights, or sub-surface rights, or interests whatsoever in the City/School Property by lease, agreement or otherwise has or shall have the right to conduct any operations on the City/School Property nor have the right to prospect, drill, mine or produce oil, gas, minerals or any substances upon the City/School Property. Seller's, or its assignee's right to oil and gas on the City/School Property shall be only by operations conducted on adjoining or nearby lands through the drilling, operating and maintaining of directional wells on such adjoining or nearby lands, or by operations conducted upon such other land with which the City/School Property or any part thereof may be pooled or communitized. Whenever used in this section, the word "operations" shall mean any of the following activities: Preparing location for drilling, drillings, testing, searching for or in the endeavor to obtain production of oil and/or gas, production of oil and/or gas whether or not in paying quantities, laying pipeline, building and maintaining roadways, tanks, production facilities, storage or power stations, or other like or related structures. To this end, Seller agrees that it shall, within thirty (30) days after the Effective Date of this Agreement, obtain and provide the City and the Novi School District with any and all agreements as shall be necessary to establish, to the satisfaction of the City and the Novi School District, that, except as otherwise specifically provided herein, no person, firm or corporation shall have the right, at the time of closing or any time thereafter, to conduct any operations on any portion of the City/School property nor have the right to prospect, drill, mine or produce minerals or substances upon the City/School property; further, such operations, with respect to the City/School Property, shall only be conducted on adjoining or nearby lands through the drilling, operating and maintaining of directional wells on such adjoining or nearby lands, or by operations which may be conducted upon such other land with which the City/School Property or any part thereof

may be pooled or communitized. Provided however that the prohibition of conducting any operations on the City/School Property shall not prohibit the continued operation and maintenance of the production facilities and pipeline currently located on the City/School Property, easements for which have heretofore been granted by Seller to Somoco, Inc., and descriptions of which are contained in an Agreement dated February 9, 1995, a copy of which is attached hereto as **Exhibit D**.

c) Payment of the purchase money is to be made by wire transfer, certified check, or cashier's check, at Seller's option.

2. **Evidence of Title** - As evidence of title, Seller shall furnish the City, as soon as possible, a Commitment for Title Insurance showing marketable title in Seller, issued in an amount not less than the purchase price bearing date subsequent to the Effective Date, with a policy pursuant thereto to be issued after the closing insuring the City. The Seller shall be responsible for payment of the applicable title insurance premium for title insurance policy at the closing.

3. **Development of the Novi School Property, the City Park Property and the Adjacent Novi Land**

a) The Novi School District acknowledges that Seller has requested the School District Boundary Relocation as it affects the Transfer Parcel. The Novi School District fully supports the modification of the school district boundary between the Novi Community School District and the South Lyon Community School District such that the Seller's Novi Property is entirely located within the Novi Community School District. The Novi School District specifically and irrevocably agrees to adopt the resolution attached as **Exhibit C** such that Seller's Novi Property is located entirely in the Novi Community School District. The Seller and the Novi School District acknowledge that the South Lyon Community School District has already adopted a resolution relating to the transfer of the Transfer Parcel from the South Lyon Community School District to the Novi Community School District.

b) The Novi School District and the City acknowledge that the owner of the Seller's Novi Property is proceeding with the residential development of the Seller's Novi Property and adjacent land, described in **Exhibit F** (Seller's Novi Property and the adjacent land being herein collectively referred to as the "Adjacent Novi Land"), and that such residential development will be pursuant to one or more available zoning options under the Zoning Ordinance of the City of Novi. In connection with the residential development of the Adjacent Novi Land, Lestlyde Limited Partnership is authorized, to the extent permitted by applicable statutes, ordinances and other regulations, by the City and the Novi School District to include the City Park Property and the Novi School Property in its plans for the overall residential development (collectively, such overall residential development, inclusive of the Adjacent Novi Land, the Novi School Property and the City Park Property, is referred to herein as the "Residential Development"). Seller reserves to Lestlyde Limited Partnership, and Lestlyde Limited Partnership is hereby granted, the power and authority, to the extent permitted by applicable statutes, ordinances and other

regulations, to include the Novi School Property and the City Park Property in its plans and proposals for the overall Residential Development and to obtain appropriate residential rezoning or approval of special residential development options with respect to the Residential Development so long as the same are not inconsistent with the City's and the Novi School District's intended and stated plans for use of the City/School Property. All persons acquiring any interest in any part of the Novi School Property or the City Park Property shall be deemed irrevocably to have appointed Lestlyde Limited Partnership, and its designees, as agent and attorney in fact to sign any required residential zoning option applications and to act in behalf of the owners, from time to time, of the Novi School Property and the City Park Property in any proceedings pursuant to the Novi Zoning Ordinance with respect to the Residential Development; provided, however, that no such application, authorization or approval shall impose any liability or obligation on the owner of the Novi School Property to develop the School Property in a manner inconsistent with the plans attached as Exhibit E or on the owner of the City Park Property to develop the City Park Property in any manner whatsoever.

c) Seller, the City and the Novi School District each acknowledge and agree that the horizontal and vertical development of their respective properties (including the Adjacent Novi Land) will impact the other's property. In order to further the parties' mutual objective of harmonious development of their respective properties (e.g., lighting, landscaping, berming, traffic impacts, etc.) the Novi School District and the City shall cooperate, in a reasonable manner, with the Seller's Designee (as defined in paragraph 20 below) with respect to development of their respective parcels including, but not limited to, the location of curb cuts, acceleration and deceleration lanes, bypass lanes (if any), stormwater management, gas, telephone and cable TV service, elevation of the stadium, and landscaping and buffering along the Wixom Road frontage. The Novi School District further agrees that, until the earlier of: (a) 2015, or (b) the date which Lestlyde Limited Partnership no longer owns any portion of the Adjacent Novi Land, the site plans described on Exhibit E to this Agreement will not be substantially modified without the prior written consent, not to be unreasonably withheld, conditioned or delayed, of the Seller's Designee. It is further understood and agreed that the Novi School District shall submit its site plans to the traffic consultant for the City before commencing construction of the middle school, elementary school or any other substantial improvement to the Novi School Property, as the case may be. The Novi School District shall make all improvements within the rights-of-way of 11 Mile and Wixom Roads (including, without limitation, acceleration and deceleration lanes, bypass lanes, road tapers, traffic signals and road signage) recommended by the City's traffic consultant to address the traffic and road impacts presented by the development, over time, of the Novi School Property. The Seller acknowledges and agrees that the City proposes to construct a park on the City Park Property with active recreational facilities. The parties agree that the City's reasonable cooperation with Seller's Designee shall not impinge on the City's right to construct an active recreational facility on the City Park Property.

In order to ensure that adequate communication and coordination is maintained throughout the planning, design approval and construction process, the City, the Novi School District and Seller agree to quarterly meetings to update each other on the status

and progress of development of their respective properties (i.e., the City Park Property, the Novi School Property and the Adjacent Novi Property). The quarterly status meetings shall be held at the office of the Novi School District at 9:00 a.m. on a business day during the second week of every third calendar month, beginning the first full month after the closing of the sale of the City/School Property to the City.

d) Additional easements to Detroit Edison are necessary to complete a power grid adequate to service the Novi School Property. The City and Novi School District agree that a Detroit Edison overhead power line may be located along the Wixom Road right-of-way on the City/School Property, and that the Seller may reserve the right and power to grant any necessary easement along the Wixom Road right-of-way to Detroit Edison in the warranty deed conveying the City/School Property to the City. The City and Novi School District further agree to grant any necessary easement to Detroit Edison over the Archdiocese Property along the Wixom Road right-of-way as may be required to extend the Detroit Edison grid. Within seven (7) days after written notice from Seller's Designee, the Novi School District shall pay Detroit Edison up to One Hundred Fifty-Eight Thousand Dollars (\$158,000) for the construction of power lines and tree removal and replacement north of Eleven Mile Road. The City and the Novi School District shall cooperate as necessary in granting this overhead power line easement over the Novi School Property. The Seller agrees that it will grant Detroit Edison easements along the Wixom Road right-of-way over the Adjacent Novi Land.

e) Seller reserves to Lestlyde Limited Partnership, a Michigan limited partnership, for the benefit of the Adjacent Novi Land, a permanent easement for constructing, operating, maintaining, repairing and dedicating a sanitary sewer lift station to provide sanitary sewer service to the Adjacent Novi Land (and, potentially, other land in the vicinity of the Novi School Property) in, over, upon and through a portion of the Novi School Property of sufficient size to support such a lift station (as approved by the City), and any easements necessary to connect the lift station to the publicly dedicated sanitary sewer main to be extended across the Novi School Property. Before the closing, the parties shall agree to the legal description over which the permanent easement shall be established. Nothing herein contained shall require the City to construct sanitary lift stations nor provide water or sewer service to the Adjacent Novi Land.

f) Seller will cause an educational outlook to be established within a reasonable time within a natural features protection zone on the Adjacent Novi Land for the benefit of the school(s) to be developed on the Novi School Property. The outlook area shall be maintained by the Seller or by a homeowners association to be established in connection with the development of the Adjacent Novi Land. In this regard, Seller shall by contract, deed provision or otherwise legally create a homeowners association which is legally obligated to undertake such maintenance. Seller's Designee shall review progress in establishing the outlook at the regular quarterly meetings to be held with the Novi School District pursuant to paragraph 3(c) of this Agreement.

4. **Time of Closing** - The City agrees to complete the sale within twenty (20) days after fulfillment, to the satisfaction of the City, of all of the conditions contained in this Agreement and after delivery of a commitment of title insurance updated to the date of closing.

5. **City or Novi School District Default** - In the event of default by the City or the Novi School District hereunder, the Seller may, at its option, elect to enforce the terms hereof or rescind and terminate this Agreement.

6. **Seller's Default** - In the event of default by the Seller hereunder, the City, or Novi School District, or both, may, at its or their option, elect to enforce the terms hereof or rescind and terminate this Agreement.

7. **Title** - The City agrees to accept title to the City/School Property in the condition described in paragraphs 1 and 2.

8. **Possession** - The Seller shall deliver and the City shall accept possession of the City/School Property on the date of the closing.

9. **Taxes and Prorated Items** - All taxes and assessments which have become a lien upon the City/School Property at the date of this Agreement shall be paid by Seller. Current taxes, if any, shall be prorated and adjusted as of the date of closing in accordance with due date basis of the municipality or taxing unit in which the property is located. For this purpose taxes shall be considered as being paid in advance.

10. **Acceptance of Offer** - It is understood that this Agreement, when signed by the City and the Novi School District, is an irrevocable offer for five (5) days from the date on which it is submitted to Seller, and if not accepted by Seller within that time, the City may, at its option, rescind and terminate this Agreement. If the offer is accepted by the Seller, the City and Seller agree to complete the purchase of the City/School Property within the time stated herein, and the Novi School District will fulfill its obligations hereunder.

11. **Survey and Environmental Inspections** - As of the date of this Agreement, the City has obtained such surveys, soil tests, borings, and inspections as the City deemed necessary. The City shall indemnify and hold the Seller harmless from and against any and all claims, demands, suits, actions, proceedings, damages, liabilities, losses, costs and expenses, including attorney's fees (collectively "Claims") made or asserted as a result of the access previously granted the City by the Seller, for such surveying, soil testing, borings and inspecting. The City, at its sole cost and expense, shall defend the Seller against such Claims.

12. **Environmental Representations** - Seller represents that Seller has not, and agrees that it will not, engage in or knowingly permit any other party to engage in any activity on the land that could result in the land or the owners thereof incurring liability under the Natural Resources and Environmental Protection Act of 1994, as amended, any

rule or regulation promulgated thereunder, or any other law or rule of any federal, state, or local government, or agency, concerning releases or threatened release of hazardous substances, public health and safety or pollution or protection of the environment (collectively the "Environmental Statutes").

Further, the Seller represents that, to the best of the Seller's knowledge, during the Seller's ownership of the City/School Property, there has not been and agrees that, prior to the closing date, the Seller shall not knowingly cause or knowingly allow there to be discharged, emitted, stored, spilled, buried or released on, in, at, or under the City/School Property, any pollution, contamination, hazardous or toxic substances, effluent, polychlorinated biphenyls, methylene chloride, trichloroethylene, 1, 2 - transdichloro-ethylene, diocins, dibenzofurans, asbestos, asbestos-containing materials, radioactive materials or other environmental hazards, including but not limited to, those included in the Environmental Statutes.

13. **Representations and Warranties**

a) Seller represents and warrants to the City and the Novi School District that: (i) Seller is the fee owner of the City/School Property; (ii) except as otherwise specifically stated herein, to the best of Seller's knowledge, no person or legal entity, other than Seller, is using or has any right to use, or is in, or has right to possession of, the City/School Property or any part thereof; (iii) except as otherwise specifically stated herein, to the best of Seller's knowledge, there are no unrecorded claims, rights or liens by any person other than Seller with respect to the City/School Property, including but not limited to water, timber, mineral, gas or oil rights or leases; or claims of easements or boundary line disputes, encroachments or overlaps with respect to the City/School Property; (iv) to the best of Seller's knowledge, there are no claims of any kind whatsoever arising from events happening prior to the date of this Agreement and pertaining to the City/School Property; (v) Seller has not dealt with any broker, finder, real estate agent, or other fee or commissioned agent in connection with this transaction that would be entitled to a commission as a result of the sale of the City/School Property to the City; (vi) Seller is duly organized and validly existing as a corporation in good standing under the laws of the State of Michigan, with power under the laws of this state to carry on its business as now being conducted; (vii) Seller is duly qualified to do business in the State of Michigan; (viii) Seller has the power and authority to carry out its obligation under this Agreement to convey the City/School Property to the City; and (ix) except as may be otherwise specifically stated herein, Seller shall indemnify and hold the City harmless from and against any and all claims, demands, suits, actions, proceedings, damages, liabilities, losses, costs and expenses, including attorney fees (collectively "claims") made, asserted or arising from event happening prior to the date of closing and pertaining to the City/School Property or contrary to any of Seller's representations contained herein and the Seller, at its sole cost and expense, shall defend the City against any such claims.

b) The City represents and warrants to Seller that: (i) the execution and delivery of this Agreement have been duly authorized by the City Council of the City of Novi, and this Agreement constitutes a valid and binding agreement of the City enforceable in

accordance with its terms; (ii) neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby is in violation of any provision of any existing law, ordinance, rule, resolution, regulations, order or decree of any court or governmental entity, or any agreement to which the City is a party or by which the City is bound; and (iii) except as may be otherwise specifically stated herein, the City shall indemnify and hold the Seller harmless from and against any and all claims, demands, suits, actions, proceedings, damages, liabilities, losses, costs and expenses, including attorney fees (collectively "claims") made, asserted or arising from or contrary to any of the City representations, covenants and agreements contained herein and the City, at its sole cost and expense, shall defend the Seller against any such claims.) X

c) The Novi School District represents and warrants to Seller that: (i) the execution and delivery of this Agreement have been duly authorized by the Novi School District, and this Agreement constitutes a valid and binding agreement of the Novi School District enforceable in accordance with its terms; (ii) neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby is in violation of any provision of any existing law, ordinance, rule, resolution, regulation, order or decree of any court or governmental entity, or any agreement to which Novi School District is a party or by which the Novi School District is bound; (iii) the Novi School District has taken or will take all action necessary (on the part of the Novi School District only) to approve the School District Boundary Relocation; and (iv) except as may be otherwise specifically stated herein, the Novi School District shall indemnify and hold the Seller harmless from and against any and all claims, demands, suits, actions, proceedings, damages, liabilities, losses, costs and expenses, including attorney fees (collectively "claims") made, asserted or arising from or contrary to any of the Novi School District's representations, covenants and agreements contained herein and the Novi School District, at its sole cost and expense, shall defend the Seller against any such claims.

d) The City has informed Seller and Seller acknowledges that it is the City's intention, after acquiring the City/School Property from Seller, to use the City Park Property for park purposes and to sell the Novi School Property to the Novi School District. In the event that the Novi School District fails to purchase the Novi School Property from the City, then in such event the City shall have the option to rescind this Agreement by giving written notice thereof to Seller, and Seller shall then forthwith return to the City all sums paid to it by the City in full termination of this Agreement. |

14. **Representations Survive Closing** - All representations of any party contained in this Agreement shall survive the closing of the transaction contemplated herein.) X

15. **Closing** - The closing of this sale shall take place at the office of the City.

16. **Time of the Essence** - Time is of the essence of this Agreement.

17. **Conditions Precedent to Seller's Obligations** - The obligations of Seller hereunder are subject to the following conditions precedent, except as any of them may

be waived in writing by Seller: (i) the Novi School District shall have approved the School District Boundary Relocation in the manner required by law; (ii) the order and determination of the Oakland County Intermediate School District approving the School District Boundary Relocation shall have been entered and the appeal period shall have expired without an appeal having been filed; and (iii) no action, suit, proceeding or investigation shall be pending before any court, public board or body to which Seller, the South Lyon Community School District or the Novi School District is a party, or threatened in writing against the Novi School District, which contests the validity or binding effect of this Agreement, the School District Boundary Relocation or which could result in an adverse decision that would have a material adverse effect upon the School District Boundary Relocation.

18. **Binding on Successors or Assigns** - The covenants herein shall bind and inure to the benefit of the successors and assigns of the respective parties. The covenants and agreements set forth herein shall be binding upon the parties to this Agreement, shall survive the closing of the sale of the City/School Property from Seller to the City, and shall be deemed covenants running with the City/School Property for the benefit of the Adjacent Novi Land. Any party shall have the right to record a notice of this Agreement against the City/School Property with the Register of Deeds of Oakland County, Michigan.

19. **Dispute Resolution** - In the event of a dispute or disagreement under this Agreement, the parties shall consult in good faith with each other and shall use best efforts to resolve the matter. It is the express intent of the parties that any such disputes or disagreements will be resolved as soon as reasonably practicable and through either: (i) negotiation between the parties; or (ii) if mutually agreeable as to a specific matter in each party's discretion, through a form of alternative dispute resolution, including non-binding arbitration. It is further understood and agreed, however, that alternative dispute resolution and litigation under this Agreement will be viewed as the last resort and that the results of any non-litigation dispute resolution procedure under this paragraph will not be admissible for any purposes in any litigation in which the parties are involved and relating to this Agreement unless the parties otherwise agree as part of such resolution. Each party agrees that any party will have the right to seek judicial relief in connection with any dispute arising under this Agreement and in the event that any party resorts to litigation in order to resolve a dispute (including any breach of this Agreement) under this Agreement, the party prevailing in connection with such dispute shall be entitled to recover its reasonable attorneys' fees and costs incurred in connection with such litigation. The procedures under this paragraph shall apply to all disputes arising under this Agreement whether or not specifically so provided elsewhere in this Agreement.

20. **Seller's Designee** - For the purposes of this Agreement, "Seller's Designee" means Harvest Land Company, L.L.C., a Michigan limited liability company; provided, however, that the Seller, by notice to the City and the Novi School District, may designate a substitute Seller's Designee. The Seller hereby acknowledges and agrees that wherever this Agreement grants the Seller's Designee any right or permits Seller's Designee to take any action, the exercise of such right or the taking of any such action by Seller's Designee

shall be deemed to have been done on behalf of the Seller and the exercise of any such right or the taking of any such action by the Seller's Designee shall be binding on the Seller, the City, and the Novi School District for purposes of this Agreement.

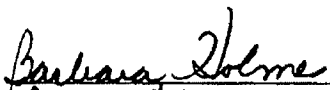
21. **Entire Agreement; Miscellaneous** - The foregoing constitutes the entire agreement between the Seller, the City, and the Novi School District with respect to the conveyance, by Seller to the City of the City/School Property, and supersedes any and all prior and contemporaneous written or oral promises, representations or conditions in respect thereto. The terms and conditions set forth herein may not be changed, modified or revised orally, but only by an agreement in writing signed by all parties. It is understood and agreed that this Agreement may be executed in several counterparts by facsimile, each of which, for all purposes, shall be deemed to constitute an original and all of which counterparts, when taken together, shall be deemed to constitute one and the same Agreement, even though all of the parties may not have executed the same facsimile counterpart. Wherever in this Agreement provision is made for the doing of any act by any party it is understood and agreed that such act shall be done by such party at its own costs and expense unless a contrary intent is expressed.

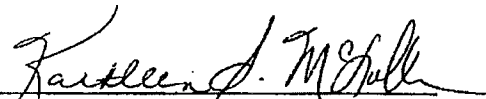
22. **Construction** - Each party acknowledges that the parties participated equally in the drafting of this Agreement, and accordingly, no court construing this Agreement shall construe it more strictly against party hereto.

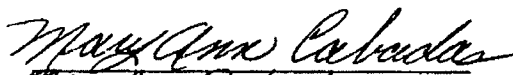
23. The City/School property is being acquired by the City from Seller pursuant to this Agreement in lieu of condemnation.

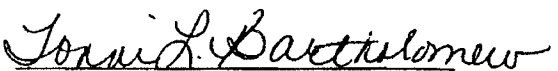
IN THE PRESENCE OF:

CITY OF NOVI, Michigan municipal corporation


Barbara Holmes

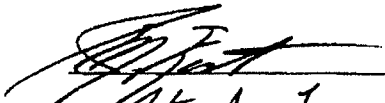
By: 
KATHLEEN McALLEN
Its: Mayor


MaryAnn Cabadas

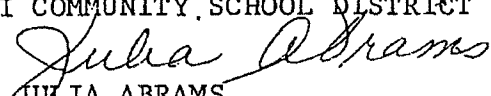
By: 
TONNI BARTHOLOMEW
Its: City Clerk
45175 W. Ten Mile Road
Novi, MI 48375
(248) 347-0576

Dated: July 21, 1997

NOVI COMMUNITY SCHOOL DISTRICT


Rita A. Traynor

Dated: 6-23, 1997

By: 
RAYMOND BYERS
Its: Novi Board of Education President
NOVI COMMUNITY SCHOOL DISTRICT

JULIA ABRAMS
Novi Board of Education Secretary

ACCEPTANCE OF OFFER

The foregoing offer is hereby accepted and the Seller agrees to sell said premises upon the terms stated.

DELTA TRUCKING, COMPANY

Dated: _____, 1997

By: _____
Its: _____

EXHIBITS

- | | | |
|-----------|---|---|
| Exhibit A | - | City/School Property |
| Exhibit B | - | Archdiocese Property |
| Exhibit C | - | Resolution Approving Acceptance of Transfer Parcel |
| Exhibit D | - | Agreement with Somoco dated February 9, 1995 |
| Exhibit E | - | Site Plans of Novi School Property and City Park Property |
| Exhibit F | - | Adjacent Novi Land |

EXHIBIT A

PARCEL A

PART OF THE S.W. 1/4 OF SECTION 17, T.1N., R.8E., CITY OF NOVI, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS BEGINNING AT THE S.W. CORNER OF SAID SECTION 17; THENCE N04°04'19"W, ALONG THE WEST LINE OF SAID SECTION 17, 500.08 FEET; THENCE N86°35'42"E 800.00 FEET; THENCE N04°04'19"W 610.00 FEET; THENCE S86°35'42"W 800 FEET TO A POINT ON THE WEST LINE OF SAID SECTION 17; THENCE N04°04'19"W, ALONG SAID LINE, 899.93 FEET; THENCE N86°38'51"E 2422.50 FEET; THENCE S02°54'21"E 1329.76 FEET; THENCE S86°36'55"W 422.60 FEET; THENCE S03°11'51"E 678.08 FEET TO A POINT ON THE SOUTH LINE OF SAID SECTION 17; THENCE S86°35'42"W, ALONG SAID LINE, 1962.46 FEET TO THE POINT OF BEGINNING. CONTAINING 93.01 ACRES, MORE OR LESS.

EXHIBIT B

PARCEL B

PART OF THE S.W. 1/4 OF SECTION 17, T.1N., R.8E., CITY OF NOVI, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS BEGINNING AT A POINT LOCATED DISTANT N04°04'19"W, ALONG THE WEST LINE OF SECTION 17, 500.08 FEET FROM THE S.W. CORNER OF SAID SECTION 17; THENCE N86°35'42"E 800.00 FEET; THENCE N04°04'19"W 610.00 FEET; THENCE S86°35'42"W 800.00 FEET TO A POINT ON THE WEST LINE OF SAID SECTION 17; THENCE S04°04'19"E, ALONG SAID LINE, 610.00 FEET TO THE POINT OF BEGINNING. CONTAINING 11.20 ACRES, MORE OR LESS.

SUPPLEMENTAL AGREEMENT AMENDING OFFER TO PURCHASE REAL ESTATE AND DEVELOPMENT AGREEMENT

Supplemental Agreement made September 16, 1997, by and among **CITY OF NOVI**, a Michigan municipal corporation duly organized and existing under and by virtue of the constitution and laws of the State of Michigan (the "City"), **NOVI COMMUNITY SCHOOL DISTRICT**, constituent district of the Oakland Intermediate School District of the State of Michigan (the "Novi School District") and **DELTA TRUCKING COMPANY**, a Michigan corporation (the "Seller").

RECITALS

- A. The parties have entered into an Offer to Purchase Real Estate Development Agreement effective September 4, 1997 (the "prior Agreement").
- B. The parties wish to modify the provisions of the prior Agreement.

AGREEMENT

- 1. The prior Agreement of the parties is changed in the following respects only:

ELIMINATIONS AND INSERTIONS

By eliminating from the prior Agreement all of subsection e) of Paragraph 3 and inserting in its place the following:

- e) Seller reserves to Lestlyde Limited Partnership, a Michigan limited partnership, for the benefit of the Adjacent Novi Land, a permanent easement for constructing, operating, maintaining, repairing and dedicating a sanitary sewer lift station or an underground water booster pump station, or both, to provide sanitary sewer and water service to the Adjacent Novi Land (and, potentially, other land in the vicinity of the Novi School Property) in, over, upon and through a portion of the Novi School Property of a sufficient size to support such station or stations (as approved by the City), and any easements necessary to connect the station or stations to the publicly dedicated sanitary sewer main and water main to be extended across the Novi School Property. Before the closing, the parties shall agree to the legal description over which the permanent easement shall be established. Nothing herein contained shall require the City to construct sanitary lift stations or water booster pump stations (either above or below ground) nor to provide water or sewer service to the Adjacent Novi Land.

2. It is expressly agreed by the parties that this agreement is supplemental to the prior Agreement which is made a part hereof by reference, and all terms, conditions and provisions of the prior Agreement, unless specifically modified herein, are to apply to this Supplemental Agreement and are made a part of this Supplemental Agreement as though expressly included.

3. **Binding on Successors or Assigns** - The covenants herein shall bind and inure to the benefit of the successors and assigns of the respective parties. The covenants and agreements set forth herein shall be binding upon the parties to this Supplemental Agreement, shall survive the closing of the sale of the City/School Property from Seller to the City, and shall be deemed covenants running with the City/School Property for the benefit of the Adjacent Novi Land. Any party shall have the right to record a notice of this Supplemental Agreement against the City/School Property with the Register of Deeds of Oakland County, Michigan.

4. **Entire Agreement; Miscellaneous** - The foregoing constitutes the entire Supplemental Agreement between the Seller, the City, and the Novi School District, and supersedes any and all prior and contemporaneous written or oral promises, representations or conditions in respect thereto. The terms and conditions set forth herein may not be changed, modified or revised orally, but only by an agreement in writing signed by all parties. It is understood and agreed that this Supplemental Agreement may be executed in several counterparts by facsimile, each of which, for all purposes, shall be deemed to constitute an original and all of which counterparts, when taken together, shall be deemed to constitute one and the same agreement, even though all of the parties may not have executed the same facsimile counterpart. Wherever in this Supplemental Agreement provision is made for the doing of any act by any party it is understood and agreed that such act shall be done by such party at its own costs and expense unless a contrary intent is expressed.

5. **Construction-** Each party acknowledges that the parties participated equally in the drafting of this Supplemental Agreement, and accordingly, no court construing this Supplemental Agreement shall construe it more strictly against any party hereto.

IN WITNESS WHEREOF, the parties executed this Supplemental Agreement Amending Offer to Purchase Real Estate and Development Agreement the day and year first above written.

DELTA TRUCKING COMPANY

By: J. Steven Wain
Its: Authorized Agent

CITY OF NOVI, a Michigan municipal corporation

By: Kathleen McLallen
KATHLEEN McLALLEN
Its: Mayor

By: Tonni Bartholomew
TONNI BARTHOLOMEW
Its: City Clerk

NOVI COMMUNITY SCHOOL DISTRICT

By: Raymond Byers
RAYMOND BYERS
Novi Board of Education President

By: Carol Elfring
CAROL ELFRING
Novi Board of Education Secretary

USER 17662PG121

4 13.00 DEED
4 2.00 REMUNERATION
4 14370.60 TRANSFER TAX (COMBINED)
7 OCT 97 3:36 P.M. RECEIVED 2324
PAID RECORDED - OAKLAND COUNTY
JAN 1 1998

WARRANTY DEED - CORPORATION

The Grantor, DELTA TRUCKING COMPANY, a Michigan corporation ("Grantor"),

whose address is 8800 Dix Avenue, Detroit, Michigan 48209,

conveys and warrants to the CITY OF NOVI, MICHIGAN, a municipal corporation duly organized and existing under and by virtue of the constitution and laws of the State of Michigan ("Grantee"),

whose address is 45175 W. Ten Mile Road, Novi, Michigan 48375,

the premises situated in the City of Novi, County of Oakland and State of Michigan, as more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"), subject to the existing public road and public utility easements of record, zoning ordinances, if any, and the matters set forth on Exhibit B attached hereto and made a part hereof, and further subject to the reservation hereinafter set forth.

The foregoing conveyance is subject to the reservation in the Grantor, its successors and assigns, of, and Grantor hereby retains, all oil and gas rights in and to the Property; provided, however, that Grantor, its successors and assigns, shall have no right to conduct any operations on the surface of the Property conveyed hereby nor any right to prospect, drill, mine or produce oil or gas upon the surface of the Property but shall have the right to extract oil and gas from the Property by operations conducted on adjoining or nearby lands through the drilling, operating and maintaining of directional wells on such adjoining or nearby lands or by other operations conducted upon such other lands with which the Property or any part thereof may be pooled or communitized. Whenever used in this deed, the word "operations" shall mean any of the following activities: preparing location for drilling, drilling, testing, searching for or in the endeavor to obtain production of oil and/or gas, production of oil and/or gas, whether or not in paying quantities, laying pipeline, and/or building and maintaining roadways, tanks, production facilities, storage or power stations, or other like or related structures.

The consideration for this deed is the sum of One Million Six Hundred Seventy Thousand Six Hundred Eighty and no/100 Dollars (\$1,670,680.00), the receipt of which is hereby acknowledged.

The Grantor grants to the Grantee the right to make all division(s) under Section 108 of the Land Division Act, Act No. 289 of the Public Acts of 1967.

STATE OF
MICHIGAN



REAL ESTATE
TRANSFER TAX

1. 1.38% (10-10-97)
2. 1.38% (10-10-97)
3. 1.38% (10-10-97)

PAID
OCT 10 1997
1374

O.K. - KB

1360
12.00
01832.10
510,000.00
14,810.00
18

USE 17662PG122

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

Dated this 16 day of September, 1997

Signed in the presence of:

James R. Bingham
Print Name: James R. Bingham

Rod D. Elliott
Print Name: ROD D ELLIOTT

Signed:

DELTA TRUCKING COMPANY,
a Michigan corporation Grantor

By: L. Steven Weiner
Print Name: L. Steven Weiner
Its: Authorized Agent

STATE OF MICHIGAN)
COUNTY OF OAKLAND)ss

The foregoing instrument was acknowledged before me this 16 day of September, 1997,
by L. Steven Weiner, the Authorized Agent
(Name(s) of Officer(s)) (Title of Officer(s))
of Delta Trucking Company, a Michigan corporation, on behalf of the corporation.

Christine J. Weaver
Print Name: Christine J. Weaver
Notary Public, Oakland County, Michigan
My commission expires: 11/6/2000

Send subsequent tax bills to: Grantor.

Drafted by:

Phyllis G. Rozof, Esq.
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

(When recorded return to: Grantor.)

DET05/166460.1

EXHIBIT A

PARCEL A

PART OF THE S.W. 1/4 OF SECTION 17, T.1N., R.8E.,
CITY OF NOVI, OAKLAND COUNTY, MICHIGAN,
DESCRIBED AS BEGINNING AT THE S.W. CORNER OF
SAID SECTION 17; THENCE N04°04'19"W, ALONG THE
WEST LINE OF SAID SECTION 17, 500.08 FEET;
THENCE N86°35'42"E 800.00 FEET; THENCE
N04°04'19"W 610.00 FEET; THENCE S86°35'42"W 800
FEET TO A POINT ON THE WEST LINE OF SAID
SECTION 17; THENCE N04°04'19"W, ALONG SAID
LINE, 899.93 FEET; THENCE N86°38'51"E 2422.50
FEET; THENCE S02°54'21"E 1329.76 FEET; THENCE
S86°36'55"W 422.60 FEET; THENCE S03°11'51"E
673.08 FEET TO A POINT ON THE SOUTH LINE OF
SAID SECTION 17; THENCE S86°35'42"W, ALONG
SAID LINE, 1962.46 FEET TO THE POINT OF
BEGINNING. CONTAINING 93.01 ACRES, MORE OR
LESS.

22-17-300-004
22-17-300-012
22-17-300-014

EXHIBIT B

PERMITTED ENCUMBRANCES

1. Oil and Gas Lease between Concrete Components Co., Delta Trucking Co., Lyon Sand & Gravel Co., all Michigan Corporations, Edward C. Levy, Jr. and Julie Levy and Joshua J. and Eunice Stone, lessors and Somoco, Inc., a Michigan Corporation, lessee dated April 11, 1985, recorded on August 26, 1985 in Liber 9086, Page 578, OAKLAND County Records, as modified by Partial Release of Oil and Gas Lease recorded in Liber 10754, Page 333, OAKLAND County Records, and Amendments of Oil and Gas Lease recorded in Liber 15195, Page 366, OAKLAND County Records, and any Assignments of interest in said Lease, Assignments of Overriding Royalties, Pooling Declarations and Agreements and any security interests affecting or encumbering any interests in said Lease.
2. Oil and Gas Pipeline Easement granted by Delta Trucking Company, Inc. to Somoco, Inc., dated November 9, 1992 and recorded in Liber 14501, Page 231, OAKLAND County Records.
3. Highway and Utility easement created by instrument recorded in Liber 12136, Page 185 and Liber 12016, Page 159, OAKLAND County Records.
4. Right-of-Way easement created by instrument recorded in Liber 5615, Page 827, OAKLAND County Records.
5. Surface Agreement and the terms and conditions thereof between Delta Trucking Company, Inc., a Michigan Corporation, and Somoco, Inc., a Michigan Corporation, dated February 22, 1990, recorded September 18, 1992 in Liber 12921, Page 182, OAKLAND County Records, as modified by the unrecorded Agreement dated February 9, 1995, executed between Somoco, Inc. and Delta Trucking Company, Inc., a copy of which was furnished to the Company, as amended by Agreement between Somoco, Inc. and Delta Trucking Company, Inc. dated August 28, 1997.
6. Any rights, title, interest or claims thereof to that portion of the land taken, used or granted for streets, roads or highways.
7. Taxes and Assessments not yet due and payable.
8. Matters that would be shown on an accurate survey of the property.

00-79720085

LIBR 17662PG125

RECORDED

\$ 11.00 DEED
\$ 2.00 RECORPMENTATION
7 OCT 97 3:37 P.M. RECEIVED 1997
FILED RECORDED - OAKLAND COUNTY
JOHN D. WALKER CLERK/REGISTER OF DEEDS

WARRANTY DEED

KNOW ALL PERSONS BY THESE PRESENTS: That CITY OF NOVI, a Michigan municipal corporation, whose address is 45175 W. Ten Mile Road, Novi, MI 48375

conveys and warrants to NOVI COMMUNITY SCHOOL DISTRICT, whose address is 25345 Taft Road, Novi, MI 48374

the following described premises in the City of Novi, County of Oakland, and State of Michigan, to-wit:

Part of the Southwest 1/4 of Section 17, T.1N., R.8E., City of Novi, Oakland County, Michigan, described as beginning at the Southwest corner of said Section 17, thence N04°04'19"W along the centerline of Wixom Road and the East line of Section 17, 1666.34 feet, thence N86°09'07"E 787.52 feet, thence S03°50'53"E 208.58 feet, thence N87°12'53"E 537.33 feet, thence S02°47'07"E 69.84 feet, thence N87°22'55"E 416.40 feet, thence S02°37'05"E 278.58 feet, thence S87°12'53"W 329.00 feet, thence S02°47'07"E 704.49 feet, thence S87°12'53"W 46.00 feet, thence S02°47'07"E 403.46 feet to the south line of Section 17, thence S86°35'42"W 1331.84 feet along the centerline of Eleven Mile Road and the south line of Section 17 to the point of beginning. Containing 52.063 acres.

for the full consideration of Nine Hundred Thirty-Seven Thousand One Hundred Thirty-Four and 01/100 Dollars (\$937,134.01)

subject to:

- a) existing easements, building and use restrictions of record and zoning ordinances, if any;
- b) grantor reserving unto itself, its successors and assigns, all oil and gas rights to the following portion of the real estate conveyed herein:

Part of the S.W. 1/4 of Section 17, T.1N., R.8E., City of Novi, Oakland County, Michigan, described as beginning at a point located distant N04°04'19"W, along the West line of Section 17, 500.08 feet from the S.W. corner of said section 17; thence N86°35'42"E 800.00 feet; thence N04°04'19"W 610.00 feet; thence S86°35'42"W 800.00 feet to a point on the West line of said section 17; thence S04°04'19"E, along said line, 610.00 feet to the point of beginning. Containing 11.20 acres, more or less.

O.K. - KE

17662PG126

- c) grantor excepting and excluding all oil and gas rights to the balance of real estate conveyed herein, not described in subsection b) above, and the rights which have heretofore been granted to Somoco, Inc., pursuant to an Agreement dated February 9, 1995 and as amended by an "Amended Agreement" to that agreement dated August 28, 1997.
- d) grantor reserving unto itself, its successors and assigns a permanent easement for constructing, operating, maintaining and repairing a regional detention basin (to provide storage of storm waters at variable depths at irregular time intervals) in, over, upon and through the following portion of the real estate conveyed herein:

Part of the Southwest 1/4 of Section 17, T.1N., R.8E., City of Novi, Oakland County, Michigan described as beginning at a point N04°04'19"W and 1146.66 feet and N85°55'41"E 43.00 feet from the southwest corner of said Section 17, thence N77°18'04"E 163.54 feet; thence N01°54'52"W 494.62 feet; thence S86°09'07"W 180.32 feet; thence S04°04'19"E 519.51 feet to the point of beginning. Containing 1.99 acres of land

This instrument is exempt from State of Michigan and Oakland County Real Estate Transfer Tax pursuant to MCL 207.526(i) and MCL 207.505(h).

Parcel Nos. (50) 22-17-300-003
50-22-17-300-004

and part of
Parcel Nos. 50-22-17-300-014
50-22-17-300-012

Dated this 16 day of September, 1997

WITNESSES:

SIGNED BY

CITY OF NOVI, a Michigan municipal corporation

Mary A. Reuter
MARY A. REUTER

Mary Ann Carsons
MARY ANN CARSONS

By: Kathleen McLallen
KATHLEEN McLALLEN

Its: Mayor

By: Tonni Bartholomew
TONNI BARTHOLOMEW

Its: City Clerk

STATE OF MICHIGAN)
)SS:
COUNTY OF OAKLAND)

LIBER 17662 PG 127

The foregoing instrument was acknowledged before this 16 day of September, 1997 by Kathleen McLallen and Tonni Bartholomew, Mayor and City Clerk, respectively, of the City of Novi, a Michigan municipal corporation.

Mary Ann Cazadas
Notary Public
Oakland County, MI
My commission expires: 10-5-98

MARY ANN CAZADAS
NOTARY PUBLIC - OAKLAND COUNTY, MICH.
MY COMMISSION EXPIRES 10-5-98

INSTRUMENT DRAFTED BY AND
WHEN RECORDED RETURN TO:

Attn: Louis D. Bugbee, Esq.
FRIED, WATSON & BUGBEE, P.C.
30700 Telegraph Road, Suite 3655
Bingham Farms, MI 48025
(248) 645-1003

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan right to farm act.

Resident Parks and Play Areas
Harvest Lake of Novi

Amenity Dev.
Matrix

PHASE I - SCHOOL

	Park Elements							
	Swimming Beach	Community Structure	Paths	Parking	Picnic Tables	Benches/ Furnishings	Play Equipment	Landscaping
PHASE TWO								
Waterfront Park	•	•	•	•	•	•	•	•
Neighborhood Play Lot			•			•	•	•
Nature Interpretive Trail			•			•		
PHASE THREE								
Waterfront Park			•			•		•
Entrance Park			•	•		•		•
Waterfront Path			•					
PHASE FOUR								
Waterfront Park	•	•	•	•	•	•	•	•
Neighborhood Play Lot			•			•	•	•
PHASE FIVE								
Waterfront Park			•	•	•	•	•	•
PHASE SIX								
Waterfront Path			•					

ISLAND LAKE OF NOVI COMMUNITY ASSOCIATION

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This Declaration of Covenants, Conditions and Restrictions of the Island Lake of Novi Community Association is made this _____ day of _____, 2000, by TOLL MI II LIMITED PARTNERSHIP, a Michigan limited partnership whose address is 30840 Northwestern Highway, Suite 270, Farmington Hills, Michigan 48334 (hereinafter sometimes referred to as "Declarant").

R E C I T A L S :

A. On February 9, 1998, the City of Novi and Harvest Land Company, L.L.C. entered into a certain Harvest Lake of Novi Residential Unit Development Agreement (the "Harvest Lake RUD Agreement") constituting land situated in the City of Novi as the "Harvest Lake of Novi Residential Unit Development" pursuant to the provisions of Section 2404 of the City of Novi Zoning Ordinance. The Harvest Lake RUD Agreement was recorded at Liber 18279, Pages 716 through 855, both inclusive, Oakland County Records. The Harvest Lake RUD Agreement was amended by a Harvest Lake of Novi First Amendment of Residential Unit Development Agreement (the "Harvest Lake of Novi First Amendment of RUD Agreement") dated as of July 22, 1999, and recorded at Liber 20818, Pages 15 through 40, both inclusive, Oakland County Records.

B. Declarant is the fee simple owner of a parcel of real property situated in the City of Novi, Oakland County, Michigan and described in the attached Exhibit "A", said parcel being hereinafter referred to as the "Island Lake of Novi Community" or the "Community". Declarant has also acquired fee simple title to additional real property situated in the City of Novi, Oakland County, Michigan, and legally described in the attached Exhibit "B" (the "Additional Land"). The Island Lake of Novi Community, together with the Additional Land, comprise the "Island Lake of Novi Residential Unit Development" (the "Island Lake of Novi RUD"). The Island Lake of Novi RUD is subject to the Harvest Lake RUD Agreement, as amended, and was formerly known as the "Harvest Lake of Novi Residential Unit Development" until Declarant changed the name of the development with the approval of the City of Novi as permitted by paragraph 2 of the Harvest Lake of Novi First Amendment of RUD Agreement.

C. Pursuant to the Harvest Lake RUD Agreement, as amended, the land included in the Island Lake of Novi RUD is to be developed as one or more platted subdivisions and/or residential condominium developments clustered around a lake located north of Ten Mile Road between Wixom Road and Napier Road. The Harvest Lake RUD Agreement, as amended,

requires that the documents prepared and recorded to establish the platted subdivision(s) and condominium development(s) within the Island Lake of Novi RUD provide for the establishment of respective homeowners' associations and condominium associations for the administration of the common facilities and amenities constructed within the residential developments established within the Island Lake of Novi RUD. According to the Harvest Lake RUD Agreement, as amended, such associations must be authorized to (i) maintain, repair, and replace common facilities and amenities; (ii) carry insurance with respect to such facilities and (iii) fund the cost of those activities by imposing and collecting assessments from the respective members of the associations. The Harvest Lake RUD Agreement, as amended, further provides that Declarant may establish a parent or master association that includes the members of the respective homeowners and condominium associations if the Declarant determines that a parent or master association would facilitate resolution of concerns common to all of the residents of the Island Lake of Novi RUD.

D. Declarant has determined that certain facilities installed or constructed within the Island Lake of Novi RUD should be administered, maintained, repaired and replaced by a parent or master association with the authority to impose and collect regular and special assessments to fund such activities.

E. Declarant desires to provide for the establishment of the master association and to subject the land included in the Island Lake of Novi Community with the recording of this Declaration to the authority of that association and certain restrictions, all in furtherance of the execution of the Island Lake of Novi RUD. Declarant also wishes to provide for the expansion of the Island Lake of Novi Community to include the Additional Land as specific plans are prepared and approved by the City of Novi for the development of portions of the Additional Land.

NOW, THEREFORE, Declarant hereby declares that the land described in the attached Exhibit "A" is hereby submitted to and incorporated into the Island Lake of Novi Community and the entire condominium established therein, including all units and common elements therein, shall be held, transferred, sold, conveyed, leased, used and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens (as amended from time to time), which shall run with the Island Lake of Novi Community and the entire condominium as may be established therein and all units and common element areas established within said condominium and with any and all portions of the Additional Land as are added to the Island Lake of Novi Community as provided herein. The following covenants, conditions, restrictions, easements, charges and liens (as amended from time to time) shall be binding upon and inure to the benefit of all parties having any right, title or interest in the Island Lake of Novi Community or any part or enlargement thereof, and to the benefit of the heirs, successors and assigns of such parties..

ARTICLE I **DEFINITIONS**

As used in this Declaration with initial capital letters, the following terms shall have the meaning ascribed thereto:

1. "Association" shall mean and refer to Island Lake of Novi Community Association, a Michigan non-profit corporation, having its principal office at 30840 Northwestern Highway, Suite 270, Farmington Hills, Michigan 48334.

2. "City" shall mean and refer to the City of Novi, Oakland County, Michigan.

3. "Condominium" shall mean any part of the Island Lake of Novi Community that is established as a condominium by the recording of a Master Deed and required exhibits thereto in conformance with the Michigan Condominium Act, Act 59 of the Public Acts of 1978, as amended (the "Condominium Act").

4. "Condominium Association" shall mean and refer to the association established to administer the common elements of such Condominium as may be established within the Island Lake of Novi Community as required by the Michigan Condominium Act, Act 59 of the Public Acts of 1978, as amended (the "Condominium Act").

5. "Condominium Unit" shall mean and refer to any numbered parcel of land or numbered part of a residential structure established and defined as a condominium unit within the Condominium as the term "Condominium" is defined immediately above. Pursuant to the Condominium Act, each Condominium Unit shall be defined and established in the Master Deed recorded to establish the Condominium in which the Condominium Unit is located.

6. "Constituent Association" shall mean and refer to any "Condominium Association" and any "Homeowners' Association" as defined in this Article.

7. "Declarant" shall mean and refer to Toll MI II Limited Partnership, a Michigan limited partnership, or any successor thereto, or any person to whom or which it may expressly assign any one or more of its rights, or delegate any of its authority hereunder, in each case by means of an appropriate document recorded with the Register of Deeds of Oakland County, Michigan, and, in each case, as the context may require.

8. "Homeowners' Association" shall mean and refer to the association established with respect to any Subdivision created within the Island Lake of Novi Community, as said community may be expanded, for the administration and maintenance of the common areas and affairs of such Subdivision.

9. "Lot" shall mean and refer to any numbered parcel of land shown as such upon the recorded Plat of any Subdivision that may be established within the Island Lake of Novi Community.

10. "Member" shall mean and refer to those Persons entitled to membership in the Association, as provided in Article III of this Declaration.

11. "Occupant" shall mean and refer to any Person, holding under an Owner, and entitled by lease, deed, contract or other agreement to use and occupy a dwelling constructed upon a Lot or Condominium Unit or a dwelling comprising a Condominium Unit.

12. "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Lot or Condominium Unit, including, for such purpose, the land contract vendee, in regard to any Lot or Condominium Unit (rather than the land contract vendor), but not including any mortgagee unless and until such mortgagee shall have acquired such fee simple title pursuant to foreclosure, or any proceeding or conveyance in lieu of foreclosure.

13. "Person" shall mean and refer to any corporation, partnership, trust, association or natural person, or combination thereof, as the context may require.

14. "Site Condominium Unit" shall mean a Condominium Unit that comprises a building site for a detached, single-family residence.

15. "Subdivision" shall mean any part of the Island Lake of Novi Community that is established as a platted subdivision by the recording of a plat in conformance with the Land Division Act, Act 288 of the Public Acts of 1967, as amended.

ARTICLE II

ESTABLISHMENT OF ASSOCIATION; ASSOCIATION'S AUTHORITY

1. On or before the date of recording of this Declaration, the Declarant shall establish the Association as a Michigan non-profit corporation by filing Articles of Incorporation for that entity with the Corporation Division of the Michigan Department of Consumer and Industry Services. The Association shall have the right and authority to repair, replace and maintain the following common facilities constructed or installed within the Island Lake of Novi Community or upon portions of the Additional Land that may be added to the Island Lake of Novi Community pursuant Article XX of this Declaration:

- (a) The landscaping and signage and such other improvements (such as fountains) as may be installed at the entryways from Wixom Road, Ten Mile Road and Napier Road into the Island Lake of Novi Community, as said Community may be expanded pursuant to this Declaration;¹
- (b) The sprinkler irrigation systems installed to support the landscaping installed at the aforesaid entryways described in paragraph (a) above;
- (c) The wetlands, wetland buffer areas and woodlands throughout the Island Lake of Novi Community, as said Community may be expanded, and the natural and landscaped areas maintained along the perimeters of the Island Lake of Novi Community, as said Community may be expanded; including, without limitation, such land as may be encumbered by conservation easements and such educational outlook as may be created or reserved by easement for the benefit of

¹

Said entryways include the portions of the general common element areas located within the condominium to be known as "Island Lake Vineyards at the junctions of Wixom Road and Island Lake Drive and Glenwood Drive.

the Novi Community School District within a portion of the preserved natural area within the Island Lake of Novi Community, as it may be expanded, in conformance with prior agreements regarding the development by the Novi Community School District of the land located at the northeast corner of Eleven Mile Road and Wixom Road;

- (d) Any roads constructed within the Island Lake of Novi Community, as it may be expanded, that are not accepted for dedication by the City of Novi and that are not included in the common elements or commonly owned or controlled improvements constructed within a Condominium or Subdivision to be maintained by the Constituent Association for such Condominium or Subdivision;
- (e) Any and all sidewalks, safety paths or nature trails that are installed or constructed within the Island Lake of Novi Community, as it may be expanded, that are not included in the common elements or commonly owned or controlled improvements to be maintained by a Constituent Association;
- (f) The storm water detention or retention ponds located and/or installed throughout the Island Lake of Novi Community, as said Community may be expanded; and
- (g) The open areas or park areas fronting on the lake ("Island Lake") located near the center of the Island Lake of Novi Residential Unit Development that is to be set aside for common use and enjoyment (the "Common Frontage Areas") pursuant to the Harvest Lake RUD Agreement, any islands located within Island Lake, and any and all facilities constructed on or adjacent to the Common Frontage Areas for the beneficial use of the Lake as permitted by the Harvest Lake RUD Agreement, including, without limitation, clubhouses, community buildings, marinas, fishing docks, boat slips and swimming platforms. The Common Frontage Areas shall not include any of the frontage on Island Lake that is included in a separate Condominium Unit or Lot.

The Association's right and authority to maintain, repair and replace areas shall apply to any and all portions of Lots or Site Condominium Units encumbered by a conservation easement as described in paragraph (c) above; provided, however, that the encumbrance of such portions of Lots or Site Condominium Units by a conservation easement shall not convert such areas to "common facilities" in the sense that the owners of such Lots or Site Condominium Units shall enjoy exclusive rights of ownership and possession over the encumbered portion of their Lot or Site Condominium Unit, subject to the terms and restrictions set forth in the conservation easement.

The Associations right and authority to maintain, repair and replace areas shall include any and all monitoring activities and/or obligations that may be assigned by Declarant to the Association with respect to wetland or wetland mitigation areas created within the Island Lake of Novi Community, as said Community may be expanded, pursuant to permits issued by the Michigan Department of Environmental Quality.

2. The Association shall carry all risk insurance covering all commonly insured occurrences against all risks of direct physical loss; and against all occurrences commonly

insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance, repair or replacement of the common facilities described above. Such insurance may include, but is not limited to, fire and extended coverage, vandalism and malicious mischief, host liability, all inclusive liability insurance and worker's compensation insurance, where applicable and available.

(a) Insurance policies carried by the Association shall, if available without extraordinary premium charges, provide that:

- (1) Each Owner and each Constituent Association is an insured person under the policy with respect to liability arising out of his interest, if any, in the common facilities describe above or his membership in the Association.
- (2) The insurer waives its right to subrogation under the policy against any Owner or any member of such Owner's household or any Constituent Association.
- (3) No act or omission by any Owner or any Constituent Association or officer or director thereof, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition for recovery under the policy.
- (4) If, at the time of a loss under the policy, there is other insurance in the name of an Owner or Constituent Association covering the same risk covered by the policy, the Association's policy provides primary insurance.
- (5) Insurance proceeds must be disbursed first for repairs or restoration of the damaged property, unless repair or replacement of the damaged property would be illegal under any state or local health or safety statute or ordinance.

(b) All premiums of insurance purchased by the Association pursuant to the authority provided in this Declaration shall be expenses of administration includable in the amounts assessed by the Association against the Owners.

(c) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Owners and their mortgagees, as their interests may appear; provided, however, that any and all such proceeds shall first be applied to the repair or reconstruction of the such common facilities described above as may be damaged.

3. Each Owner appoints the Association as his or her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance for all insurance for the Association and the common facilities to be maintained by the Association as described above. The Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Owners and the respective mortgagees of such Owners, as their interests may appear (subject to limiting or defining provisions of this Declaration), to execute

releases of liability and to execute all documents and to do all things on behalf of the Association and any of its members as shall be necessary to accomplish the foregoing.

4. It is intended that the Board of Directors of the Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Owners with respect to the common facilities maintained by the Association as described above; provided that any such rule or regulation shall be consistent with the Harvest Lake RUD Agreement, as amended, and the City of Novi Zoning Ordinance. Copies of all such rules, regulations and amendments thereto shall be furnished to each Constituent Association for distribution to all of the Owners and Occupants.

5. The Association or its duly authorized agents shall have access to each Lot (but not any residence thereon) and the land included in any Condominium Unit from time to time, during reasonable working hours, upon notice to the Owner thereof, as may be necessary to carry out any responsibilities imposed on the Association by this Declaration. This provision, in and of itself, shall not be construed to permit access to the interiors of residences or other structures.

6. The Association and its duly authorized agents shall have easements to, over, under and across the common facilities described in paragraph 1 above and the land on which said facilities are located for access to such facilities and land to the extent reasonably necessary for the performance by the Association of its maintenance, repair and replacement obligations. The Association shall enjoy such easements to the extent the common facility and the land on which the facility is located has not been conveyed to the Association and the easements described herein shall apply to any and all common facilities located on or within such land as may have been included in a Condominium.

ARTICLE III **ASSOCIATION MEMBERSHIP**

1. The Declarant and each and every Constituent Association shall constitute the Members of the Association. Declarant shall retain control of the Association as the only Member entitled to vote on issues before the Association until such time as all of the Condominium Units and Lots that may be created within the Island Lake of Novi Community and on the Additional Land pursuant to the Harvest Lake RUD Agreement have been sold and have an Occupant residing on or in them; provided that Declarant may, at its sole discretion, elect to turn over control of the Association at an earlier time.

2. Subject to the provision set forth herein regarding control of the Association by Declarant, each Member of the Association shall have the right to cast a number of votes equal to the number of Condominium Units or Lots established within the Condominium or Subdivision administered by the Member (or Constituent Association) on all matters brought before the Members and the votes of each Member shall be cast by a duly elected representative of the Member (or Constituent Association); provided that the representative casting votes on behalf of a Member shall be identified as an authorized agent of the Member for that purpose in a duly adopted resolution by the Board of Directors of the Member filed with the Secretary of the Association.

ARTICLE IV
ASSOCIATION ASSESSMENTS

1. In order to pay the cost of carrying out its responsibilities hereunder, the Association may levy fees, dues or assessments on each Lot and Condominium Unit established within the Island Lake of Novi Community, except (subject to paragraph 2 below) Lots or Condominium Units owned by the Declarant, the Developer of a Condominium as the term "Developer" is defined in the Condominium Act, the Proprietor of a Subdivision as the term "Proprietor" is defined in the Land Division Act, or by a builder designated by a Developer or Proprietor ("Designated Builder"). All such fees, dues or assessments shall be charged equally to each Lot and Condominium Unit established within the Island Lake of Novi Community, as said Community may be expanded, and any and all such fees, dues or assessments may be enforced through any lawful means of collecting debts, including, without limitation, the recording and foreclosure of a lien as provided for in paragraph 2 of this Article IV. The fees, dues and assessments imposed pursuant to this Article IV shall be collected by the Constituent Associations and then paid over to the Association.

2. In no event shall the Declarant, a Developer, a Proprietor or a Designated Builder be obligated to pay fees, dues or assessments imposed by the Association with respect to a Lot or Unit before a certificate of occupancy has been issued for the residential dwelling on the Lot or on or comprising the Unit, unless required to do so by the Declarant.

3. All charges imposed against any Lot or Condominium Unit pursuant to the provisions of this Article IV and Article VI, paragraphs 5 and 6 with regarding Condominium and Subdivision Recreation Facility Assessments shall be the personal liability of the Owner(s) of the Lot(s) or Condominium Unit(s), and the Declarant or its successors or assigns, including the Association and the applicable Constituent Association, shall have the right to enforce collection for any and all expenses and costs incurred in connection with exercising the rights provided in the provisions of this Article IV by a suit at law for a money judgment or by foreclosure of a lien that secures payment of the assessment which the Association may record against the subject Lot or Condominium Unit. Each Owner in the Island Lake of Novi Community shall be deemed to have granted to the Declarant, his or her Constituent Association and the Association the unqualified right to assess and lien the subject Lot or Condominium Unit for costs incurred in connection with this Article IV and further to permit his or her Constituent Association or the Association the right to elect to foreclose such lien either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action or by advertisements, as the same may be amended from time to time, are incorporated herein by reference for the purpose of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Owner and every other person who from time to time has an interest in any Lot or Condominium Unit, shall be deemed to have authorized and empowered his or her Constituent Association, the Declarant or the Association to sell or cause to be sold the Lot or Condominium Unit with respect to which the outstanding obligation is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Owner in the Island Lake of Novi Community acknowledges that at the time of acquiring title to such Lot or Condominium Unit, he or she was notified of the terms and conditions contained in this paragraph and that he or she voluntarily, intelligently and knowingly waived notice of any proceedings brought by his or her Constituent Association or the

Association to foreclose by advertisement the lien for nonpayment of any assessments and the waiver of a hearing on the same prior to the sale of the subject Lot or Condominium Unit. Notwithstanding the foregoing, neither judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing, by first class mail, postage prepaid, addressed to the delinquent Owner(s) of the subject Lot(s) or Condominium Unit(s) at his, her or their last known address of a written notice that expenses have been incurred by the Association and are delinquent and that the Declarant, the Association or the applicable Constituent Association may invoke any of its remedies hereunder if the default is not cured within ten (10) days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the applicable Constituent Association, the Association or the Declarant that sets forth (a) the affiant's capacity to make the affidavit, (b) the authority for the lien, (c) the amount outstanding (exclusive of interest, costs, attorney fees), (d) the legal description of the Lot(s) or Condominium Unit(s), and (e) the name(s) of the Owner. Such affidavit shall be recorded in the office of the Register of Deeds of Oakland County prior to the commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the ten (10) day period, the applicable Constituent Association, the Association or the Declarant may take any and all remedial actions as may be available to it hereunder under Michigan law.

4. Any lien established pursuant to this Article IV shall have equal priority with any lien established with respect to delinquent charges or assessments due to a Homeowners Association or a Condominium Association as those terms are defined in Article I above. The Constituent Association or the Association shall be entitled to collect all reasonable expenses of collection, including actual attorney fees and costs. The Constituent Association or the Association may enforce its lien by recording appropriate instruments confirming the existence of the lien and foreclosing the lien by appropriate legal action. In such legal action, a court of competent jurisdiction shall be empowered to order a sale of the Lot or Condominium Unit subject to the lien in order to satisfy the lien. Any lien established pursuant to this Article IV shall be subordinate and junior to the lien of any first mortgage securing a loan for the acquisition or improvement of any Lot or Condominium Unit. Notwithstanding anything to the contrary contained herein, the sale or transfer of any Lot or Condominium Unit shall not affect the lien arising out of the failure to pay any fees, dues or assessments when due. All fees, dues or assessments which shall remain due and unpaid sixty (60) days after the date said charges become due and unpaid shall be subject to interest at the highest legal rate allowable as of the date said charges become due.

5. Failure by the Association or its Board of Directors or any Constituent Association or its Board of Directors to enforce any provision contained herein in any particular instance shall not be deemed a waiver of the right to do so as to any continuing, subsequent or other violation.

6. Each Constituent Association shall promptly pay over to the Association the amounts it collects for payment to the Association pursuant to this Article IV. If a Constituent Association fails to perform this obligation, the Association shall have the right to request and receive an accounting for the amounts collected by the delinquent Constituent Association and the right to direct that future payments of the amounts assessed against the Lots or Condominium Units included in the Condominium or Subdivision administered by the Association be paid directly by the Owners to the Association.

ARTICLE V
ASSOCIATION BYLAWS

Any sale or purchase of a Lot or Condominium Unit in the Island Lake of Novi Community shall be subject to the provisions set forth in Articles XI through XVII of this Declaration regarding the organization and administration of the Association and its affairs (the "Association ByLaws"), and each Owner agrees to abide by and observe such provisions. Declarant shall have the right to modify, amend or supplement the ByLaws, and so long as they are reasonable, any such modifications, amendments or supplements shall have retroactive effect to the date immediately preceding the date of this Declaration, until Declarant shall turn over control of the Association to the Constituent Associations. Once Declarant has turned over control of the Association to the Constituent Associations, the Association may amend or modify the Association ByLaws upon the affirmative vote of Members entitled to cast sixty-six and two-thirds percent (66-2/3%) of the total number of votes that may be cast, but such amendment or modification shall not have retroactive effect.

ARTICLE VI
RESTRICTIONS REGARDING COMMON FACILITIES AND
DEVELOPMENTS WITHIN THE ISLAND LAKE OF NOVI COMMUNITY;
RECREATION FACILITIES AND EASEMENTS

1. No immoral, improper, unlawful or offensive activity shall be carried on within or upon any of the common facilities (the "Common Facilities") identified in Article II, paragraph 1 above, that are subject to administration and maintenance by the Association nor shall anything be done within such areas which may be or become an annoyance or a nuisance to the Owners or Occupants of Lots or Condominium Units within the Island Lake of Novi Community. No unreasonably noisy activity shall occur in or on the Common Facilities at any time and disputes among Owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Owner or Occupant shall do or permit anything to be done or keep or permit to be kept within or on the Common Facilities anything that will increase the rate of insurance maintained by the Association. No Owner or Occupant shall install or maintain or cause or permit the installation or maintenance of any improvement, structure or thing of any sort upon or within a Common Facility in the absence of the prior, written approval of the Association. No Owner or Occupant shall create or maintenance any condition upon or within a Common Facility that might constitute a nuisance or interfere with or impede the development and marketing efforts of the Declarant or any Developer, Proprietor or builder with respect to any part of the Island Lake of Novi Community.

2. The Common Facilities shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind. In general, no activity shall be carried on nor condition maintained by an Owner or Occupant within or upon any Common Facility which is detrimental to the appearance of the Island Lake of Novi Community.

3. No parking shall be permitted on the primary road within the Island Lake of Novi Community, as it may be expanded, and no Owner or Occupant or any building contractor shall cause or permit dirt, mud or construction debris to be deposited upon any road within the Island Lake of Novi Community; provided that these restrictions shall not apply to the developing, construction and marketing activities of the Declarant or any Developer, Proprietor or Designated

Builder as those terms are defined in Article IV, paragraph 1 above. No inoperable vehicles of any type may be brought or stored upon any within the Island Lake of Novi Community, either temporarily or permanently. Commercial vehicles and trucks shall not be parked in or about the Island Lake of Novi Community, except while making deliveries or pickups in the normal course of business. Nothing in this provision shall prevent the inclusion of additional restrictions regarding the public or private roads installed within any Condominium in the Master Deed and ByLaws recorded to establish the Condominium.

4. No residential development of any type, including any Subdivision or Condominium, shall be established or constructed within the Island Lake of Novi Community unless and until plans and specifications for such development and the terms and conditions of the documents used to establish the development (including, but not limited to Master Deeds, Exhibits to Master Deeds, Plats and Declarations of Covenants) have been approved in writing by the Association through its Board of Directors. The Declarant, for as long as Declarant controls the Association, shall have complete discretion as to the reasonableness of the conditions imposed for such required approvals. Residential developments established within the Island Lake of Novi Community shall be developed in conformance with the terms and conditions of the Harvest Lake of RUD Agreement and the Area Plan described therein, all as amended by the Harvest Lake of Novi First Amendment of RUD Agreement and as the same may be further amended from time to time.

5. The documents used to establish a Condominium or Subdivision within the Island Lake of Novi Community shall contain adequate provisions for the maintenance, repair, replacement (to the extent applicable) and protection of all open areas and common facilities installed, constructed or maintained within such Condominium or Subdivision that are assigned to the preservation, care and maintenance of the Constituent Association for such Condominium or Subdivision. If a Constituent Association fails to properly preserve, maintain or repair an open area or common facility assigned to its care, the Association shall have the right, but not the obligation, to take corrective action to effect such preservation, maintenance and or repair and to charge the cost of such action to the Constituent Association and the Owners that comprise the membership of such Constituent Association. The Association may include an amount equal to fifteen percent of the direct cost of the corrective effort to cover its administrative costs and shall have the same rights and remedies with respect to collecting such amounts from the Constituent Associations and Owners as are provided in Article IV for the collection of other Association assessments. No corrective action shall be undertaken by the Association unless and until it has given written notice to the appropriate Constituent Association of its failure to properly preserve, maintain or repair an open area or common facility and the Constituent Association has failed to remedy the failure within fifteen (15) days of receipt of the notice or such longer time as may have been identified in the notice.

6. If the Association or any Constituent Association fails to properly preserve, maintain or repair an open area, common area or amenity that is assigned to its care by this Declaration or by the Master Deed or Declaration of Restrictions and Covenants pertaining to the development related to the Constituent Association, then the City shall have the right to serve written notice of the failure on the Association or Constituent Association as the case may be. The served notice shall describe the failure that is of concern to the City, shall demand that the failure be cured within thirty (30) days from the date of the notice or such longer time as may be provided in the notice, and shall identify a date and place of hearing regarding the substance

of the notice before the City Council of the City or such other board, body or official as may be identified for such purpose by the City Council of the City. The date of such hearing shall be within fourteen (14) days of the date of the aforesaid written notice. If the Association or the Constituent Association that has been served with notice fails to cure the deficiency described in the notice within the cure period identified in the notice or any extension thereof, the City shall have the right, but not the obligation, to cause the deficiency to be cured and to charge the cost of such corrective action to the Association or Constituent Association that has failed to perform its preservation or maintenance responsibilities and, on a prorata basis, to the Owners that comprise the membership of such association. (For purposes of this provision only, the Owners of all Condominium Units and Lots created within the Island Lake of Novi Community shall be deemed to be members of the Association.) The City shall have the right to determine how it will collect its reimbursement for amounts expended by the City pursuant to this provision. In addition to other methods of collection, the City shall have the right to place an assessment for a prorata share of the reimbursement amount on the City tax rolls against each Condominium Unit or Lot included in the Condominium or Subdivision managed by the defaulting association.

7. The Association, through its Board of Directors, shall operate, administer and maintain such boating and beach facilities as may be constructed or installed in, upon or adjacent to the Common Frontage Areas on Island Lake. The Association shall have the right and authority to adopt and enforce rules and regulations for the use of those facilities and for the construction, installation and maintenance of boat docks, boat slips and any other structures, temporary or permanent, upon the lake frontage included in any Condominium Units or Lots that may be established or created on land bordering upon Island Lake. Lakefront facilities installed and operated upon or adjacent to the Common Frontage Areas shall be available for use at reasonable times and under reasonable conditions to all Owners and their guests, tenants and invitees and easements providing for such use shall be reserved or established as the affected portions of the frontage around Island Lake are included in the Island Lake of Novi Community. Under no circumstances shall any watercraft be permitted or used upon Island Lake, except for watercraft propelled by electric motors, sails, oars or paddles. The Association shall maintain Island Lake in accordance with the Guidebook of Best Management Practices for Michigan Watersheds as published by the Michigan Department of Natural Resources Surface Water Quality Division.

8. For as long as any portion of the Island Lake of Novi RUD designated for development pursuant to the Harvest Lake RUD Agreement remains undeveloped, Declarant reserves the right to create easements over the Island Lake of Novi Community for vehicular and pedestrian ingress and egress to any and all portions of the Island Lake of Novi RUD and for the installation, maintenance, repair and replacement of any and all utilities required for the development of such areas (including, without limitation, above ground and below ground storm drainage facilities) in accordance with the terms of the Harvest Lake RUD Agreement; provided that the easements created pursuant to this reserved authority shall not obstruct or interfere with the development of any Condominium or Subdivision in accordance with approvals issued by the Declarant pursuant to paragraph 4 of this Article VI. The intent of this provision is to prevent any portion of the Island Lake of Novi RUD that is designated for development in the Harvest Lake RUD Agreement from being landlocked or deprived of utilities required for the development of that area.

ARTICLE VII

AMENDMENT

Declarant reserves the right by written instrument, signed, acknowledged and recorded with the Oakland County Register of Deeds, to modify, amend, restate, waive or repeal any or all of the provisions herein contained with respect to all or any particular Lot or Condominium Unit owned by Declarant or any affiliate of Declarant without the consent of any other party. For as long as Declarant is the only Member entitled to vote according to Article III above, Declarant further reserves the right to amend the provisions contained herein with respect to any and all areas included in the Island Lake of Novi Community and any areas subject to easements beneficial to the Island Lake of Novi Community to the extent necessary or desirable, in the sole discretion of the Declarant, to the development of the Island Lake of Novi Community as an attractive residential development area. Once all Lots and Condominium Units in the Island Lake of Novi Community have been sold by Declarant or its affiliates, the provisions set forth herein may be amended upon the affirmative vote of the Members entitled to cast sixty-six and two-thirds percent (66-2/3%) of the total number of votes that may be cast; provided, however, that the provisions of Article II, Paragraphs 1 and 2 and Articles IV and VIII may never be modified, amended or removed; except that Article II, Paragraphs 1 and 2 may be amended to broaden (but not reduce) the scope of functions carried out by the Association. Notwithstanding anything to the contrary stated herein, Article VI, paragraph 6 of this Declaration shall not be amended by any party without the prior written consent of the City of Novi, which consent shall not be unreasonably withheld.

ARTICLE VIII

ASSIGNABILITY AND WAIVER

Declarant may at any time or times assign or waive any or all of its rights or powers under this Declaration by recording a notice of same with the Oakland County Register of Deeds.

ARTICLE IX

SEVERABILITY

The voiding or invalidation of any one or more of the covenants, conditions or restrictions, or parts thereof, contained herein, by judgment or court order, shall in no way affect any of the remaining provisions, and all of said restriction shall remain totally and severally enforceable. All construction shall be in accordance with (a) these covenants, conditions and restrictions and (b) the Ordinances of the City as applied to the Island Lake of Novi Community by the terms and conditions of the above Harvest Lake RUD Agreement. Wherever a conflict shall exist, the more restrictive of the two shall apply.

ARTICLE X

NOTICES

Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the Person who or which appears as Owner on the records of the Association at the time of such mailing.

ARTICLE XI

VOTING

Voting by the Members of the Association shall be governed by Article III above and the following additional provisions:

1. All votes on matters affecting the Association shall be cast at regular or special meetings of the Members of the Association by a representative of each of the Members of the Association and such representative shall have been identified as an authorized agent of the Member he or she represents in a resolution by the Board of Directors of the Member filed with the Secretary of the Association. Said resolution shall set forth the name and address of the authorized agent. The number of votes that may be cast on behalf of each Member on each and every matter shall equal the number of Condominium Units or Lots established within the Condominium or Subdivision administered by the voting Member as described in Article III above.

2. For so long as Declarant retains control of the Association, the presence of the Declarant alone shall constitute a quorum for holding a meeting of the Members of the Association since Declarant shall comprise the only Member entitled to vote pursuant to Article III above. Once control of the Association has been turned over to the Constituent Associations, the presence in person or by proxy of a duly authorized agent of a majority of the Members other than the Declarant shall constitute a quorum for holding a meeting of the Members of the Association; provided that if a quorum is not in attendance at a duly convened annual or special meeting of the Association, the Members represented at the meeting shall have the right to adjourn the meeting to a time not less than 48 hours from the time the original meeting was called. The written votes of any duly authorized agent of a Member furnished at or prior to any duly called meeting at which meeting said agent is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the votes are cast.

3. Votes may be cast only in person or by a writing duly signed by the duly authorized agent of a Member or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the Members of the Association. Cumulative voting shall not be permitted.

4. A majority, except where otherwise provided herein, shall consist of more than 50% of the votes that may be cast by authorized agents of Members present in person or by proxy (or written vote, if applicable) at a given meeting of the Members of the Association. Whenever provided specifically herein, a majority may be required to exceed the simple majority hereinabove set forth. Tie votes shall be decided by the President of the Association or such other officer of the Association as may preside over the meeting at which the vote is cast.

ARTICLE XII

MEETINGS

1. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the authorized agents of the Members as may be designated by the Board of Directors. Meetings of the Association shall be conducted in

accordance with Sturgis Code of Parliamentary Procedure, Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with this Declaration or the laws of the State of Michigan.

2. An annual meeting of the Members of the Association shall be held within each calendar year at such reasonable time and place as shall be determined by the Board of Directors; provided, however, that for as long as the Declarant retains control of the Association, the requirement for an annual meeting may be satisfied by the filing of a written consent by the Declarant with the Secretary of the Association identifying the Directors elected by the Declarant to manage the affairs of the Association. After control of the Association has been transferred to the Constituent Associations, the requirement for an annual meeting may be satisfied by the filing of written consents by each Constituent Association with the Secretary of the Association identifying the Directors elected by each Constituent Association as provided in Article XIII below; provided that any one of the Constituent Associations may require that an actual meeting of the authorized agents of the Members (or Constituent Associations) be convened. At the annual meetings, each Member shall identify the Directors elected by that Member in accordance with Article XIII below. The Members may also transact at annual meetings such other business of the Association as may properly come before them.

3. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by more than one of the Members presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

4. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Member, at least 10 days but not more than 60 days prior to such meeting. The mailing, postage prepaid, of a notice to the authorized agent of each Member at the address shown in the resolution required to be filed with the Association by Article XI, paragraph 1 above shall be deemed notice served. Any Member may, by written waiver of notice signed by a duly authorized agent of such Member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

5. If any meeting of Members cannot be held because a quorum is not in attendance, the Members who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called. The determination of whether a quorum is present shall be made in accordance with Article XI, paragraph 2 above.

6. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) the identification of Directors elected by the respective Members pursuant to Article XIII below; (g) unfinished business; and (h) new business. Meetings of Members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this paragraph 6, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

7. Any action which may be taken at a meeting if the Members (except for the removal of Directors) may be taken without a meeting by written ballot of the Members. Ballots shall be solicited in the same manner as provided in paragraph 4 above for the giving of notice of meetings of Members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

8. The transactions at any meeting of Members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

9. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE XIII **BOARD OF DIRECTORS**

1. For so long as the Declarant retains control of the Association, the Declarant, as the sole voting Member of the Association, shall elect all of the members of the Board of Directors of the Association and said Board of Directors shall be comprised of such number of Directors as the Declarant deems necessary or reasonable in its sole discretion.

2. Four (4) months prior to the projected time for turning over control of the Association to the Constituent Associations, Declarant shall notify the Constituent Associations of the date upon which the Declarant expects to turn over control of the Association. During the four-month period after receipt of the aforesaid notice from the Declarant, each Constituent Association shall elect one (1) member of the Board of Directors of the Association. The entire membership of the Board of Directors shall be comprised of one Director elected by each Constituent Association. Each Member (or Constituent Association) shall notify the Association of the identity of the Director elected by it by filing a duly adopted resolution of the Constituent Association with the Secretary of the Association setting forth the name and address of the elected Director. After it turns control of the Association over to the Constituent Associations, the Declarant shall not have any further right to elect Directors of the Association.

3. The Directors elected by the Constituent Associations pursuant to paragraph 2 above shall continue to serve until the date of the second annual meeting to occur after they are elected unless they resign prior to that date or they are removed pursuant to paragraph 8 of this Article XIII. Upon receipt of notice of the aforesaid second annual meeting, each Constituent Association shall elect the Director it is entitled to elect pursuant to paragraph 2 of this Article and all such Directors shall serve for a period of two years or until successor Directors are elected, unless they first resign or are removed pursuant to paragraph 8 below.

4. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by this Declaration or required hereby to be exercised and done by the Members of the Association.

5. In addition to the foregoing duties imposed herein or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

(a) To manage and administer the affairs related to and to maintain the Common Facilities described in Article II, paragraph 1.

(b) To levy and collect the assessments described in Article IV above and to use the proceeds thereof for the purposes of the Association.

(c) To carry insurance and collect and allocate the proceeds thereof.

(d) To rebuild improvements after casualty.

(e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Common Facilities and such other improvements as the Association may be required or authorized to operate or maintain.

(f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Condominium Unit or Lot and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of the votes that may be cast by all of the Members of the Association.

(h) To make rules and regulations in accordance with Article II, paragraph 4 above.

(i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Common Facilities described in Article II and to delegate to such committees any functions or responsibilities which are not by law or this Declaration required to be performed by the Board.

(j) To take such actions and expend such sums as may be reasonably necessary to obtain and maintain a resort liquor license in connection with the operation of one or more of such community buildings or club houses as may be constructed within the Island Lake of Novi Community.

(k) To enforce the provisions of this Declaration.

6. The Board of Directors may employ for the Association a professional management agent (which may include the Declarant or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in paragraphs 4 and 5 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by this Declaration required to be performed by or have the approval of the Board of Directors or the Members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Declarant or any affiliate of Declarant, in which the maximum term is greater than three years or which is not terminable by the Association upon 90 days written notice thereof to the other party.

7. Vacancies in the Board of Directors which occur after Declarant has conveyed control of the Association to the Constituent Associations caused by any reason shall be filled by the appointment of a replacement Director by the board of directors of the Constituent Association represented by the former Director. The Constituent Association appointing the replacement Director shall notify the Association of the identity of the replacement Director by filing a duly adopted resolution of the Constituent Association with the Secretary of the Association setting forth the name and address of the replacement Director it has appointed. Each person so appointed shall be a Director until a successor is elected as provided in paragraph 2 above. Vacancies among Directors elected by the Declarant shall be filled by the Declarant.

8. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the Directors may be removed with or without cause by the affirmative vote of Members entitled to cast seventy-five percent (75%) or more of the votes that may be cast at such meeting. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Any Director that is removed by a vote of the Members shall be replaced pursuant to the procedure provided in paragraph 7 above. The Declarant may remove and replace any or all of the Directors selected by it at any time or from time to time in its sole discretion.

9. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors

were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

10. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by mail, telephone or telegraph, at least 10 days prior to the date named for such meeting.

11. Special meetings of the Board of Directors may be called by the President on three days notice to each given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

12. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

13. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 24 hours prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum.

14. The actions of the any Board of Directors of the Association elected by the Declarant shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in this Declaration.

15. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

16. Notwithstanding any other provision in this Declaration, no Board of Directors of the Association shall commence any litigation against the Declarant unless and until commencement of the litigation has been approved by an affirmative vote of Members entitled to cast seventy-five (75%) percent or more of the votes that may be cast by all Members attained after a Special Meeting held specifically for the purpose of approving such action.

17. With respect to all matters acted upon by the Board of Directors, each Director shall be entitled to cast a number of votes equal to the number of Condominium Units or Lots established within the Condominium or Subdivision administered by the Constituent Association that appointed the Director. Tie votes shall be decided by the President of the Association, or in the absence of the President, by the next highest ranking officer of the Association as may preside over the meeting at which the votes are cast.

ARTICLE XIV **OFFICERS**

1. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Any two offices except that of President and Vice President may be held by one person.

(a) The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b) The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

(c) The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he shall, in general, perform all duties incident to the office of the Secretary.

(d) The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

2. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

3. Upon an affirmative majority vote by the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

4. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XV

SEAL

The Association may (but need not) have a seal. If the Board determines that the Association shall have a seal, then it shall have inscribed thereon the name of the Association, the words "corporate seal", and "Michigan".

ARTICLE XVI

FINANCE

1. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Facilities any other expenses incurred by or on behalf of the Association. Such accounts and all other Association records shall be open for inspection by the Members and Owners and the mortgagees of Owners during reasonable working hours. The Association shall prepare and distribute to each Member and Owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Condominium Unit or Lot shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

2. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

3. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or their current statutory successors and may also be invested in interest bearing obligations of the United States Government.

ARTICLE XVII
INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement, incurred by or imposed upon him in connection with any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is a Directors or officer at the time such expenses are incurred, except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. At least ten days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Members and Owners thereof. Further, the Board of Directors is authorized to carry officers' and directors liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

ARTICLE XVIII
REMEDIES FOR DEFAULT

Any default by an Owner or other Person shall entitle the Association or another Owner or Owners to the following relief; provided that the provisions of Article XIX shall supersede the provisions of this Article XVIII with respect to disputes between or among Members of the Association:

1. Failure to comply with any of the terms or provisions of this Declaration shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Owner or Owners.

2. In any proceeding arising because of an alleged default by any Owner or Occupant, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Owner or Occupant be entitled to recover such attorney's fees.

3. The violation of any of the provisions of this Declaration shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Facilities Elements or any part of the Island Lake of Novi Community (but not into the interior of any dwelling or related garage), where reasonably necessary, and summarily remove and abate, at the expense of the Owner, Occupant or party in violation, any

structure, thing or condition existing or maintained contrary to the provisions of this Declaration. The Association shall have no liability to any party arising out of the exercise of its removal and abatement power authorized herein.

4. The Association shall have the right to impose fines upon the responsible party, including Owners and Occupants, for violations of any of the provisions of this Declaration; provided that any such fines shall only be imposed in accordance with procedures (including a schedule of fines) duly adopted by the Board of Directors and distributed to all Owners and Members at least twenty (20) days prior to the imposition of such fines.

5. The failure of the Association or of any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration shall not constitute a waiver of the right of the Association or of any such Owner to enforce such right, provision, covenant or condition in the future.

6. All rights, remedies and privileges granted to the Association or any Owner or Owners pursuant to this Declaration shall be deemed to be cumulative and the exercise of any one or more of them shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

7. An Owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of this Declaration. An Owner may maintain an action against any other Owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of this Declaration.

ARTICLE XIX

RESOLUTION OF DISPUTES

1. All parties acquiring an interest in the Subdivisions and Condominiums developed within the Island Lake of Novi Community, as a condition of acquiring such interest, stipulate and agree that all questions, disputes or controversies arising between or among the Members of the Association shall be resolved exclusively in accordance with the following procedures:

First: The dispute will be submitted to mediation, with a single mediator to be jointly selected by the Constituent Associations that are in dispute. If the two sides cannot mutually agree on the selection of a single mediator within ten (10) days, each shall select one mediator; the two mediators will jointly select a third mediator who will mediate the dispute. The cost of mediation will be shared equally by each side to the dispute.

If the dispute is not resolved through mediation within sixty (60) days, the dispute will be submitted to binding arbitration to be conducted in Oakland County, Michigan in accordance with the rules of the American Arbitration Association. The parties to the dispute shall have ten days to reach unanimous consensus on a single arbitrator to resolve the dispute or controversy. If they cannot so agree, then each shall appoint one arbitrator and the two arbitrators so appointed shall select a third arbitrator within the following ten day period; the three arbitrators so selected shall act as a panel to consider and resolve the dispute or controversy. If the two arbitrators appointed cannot agree on a third arbitrator, then the American Arbitration Association shall

choose a third arbitrator. The decision of the sole arbitrator, or (if there shall be three arbitrators) of two of the three arbitrators, shall be final and binding on this Association and the disputing Member or Members. Unless otherwise agreed by the parties to such arbitration, all hearings shall be held by, and all written submissions shall be made to, the arbitrator or arbitrators within thirty (30) days following appointment of the arbitrator or arbitrators. The decision of the arbitrator or arbitrators shall be made within thirty (30) days following the later of the date of the last hearing or the date of the final submission by the parties to such arbitration. Any award or decision of the arbitrator or arbitrators may be enforced in any court of competent jurisdiction. The parties to the dispute shall each bear an equal share of the fees of the arbitrator or arbitrators, but shall bear their own respective expenses in connection with any arbitration pursuant hereto.

2. It is the express intent of the Declarant and this document that no lawsuits or other court proceedings be instituted or prosecuted by the Constituent Associations against one another or against the Declarant with regard to issues pertaining to the Association or the Island Lake of Novi Community. The Constituent Associations and their members hereby expressly waive their rights to institute or prosecute any lawsuits or other court proceedings against the Declarant or the other Constituent Associations with regard to issues pertaining to the Association or the Island Lake of Novi Community.

ARTICLE XX

EXPANSION OF THE ISLAND LAKE OF NOVI COMMUNITY

Declarant reserves the right to unilaterally amend this Declaration to revise the legal description of the Island Lake of Novi Community (and thus the land subject to the terms, conditions and restrictions set forth herein) to include any and all portions of the land included in the Island Lake of Novi RUD, said land comprising the Additional Land described in Exhibit "B". Declarant may amend this Declaration any number of times to add portions of the Island Lake of Novi RUD to the Island Lake of Novi Community. The only limitation on Declarant's right to add said land to the Island Lake of Novi Community is that Declarant's right to add land shall expire if and when the Island Lake of Novi RUD is terminated with the approval of the City Council of Novi pursuant to Section 2404 of the City of Novi Zoning Ordinance.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration of Covenants, Conditions and Restrictions on the date first above set forth.

WITNESSES:

TOLL MI II LIMITED PARTNERSHIP, a Michigan
limited partnership

By: Toll MI GP Corp., a Michigan corporation,
General Partner

By: _____

Its:

STATE OF MICHIGAN)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2000, by _____, the _____ of Toll MI GP Corp., a Michigan corporation, the General Partner of Toll MI II Limited Partnership, a Michigan limited partnership, on behalf of the limited partnership.

NOTARY PUBLIC
County of _____, State of Michigan
My Commission Expires: _____

THIS INSTRUMENT DRAFTED BY
AND WHEN RECORDED, RETURN TO:

Dean J. Gould, Esq.
George W. Day, Esq.
Jackier, Gould, Bean, Upfal & Eizelman
Second Floor, 121 West Long Lake Road
Bloomfield Hills, MI 48304-2719

GWD\condos\islandlk\mstrasso.dec
May 15, 2000

EXHIBIT "A"

"ISLAND LAKE OF NOVI COMMUNITY"

Land located in the City of Novi, Oakland County, Michigan and described as follows:

Land located in the Southeast 1/4 of Section 18, Town 1 North, Range 8 East, City of Novi, Oakland County, Michigan, and being more particularly described as follows:

Having as a Point of Beginning the East 1/4 corner of said Section 18, thence S 04°05'31" E 2411.59 feet along the East line of said Section 18 and the centerline of Wixom Road; thence S 85°54'28" W 203.34 feet; thence N 66°52'21" W 40.82 feet; thence N 05°24'15" E 174.46 feet; thence N 58°11'02" W 76.27 feet; thence N 02°44'24" W 90.17 feet; thence N 28°38'17" W 60.51 feet; thence N 10°33'08" W 69.23 feet; thence N 07°26'27" E 79.79 feet; thence N 81°20'08" W 30.76 feet; thence S 13°56'32" W 71.98 feet; thence S 32°53'41" W 182.90 feet; thence S 60°03'43" W 168.11 feet; thence N 22°18'29" W 211.69 feet; thence N 61°36'32" W 962.56 feet; thence N 08°25'19" W 855.49 feet; thence N 35°25'56" E 580.50 feet; thence N 78°17'53" E 422.77 feet; thence N 85°47'54" E 8.10 feet; thence N 04°34'11" W 106.92 feet; thence N 87°11'34" E 748.32 feet along the East-West 1/4 line of said Section 18 to the point of beginning and being subject to the rights of the public over the East 43.00 feet thereof for use as Wixom Road and to any other easements or restrictions of record; containing 62.65 acres of land.

Part of Tax Parcels No. 22-18-400-001 and 22-18-400-002.

EXHIBIT "B"

"ADDITIONAL LAND"

Three parcels of land located in the City of Novi, Oakland County, Michigan and described as follows:

Parcel 1

A 757.35 acre parcel of land in part of Section 18 and part of Section 19, T1N, R8E, City of Novi, Oakland County, Michigan, described as having a POINT OF BEGINNING being the Southeast corner of said Section 18; thence S03°07'36"E 2310.99 feet along the East line of said Section 19 and the centerline of Wixom Road; thence S86°22'51"W 1347.14 feet; thence S04°26'40"E 330.03 feet; thence N86°22'51"E 1296.53 feet along the E-W 1/4 line of said Section 19; thence S01°41'52"E 1545.25 feet along the west right-of-way line of Wixom Road; thence 74.16 feet along a curve to the right with a radius of 607.00 feet and being subtended by a long chord bearing S01°48'08"W with a distance of 74.11 feet along the west right-of-way line of Wixom Road; thence S05°18'07"W 273.33 feet along the west right-of-way line of Wixom Road; thence 84.66 feet along a curve to the right with a radius of 693.00 feet and being subtended by a long chord bearing S01°48'08" W with a distance of 84.61 feet along the west right-of-way line of Wixom Road; thence S01°41'52"E 112.17 feet along the west right-of-way line of Wixom Road; thence S88°18'12"W 17.00 feet; thence S59°02'43"W 345.32 feet; thence S25°55'59"E 423.30 feet; thence S86°25'05"W 1088.56 feet along the South line of said Section 19 and the centerline of 10 Mile Road; thence N02°08'23"W 1317.25 feet; thence S86°58'04"W 1038.10 feet; thence S86°26'52"W 334.24 feet; thence S02°26'45"E 1327.27 feet; thence S86°21'33"W 985.50 feet along the South line of said Section 19 and the centerline of 10 Mile Road; thence N02°26'45"W 1326.96 feet; thence S86°03'46"W 1615.78 feet; thence N02°49'11"W 1315.36 feet along the West line of said Section 19 and the centerline of Napier Road; thence N03°00'52"W 2631.46 feet along the West line of said Section 19 and the centerline of Napier Road; thence N03°04'35"W 726.63 feet along the west line of said Section 18 and the centerline of Napier Road; thence N86°46'21"E 2670.92 feet; thence N04°18'23"W 1977.53 feet along the N-S 1/4 line of said Section 18; thence N03°40'24"W 312.34 feet along the N-S 1/4 line of said Section 18; thence N87°11'34"E 2645.74 feet; thence S04°06'21"E 180.35 feet along the East line of said Section 18 and the centerline of Wixom Road; thence S87°11'34"W 990.00 feet; thence S04°06'21"E 132.03 feet; thence N87°11'34"E 241.68 feet along the E-W 1/4 line of said Section 18; thence S04°34'11"E 106.92 feet; thence S85°47'54"W 8.10 feet; thence S78°17'53" W 422.77 feet; thence S35°25'56"W 580.50 feet; thence S08°25'19"E 855.49 feet; thence S61°36'32"E 962.56 feet; thence S22°18'29"E 211.69 feet; thence N60°03'43"E 168.11 feet; thence N32°53'41"E 182.90 feet; thence N13°56'32"E 71.98 feet; thence S81°20'08"E 30.76 feet; thence S07°26'27"W 79.79 feet; thence S10°33'08"E 69.23 feet; thence S28°38'17"E 60.51 feet; thence S02°44'24"E 90.17 feet; thence S58°11'02"E 76.27 feet; thence S05°24'15"W 174.46 feet; thence S66°52'21"E 40.82 feet; thence; N85°54'28"E 203.34 feet; thence S04°05'31"E 227.12 feet along the east line of said Section 18 and the centerline of Wixom Road to the Point of Beginning and being subject to any easements or restrictions of record.

Parcel 2

Land located in the Northwest 1/4 of Section 20, Town 1 North, Range 8 East, City of Novi, Oakland County, Michigan, and being more particularly described as follows:

An 18.86 acre parcel of land in part of Section 20, T1N, R8E, City of Novi, Oakland County, Michigan, described as having a POINT OF BEGINNING being the Northwest corner of said Section 20 ; thence N86°34'34"E 233.00 feet along the North line of said Section 20 and the centerline of Eleven Mile Road; thence S03°25'26"E 233.00 feet; thence N86°34'34"E 100.00 feet; thence S03°25'26"E 133.00 feet; thence N86°34'34"E 357.00 feet; thence N02°19'11"W 366.07 feet; thence N86°34'34"E 49.60 feet along the North line of said Section 20 and the centerline of Eleven Mile Road; thence S02°26'41"W 1323.61 feet; thence S86°46'57"W 730.90 feet; thence N03°07'57"W 1320.80 feet along the West line of said Section 20 and the centerline of Wixom Road to the POINT OF BEGINNING and being subject the rights of the public over the Northerly 43.00 feet thereof for the use of Eleven Mile Road and the Westerly 43.00 feet thereof for the use of Wixom Road and being subject to easements and restrictions of record.

Parcel 3

Land located in the Southwest 1/4 of Section 20, Town 1 North, Range 8 East, City of Novi, Oakland County, Michigan, and being more particularly described as follows:

An 18.93 acre parcel of land in part of Section 20, T1N, R8E, City of Novi, Oakland County, Michigan, described as commencing at the West 1/4 corner of said Section 20; thence N86°59'44"E 43.01 feet along the East-West 1/4 line of said Section 20 to the POINT OF BEGINNING; thence continuing N86°59'44"E 814.97 feet along the East-West line of said Section 20; thence S02°40'05"E 1002.50 feet; thence S87°07'49"W 831.91 feet; thence N01°41'52"W 1000.79 feet along the Easterly right of way line of Wixom Road to the POINT OF BEGINNING being subject to easements and restrictions of record.