

PURCHASE AGREEMENT - CONDOMINIUM UNIT
SULLIVAN'S HARBOR SPRINGS AIRPARK,
a site condominium

1. Parties. The person signing below designated herein as "Purchaser(s)" agree to purchase condominium unit number ___ designated in Sullivan's Harbor Springs Airpark, a site condominium, from Sullivan's Harbor Springs Airpark, Inc. (herein the "Developer") according to the following terms in conditions.

2. Purchase Price. The purchase price for the condominium unit shall be _____ Dollars (\$_____). Tendered herewith is Purchaser's earnest money deposit of \$_____ and a further deposit of Seventy-Five Thousand Dollars (\$75,000.00), which shall be applied in accordance with the terms of this Agreement. Payment of the purchase price shall be accomplished by one of the following means indicated by "X" below (other unmarked terms of purchase do not apply).

Cash. The Purchaser shall pay the full purchase price to the Developer upon execution and delivery of a warranty deed.

New mortgage. The Purchaser shall pay the full purchase price to the Developer upon execution and delivery of a warranty deed, contingent upon the Purchaser's ability to obtain a construction mortgage loan in the amount of \$_____. The Purchaser shall apply for the mortgage loan immediately and accept it promptly if tendered. If Purchaser does not deliver to Developer on or before _____, 20__, proof that Purchaser has accepted a mortgage loan commitment, Developer may thereafter at any time treat this contingency as not having been satisfied and terminate this Agreement by written notice to Purchaser.

Contract. The Purchaser shall pay the full purchase price to the Developer pursuant to the terms and conditions stated in a standard form Land Contract. The Land Contract or Purchase Money Mortgage shall provide for a down payment of \$_____ and payment of the balance of \$_____ in ___ installments of \$_____ or more, at Purchaser's option, including interest at the rate of _____ % per annum computed monthly. Interest shall commence on the agreed upon date of closing.

3. Proof of Title. Prior to closing, Developer will deliver to Purchaser a commitment for an owner's policy of title insurance in the amount of the purchase price. At the closing Developer will convey to purchaser marketable title to the condominium unit, subject to easements and restrictions of record and the provisions of the Master Deed and other condominium documents. Developer will satisfy the requirements in the commitment and order, at Developer's expense, a policy of title insurance insuring that Purchaser's title is in the condition required by this Agreement.

3. Closing. Purchaser agrees to close on the purchase of the unit in accordance with the terms of this Agreement, subject to any withdrawal or cancellation rights stated herein. The closing shall take place at Developer's designated location within _____ days after Developer delivers a title insurance commitment to Purchaser. Current property taxes and prepaid insurance premiums will be pro rata to the closing on a due date basis. Any association charges against the unit due prior to the time of closing will be paid by Developer, and Purchaser will reimburse Developer for a portion of the current monthly charges on a pro rata daily basis. Purchaser also agrees to pay at closing any other proper charges of the association. If at or after closing there are any property tax statements issued affecting the condominium as a whole, purchaser will pay a pro rata share of the tax in accordance with percentage of value allocated to Purchaser's unit in the Master Deed.

4. Purchaser's Assent to Condominium. An association of co-owners, known as "SULLIVAN'S HSA OWNERS' ASSOCIATION," has been established as a Michigan nonprofit corporation for the purpose of operating and maintaining the common elements of the condominium. Each owner of a condominium unit will be a member of the association. Purchaser agrees to abide by the terms and provisions contained in the Master Deed, Condominium Bylaws, and Articles of Incorporation of the association. As a member of the association, Purchaser will be obligated to pay a proportionate share of the association assessments for maintenance, repair, replacement and other expenses of administration. Purchaser shall not have the rights or obligations of a co-owner or association member until closing.

5. Acknowledgment of Receipt of Documents. Purchaser acknowledges receipt of the following documents (the "Condominium Documents"): a. Recorded Master Deed and exhibits thereto, b. a copy of this Agreement, b. a copy of the Condominium Buyers Handbook prepared by the Michigan Department of Commerce, d. a Disclosure Statement, and e. a Notice re Private Roads. Any of the Condominium Documents (except this Agreement) may be amended without Purchaser's consent provided the Purchaser may, prior to closing, withdraw from this Agreement without penalty (and receive back all deposits) if any such amendment materially reduces any of Purchaser's rights. The foregoing documents, including any amendments, must comply with the provisions of the Michigan Condominium Act (the "Act").

6. Deposit of Earnest Monies; Purchaser's Right of Withdrawal. The parties agree to the following provisions which relate to certain requirements of the Act:

a. The deposits and any other funds paid by Purchaser hereunder (but not the funds due Developer at the closing of the sale) shall be held by an Escrow Agent, and shall be returned to the Purchaser within three business days after withdrawal from this Agreement as provided in subparagraph (b.) below.

b. Unless Purchaser waives the right of withdrawal, Purchaser may withdraw from this Agreement without cause and without penalty if the withdrawal is made before conveyance of the unit and within nine (9) business days after receipt of the Condominium Documents given to Purchaser under paragraph 5 above, including the day on which the Condominium Documents are received if that day is a business day.

c. The Act requires the following statement to be included in this Agreement - "After expiration of the withdrawal period described in subparagraph (b.) above, Developer is required to retain sufficient funds in escrow or to provide sufficient security to assure completion of only those uncompleted structures and improvements labeled under the terms of the Condominium Documents as 'must be built'." However, since this is a site condominium, the foregoing provision would not apply to this project or the sale contemplated herein because actual improvements pursuant to a construction contract are not part of a sale under the Condominium Act. Each purchaser of a Unit shall also be required to escrow funds in the amount of \$75,000, which shall be used by the Developer to fund and install the "must be built" items such as driveway-taxiways and utility hookups. The \$75,000 shall be non-refundable to a purchaser once a Purchase Agreement has become binding on that person, and shall be remitted to Developer as liquidated damages if a purchaser does not proceed to close on the sale of his/her/their Unit. If the "must be built" items are less than \$750,000, the Developer shall be entitled to the difference; if the "must be built" items are greater than \$750,000, the Developer shall be liable for the excess.

d. At the exclusive option of the Purchaser, any claim which might be the subject of a civil action against Developer which involves an amount less than \$2,500.00, and arises out of or relates to this Agreement or the unit or the condominium, shall be settled by binding arbitration conducted by the American Arbitration Association. The arbitration shall be conducted in accordance with applicable law and currently applicable rules of the American Arbitration Association. Judgment upon the award rendered by arbitration may be entered in the Circuit Court of appropriate jurisdiction, provide the award does not exceed \$2,500.00 in favor of any party. No equitable relief shall be ordered as part of any arbitration hereunder.

e. The escrow agreement between Developer and escrow agent is incorporated herein by reference. The escrow agreement may be modified by the parties thereto without the consent of Purchaser, provided such modification complies with the Act and is not conflict with any express provision of this agreement relating to Purchaser's deposits. **The escrow agreement does not require the escrow agent to earn interest on deposits. If such interest is earned, it shall be released in the same manner which the escrow agreement provides for the release of the deposits, except that any interest earned on the funds refunded to Purchaser upon Purchaser's withdrawal from this agreement shall be paid to Developer. Any interest paid to Developer shall be treated as though earned by Developer and shall not be credited against the balance of the purchase price due at closing.**

f. This Agreement shall not be binding upon Purchaser until Purchaser's right to withdraw herefrom has expired in accordance with subparagraph (b.) above or has been waived by Purchaser in accordance with the Act.

7a. Purchaser's Default. If, after this agreement has become binding pursuant to paragraph 7, Purchaser defaults in any of the payments or obligations provided in this agreement, and the default continues for five days after written notice sent by Developer to Purchaser, then at the option of the Developer, Developer may terminate this agreement and receive all deposits paid by Purchaser as liquidated damages, including the \$75,000 described above.

8. Developer's Limited Warranty. The terms of Developer's warranty are expressly limited as stated in this limited warranty. Sullivan's Harbor Springs Airpark is a site condominium, meaning that each unit owner (including Purchaser) shall be responsible for installing, constructing, and providing for all improvements located on or within the unit. As such, since all units are basically vacant lots, Developer makes only the following limited warranties: first, that the condominium project has been approved by the necessary governmental agencies and therefore complies with local zoning and land use laws; second, that as of the date of establishment of the condominium, the local Health Department has reviewed the subdivision plan and sites for each unit, and as of that date suitable areas and locations exist to permit the construction and installation of individual well water and sewage treatment systems for the unit; and third, that the Harbor Springs Airport Authority has reviewed and approved the plans for the driveways/taxiways and has approved a rolling 25 year lease for lands suitable to connect the condominium to the runway of the Airport. Prior to closing, Purchaser must carefully inspect the unit, and ensure that the unit will be able, in the ordinary course, to receive permits for a well and septic system. **All other warranties, express or implied, whether arising under state law or the Magnusson-Moss Act, including but not limited to, all implied warranties of fitness, merchantability or habitability, are disclaimed and excluded.**

9. Limitation on Liability. Developer's liability relating to the condominium, Purchaser's unit, or this Agreement is strictly limited to the obligations provided in Developer's limited warranty stated above. All consequential or incidental damages are expressly disclaimed.

10. Miscellaneous.

a. This Agreement shall not be binding upon Developer until accepted and signed by an authorized representative of Developer.

b. This Agreement is binding upon the administrators, executors, assigns and successors of the respective parties.

c. This Agreement constitutes the entire Agreement between the parties and no oral representations or statements shall be considered a part of this Agreement.

d. No agent, representative or sales representative has authority to make any statements, agreements or representations, either written oral, in connection herewith, modifying, adding to or changing the terms and conditions set forth herein. Any change in the terms or conditions hereof may only be made in writing signed by all parties.

e. All written notices required or permitted by this Agreement shall be sufficient if personally delivered to the party or sent by mail, postage prepaid, to the address shown below. For the purpose of calculating time periods in the provisions of this Agreement, notice shall be deemed effective upon mailing or delivery, whichever is earlier.

f. This Agreement may be assigned by the Developer to a successor developer or to a mortgagee but is not otherwise assignable without the consent of all parties hereto.

11. Roads and Drives. The roads and drives in the condominium are general common elements and, therefore, will be maintained by the association, and not by the Emmet County Road Commission or any other governmental agency, including Little Traverse Township.

12. Purchaser Acknowledgment. Purchaser specifically acknowledges and represents that Purchaser has read this Agreement and all exhibits attached to it. The Purchaser agrees to be bound by all of its terms and the Purchaser is not relying on any statement, promise, or condition not specifically set forth in this Agreement. Purchaser further acknowledge that he or she has read and understands the Condominium Documents and agrees to be bound by all the terms thereof. **Specifically, but without limitation, Purchaser acknowledges having read and understood the restrictions contained in Article VI of the Condominium Bylaws, appended as Exhibit A to the Master Deed. Purchaser also acknowledges that if the Condominium project is adjacent to working farm land, under the Michigan Right to Farm Act, Purchaser takes subject to the rights of the adjacent farmers.**

13. Developer's Reserved Rights. Developer reserves the right and power to grant easements over, or dedicate, portions of any of the condominium common elements for utility, conservation, drainage, street, safety, construction or any other purposes determined appropriate by Developer in his sole discretion.

14. Additional Contingencies. The parties agree to the following additional contingencies to Purchaser's obligations hereunder:

These additional contingencies shall be satisfied or waived by no later than _____.

PURCHASER:

Dated: _____

ACCEPTED BY DEVELOPER:

Dated: _____

, Authorized Agent