



CITY of NOVI CITY COUNCIL

Agenda Item C
October 23, 2017

SUBJECT: Approval of a Storm Drainage Facility Maintenance Easement Agreement from Johnson Group, LLC, the developer of the commercial building at 45525 Grand River Avenue (parcel 50-22-16-451-067).

SUBMITTING DEPARTMENT: Department of Public Services, Engineering Division

CITY MANAGER APPROVAL:

BACKGROUND INFORMATION:

The developer for 45525 Grand River Avenue, Johnson Group, LLC, requested approval of the Storm Drainage Facility Maintenance Easement Agreement for the commercial development located south of Grand River Avenue and west of Taft Road.

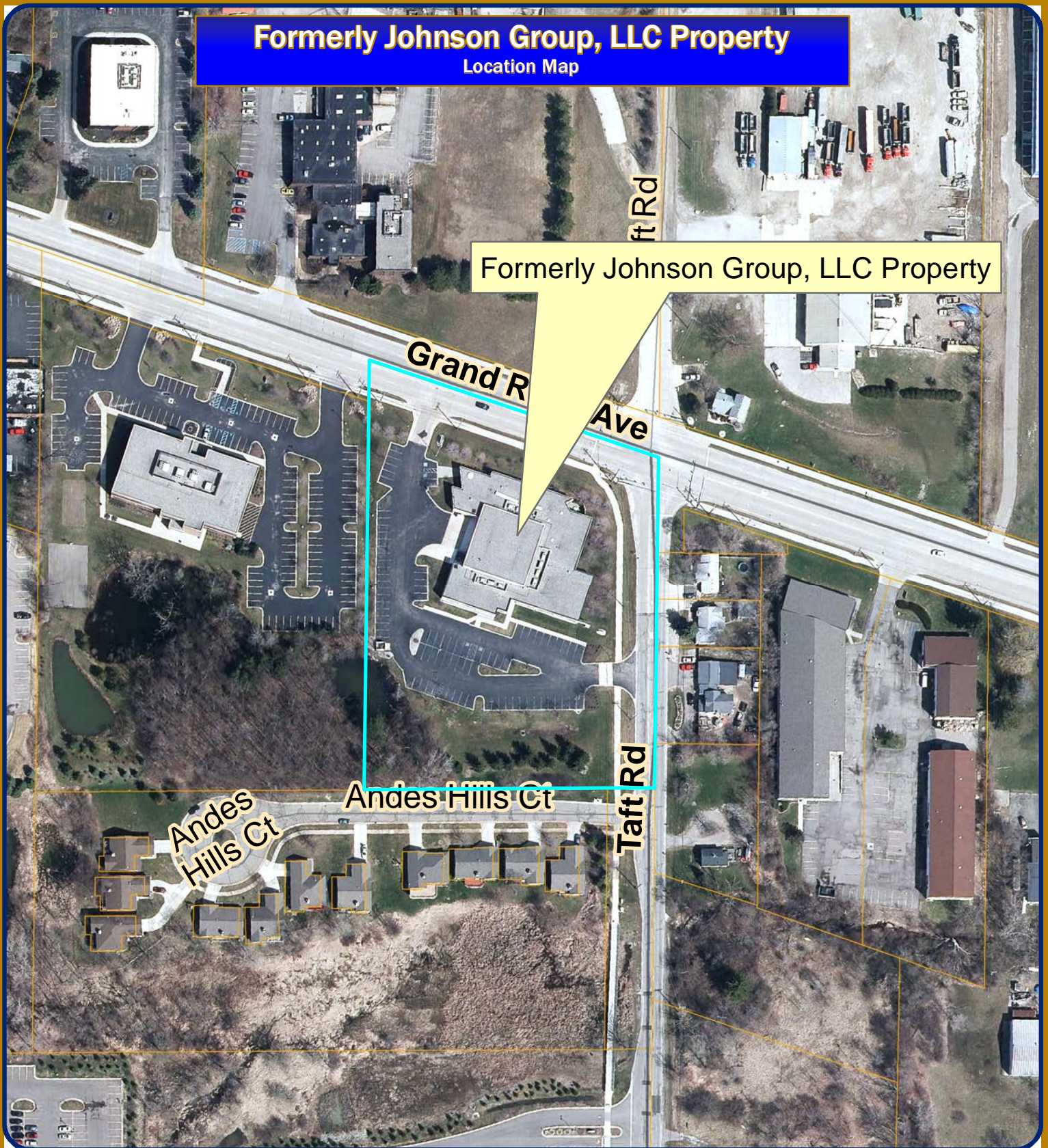
The Storm Drainage Facility Maintenance Easement Agreement is a requirement of the Storm Water Management Ordinance and indicates the responsibility of the property owner to properly maintain their privately owned on-site storm water system. The agreement also contains a provision that permits the City to perform maintenance on the privately owned on-site storm water system should the property owner fail to do so at the expense of the property owner.

The enclosed agreement has been favorably reviewed by the City Attorney and is recommended for approval.

RECOMMENDED ACTION: Approval of a Storm Drainage Facility Maintenance Easement Agreement from Johnson Group, LLC, the developer of the commercial building at 45525 Grand River Avenue (parcel 50-22-16-451-067).

Formerly Johnson Group, LLC Property

Location Map

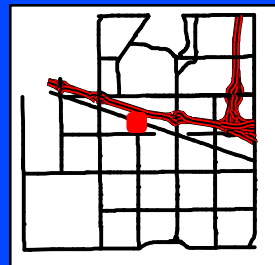


Map Author: Theresa Bridges
Date: 10/3/2017
Project:
Version #:

Amended By:
Date:
Department:

MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.



City of Novi

Engineering Division
Department of Public Services
26300 Lee BeGole Drive
Novi, MI 48375
cityofnovi.org

0 30 60 120 180
Feet

1 inch = 167 feet





JOHNSON ROSATI SCHULTZ JOPPICH PC

27555 Executive Drive Suite 250 ~ Farmington Hills, Michigan 48331
Phone: 248.489.4100 | Fax: 248.489.1726

Elizabeth Kudla Saarela
esaarela@jrsjlaw.com

www.jrsjlaw.com

July 21, 2017

Sue Troutman, Clerk's Office
City of Novi
45175 Ten Mile Road
Novi, MI 48375

RE: Johnson Group Services – Acceptance Documents

Dear Sue:

Enclosed please find the original acceptance documents reviewed in connection with the enclosed approval letter to Benny McCusker, dated August 26, 2002. The documents have been approved and are ready for recording upon recommendation of acceptance by Affidavit of Acceptance. The property ownership remains unchanged.

The Storm Drainage Facility Maintenance Agreement still must be placed on an upcoming City Council Agenda for acceptance, pursuant to the August 26, 2002 letter.

Once accepted, the documents should be recorded with the Oakland County Register of Deeds in the usual manner.

Thank you for your assistance in this matter, and if you have any questions, please feel free to contact me.

Very truly yours,

JOHNSON, ROSATI, SCHULTZ & JOPPICH, P.C.

Elizabeth K. Saarela

EKS
Enclosures
Cortney Hanson, Clerk (w/Original Enclosures)

Sue Troutman, City Clerk's Office

July 21, 2017

Page 2

Theresa Bridges, Construction Engineer (w/Enclosures)

Aaron Staup, Construction Engineer (w/Enclosures)

Sarah Marchioni, Community Development Building Project Coordinator (w/Enclosures)

Thomas R. Schultz, Esquire (w/Enclosures)

**SECRET, WARDLE, LYNCH, HAMPTON,
TRUEX AND MORLEY**

ELIZABETH M. KUDLA
DIRECT DIAL (248) 539-2846
Email bkudla@secrestwardle.com

Counselors at Law
30903 Northwestern Highway
P.O. Box 3040
Farmington Hills, Michigan 48333-3040

Telephone (248) 851-9500
Fax (248) 851-0369

August 26, 2002

94 Macomb Place
Mt. Clemens, MI 48043-5651
(810) 465-7180
Fax (810) 465-0673

7335 Westshire Dr., Suite 103
Lansing, MI 48917-9764
(517) 627-1881
Fax (517) 627-1887

1500 East Beltline, SE, Suite 160
Grand Rapids, MI 49506-4361
(616) 285-0143
Fax (616) 285-0145

2904 Cherry Hills Drive
P.O. Box 11258
Champaign, IL 61821-1258
(217) 398-9034
(217) 398-9036

Benny McCusker, DPW Director
City of Novi
26300 Delwal
Novi, MI 48375

Re: Johnson Group Services Property – Dedication of On-Site Sanitary Sewer and Water Main
Our File No: 55142 NOV

Dear Mr. McCusker:

Enclosed please find the following documents regarding the Johnson Group Services (a.k.a. Johnson Printing Services, Inc.) Property in Section 16 of the City of Novi:

1. Water Main Easement
2. Sanitary Sewer Easement
3. Bill of Sale for Water Main and Sanitary Sewer
4. Waivers of Lien / Contractor's Sworn Statement
5. Detroit Edison Consent to Encroach
6. Maintenance and Guarantee Bond for Water Main and Sanitary Sewer Facilities
7. Title Insurance Policy (copy) and Updated Commitment for Title Insurance
8. Subordination Agreement
9. Storm Drainage Facility Maintenance Agreement
10. City Engineer's Review Reports

Conveyance Documents

The Johnson Group, LLC water main and sanitary sewer *conveyance may be placed on the next available City Council Agenda for acceptance.*

The property owner of Tax Parcel No. 22-16-451-067, the Johnson Group, LLC. seeks to convey the water main and sanitary sewer facilities and corresponding easements to operate, maintain, repair and replace the water main and sanitary sewer, over, upon and through the subject property to the City of Novi. The property owner has provided all required documents to complete the conveyance, with items 1 through 10 above.

Items 1 through 10, above, have been reviewed by our office as to the format, language and content of the documents. The format, language and content of the documents are in order and acceptable for recording.

The City Engineering Consultant has reviewed and approved the content of the Exhibits to the Water Main Easement, Sanitary Sewer Easement and Bill of Sale and has confirmed that all necessary areas have been included for dedication and that the legal descriptions of those areas are correct and accurate.

Additionally, the City Engineer has confirmed that the amount of the Maintenance Bond for the Water Main and Sanitary Sewer Facilities is correct.

Our review of the title policy and updated commitment for title insurance indicates that all parties with ownership interest have provided necessary conveyance documents to complete a dedication of the Water Main and Sanitary Sewer Facilities and Easements to the City.

Detroit Edison Consent

The Consent to Encroach document, enclosed, has been drafted by our office, signed by Detroit Edison, and is in an acceptable format for recording with the Register of Deeds.

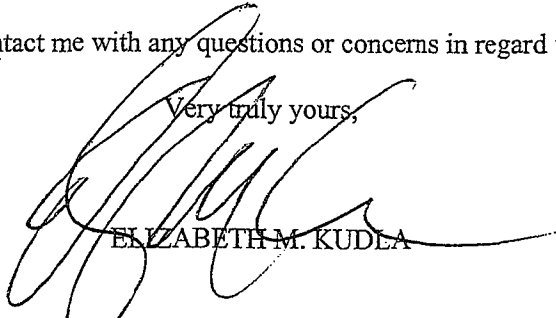
The Consent to Encroach document has been required and provided because before the City could obtain its utility easements over, under and through the Johnson Group, Property, Detroit Edison had already recorded its easement in the same location. Detroit Edison's Easement, per its terms, as recorded states "No buildings or other permanent structures are allowed in the Right of Way area without Grantor's (Detroit Edison's) prior written consent. The Consent document, enclosed, is merely a recordable document that indicates that Edison's consent has been obtained per the terms of its recorded easement, and, therefore that there is no problem with the City's Easements crossing the same areas.

The enclosed Detroit Edison document is different from the Detroit Edison Easement signed in respect to the Haggerty Corporate Park project that went before City Council in January 2002. The Haggerty Corporate Park Edison Easement raised issues which required the provision of insurance by the Developer, to cover the City, in the event any damage or injury occurred on the Detroit Edison property in the City utility easement areas. The Haggerty Corporate Park Easement was different because Detroit Edison owned fee title to the property where the City easements were located rather than owning merely an easement area, as in this case. Because, in this case, Detroit Edison does not own the property but only an easement, Detroit Edison has not required the City to provide indemnity in respect to the City utility easement areas and, thus, no insurance policy is necessary.

To ensure that the ownership interests in the property do not change prior to acceptance of the easement and facilities, these items should be placed on an upcoming agenda if possible. We have forwarded copies to you for inclusion in the agenda packet. Our office will keep the original documents in our file to record upon City Council's acceptance.

Please feel free to contact me with any questions or concerns in regard to this matter.

Very truly yours,


ELIZABETH M. KUDLA

EMK/smp
Enclosures

cc: Maryanne Cornelius, Clerk (w/o encl.)
Haim Schlick, Construction Engineer (w/o encl.)
Victoria Weber, JCK & Associates (w/o encl.)
Nancy McClain, City Engineer (w/o encl.)
Gary Bowman, JCK & Associates (w/o encl.)
Kathy Kendra, Department of Public Works (w/o encl.)
Jacqueline Johnson, Johnson Group, LLC (w/o encl.)
Gerald A. Fisher, Esq. (w/o encl.)
Thomas R. Schultz, Esq. (w/o encl.)

**STORM DRAINAGE FACILITY
MAINTENANCE AGREEMENT**

THIS AGREEMENT is made this 27 day of March, 2002, by and between Johnson Group, LLC, whose address is 45525 Grand River Ave., Novi, Mi (hereinafter the "Owner"), and the City of Novi, its successors, assigns, or transferees, whose address is 45175 W. Ten Mile Road, Novi, MI 48375 (hereinafter the "City").

RECITATIONS:

A. Owner is the owner and developer of a certain parcel of land situated in Section 16 of the City of Novi, Oakland County, Michigan, described on the attached and incorporated Exhibit A, (the "Property"). Owner has received final site plan approval for construction of a light industrial development on the Property.

B. The light industrial development, shall contain certain storm drainage, detention and/or retention facilities, including but not limited to, a detention/sedimentation basin, for the collection, conveyance, storage, treatment and/or discharge of storm water from the Property in accordance with all approved plans, and all applicable ordinances, laws and regulations.

NOW, THEREFORE, the Owner, hereby covenants and agrees that the Owner until the transition of control, and the Association thereafter, shall, at its own expense, perpetually preserve, maintain, and repair all storm drainage, detention and retention facilities, including all wetlands which are part of the system, to insure that the same continue to function as intended. The Owner and/or Association shall establish a regular and systematic program of maintenance for such facilities and areas to insure that the physical condition and intended function of such areas and facilities shall be preserved and maintained.

In the event that the Owner and/or Association shall at any time fail to carry out the responsibilities specified within this agreement, and/or in the event of a failure to preserve and/or maintain the storm water drainage, detention and retention facilities in reasonable order and condition, the City may serve written notice upon the Owner and/or Association setting forth the deficiencies in maintenance and/or preservation along with a demand that the deficiencies be cured within a stated reasonable time period, and the date, time and place for a hearing before the City for the purpose of allowing Owner and/or Association an opportunity to be heard as to why the City should not proceed with the correction of the deficiency or obligation which has not been undertaken or properly fulfilled. At any such hearing, the time for curing and the hearing itself may be extended and/or continued to a date certain. If, following such hearing, the person conducting the hearing shall determine that the obligation has not been fulfilled or failure corrected within the time specified in the notice, as determined by the City in its reasonable

discretion, the City shall thereupon have the power and authority, but not the obligation, to enter upon the Property, or cause its agents or contractors to enter the Property and perform such obligation or take such corrective measures as reasonably found by the City to be appropriate or necessary. The cost and expense of making and financing such actions by the City, including notices by the City and reasonable legal fees incurred by the City, plus an administrative fee in an amount equivalent to twenty-five (25%) percent of the total of all such costs and expenses incurred, shall be paid by Owner and/or Association within thirty (30) days of a billing to the Owner or Association. All unpaid amounts may be placed on the delinquent tax roll of the City, pro rata, as to each lot, and shall accrue interest and penalties, and shall be collected as, and shall be deemed delinquent real property taxes, according to the laws made and provided for the collection of delinquent real property taxes. In the discretion of the City, such costs and expenses may be collected by suit initiated against the Owner or Association, and, in such event, the Owner and/or Association shall pay all court costs and reasonable attorney fees incurred by the City in connection with such suit.

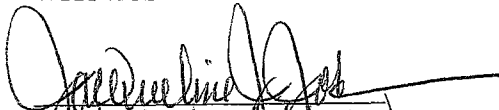
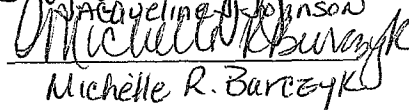
The parties hereto make this Agreement on behalf of themselves, their heirs, successors, assigns and transferees, and hereby warrant that they have the authority and capacity to execute this Agreement and bind the property as described to the terms and conditions of this agreement.

Invalidation of any of these covenants or conditions by Judgment or Court Order shall in no way affect the validity of any other provision which shall remain in full force and effect.

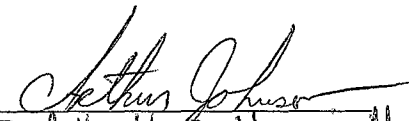
This agreement shall run with the land and be binding upon all owners, their agents, heirs, successors, assigns and transferees.

IN WITNESS WHEREOF, Owner and/or Association have executed this Agreement as at the day and year first above set forth.

WITNESS:


Jacqueline Johnson

Michelle R. Barczyk

(Owner and/or Association)


By, Arthur Johnson, Its: Managing Member

{Signatures Continue on Next Page}

STATE OF MICHIGAN)
)ss
COUNTY OF OAKLAND)

The foregoing instrument was acknowledges before me this 28 day of March,
2002, by Arthur Johnson, as the managing member of
Johnson Group, LLC.

Marilyn J Darkangelo
Notary Public
Oakland County, Michigan
My Commission

MARILYN J DARKANGELO
Notary Public, Oakland County, MI
Expires: My Commission Expires Jul 17, 2004

WITNESS:

(Grantee)
CITY OF NOVI
A Municipal Corporation

By _____ Its: _____

STATE OF MICHIGAN)
)ss
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me on this _____ day of _____,
200_, by _____, on behalf of the City of Novi, a Municipal
Corporation.

Notary Public
Oakland County, Michigan
My Commission

Expires: _____

Drafted by and after recording,
return to:

Elizabeth K. Saarela
27555 Executive Drive, Suite 250
Farmington Hills, MI 48331

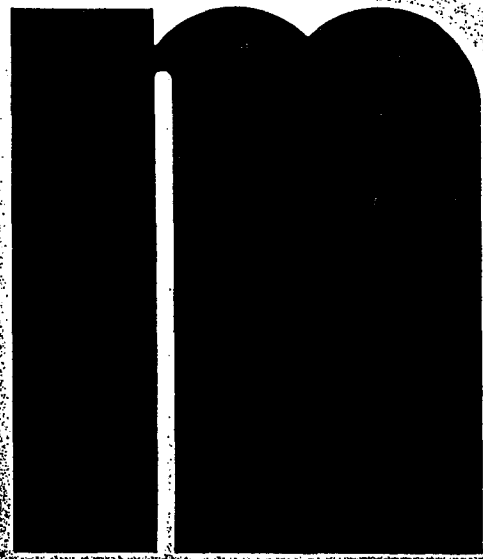
LEGAL DESCRIPTION

(PROPERTY)

PART OF THE SOUTHEAST 1/4 OF SECTION 16, T. 1N., R. 8E.,
CITY OF NOVI, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 16;
THENCE N 01°49'00" W (DESCRIBED AS N 00°59'30" E) 1325.60 FEET
ALONG THE CENTERLINE OF TAFT ROAD (66 FEET WIDE) TO THE POINT
OF BEGINNING; THENCE S 87°04'40" W 368.67 FEET (DESCRIBED AS S 89°53'10" W 368.58 FEET);
THENCE N 01°49'00" W (DESCRIBED AS N 00°59'30" W) 545.84 FEET TO A POINT
ON THE CENTERLINE OF GRAND RIVER AVENUE (93 FEET WIDE); THENCE S 73°55'20" E
(DESCRIBED AS S 71°06'50" E) 387.34 FEET ALONG SAID CENTERLINE OF GRAND RIVER AVENUE
TO SAID CENTERLINE OF TAFT ROAD; AND THENCE S 01°49'00" E (DESCRIBED AS S 00°59'30" W)
419.71 FEET ALONG SAID CENTERLINE OF TAFT ROAD TO THE POINT OF BEGINNING.
CONTAINING 4.09 ACRES OF LAND, MORE OR LESS. SUBJECT TO THE RIGHTS OF THE
PUBLIC OVER THE NORTHERLY 60 FEET FOR GRAND RIVER AVENUE (93 FEET WIDE)
AND OVER THE EASTERLY 33 FEET FOR TAFT ROAD (66 FEET WIDE). ALSO SUBJECT
TO ANY AND ALL OTHER EASEMENTS OR RIGHTS OF WAY OF RECORD, IF ANY.

LAND SURVEYED AND MAPPED BY GREG L ASH, P.L.S. #28400, JOB# 278-003, DATED 09/30/98



Metropolitan Title Company



Metropolitan Title Company

CORPORATE HEADQUARTERS

622 E. Grand River, Howell, MI 48843

(517) 548-3130

(248) 474-0952

(800) 292-0372

FAX (517) 548-3777

FAX (248) 474-3059

Order Dept. FAX (517) 548-4111

Metropolitan Title Company Branch Offices

308 N. Broad Street
Adrian, MI 49221
(517) 263-0451
FAX (517) 263-2698

145 Brady Street
Allegan, MI 49010
(616) 673-2071
FAX (616) 673-6735

905 W. Eisenhower Circle
Suite 106
Ann Arbor, MI 48103
(734) 930-1820
FAX (734) 930-1822

77 S. 20th Street
Suite 1
Battle Creek, MI 49015
(616) 660-8400
FAX (616) 660-8857

1400 N. Woodward
Suite 170
Bloomfield Hills, MI 48304
(248) 540-9620
FAX (248) 540-4415

Commercial Division
1400 N. Woodward
Suite 135
Bloomfield Hills, MI 48304
(248) 540-4102
FAX (248) 540-2428

1400 N. Woodward
Suite 135
Bloomfield Hills, MI 48304
(East Regional Office)
(248) 540-4102
FAX (248) 540-2428

134 N. First Street
Brighton, MI 48116
(810) 229-2700
FAX (810) 229-6491

7151 N. Main Street
Suite 210
Clarkston, MI 48346
(248) 625-0606
FAX (248) 625-0140

29 Blue Star Highway
Douglas, MI 49406
(Saugatuck Office)
(616) 857-1618
FAX (616) 857-1487

68827 M-62
Suite 2
Edwardsburg, MI 49112
(616) 663-2388
FAX (616)

37000 Grand River
Suite 120
Farmington Hills, MI 48335
(248) 477-6310
FAX (248) 477-9180

3071 Commerce Drive
Suite D
Fort Gratiot, MI 48059
(Port Huron Office)
(810) 385-9175
FAX (810) 385-9282

24 East Main Street
Fremont, MI 49412
(616) 924-2000
FAX (616) 924-2111

G8189 S. Saginaw
Suite B
Grand Blanc, MI 48439
(810) 695-0444
FAX (810) 695-5160

700 Washington
Suite 140
Grand Haven, MI 49417
(616) 842-1935
FAX (616) 842-7201

2776 Birchcrest SE
Grand Rapids, MI 49506
(616) 949-5180
FAX (616) 949-6625

6800 Old 28th Street SE
Grand Rapids, MI 49546
(Cascade Office)
(616) 285-9300
FAX (616) 285-9322

5429 Northland Dr., NE
Suite C
Grand Rapids, MI 49505
(Plainfield Office)
(616) 361-6408
FAX (616) 361-6738

125 Ottawa Ave., NW
Suite 440
Grand Rapids, MI 49503
(Grand Rapids Commercial)
(616) 456-5700
FAX (616) 456-9925

2301 East Paris S.E.
Suite 200
Grand Rapids, MI 49546
(Kentwood Office)
(616) 975-3429
FAX (616) 975-3846

4250 Lake Michigan Drive N.W.
Grand Rapids, MI 49504
(Standale Office)
(616) 735-0070
FAX (616) 735-1234

4095 Chicago Drive SW
Grandville, MI 49418
(616) 538-2411
FAX (616) 538-1364

20879 Mack Ave
Grosse Pointe Woods, MI 48236
(313) 886-2221
FAX (313) 886-1007

117 State Street
Hart, MI 49420
(616) 873-2166
FAX (616) 873-2824

629 W. State Street
Hastings, MI 49058
(616) 945-9447
FAX (616) 945-5350

275 Hoover Blvd.
Holland, MI 49423
(616) 395-2100
FAX (616) 395-2199

275 Hoover Blvd.
Holland, MI 49423
(West Regional Office)
(616) 395-2100
FAX (616) 395-2701

225 W. Main Street
Ionia, MI 48846
(616) 527-3150
FAX (616) 527-3398

3227 S. Westnedge
Kalamazoo, MI 49008
(616) 383-1116
FAX (616) 383-1117

P.O. Box 154
Lakeville, MI 48366
(810) 752-0089
FAX (810) 752-6044

15851 S. US 27
Suite 21
Lansing, MI 48906
(DeWitt Office)
(517) 346-5285
FAX (517) 346-5290

421 S. Main Street
Lapeer, MI 48446
(810) 667-7126
FAX (810) 667-8035

45 South Jebaw
Ludington, MI 49431

5820 Eastman Ave.
Midland, MI 48640
(517) 832-3471
FAX (517) 832-7567

3044 Glade Street
Muskegon, MI 49444
(616) 733-6201
FAX (616) 733-5418

15 E. Pine Lake Drive
Suite 110
Newaygo, MI 49337
(616) 652-3200
FAX (616) 652-3222

322 E. Main Street
Suite 110
Niles, MI 49120
(616) 683-5500
FAX (616) 683-4231

2395 Jolly Road
Suite 165
Okemos, MI 48864
(517) 347-2140
FAX (517) 347-4277

2211 Association
Suite 500
Okemos, MI 48864
(Okemos Production Office)
(517) 349-3358
FAX (517) 349-4981

352 12th Street
Plainwell, MI 49080
(616) 673-2071
FAX (616) 673-6735

633 S. Main
Plymouth, MI 48170-1710
(734) 455-1000
FAX (734) 455-3410

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Suite 1
Portage, MI 49002
(616) 324-3500
FAX (616) 324-3052

125 E. University Dr.
Rochester, MI 48307
(248) 656-8686
FAX (248) 656-8689

4597 State Street
Saginaw, MI 48603
(517) 799-2533
FAX (517) 799-7489

4855 Sate Street
Suite 3
Saginaw, MI 48603
(Saginaw Escrow Office)
(517) 497-9585
FAX (517) 497-9589

14657 Northline
Southgate, MI 48195
(734) 285-6252
FAX (734) 285-6583

811 Ship Street
P.O. Box 380
St. Joseph, MI 49085
(Southwest Office)
(616) 983-7777
FAX (616) 983-7484

12900 Hall Road
Suite 160
Sterling Heights, MI 48313
(810) 254-4800
FAX (810) 254-9269

30800 Van Dyke
Suite 302
Warren, MI 48093
(810) 582-0822
FAX (810) 582-0222

7805 Cooley Lake Rd
Suite 300
West Bloomfield, MI 48324
(Union Lake Office)
(248) 360-6631
FAX (248) 360-6427

Indiana Locations

P.O. Box 4608
South Bend, IN 46634
(219) 233-8258
FAX (219) 233-8396

1600 W. Beardley Ave
Suite 107
Elkhart, IN 46514
(219) 293-9111
FAX (219) 293-3428

1419 N. Michigan
Suite 2
Plymouth, IN 46563
(219) 936-5525
FAX (219) 936-5921

TICOR TITLE INSURANCE

23 5072 107 00020020

Policy of Title Insurance

American Land
Title Association
Loan Policy
(10-17-92)

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, TICOR TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title.
4. Lack of a right of access to and from the land;
5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage;
7. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material;

- (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or
- (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;

8. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

This policy shall not be valid or binding until countersigned below by an authorized signatory of the Company.



TICOR TITLE INSURANCE COMPANY

By

President

Attest

Secretary

John A. Gray
Paul [Signature]



Judith K. Wise
Authorized Signatory

Exclusions from Coverage

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material); or
- (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

Conditions and Stipulations

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "insured": the insured named in Schedule A. The term "insured" also includes
 - (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);
 - (ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;
 - (iii) the parties designated in Section 2(a) of these Conditions and Stipulations.
- (b) "insured claimant": an insured claiming loss or damage.
- (c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (d) "land": the land described or referred to in Schedule A, or in Schedule C if not provided for in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in the applicable Schedule, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.
- (e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

(a) **After Acquisition of Title.** The coverage of this policy shall continue in force as of Date of Policy in favor of (i) an insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

(c) **Amount of Insurance.** The amount of insurance after the acquisition or after the conveyance shall in neither event exceed the least of:

- (i) the Amount of Insurance stated in Schedule A;
- (ii) the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or
- (iii) the amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to

provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS: TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) **To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.**

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or

(ii) to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of either of the options provided for in paragraphs a(i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) **To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.**

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2 (c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations, or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. LIMITATION OF LIABILITY

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.

9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto. However, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of the insurance afforded under this policy except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in Section 2(a) of these Conditions and Stipulations.

10. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

11. PAYMENT OF LOSS

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

12. SUBROGATION UPON PAYMENT OR SETTLEMENT

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights

and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection.

(b) The Insured's Rights and Limitations.

Notwithstanding the foregoing, the owner of the indebtedness secured by the insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of the insured mortgage by an obligor (except an obligor described in Section 1(a)(ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a)(i) of these Conditions and Stipulations.

13. ARBITRATION

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy; any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

15. SEVERABILITY

In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

16. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at Tigor Title Insurance Company, Claims Department, P.O. Box 2233, Los Angeles, California 90051.



Policy Issued By: Ticor Title Insurance Company

SCHEDULE A

File No.: CM-317152

Amount of Insurance:
\$2,760,000.00

Date of Policy:
Being the date of disbursement,
or the date of recording of insured
mortgage, whichever is later

Policy Number:
23 5072 107 20020

1. Name of Insured:

Comerica Bank, its successors and/or assigns

2. Title to the Fee Simple estate in the land which is encumbered by the insured mortgage is vested in:

The Johnson Group, L.L.C., a Michigan Limited Liability Company

3. The insured mortgage and assignments thereof, if any, are described as follows:

Mortgage in the original amount of \$2,760,000.00 executed by The Johnson Group, L.L.C., a Michigan Limited Liability Company, to Comerica Bank, dated July 26, 1999.

4. The land referred to in this policy is located in the County of Oakland, City of Novi, State of Michigan, and is described as follows:

(SEE EXHIBIT A LEGAL DESCRIPTION)



Issued By: Metropolitan Title Company
For additional information call (248) 446-2360

This policy is valid only if Schedule B is attached.

Signed By:

Judith K. Wise

EXHIBIT A

LEGAL DESCRIPTION

File No.: CM-317152

Policy No.: 23 5072 107 20020

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

PARCEL 1:

That part of the Southeast 1/4 of Section 16, Town 1 North, Range 8 East, Novi Township, Oakland County, Michigan (now City of Novi), beginning at a point distant North 00 degrees 59 minutes 30 seconds East 1325.6 feet and South 89 degrees 53 minutes 10 seconds West 208.71 feet, from the Southeast corner of said Section 16; thence South 89 degrees 53 minutes 10 seconds West 159.97 feet; thence North 00 degrees 59 minutes 30 seconds East 208.71 feet; thence North 89 degrees 53 minutes 10 seconds East 159.97 feet; thence South 00 degrees 59 minutes 30 seconds West 208.71 feet, to the point of beginning.

PARCEL 2:

That part of the Northeast 1/4 of the Southeast 1/4 of Section 16, Town 1 North, Range 8 East, Novi Township, Oakland County, Michigan, beginning at a point on the East line of Section 16, distant North 00 degrees 59 minutes 30 seconds East 1325.6 feet from the Southeast corner of Section 16; thence South 89 degrees 53 minutes 10 seconds West 208.71 feet; thence North 00 degrees 59 minutes 30 seconds East 208.71 feet; thence North 89 degrees 53 minutes 10 seconds East 208.71 feet; thence South 00 degrees 59 minutes 30 seconds West 208.71 feet along the East line of Section 16 to the point of beginning.

PARCEL 3:

Part of the Southeast 1/4 of Section 16, Town 1 North, Range 8 East, beginning at a point distant North 00 degrees 59 minutes 30 seconds East 1534.31 feet from Southeast Section corner; thence North 00 degrees 59 minutes 30 seconds East 211 feet; thence North 71 degrees 06 minutes 50 seconds West 387.34 feet; thence South 00 degrees 59 minutes 30 seconds West 337.13 feet; thence North 89 degrees 53 minutes 10 seconds East 368.68 feet to beginning.

Tax Item No. 22-16-451-028

ALSO DESCRIBED AS:

Part of the Southeast 1/4 of Section 16, Town 1 North, Range 8 East, City of Novi, Oakland County, Michigan, described as: Commencing at the Southeast corner of said Section 16; thence North 01 degrees 49 minutes 00 seconds West (described as North 00 degrees 59 minutes 30 seconds East) 1325.60 feet along the centerline of Taft Road (66 feet wide) to the point of beginning; thence South 87 degrees 04 minutes 40 seconds West 368.67 feet (described as South 89 degrees 53 minutes 10 seconds West 368.58 feet); thence North 01 degrees 49 minutes 00 seconds West (described as North 00 degrees 59 minutes 30 seconds West) 545.84 feet to a point on the centerline of Grand River Avenue (93 feet wide); thence South 73 degrees 55 minutes 20 seconds East (described as South 71 degrees 06 minutes 50 seconds East) 387.34 feet along said centerline of Grand River Avenue to said centerline of Taft Road; and thence South 01 degrees 49 minutes 00 seconds East (described as South 00 degrees 59 minutes 30 seconds West) 419.71 feet along said centerline of Taft Road to the point of beginning.

SCHEDULE B

File No.: CM-317152

Policy No.: 23 5072 107 20020

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

Part I

1. Liens for taxes and assessments which are not yet due and payable.
2. 1999 City Taxes DUE, but not yet delinquent.
3. Easement for water main in favor of City of Novi and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 10318, page 511, and Liber 10318, page 523, as to Parcel 3.
4. Temporary Grading Permit in favor of City of Novi and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 10318, page 520, as to Parcel 3.
5. Release of Right-of-Way in favor of County of Oakland and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 44MR, page 341, as to Parcels 2 and 3.
6. Release of Right-of-Way in favor of County of Oakland and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 5MR, page 242, as to Parcel 3.
7. Any rights, title interest or claim thereof to that portion of the land taken, used or granted for streets, roads or highways.

Part II

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that these matters are subordinate to the lien or charge of the insured mortgage upon the estate or interest: NONE

ENDORSEMENT

Issued By: Ticor Title Insurance Company

Attached to and forming part of the Policy of Title Insurance No.: 23 5072 107 20020

File No.: CM-317152, The Johnson Group L.L.C.

Restrictions, Encroachments, Minerals - ALTA Form 9 - Form 3500/TI

The Company insures the owner of the indebtedness secured by the insured mortgage against loss or damage sustained by reason of:

1. Any incorrectness in the assurance that, at Date of Policy:
 - (a) There are no covenants, conditions or restrictions under which the lien of the mortgage referred to in Schedule A can be divested, subordinated or extinguished, or its validity, priority or enforceability impaired.
 - (b) Unless expressly excepted in Schedule B:
 - (1) There are no present violations on the land of any enforceable covenants, conditions or restrictions, nor do any existing improvements on the land violate any building setback lines shown on a plat of subdivision recorded or filed in the public records.
 - (2) Any instrument referred to in Schedule B as containing covenants, conditions or restrictions on the land does not, in addition, (i) establish an easement on the land; (ii) provide a lien for liquidated damages; (iii) provide for private charge or assessment; (iv) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.
 - (3) There is no encroachment of existing improvements located on the land onto adjoining land, nor any encroachment onto the land of existing improvements located on adjoining land.
 - (4) There is no encroachment of existing improvements located on the land onto that portion of the land subject to any easement excepted in Schedule B.
 - (5) There are no notices of violation of covenants, conditions and restrictions relating to environmental protection recorded or filed in the public records.
2. Any future violation on the land of any existing covenants, conditions or restrictions occurring prior to the acquisition of title to the estate or interest in the land by the insured, provided the violation results in:
 - (a) impairment or loss of the lien of the insured mortgage; or
 - (b) loss of title to the estate or interest in the land if the insured shall acquire title in satisfaction of the indebtedness secured by the insured mortgage.
3. Damage to existing improvement, including lawns, shrubbery or trees:
 - (a) which are located on or encroach upon that portion of the land subject to any easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved.
 - (b) resulting from the future exercise of any right to use the surface of the land for the extraction or development of minerals excepted from the description of the land or excepted in Schedule B.
4. Any final court order or judgment requiring the removal from any land adjoining the land of any encroachment excepted in Schedule B.
5. Any final court order or judgment denying the right to maintain any existing improvements on the land because of any violation of covenants, conditions or restrictions or building setback lines shown on a plat or subdivision recorded or filed in the public records.

Wherever in this endorsement the words "covenants, conditions or restriction" appear, they shall not be deemed to refer to or include the terms, covenants, conditions or limitations contained in an instrument creating a lease.

As used in paragraphs 1(b)(1) and 5, the words "covenants, conditions or restrictions" shall not be deemed to refer to or include any covenants, conditions or restrictions relating to environmental protection.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Authorized Agent:

Metropolitan Title Company

(248) 446-2360

Signed By:


Validating Signatory

ENDORSEMENT

Issued By: Ticor Title Insurance Company

Attached to and forming a part of the Policy of Title Insurance No.: 23 5072 107 20020
File No.: CM-317152, The Johnson Group L.L.C.

Form TO 2789 D (4-86)

Paragraph 7 of the insuring provisions set forth on the face of this Policy is hereby replaced by the following:

7. Any statutory lien for labor or material, except to the extent that such lien is attributable to retainage held by the Insured, which now has gained or hereafter may gain priority over the lien of the Insured mortgage and which lien arises from labor performed or material furnished prior to July 26, 1999.

Notwithstanding the amount of insurance in Schedule A, the amount of insurance at Date of Policy is limited to \$0.00 being the aggregate of the mortgage proceeds actually disbursed at the Date of Policy under the mortgage set forth in Schedule A.4 of this policy, and this amount of insurance may only be increased by a Disbursement Endorsement which:

1. Extends the Date of Policy.
2. Increases the amount of insurance to the aggregate of the mortgage proceeds actually disbursed at the date of the Endorsement.
3. Extends the date of coverage against loss or damage by reason of statutory lien for labor or materials.
4. Amends Schedule B to disclose exceptions first appearing of public record or, if not of public record first known to the Company after Date of Policy, as same may have been last extended. Such Disbursement Endorsement shall, however, insure the insured against loss or damage arising from any recorded statutory lien for labor or material to the extent that such lien arises from labor performed or material furnished prior to a date through which such insurance has been provided by this Policy as previously endorsed.

This Policy does not insure completion of improvements, their compliance with plans and specifications, or the sufficiency of the mortgage proceeds or funds from any other source as adequate to complete any improvements now or hereafter to be located on the land.

The total liability of the Company under the Policy and this Endorsement shall not exceed, in the aggregate, the face amount of the Policy and costs which the Company is obligated under the Conditions and Stipulations thereof to pay.

Nothing herein contained shall be construed as extending or changing the effective date of said policy, unless otherwise expressly stated.

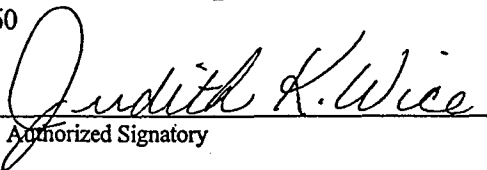
This endorsement, when countersigned below by a Validating Signatory, is made a part of said policy and is subject to the Exclusions from Coverage, schedules, conditions and stipulations therein, except as modified by the provisions hereof.

Authorized Agent:

Metropolitan Title Company

(248) 446-2360

Signed By:


Authorized Signatory