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June 25, 2004

TORVAL E. STROM
(1885-1946)
WHEATON L. STROM
(1914-1974)

PLEASE REFER TO
OUR FILE NO.
040012s

Mr. Bert Grover
President
Maggie Lakes Owners' Association, Inc.
N 7043 Lower Lake Road
Gresham, WI 54128

Re: Maggie Lakes Owners' Association, Inc.

Dear Mr. Grover:

The purpose of this letter is to explain the legal structure of Maggie Lakes Owners' Association, Inc. We will discuss the overall Association which has been incorporated as a Michigan Non-Profit Corporation. We will also discuss the condominium.

1. ONE LEGAL ENTITY NAMED MAGGIE LAKES OWNERS' ASSOCIATION, INC.

The legal structure includes only one legal entity. Its name is Maggie Lakes Owners' Association, Inc. It is a membership-based Non-Profit Michigan Corporation. The members elect the Board of Directors and Officers. The Articles of Incorporation have been filed with the State of Michigan.

The Articles of Incorporation for Maggie Lakes Owners' Association, Inc. were accepted and filed by the State of Michigan on June 10, 2004. A copy of the **Filing Endorsement** and Articles of Incorporation are attached.

New Bylaws are proposed for adoption. A copy is attached.

2. CONDOMINIUM IS GOVERNED BY MAGGIE LAKES OWNERS' ASSOCIATION, INC.

The new Bylaws restate the Bylaws of the previous organization known as the "Association," and integrate the co-owners of the Maggie Shores Site Condominium Development into the Association.

The condominium has an entirely separate set of legal documents. The Condominium Bylaws of Maggie Shores, A Site Condominium, were recorded at Liber 335, Pages 96-109. The new Bylaws supplement, but do not supercede the Condominium Bylaws.

The Association, which is now incorporated, will have a single Board of Directors. The Board of Directors will manage the Association and the condominium. The Condominium Bylaws recorded at Liber 335, Page 996, state that the Association will manage, maintain, operate, and administer the common elements, easements, and, generally, the affairs of the condominium.

It is not, in our opinion, legally necessary to have a separate Board of Directors to administer the condominium, separate from the Association. The Association's lot owners and the condominium co-owners share many of the common elements and the legal documents integrate all into one entity.

3. ISSUES UNIQUE TO CONDOMINIUM:

Given the unique structure, not many issues unique to the condominium come to mind. The Condominium Bylaws and the Association's new Bylaws compliment each other. Michigan law requires that if an Association of co-owners administering the affairs of the condominium project is a corporation, the Corporation's Bylaws must be designated Corporate Bylaws or Association Bylaws and must not be confused with the Condominium Bylaws, which must be designated as the Condominium Bylaws. [Michigan Administrative Code R 559.501]

For the most part, the two sets of Bylaws are consistent.

However, some issues unique to the condominium may arise where resort to the Condominium Bylaws must be made. For example, mortgagee rights in a condominium project would be one area where the condominium law would differ than mortgagee rights as to lot owners outside the condominium. As to the condominium, mortgagees would have special voting rights if the underlying condominium documents, such as the Master Deed, were to be amended.

One could imagine other possible issues that would be unique to the condominium owners, but not to the other lot owners. For example, if the co-owners wished to amend the condominium project in ways that would not effect the common use of the common elements with the other lot owners, such issues would be unique to the condominium project.

If there were unique condominium issues not common to the other lot owners in the Association, then the Board of Directors would need to address these as they arose.

4. RATIFICATION OF ARTICLES OF INCORPORATION AND ADOPTION OF BYLAWS:

Now that the Articles of Incorporation have been filed with the State of Michigan, it would be our recommendation that your Board of Directors ratify the Articles of Incorporation and recommend to the members that the Articles of Incorporation be ratified.

We also recommend that your Board of Directors adopt the proposed Bylaws. We recommend that your Board of Directors recommend to the members that the Bylaws be adopted. Once adopted, the Bylaws must be recorded with the Register of Deeds.

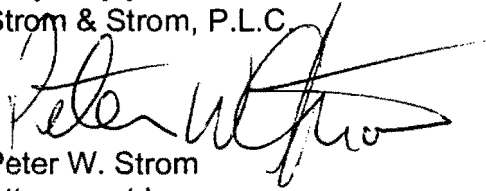
There was one paragraph in the Articles of Incorporation that you wanted clarified. Paragraph 12 on the ATTACHED SHEET refers to the Internal Revenue Code, Section 528. I have attached a copy of Section 528, as you requested. This defines the powers of a Condominium Management Association to include providing for the acquisition, construction, management, maintenance, and care of Association property.

5. CONCLUSION:

In conclusion, there is one legal entity known as the Maggie Lakes Owners' Association, Inc. This Michigan Non-Profit Corporation will govern the lot owners and the Maggie Shores Site Condominium Project. The new Bylaws for the Association integrate the lot owners and co-owners. The Bylaws supplement but do not supercede the Condominium Bylaws. If there is a conflict between the new Bylaws and the Condominium Bylaws, the new Bylaws should prevail. We recommend that your Board of Directors ratify the Articles of Incorporation and recommend that the members ratify and adopt the Articles of Incorporation and Bylaws.

Thank you very much for the opportunity to address this matter.

Very truly yours,
Strom & Strom, P.L.C.


Peter W. Strom
Attorney at Law

PWS/ljb
Enclosures
040012s L1971

Michigan Department of Consumer and Industry Services

Filing Endorsement

This is to Certify that the ARTICLES OF INCORPORATION - NONPROFIT

for

MAGGIE LAKES OWNERS' ASSOCIATION, INC.

ID NUMBER: 781185

received by facsimile transmission on June 8, 2004 is hereby endorsed filed on June 10, 2004 by the Administrator. The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 10th day of June, 2004.

A handwritten signature in black ink, appearing to read "Andrew S. Mitchell".

, Director

Bureau of Commercial Services

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES**

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

Strom & Strom Attorneys at Law, PLC

Address

417 Ludington Street

City

Escanaba

State

MI 49829

Zip Code

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.
If left blank document will be mailed to the registered office.

ARTICLES OF INCORPORATION

For use by Domestic Nonprofit Corporations

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is:

MAGGIE LAKES OWNERS' ASSOCIATION, INC.

ARTICLE II

The purpose or purposes for which the corporation is organized are:

(See Attached Sheet)

ARTICLE III

1. The corporation is organized upon a nonstock basis.
(Stock or Nonstock)

2. If organized on a stock basis, the total number of shares which the corporation has authority to issue is

Not Applicable. If the shares are, or are to be, divided into classes, the designation of each class, the number of shares in each class, and the relative rights, preferences and limitations of the shares of each class are as follows:

ARTICLE III (cont.)

3. a. If organized on a nonstock basis, the description and value of its real property assets are: (if none, insert "none")
Common Areas, roadways, lakes, access to Brule River, two boat landings, common access between lake access to Rainbow Trail, and other interests.

b. The description and value of its personal property assets are: (if none, insert "none")
None .

c. The corporation is to be financed under the following general plan: Dues, Assessments, fees, and special assessments levied against Members.

d. The corporation is organized on a Membership basis.
(Membership or Directorship)

ARTICLE IV

1. The address of the registered office is:
485 Kalla Walla Trail Crystal Falls Michigan 49920
(StreetAddress) (City) (ZIP Code)

2. The mailing address of the registered office, if different than above:

(Street Address or P.O. Box) (City) Michigan (ZIP Code)

3. The name of the resident agent at the registered office is:
Al Pieper

ARTICLE V

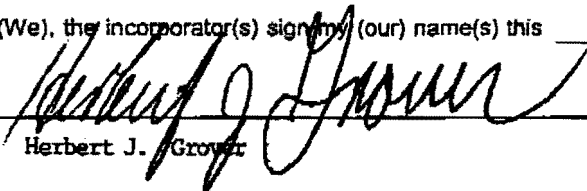
The name(s) and address(es) of the incorporator(s) is (are) as follows:

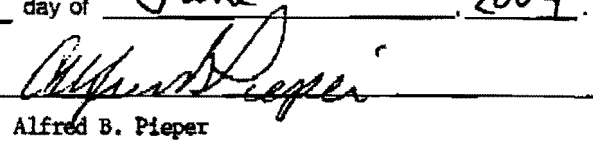
Name	Residence or Business Address
<u>Herbert J. Grover</u>	<u>N7043 Lower Lake Road, Gresham, WI 54138</u>
<u>Alfred B. Pieper</u>	<u>485 Kalla Walla Trail, Crystal Falls, MI 49920</u>

Use space below for additional Articles or for continuation of previous Articles. Please identify any Article being continued or added. Attach additional pages if needed.

See attached sheets.

I, (We), the incorporator(s) signing (our) name(s) this 8 day of June, 2004.


Herbert J. Grover


Alfred B. Pieper

ATTACHED SHEET-ARTICLES OF INCORPORATION MAGGIE LAKES OWNERS' ASSOCIATION, INC.

Article II. The purpose or purposes for which the corporation is organized are as follows:

1. Maintaining, preserving, supervising, and regulating the use of West Maggie Lake (also known as Starvation Lake), Big Maggie and Little Maggie Lake, certain Common Areas created within the Subject Property, each lot created or to be created within the Subject Property, and a 66-foot wide private easement roadway for ingress, egress and utility purposes, the centerline of which is described at Liber 313, Pages 411-414, Iron County Records for the use and enjoyment of those persons owning lands fronting on or adjoining said roadway(s), Common Areas(s) and/or lakes.
2. To manage maintain, operate, and administer the common elements, easements and, generally, the affairs of the Condominium in accordance with the Master Deed, these Bylaws, the Articles of Incorporation, Bylaw Section 1 recorded at Liber 335 Page 86, Iron County Records, and any Rules and Regulations of the Association, and laws of Michigan.
3. To levy and collect dues, assessments, and fees against and from the Members of the Corporation and to use the proceeds therefrom for the purposes of the Corporation, and to enforce assessments through liens and foreclosure proceedings where appropriate.
4. To carry insurance and to collect and allocate the proceeds thereof.
5. To contract for and employ, and to discharge, persons or business entities to assist in the management, operation, maintenance and administration of the Corporation and Condominium.
6. To make reasonable rules and regulations governing the use and enjoyment of the roadways, lakes, and Common Areas in the Properties by members and their tenants, guests, employees, invitees, families and pets and to enforce such rules and regulations by all legal methods, including, without limitation, imposing interest, or instituting foreclosure, eviction, or legal proceedings.
7. To own, maintain and improve, and to buy, sell, convey, assign, transfer, mortgage or lease (as landlord or tenant), or otherwise deal in any real or personal property, including, but not limited to, any lot, or Condominium unit, easement, right-of-way, license or other real property, whether or not within or contiguous to the Subject Property, to benefit the members of the Corporation and to further any of the purposes of the Corporation.

**ATTACHED SHEET-ARTICLES OF INCORPORATION MAGGIE LAKES
OWNERS' ASSOCIATION, INC.**

8. Subject to the approval of the Owners, to borrow money and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Corporation, and to secure the same by mortgage, pledge or other lien on the corporation property; provided however, that any such action shall be subject to limitation in amount and to voter approval as provided in the bylaws of the Condominium.
9. To enforce the provisions of the Covenants, Restrictive Covenants, Protective Covenants, Master Deed and Bylaws of the Association, Condominium and of these Articles of Incorporation and such Bylaws, rules and regulations of this Corporation as may hereafter be adopted, and to sue on behalf of the Association, Condominium, or the members and to assert, defend or settle claims on behalf of the members with respect to the Association and Condominium.
10. To do anything required of or permitted to it as Administrator of said Condominium by the Condominium Master Deed or bylaws or by Act No. 59 of the Public Acts of 1978, as amended.
11. In general, to enter into any kind of activity; and to make and perform any contract and to exercise all powers as necessary, incidental, or convenient to the administration, management, maintenance, repair, replacement and operation of the Association and Condominium and to the accomplishment of any of the purposes thereof not forbidden, and with all powers conferred upon non-profit corporations by the laws of the State of Michigan.
12. In all cases, this Corporation shall not have any powers in excess of powers allowable to Condominium management Associations under the Internal Revenue Code, with specific reference to IRC Section 528.
13. To receive and administer funds; to acquire, invest, dispose of, and deal with real and personal property and interests therein; and to apply gifts, grants, contributions, bequests and devises, and the income and proceeds thereof, in furtherance of the purposes of the Corporation, with all the powers conferred upon it by the provisions of the Michigan Nonprofit Corporation Act (the "Act") and by the Articles of Incorporation and the bylaws of the Corporation.
14. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers or other private persons, except that the Corporation shall be authorized to pay reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth in Article II.

**ATTACHED SHEET-ARTICLES OF INCORPORATION MAGGIE LAKES
OWNERS' ASSOCIATION, INC.**

Article VI. No member of the Board of Directors of the corporation who is a volunteer director, as that term is defined in the Act, or a volunteer officer shall be personally liable to this corporation or its members for monetary damages for a breach of the director's or officer's fiduciary duty; provided, however, that this provision shall not eliminate or limit the liability of a director or officer for any of the following;

- 1. a breach of the director's or officer's duty of loyalty to the corporation or its members;**
- 2. acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;**
- 3. a violation of section 551(1) of the Act;**
- 4. a transaction from which the director or officer derived an improper personal benefit;**
- 5. an act or omission occurring before the filing of these Articles of Incorporation; or**
- 6. an act or omission that is grossly negligent.**

If the Act is amended after the filing of these Articles of Incorporation to authorize the further elimination or limitation of the liability of directors or officers of nonprofit corporations, then the liability of members of the Board of Directors or officers, in addition to that described in Article VI, shall be eliminated or limited to the fullest extent permitted by the Act as so amended. No amendment or repeal of Article VI shall apply to or have any effect on the liability or alleged liability of any member of the Board of Directors or officer of this corporation for or with respect to any acts or omissions occurring before the effective date of any such amendment or repeal.