

ARTICLE 6 RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Use. No Unit in the Condominium shall be used for other than single-family residential purposes. The Common Elements shall be used only for purposes consistent with these uses. Neither the Units nor the Common Elements shall be used in violation of applicable zoning and other local ordinances or in violation of other pertinent laws and/or public regulations.

Section 2. Leasing and Rental.

(A) Right to Lease. A Co-owner may lease his Unit for the same purposes set forth in Section 1 of this Article 6, provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (B) below. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion.

(B) Leasing Procedure. A Co-owner, including the Developer, desiring to rent or lease a Unit shall disclose that fact in writing to the Association at least 10 days before presenting a lease form or otherwise agreeing to grant possession of a Unit to a potential lessee and at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If no lease form is to be used, then the Co-owner or Developer shall supply the Association with the name and address of the potential lessee, along with the rental amount and due dates under the proposed agreement. The leasing of Units in the Project shall also conform to the following provisions:

(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least 10 days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. Each time a Co-owner changes any term(s) of his lease form, the revised lease form must be re-submitted to the Association. Each Co-owner agrees to utilize any standard lease or sub-lease form(s) adopted by the Association. If Developer desires to rent Units before the Transitional Control Date, it shall notify either the Advisory Committee or each Co-owner in writing.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements shall so state.

(3) If the Association determines that the tenant or non-owner occupants have failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(i) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.

(ii) The Co-owner shall have 15 days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(iii) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct the arrearage from rental payments due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the Tenant.

Section 3. Architectural Control. No dwelling, structure or other improvement shall be constructed on a Unit, nor shall any exterior modification be made to any existing dwelling, structure or improvement, unless plans and specifications therefore, containing such detail as the required herein or as Developer may reasonably request, have first been approved in writing by the Developer. Construction of any dwelling or other improvements must also receive any necessary approvals from the necessary, local and State governmental authorities. This requirement for prior approval is intended to include the erection of antennas of any sort (including dish antennas), lights, aerials, accessory buildings or any other such exterior attachments, improvements or modifications.

A Co-owner may submit his or her plans in two stages, starting with the review of the preliminary plan only prior to incurring the expense of the final, working plans and specifications. Preliminary plans must include the location of the dwelling and any out-buildings or other improvements on the Unit. After the submission and approval of the preliminary plan, the Co-owner shall then submit the final, working plans and specifications for review. Final plans must include landscaping plans and a detailed description of any proposed tree trimming or cutting.

Once the Developer has been provided with the required plans and specifications, a response to the Co-owner shall be due within 30 days. If the reviewing body does not respond to the Co-owner within the 30 day time period, the plans and specifications shall be deemed approved as submitted. Any changes to an approved plan must be approved in advance by the Developer.

The minimum square footage of a dwelling constructed within a Unit shall be:

- a. For one-story dwellings, not less than 1,650 square feet; and
- b. For two-story dwellings (including bi-levels, tri-levels and other split levels), not less than 2,400 total square feet and not less than 1,400 square feet on the ground (or principal) level.

All computations of square footage for the minimums and maximums set forth above shall only include living area and shall specifically exclude garages, porches, terraces, breezeways and basements, whether or not any of the foregoing excluded areas are enclosed or heated.

The exterior design, construction materials and colors of all dwellings and structures must be compatible with the existing dwellings and harmonious with the residential/resort character of the area. The exterior color of a residence (and any outbuildings) must be white or earth-tone in color so as to match the natural surroundings. No design, material or exterior color which would not be compatible or harmonious shall be allowed.

All dwellings must be stick-built on site and must meet all existing Michigan Building Codes (former known as BOCA codes) as adopted by Emmet County. Modular, unitized, pre-fabricated, manufactured or single-wide dwellings, or HUD-compliant dwellings of any type shall not be allowed. The Developer can, at the Developer's sole discretion, require that dormers, gables, or such other breaks in the expanse of wall or roof be added to a dwelling before it can be approved. During construction the signage on a Unit shall be limited to one builder sign not greater than 2' x 3' in size. All roofs shall have a 7/12 pitch or greater slope, and any gable or dormer attached thereto shall have at least 2 pitch greater slope, except that the Developer may, in its discretion, allow lesser slopes on a case by case basis. The dwelling existing on Unit 5 at the time of the recording of these Bylaws is deemed to comply with all of the requirements of this Section.

Unless a basement is impossible because of some physical or topographic reason, each residence must have a full-height basement under at least half of the main level. Each residence must have an attached garage. Each residence must also have a hard surface driveway (of asphalt, cement, brick pavers or other similar hard surface acceptable to Developer). LP tanks shall be screened from view by shrubbery or other natural means. The size, location and screening of out buildings must be approved by the Developer prior to construction or placement.

All exterior construction must be completed within 12 months of commencement, except that certain finish items that require warmer weather for completion may be completed within a reasonable time. For the purposes of this paragraph, "completion" shall be defined as the issuance of a certificate of occupancy. A Co-owner may not take occupancy of a house until a certificate of occupancy has been issued and a copy delivered to the Developer.

A Co-owner may clear the trees and vegetation within the building envelope indicated on the Condominium Subdivision Plan attached to the Master Deed as its Exhibit "B" without prior approval. A Co-owner may only cut trees and vegetation within the side yards of his or her Unit that exceed six inches in diameter at breast height. A Co-owner may also remove dead, diseased or unsafe trees at any time without prior approval. The stumps of any trees that are cut down must be removed.

The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development. Developer shall have the right to refuse to approve any such plans or specifications or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or

other reasons; and in passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole.

Developer's rights under this Article 6, Section 3 may, in Developer's discretion, be assigned to the Association or other successor to the Developer. Developer's rights under this Article 6, Section 3 shall automatically be assigned to the Association upon the expiration of the Development and Sales Period. Developer may construct any improvements upon the Condominium premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents.

The Units in the project shall also be subject to the following restrictions regarding Water Wells, Wastewater Supplies and Wastewater Disposal and Treatment Systems:

1. The initial and replacement drainfield locations as depicted on the approved site development plan dated September 20, 2005 (revised), Benchmark Engineering, Inc., Bryan R. Nolan, PE, shall be preserved for that use by the Unit owner.

2. Initial and replacement drainfield areas are to be preserved by restricting vehicular traffic, filling or cutting of grade and placement of structures in those areas unless as described on the grading plan dated September 7, 2005, Benchmark Engineering for Units 15, 17, 18, 32, 33 and 41 through 43 or as otherwise directed by the local public health agency.

3. The on-site wastewater disposal/treatment system for Unit 60 is to have an elevated absorption bed located in the northwest corner of the Unit.

4. The tile field for the on-site wastewater disposal/treatment system for Unit 61 is to be located in the north end of the Unit.

5. The tile field for the on-site wastewater disposal/treatment system for Unit 2 is to be located in the southwest corner of the Unit.

6. All water wells shall be terminated in the limestone formation with a minimum of ten feet of well casing penetrating the formation and grouted in accordance with the water well construction rules for the State of Michigan from the bottom of the casing to the ground surface.

7. Wells must be constructed to provide water to the home at minimum sustainable capacity of 10 (ten) gallons per minute.

8. If in the future the water well for Unit 5 is replaced, the replacement water well must comply with the restrictions established for this development.

9. Permits for the installation of individual water wells and sewage disposal/treatment systems shall be obtained from Northwest Michigan Community Health Agency (local public health agency) prior to the commencement of any excavation or construction on any given Unit.

The above restrictions shall run in perpetuity and may only be amended or waived by the Northwest Michigan Community Health Agency.

Section 4. Alterations. No Co-owner shall make alterations, modifications or changes on his or her Unit without the express written approval of the Developer or, after the Development and

Sales Period, the Architectural Control Committee.

Section 5. Activities. No unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time, and the disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved.

Section 6. Pets. A Co-owner may maintain household pets, provided that the Co-owner abides by the following restrictions. No animal may be kept or bred for any commercial purpose, and each animal shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal that is potentially dangerous to humans or that is known to be damaging to personal property may be permitted to run loose at any time. All animals shall at all times be leashed and attended by some responsible person while on the General Common Elements. If asked by another Co-owner or by the Association, a Co-owner shall keep its pet off of another Co-owner's Unit or any General Common Area.

No savage or dangerous animal shall be kept and any Co-owner who causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefore. A Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. A Co-owner shall be responsible for any damage done by a pet brought on to the premises by a lessee of that Co-owner. No dog which barks and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article 2 of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association. In addition the Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations of the Association.

Section 7. Aesthetics. The Common Elements shall not be used for storage of supplies, materials, personal property, trash or refuse of any kind, except as provided in duly adopted rules and regulations of the Association. No unsightly condition shall be maintained on any Unit or Common Area, and no furniture or equipment shall be stored thereon during seasons when such areas are not reasonably in use. Trash receptacles shall be maintained in areas designated therefore. "For Sale" signs shall be limited to one sign not exceeding 2' x 3' in size per Unit. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Unit or upon any Common Element, which is detrimental to the appearance of the Condominium.

Section 8. Rules and Regulations. It is intended that the Board of Directors of the

Association may make rules and regulations from time to time to reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners.

Section 9. Utilities. All utility lines serving a single Unit, including water, gas, electric, telephone and cable TV, must be placed and maintained underground.

Section 10. Co-owner Maintenance. Each Co-owner shall maintain his Unit and the improvements thereon in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article 2 hereof.

Section 11. Vehicles. A single recreational vehicle such as a motor home may be parked or stored within a Unit for a period not to exceed thirty days. Otherwise, recreational vehicles may not be stored during the off-season of their intended use, and recreational vehicles may not be occupied or lived in while parked within a Unit. Commercial vehicles may not be parked or stored upon the Condominium Premises unless while making deliveries or pickups in the normal course of business. Inoperable vehicles of any type may not be stored upon the Condominium Premises unless inside of a garage. The operation of off-road vehicles and four wheelers is prohibited within the Condominium. The operation of snowmobiles on a Co-owner's own Unit and within the General Common Elements of the Condominium is allowed, but the Board of Directors may promulgate reasonable rules and regulations limiting said operation of snowmobiles.