

BY-LAWS

SURFWOOD PROPERTY OWNERS ASSOCIATION

ARTICLE I.

Membership: Membership shall be required of all owners of property in the Surfwood Subdivisions and application for membership subscribing to these by-laws shall be approved by the Association prior to the purchase of any lot or building site in the Surfwood Subdivisions.

ARTICLE II.

SHARES OF STOCK

SEC. 1 CAPITAL STOCK: The capital of the Corporation shall be divided into 500 non-assessable shares of \$10.00 par value Capital Stock, all of one class, with equal rights and privileges in all respects.

SEC. 2 CERTIFICATE OF SHARES: The Certificates for shares of the Capital Stock of the Company shall be in such form, not inconsistent with the Articles of Incorporation of the Company, as shall be prepared or be approved by the Board of Directors. The Certificates shall be signed by the President or Vice-President, and also by the Secretary.

SEC. 3 TRANSFER OF SHARES: Shares of the Capital Stock of the Company shall be transferred by endorsement of the certificates representing said shares by the registered holder thereof or his attorney, and its surrender to the Secretary for cancellation. Whereupon the Secretary shall issue to the transferee or transferees, as specified by the endorsement upon the surrendered certificates, new certificates for a like number of shares. Transfers shall be made upon the books of the Company only upon said surrender and cancellation; and shall entitle the transferee to all the privileges, rights and interests of a shareholder of the Company. Only natural persons may be shareholders in the Association, and in the event a corporation, partnership or other association other than a single person or a married couple shall desire to acquire property in the subdivision, such firm, corporation or group shall designate some sole natural person as its representative or trustee to hold and vote its or their stock in the corporation. The Association may treat and deal with such representative or trustee as if he were the sole beneficial owner of said stock, and only such designated individual, or his duly designated proxy, may attend or speak at shareholders' meetings or be eligible for office in the Association.

SEC. 4 LIEN: The Corporation shall have a lien upon all stock or property of its members invested therein, for all debts due to it by the owner thereof.

SEC. 5 LOST CERTIFICATES: In case of the loss of any certificate of shares of stock, upon due proof by the registered holder or his representatives, by affidavit of such loss, the Secretary shall issue a duplicate certificate in its place, upon the corporation being fully indemnified therefor.

BY-LAWS

page 2

SEC. 6 FISCAL YEAR: The fiscal year of the Company shall end on the 30th day of June in each year.

SEC. 7 CORPORATE SEAL: The Board of Directors shall provide a suitable corporate seal, which seal shall be in charge of the Secretary, and shall be used by him.

SEC. 8 RESTRICTIONS ON TRANSFER OF STOCK: In addition to the original incorporators membership in the Corporation shall be limited to those persons who are owners or lessees of the property in the Surfwood Community located in Section 19, Friendship Township, Emmet County, Michigan. Except for original issue of treasury stock no shares may be transferred either by sale, gift or testamentary disposition to a person who has not first been accepted for membership by the Board of Directors as subscribing to the purposes of the Corporation as set forth in its Articles and these By-Laws.

SEC. 9 CANCELLATION OF STOCK: By affirmative vote of three-fourths of the Board of Directors the membership stock of any shareholder may be cancelled in accordance with the Michigan General Corporation Law governing non-profit corporations for failure to pay and dues or special assessments which may be duly levied upon the membership if such default continues for a period of ninety (90) days after the same first becomes due and payable, and the stock of any shareholder may be similarly cancelled for refusal to abide by these By-Laws or such rules and regulations as from time to time may be promulgated by the Association for the government of the Surfwood Community.

ARTICLE III.

SHAREHOLDER'S MEETING

SEC. 1 TIME, PLACE AND PURPOSE: Meetings of the shareholders of the Company shall be held annually on or convenient to the Association property in Friendship Township, Emmet County, Michigan on the first Saturday of July, at 9 a.m. of each year, not a legal holiday, and if a legal holiday, then on the day following, (for as long as July 4 remains a holiday), for the purpose of electing directors, and for the transaction of such other business as may be brought before the meeting.

SEC. 2 SPECIAL MEETINGS: Special meetings of the Shareholders may be called by the President and Secretary, and shall be called by either of them at the request, in writing or by vote, of a majority of the Board of Directors, or at the request, in writing, by shareholders of record owning a majority in amount of the entire Capital Stock of the Company issued and outstanding.

SEC. 3 NOTICE: Written notice of any shareholders' meeting shall be mailed to each shareholder at his last known address, as the same appears on the stock book of the Company, or otherwise, at least ten (10) days prior to any meeting and any notice of special meeting shall indicate briefly the object or objects thereof. Nevertheless, if all the shareholders waive notice of the meeting,

no notice of the same shall be required, and whenever all the shareholders shall meet in person or by proxy, such meeting shall be valid for all purposes, without call or notice, and at such meeting any corporate action shall not be invalid for want of notice.

SEC. 4 QUORUM: At any meeting of the shareholders, the holders of 60% of the voting shares of the capital stock of the Company issued and outstanding, present in person or represented by proxy, shall constitute a quorum. Meetings at which less than a quorum is represented may, however, be adjourned from time to time to a further date by those who attend, without further notice other than the announcement at such meeting, and when a quorum shall be present upon any such adjourned day, any business may be transacted which might have been transacted at the meeting as originally called.

SEC. 5 VOTING: Each shareholder shall be entitled to one vote for each share of voting stock standing registered in his or her name on the books of the Company, in person or by proxy duly appointed in writing and filed with the Secretary of the meeting, on all questions and elections. No proxy shall be voted after one year from its date unless said proxy provides for a longer period. All elections or questions except a change in By-Laws shall be decided by a majority of the shareholders represented at a meeting properly constituted by a quorum.

SEC. 6 ORGANIZATION: The President shall call meetings of the shareholders to order and shall act as Chairman of such meetings, unless otherwise determined by the holders of a majority of all the shares of the capital stock issued and outstanding, present in person or by proxy. The Secretary of the Company shall act as Secretary of all meetings of the Company, but in the absence of the Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

SEC. 7 INSPECTORS: Whenever any shareholder present at a meeting of shareholders shall request the appointment of inspectors, a majority of the shareholders present at such meeting and entitled to vote thereat, shall appoint inspectors who need not be shareholders. If the right of any person to vote at such meeting shall be challenged, the inspectors of election shall determine such right. The inspectors shall receive and count the votes either upon an election or for the decision of any question and shall determine the result. Their certificate of any vote shall be prima facie evidence thereof.

SEC. 8 GIVING NOTICE: Any notice required by statute or by these By-Laws to be given to the shareholders, or to directors, or to any officer of the Company, shall be deemed to be sufficient to be given by depositing the same in a post office box, in a sealed, postpaid wrapper, addressed to such shareholder, director, or officer at his last known address, with postage prepaid, shall be considered as duly given at the date of mailing, and any person failing to do so designate his address shall be deemed to have waived notice of such meeting.

SEC. 9 NEW SHAREHOLDERS: Every person becoming a shareholder in this Company shall be deemed to assent to these By-Laws, and shall designate to the Secret-

BY-LAWS
page 4

tary the address to which he desires that the notice herein required to be given may be sent, and all notices mailed to such addresses, with postage prepaid, shall be considered as duly given at the date of mailing, and any person failing to so designate his address shall be deemed to have waived notice of such meeting.

SEC.10 RULES: Robert's Rules of Order shall govern shareholder's meetings.

ARTICLE IV.

BOARD OF DIRECTORS

SEC. 1 NUMBER, CLASSIFICATION, AND TERM OF OFFICE: The business and the property of the Company shall be managed and controlled by the Board of Directors.

The number of Directors shall be six (6), but this number may be changed from time to time by the alteration of these By-Laws. The first Board of Directors of this Corporation, named in the Articles of Incorporation, at its initial meeting shall by majority vote select a sixth director and shall by vote establish its Board into terms selecting two directors to serve for a term of one (1) year or until the annual meeting of shareholders to be held in the calendar year 1974, 2 directors to serve until the annual meeting to be held in calendar year 1975, and the remaining directors to serve until the annual meeting to be held in calendar year 1976. The terms of all directors elected subsequent to 1973 shall be for a term of three (3) years with two (2) such directors to be elected each year. Election shall take place at the annual meeting of shareholders by written secret ballot.

SEC. 2 PLACE OF MEETING: The Directors may hold their meeting in such place or places within Emmet County, Michigan, as a majority of the Board of Directors may, from time to time determine.

SEC. 3 MEETINGS: Meetings of the Board of Directors may be called at any time by the President or Secretary, or by a majority of the Board of Directors. Directors shall be notified in writing of the time, place and purpose of all meetings of the Board, except the regular annual meeting held immediately after the annual meeting of shareholders, at least three days prior thereto. Any Director shall, however, be deemed to have waived such notice by his attendance at any meeting.

SEC. 4 QUORUM: A majority of the Board of Directors shall constitute a quorum for the transaction of business, and if at any meeting of the Board of Directors there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

SEC. 5 VACANCIES: In the event a single vacancy occurs, the remaining five members of the Board shall by majority vote, appoint a member of the Association to fill the unexpired term. In the event that more than one vacancy in the Board occurs, simultaneously, the surviving members of the Board shall forthwith call a special meeting of the membership to fill the unexpired terms by election.

SEC. 6 COMPENSATION: No Director shall receive any salary or compensation for his services as Director, unless otherwise especially ordered by the Board of Directors or By-Laws.

ARTICLE V.

OFFICERS

SEC. 1 THE BOARD OF DIRECTORS SHALL elect a President, a Vice-President, a Secretary and a Treasurer at their regular annual Directors meeting held immediately after the adjournment of the regular stockholders meeting. The term of office shall be for one year and until their successors are elected and qualified.

SEC. 2 THE BOARD OF DIRECTORS MAY also appoint such other officers and agents as they may deem necessary for the transaction of the business of the Corporation. All officers and agents shall respectively have such authority and perform such duties in the management of the property and affairs of the Corporation as may be designated by the Board of Directors. Without limitation of any right of an officer or agent to recover damages for breach of contract, the Board of Directors may remove any officer or agent whenever, in their judgment, the business interests of the Corporation will be served thereby.

SEC. 3 THE BOARD OF DIRECTORS MAY secure the fidelity of any or all of such officers, by bond or otherwise.

ARTICLE VI.

DUTIES OF OFFICERS

SEC. 1 PRESIDENT: The President shall be the chief executive office of the Company, and in the recess of the Board of Directors shall have the general control and management of its business and affairs, subject, however, to the right of the Board of Directors to delegate any specific power except such as may be by statute exclusively conferred upon the President, to any other office or officers of the Company. He shall preside at all meetings of the Directors and all meetings of the Shareholders, unless otherwise determined by a majority of all the shares of the Capitol stock issued and outstanding, present in person or by proxy. He shall counter sign vouchers with the treasurer of the Association for payment of bills.

SEC. 2 VICE-PRESIDENT: In case the office of President shall become vacant by death, resignation, or otherwise, or in case of the absence of the President, or his disability to discharge the duties of his office, such duties shall, for the time being, devolve upon the Vice-President who shall do and perform such other acts as the Board of Directors may, from time to time, authorize him to do.

SEC. 3 TREASURER: The Treasurer shall have custody and keep account of all money, funds and property of the Company, unless otherwise determined by the Board of Directors, and he shall render such accounts and present such statement to the Directors and President as may be required of him. He shall deposit all funds of the Company which may come into his hands in such bank or banks as the Board of Directors may designate. He shall keep his bank accounts in the name of the Company, and shall exhibit his books and accounts, at all reasonable times, to any Director of the Company upon application at the office of the Company during business hours.

He shall pay out money as the business of the Association may require upon the order of the properly constituted officers of the Company, taking proper vouchers therefore, which have been countersigned by the President. The Board of Directors shall have the power by resolution to delegate any of the duties of the Treasurer to other officers, and to provide by what officers, if any other than the President, all bills, notes, checks, vouchers, orders or other instruments shall be countersigned. He shall perform, in addition, such other duties as may be delegated to him by the Board of Directors. He shall render annually to the general membership a full and complete account of all his transactions as treasurer and of the financial condition of the Association.

SEC. 4 SECRETARY: The Secretary of the Company shall keep the minutes of all the meetings of the shareholders and Board of Directors in books provided for that purpose; he shall attend to the giving and receiving of all notices of the Company; all contracts authorized by the Board of Directors, and when necessary shall affix the corporate seal of the Company thereto; he shall have charge of the certificate books, transfer books and stock ledgers and such other books and papers as the Board of Directors may direct; all of which, shall, at all reasonable times, be open to the examination of any Director upon application at the office of Secretary, and in addition such other duties as may be delegated to him by the Board of Directors.

ARTICLE VII

RULES FOR GOVERNING THE COMMUNITY

SEC. 1 COMMERCIAL USE OF PROPERTY: All commercial use of property has been prohibited by the building and use restrictions which have been imposed on each lot in the Surfwood Community. The prohibition upon commercial use of property shall not apply to lease of cottages or apartment or condominium units for terms exceeding two months, provided, the intended Lessee has applied for Associate membership in the Association and has been found acceptable to become a stockholder. Such an applicant may, subject to such administrative rules as may from time to time be formulated by the Board of Directors, be required to pay a reasonable application fee and may be required to agree in writing to abide by all the Articles, By-Laws and rules and regulations of the Association. The intended Lessee shall not necessarily be required to become a stockholder, and a non-stockholder who has been approved for membership shall be known as an Associate Member, but shall not be entitled to vote at any meeting of the Association. Cottages or apartments may be rented for weekends or other terms less than two months without regard to the proposed tenant's acceptability for membership in the Association providing these rules are posted in a conspicuous place and providing the short term rental of any property shall not exceed in any calendar year by a stockholder of this Corporation. Any property held and advertised exclusively for weekend or short term rental is forbidden and shall constitute cause for cancellation by the Board of Director of the stock in this Corporation of the owner. Every property owner renting property to a non-stockholder shall be responsible for advising his tenant of the Association's rules and regulations, deed restrictions of record and these By-Laws, and a vio-

lation of the same by such tenant shall be cause for appropriate disciplinary action under these By-Laws by the Board of Directors against the Stockholder-Lessor.

SEC. 2 STATEMENT OF POLICY IN REGARD TO PUBLIC WATER AND SEWER SERVICE: The Surfwood Community is not presently served by public water or sewer supply system, and the membership of this Coporation is aware of the necessity for the maintenance of good water supply and sewage disposal systems, particularly in areas such as Friendship Township experiencing rapid growth as a vacation area. State and local laws governing water supplies and sewage disposal problems are presently in a state of transition, and local governments are becoming more aware of the problems incident to population growth. In the event a public sewage disposal system or public water supply system shall be proposed or undertaken by the Township, the County, the State of Michigan or a governmental district formed for the purpose, the membership of this corporation pledges itself to join and assist in the creation of such a district or to the sale upon fair conditions of any water or water supply or sewage disposal system, which may at such time be owned by this Association to such governmental agency or district.

SEC. 3 DUES AND ASSESSMENTS: The Articles of Incorporation recite that among the purposes for which this Corporation is formed are to establish, develop and maintain community services and facilities for water supply, roads, garbage, and trash removal services and for other services of benefit to the Surfwood Community. To this end the Board of Directors is authorized and empowered in addition to the other general powers possessed by it under the Articles of Incorporation, these By-Laws and the Statutes of the State of Michigan to construct, operate and maintain a suitable water supply system to supply clean and wholesome water to the inhabitants of the Surfwood Community as defined in the Articles of Incorporation, to enter into contract and agreements relative to snowplowing, road maintenance, garbage and trash removal and to employ such agents, contractors, caretakers, watchmen, gatekeepers and grounds-men as the Board of Directors shall from time to time determine as necessary, desirable or convenient. To defray the cost of such improvements and services the Board of Directors is empowered to establish and levy upon the stockholders of this Corporation such annual dues or special assessments as may be needful or expedient. No services provided by the Association including water, if provided at some future date, shall be furnished to any premises or property within the Surfwood Community unless the record owner of such premises or property shall be the owner in good standing of at least 1 share of the capital stock of the Corporation.

SEC. 4 THE BOARD OF DIRECTORS from time to time at any annual or special meeting may formulate and publish rules and regulations for the keeping of the grounds owned by the Corporation, as well as rules relating to use and upkeep of privately owned properties within the Association relating to, but not by way of limitation, the times during which snowmobiles or recreational vehicles shall be forbidden ingress or egress to the Community and other matters relating to the appearance, sanitation, control of noise and the like of general benefit to the

Surfwood Community. Copies of such rules and regulations as may be formulated from time to time by the majority of the Board of Directors shall be available for inspection by the membership and other interested parties at the office of the Corporation, and rules and regulations so made shall take effect immediately upon enactment. Any rule or regulation so adopted by the Board of Directors may be rescinded or amended by action of the stockholders at any succeeding annual meeting of stockholders duly called for the purpose. The initial rules for local government adopted by the incorporators are annexed to these By-Laws and by reference incorporated herein.

ARTICLE VIII

AMENDMENTS

SEC. 1 THE SHAREHOLDERS or the Board of Directors may alter, amend, add to or repeal these By-Laws, including the fixing and altering of the Board of Directors at any annual meeting or at any special meeting duly called for the purpose upon affirmative vote of either two-thirds of the issued and outstanding capital stock of the Corporation or upon two-thirds of the membership of the Board of Directors; provided, however, the Board of Directors shall not make or alter any By-Laws fixing their qualifications, classifications or terms of office and further provided, a notice of the proposed alteration or amendment be contained in the notice of such meeting.

SURFWOOD PROPERTY OWNERS ASSOCIATION

RULES FOR LOCAL GOVERNMENT
(By-Laws Article VII Section 4)

The following governmental regulations have been adopted by the incorporators of the Surfwood Property Owner's Association pursuant to the By-Laws of the Corporation and by reference constitute a portion of the initial By-Laws of the Association. The following words when used in these rules for local government or any additions thereto shall have the following meaning:

- A. "Association" shall refer to the SURFWOOD Property Owner's Association.
- B. "The Properties" shall mean and refer to all existing properties in the plat of Surfwood and Surfwood #2, Friendship Township, as recorded in Emmet County Records. Land Masters, Inc. the developer, it's successors and assigns, shall have the right to bring additional lands into the jurisdiction of these rules. Such proposed additions if made shall become subject to assessment for their just share of association expenses. Equal use of the common properties shall be devoted to the common use and enjoyment of all owners of properties which are subject to these rules.
- C. "Common Properties" shall mean and refer to all such existing properties including the private roads, the Lake Michigan frontage, it's access, and any additions thereto.
- D. "Homesite" shall mean and refer to any single family residential lot or the site of any single family residential unit constructed as a part of a building on a multi-family lot.
- E. "Owner" shall mean and refer to the equitable owner whether one or more persons or entities holding any interest in any homesite situated upon the properties whether such ownership be in fee simple title, or as Land Contract vendee.
- F. "Member" shall mean and refer to every person or entity who holds an equitable interest or an undivided equitable interest in any homesite whether, as Land Contract vendee or fee holder, being subject to these covenants and restrictions and to assessment by the association shall be a member of the association provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member. Persons not holding an interest in any homesite may become non-voting members of the association under terms and conditions prescribed by it's Board of Directors.

Sec. 1 DECLARATION OF INTENT: It is the intent of these rules to enhance the natural woodland beauty and serenity of the grounds encompassed by this Association, to adopt rules for the active use of a homesite that will also insure a considerate attitude for other members, and to create rules that will result in a steady appreciation of property values.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 7

- (3) A description of exterior materials and color with samples.
 - (4) The Owner's proposed construction schedule and completion date if approval is granted.
- e. LAYOUT OF IMPROVEMENTS AT SITE - Prior to submitting the application for final approval, the owner and his architect, if any, shall have temporarily staked out the outlines of all proposed improvements to a homesite as well as the lot lines as originally surveyed.
 - f. ARCHITECTURAL COMMITTEE'S RIGHT TO REQUIRE AN ARCHITECT - If at any time, following an owner's notification of his proposed work, the Architectural Control Committee shall determine that it would be in the best interests of the Association for such owner to employ a registered Architect or Engineer to design any improvement involved in the proposed work, the Architectural Control Committee shall inform such owner in writing of its determination, whereupon all plans and specifications submitted pursuant to clause, (d) above must be prepared by such professionals.
 - g. ARCHITECTURAL COMMITTEE'S APPROVAL OR DISAPPROVAL - The Committee's approval or disapproval as required in these rules shall be in writing setting forth the reasons for such action. In the event the committee or its designated representative fails to approve or disapprove within 30 days after the application for building approval, with required documents have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and these rules shall be deemed to have been fully complied with.
 - h. OWNER'S RECEIPT OF CONDITIONAL APPROVAL - Upon receipt of the approval from the Architectural Control Committee, the owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all improvements pursuant to the approved plans and his proposed construction schedule.
 - (1) All exterior finishing of any improvement, including, but not limited to, backfill and grading, driveway and parking areas, foundation walls, exterior walls, doors, windows, and painting and staining must be completed within 6 months of the Architectural Committee's approval date.
 - (2) No building shall be inhabited prior to the completion of its exterior finishing and suitable sanitary facilities.
 - (3) All interior finishing of any improvements including finishing of the interior walls, floors, ceilings, cabinetry, mechanical elements, and decorating shall be completed within 12 months of the Architectural Committee's approval date.
 - (4) The Architectural Committee's completion date may be extended in writing by the Architectural Control Committee at its discretion, upon written request of the owner or his heirs, for delays due to strikes, fires, national emergencies, or natural calamities.
 - (5) If any owner fails to comply with this paragraph, the Architectural Control Committee shall notify the Association of such failure, and the Association, at its option shall either complete the exterior in accordance with the approved plans or remove the improvement, and the owner shall reimburse the Association for all expenses incurred in connection therewith.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 8

- i. FINAL INSPECTION - Upon the completion of any improvement, an owner shall give written notice to the Architectural Control Committee who shall have 30 days from that date to inspect the improvement to be certain that it has been completed in substantial compliance with the approved plans. If for any reason the Architectural Committee, or its duly authorized representative, finds that such improvement is not in conformity with the approved plans it shall notify the owner in writing of such non-compliance and require him to correct it within 45 days. In the event the owner should fail to correct the non-compliance within the specified time, the Architectural Control Committee shall notify the Association of such failure, and the Association, at its option, shall either remove the improvement or remedy it, and the Owner shall reimburse the Association for expenses incurred in connection therewith. If for any reason the Architectural Control Committee fails to notify the owner of such non-compliance within thirty (30) days after receipt of said notice of completion thereof from the owner, the improvement shall be deemed to be in accordance with said approved plans.

AGREEMENT

By and between: Land Masters, Inc., 5484 Pleasantview Road, Harbor Springs, Michigan 49740, Developer of Surfwood Subdivision, Friendship Township, Emmet County, Michigan, consisting of platted lots and unplatted parcels of land included in Surfwood Development by Land Masters, Inc.

And: The Surfwood Property Owners Association, a Michigan non-profit corporation with registered office c/o 5484 Pleasantview Road, Harbor Springs, Michigan 49740,

SURFWOOD LAND

The Surfwood Development is located on two parcels of land purchased by Land Masters, Inc. from Dean E. Shorter (et al), and described as follows (see attached map Addendum "A"):

Parcel 1 Purchased 9/15/71, includes Surfwood No. 1, 2, 3 and the Lake Michigan property and is described as follows:

Friendship Township, Emmet County, Michigan; The West 10 acres of the Southwest 1/4 of the Southeast 1/4 of Section 19, T36N, R6W; and

All of Govt. Lot 1 of Section 19, T36N, R6W, EXCEPT that portion thereof described as commencing at the West 1/4 corner of Section 19; thence along the North line of the Southwest 1/4 of said Section 19 N 89°48' E 18.21 feet to the centerline of Highway M-131; thence along said centerline in the following described courses: S 15°15'30" E 150 feet, S 4°55'30" E 259.85 feet, S 9°22'30" E 359.72 feet, S 7°47' E 572.46 feet, S 10°27'30" E 210.97 feet for a place of beginning, thence S 89°48' W 220 feet more or less to the West line of Govt. Lot 1 of said Section 19, thence Northerly 240 feet more or less to the Northwest corner of Govt. Lot 1 of said Section 19, thence Easterly along the North line of said Govt. Lot 1, 220 feet more or less to the centerline of M-131, thence along said centerline Southerly 240 feet more or less to the place of beginning; and

That part of the Northwest 1/4 of the Southwest 1/4 of Section 19, T36N, R6W, lying East of Highway M-131 and South of a fence line which traverses in a generally Easterly direction from said Highway M-131 and approximately 34 feet North of the North line of Govt. Lot 1 and which is specifically described as follows: Commencing at the West 1/4 corner of said Section 19, thence along the North line of the Southwest 1/4 of said Section 19 N 89°48' E 18.21 feet to the centerline of Highway M-131; thence along said centerline in the following described courses: S 15°15'30" E 150 feet, S 4°55'30" E 259.85 feet, S 9°22'30" E 359.72 feet, S 7°47' E 514 feet for a place of beginning of said fence line, thence along the line of a fence N 89°23' E to the East line of the Northwest 1/4 of the Southwest 1/4 of said Section 19.

Parcel 2 Purchased 4/6/73, includes Surfwood No. 4 and is described as follows:

Friendship Township, Emmet County, Michigan; The West 1/2 of the Northwest 1/4 of the Southeast 1/4 of Section 19, T36N, R6W, being 20 acres, more or less.

HISTORY

The Surfwood Property Owners Association is a Michigan non-profit corporation.

On October 5, 1973, the Surfwood Property Owners Association was authorized to transact business by the Michigan Department of Commerce with authority to issue 500 shares of stock. At the Initial Meeting of Incorporators on that date, Land Masters obtained 46 shares of Association stock for Surfwood Lots 1 - 46.

At the First Meeting of Directors on 10/5/73, Land Masters offered to convey its Lake Michigan property to the Association and construct access improvements from Shore Drive to the beach in exchange for the remaining Surfwood stock and the right to add additional members to the Association. The Association accepted this proposal and by the July 25th, 1975 Board of Directors meeting, the steps, boardwalk and sun deck were substantially complete and the board confirmed the exchange of 454 shares of stock for the Lake Michigan frontage.

Until December 31, 1975, Land Masters was the only stockholder and the only voting member of the Surfwood Association. After this, Land Masters transferred a share of stock to the original purchaser of each new lot and this same share of stock has been transferred to a subsequent owner whenever a lot has been re-sold.

At the May 4, 1976 Board of Directors meeting, a Warranty Deed to the beach property was requested from Land Masters and recorded in fulfillment of Land Masters part of the above agreement.

SURFWOOD STOCK

As of this date, 500 shares of authorized capital stock in the Surfwood Association are issued on the books of the corporation as follows:

Individual lot & parcel owners:	
Lots 1-12	12 shares
Lots 13-46 (except Lot 34 Assoc. Tennis Court)	33 shares
Lot 48,54,56,57,58,70	6 shares
Parcel 71	<u>1</u> share
Total issued to individual lot & parcel owners	52 shares
Land Masters, Inc. for lots & parcels still owned:	
Lots 47,49-53,55,59-69	18 shares
Parcels 72-79	<u>8</u> shares
Total issued to Land Masters for lots & parcels still owned	<u>26</u> shares
Total stock issued for all lots & parcels	78 shares
Lot 34 Association tennis court site (restricted in deed to park & recreational use, (non-voting unless it reverts to Land Masters, Inc. for violation of deed restrictions)	<u>+1</u> share
Total	79 share
Land Masters, Inc. in exchange for Lake Michigan frontage & improvements deeded 5/6/76 to the Association	<u>421</u> share
Total authorized & issued capital stock	<u>500</u> share

THE UNDERSIGNED PARTIES HEREBY AGREE AS FOLLOWS:

1. Land Masters shall have the right to vote on all issues provided for in the Surfwood By-Laws on the basis of one share of stock for each unsold building site consisting of a platted lot in Surfwood No. 3 or platted or unplatted parcels of land in Surfwood No. 4 which presently total 26 shares of stock. These shares of stock shall be transferred on the books of the Association to the individual purchasers of the above building sites at the time purchased.
 - a) In addition to the above, a Land Masters' representative may vote any proxy received from another Association member in accordance with Association By-Laws.
2. Land Masters, Inc. will limit its development to the present 79 total sites in Surfwood No. 1 through 4, Section 19, Friendship Township, Emmet County, Michigan instead of the 500 sites authorized by Association By-Laws. Land Masters, Inc. agrees not to vote the remaining 421 shares of Surfwood Association capital stock issued to it once this agreement is entered into.
3. As in the past, Land Masters shall not be charged Association dues, special assessments or other amounts of any kind for any reason or on unsold lots without its written permission. An unsold lot is defined as any lot or parcel which has not passed to the control of a new owner, but which remains under the control of Land Masters, Inc. Once a lot has been sold, or when the ownership has passed to another party, it will be subject to Association dues.
4. Purchasers of Surfwood lots and parcels in Surfwood No. 3 and 4 from Land Masters, Inc. shall be charged an initial Surfwood Association Membership fee of \$300.00 per building site, which amount shall not be increased. These fees shall be accounted for separately for the future maintenance or improvement of existing Association properties and shall not be used for operating expenses of the Association.
5. The Association shall readily transfer one share of stock on the books of the company from Land Masters, Inc. to each new owner of a lot or parcel in Surfwood No. 3 and 4 upon receipt of written request from Land Masters with name and address of new owner, The \$300.00 transfer fee and signed membership application from the new owner subscribing to the purposes of the corporation in satisfaction of Article II, RESTRICTIONS ON TRANSFER OF STOCK, Section 8 of the Surfwood By-Laws.
6. Land Masters, Inc. will continue to provide all maintenance, road maintenance and snow plowing necessary for Surfwood No. 3 and 4 until such time as Land Masters advises the Association in writing that the development phase of each portion is substantially complete; which shall occur on or before the time that 60% of the lots or parcels are sold in each phase.
 - a) Thereafter, as in the past, the Surfwood Association will assume responsibility for maintenance in this phase and Land Masters will contribute funds towards some of the Association's actual maintenance costs in an amount proportional to any unsold lots in that particular phase divided by total lots in the Surfwood development. (Example: 18 lots remaining in Surfwood No. 3 at this time ÷ 71 total finished lots = 25.352%).
 - b) This percentage will decrease when lots in Surfwood No. 3 are sold and will increase when the development phase of Surfwood No. 4 is completed and Surfwood Association is advised of this in writing by Land Masters. This percentage will be

adjusted annually and will eventually decrease to zero when all lots and parcels in Surfwood are sold.

c) As in the past, Land Masters' cost participation is subject to its annual pre-approval of a Surfwood maintenance schedule and cost budget. Land Masters will contribute a portion of the Association's actual maintenance costs (true costs without mark-up) for the following:

- Cost of maintaining exterior of barn/gatehouse and gatehouse grounds.
- Cost of barn/gatehouse electricity.
- Cost of mowing and plowing Surfwood Drive.
- Cost of maintaining, not resurfacing Surfwood Drive as Land Masters voluntarily paid for its original paving.
- Cost of mowing Shore Drive in front of Surfwood.

7. Surfwood Property Owners Association, including its Board of Directors, will continue to cooperate with Land Masters, Inc. in its development and sale of remaining platted lots, unplatted land or unplatted parcels of land in Surfwood No. 3 and 4.

8. Any amendments or changes to the Association By-Laws shall not adversely affect the rights of Land Masters, Inc. to market and sell the lots or parcels it has in Surfwood development including its rights to the Gatehouse Office per existing agreement dated 10/5/73.

9. The Board of Directors shall remain at 6 members while Land Masters still owns lots or parcels in the Surfwood development. Land Masters, Inc. will retain 2 seats on this 6 person Board of Directors until it has 12 or less lots or parcels of land remaining to sell in Surfwood. At that time it will retain 1 seat on this 6 person Board of Directors until it has sold its last lot or parcel of land in Surfwood Development.

10. The Association will not cancel any stock issued to Land Masters on the books of the company including any stock under Article II, CANCELLATION OF STOCK, Section 9 of the Surfwood By-Laws until it receives a written request from Land Masters, Inc.

11. At such time as Land Masters, Inc. has sold its last platted lot, unplatted land or unplatted parcels of land in the Surfwood Property Owners Association, it will return all unused stock to the Surfwood Property Owners Association with written request for permanent cancellation of this stock on the books of the Association.

Date: 6/14/96

LAND MASTERS, INC.,

BY:

Dean E. Shorter, pres.
Dean E. Shorter, President

Date: 7/5/96

BY THE SURFWOOD BOARD OF DIRECTORS:

Frank J. Ginder
Frank J. Ginder, President
Surfwood Property Owners Assoc.
as approved by a majority of directors
at the 7/5/96 Board of Directors Meeting

7/6/96 Frank J. Ginder
Frank J. Ginder, President
Surfwood Property Owners Assoc.
as approved by a majority of shareholders
at the 7/6/96 Annual Shareholders Meeting

8/10/96 Frank J. Ginder
Frank J. Ginder, President
Surfwood Property Owners Assoc.
as approved at a special meeting of shareholder
on 8/10/96 by more than a 2/3 majority vote

Handwritten initials/signature

SURFWOOD PROPERTY OWNERS ASSOCIATION

RULES FOR LOCAL GOVERNMENT
(By-Laws Article VII Section 4)

The following governmental regulations have been adopted by the incorporators of the Surfwood Property Owner's Association pursuant to the By-Laws of the Corporation and by reference constitute a portion of the initial By-Laws of the Association. The following words when used in these rules for local government or any additions thereto shall have the following meaning:

- A. "Association" shall refer to the SURFWOOD Property Owner's Association.
- B. "The Properties" shall mean and refer to all existing properties in the plat of Surfwood and Surfwood #2, Friendship Township, as recorded in Emmet County Records. Land Masters, Inc. the developer, it's successors and assigns, shall have the right to bring additional lands into the jurisdiction of these rules. Such proposed additions if made shall become subject to assessment for their just share of association expenses. Equal use of the common properties shall be devoted to the common use and enjoyment of all owners of properties which are subject to these rules.
- C. "Common Properties" shall mean and refer to all such existing properties including the private roads, the Lake Michigan frontage, it's access, and any additions thereto.
- D. "Homesite" shall mean and refer to any single family residential lot or the site of any single family residential unit constructed as a part of a building on a multi-family lot.
- E. "Owner" shall mean and refer to the equitable owner whether one or more persons or entities holding any interest in any homesite situated upon the properties whether such ownership be in fee simple title, or as Land Contract vendee.
- F. "Member" shall mean and refer to every person or entity who holds an equitable interest or an undivided equitable interest in any homesite whether, as Land Contract vendee or fee holder, being subject to these covenants and restrictions and to assessment by the association shall be a member of the association provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member. Persons not holding an interest in any homesite may become non-voting members of the association under terms and conditions prescribed by it's Board of Directors.

Sec. 1 DECLARATION OF INTENT: It is the intent of these rules to enhance the natural woodland beauty and serenity of the grounds encompassed by this Association, to adopt rules for the active use of a homesite that will also insure a considerate attitude for other members, and to create rules that will result in a steady appreciation of property values.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 2

SEC. II RESIDENTIAL USEAGE: No homesite shall be used except for single family residential purposes, and no business trade or enterprise of any kind or nature whatsoever shall be conducted or carried on upon a homesite. Nothing in this paragraph shall be deemed to prevent the leasing of a homesite from time to time by the owner subject to all of the restriction of the Association as provided in Article VII of the By-Laws.

- a. Each homesite and any improvements shall be maintained by the owner at his expense in good condition, in such a manner as to prevent its becoming unsightly or becoming a fire hazard.
- b. No noxious or offensive activity shall be carried on upon any homesite or lots, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to other owners in the enjoyment of their homesites or in their enjoyment of the Surfwood common areas.
- c. No exterior speakers, horns, whistles, bells or other sound devices, except security devices, shall be placed or used upon any homesite.
- d. No animals, livestock or poultry shall be raised, bred or kept on any lot, except dogs, cats and other household pets may be kept provided that they are not kept for any commercial purpose and also provided that by reason of numbers, noise or trespass on the lands of neighbors that they do not become an annoyance. An animal so maintained shall be kept on a leash or similar restraining device when allowed to leave the homesite.
- e. No signs whatsoever, shall be erected or maintained upon any homesite or lots, except
 - (1) Such signs as may be required by legal proceedings.
 - (2) One residential identification sign of a combined total face area of three [3] square feet or less for each residence.
 - (3) One job identification sign during construction, having a maximum face area of six [6] square feet.
 - (4) Signs erected by the developer Land Masters, Inc. advertising the availability for purchase of certain property.
- f. No house trailer, camper, mobile home, tent, animal shelter or similar building of a temporary nature shall be kept, placed or maintained upon any homesite or lot at any time. The provisions of this paragraph shall not apply to temporary construction shelter used exclusively in connection with the construction of any work approved by the Architectural Control Committee.
- g. No boat, trailer of any kind, recreational vehicle, or unlicensed vehicle shall be placed or maintained upon any homesite or lot other than within some building or out building constructed in conformity with these regulations.
- h. All garbage and trash shall be placed and kept in covered containers in a fenced or screened service area. In no event shall such containers be maintained so as to be visible from neighboring property or roadways or accessible to animals. The collection and disposal of garbage and trash shall be in strict compliance with the Association rules for trash pick-up service. Under no circumstances shall any rubbish or trash be buried on any homesite.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 3

- i. Outside clotheslines or other outside clothes drying or airing facilities shall be maintained exclusively within a fenced or otherwise screened service yard and shall not be visible from neighboring property or roadways.
- j. No fuel tank shall be maintained above ground on any homesite.
- k. There shall be no open fires whatsoever except barbecue fires in suitable private receptacles designed for that purpose. No burning of trash or other waste materials including leaves and brush shall be allowed at any time, other than with written permission of the Association.
- l. Guns, weapons, or other explosive devices are not to be fired, exploded or by any other means detonated on any homesite within the Association.
- m. No snowmobile, motorcycle, dune-buggy or other recreational vehicle shall be driven or operated within the Association except for necessary ingress or egress from a garage or other approved storage area to other lands not covered by these rules or except to an area designated by the Surfwood Association for recreational purposes.
- n. No power, telephone, gas or other utility line (wire, pipe or conduit) or television or radio antenna shall be installed which would be visible from another homesite or from a roadway.
- p. All improvements or alterations to improvements on a homesite must first have written approval of the Surfwood Architectural Control Committee prior to initiation as provided in Section III and IV of these rules. These include, but are not limited to the following:
 - (1) Fencing of any type to be installed on any homesite.
 - (2) Any change in the exterior color or appearance of any building or other improvement.
- q. Use of the Surfwood Lake Michigan Beach is limited to members, their immediate families and their accompanied guests.
 - (1) If a member wishes to utilize the beach area for a private gathering or party, he must first get written permission from the Surfwood Property Owners Association. In no event will such a gathering be given use of more than 25% of the available Surfwood beach area.
 - (2) Fires on the beach are prohibited except during barbecues permitted or provided by the Surfwood Association. Fires so permitted must be banked with sand and attended during their use and must be put out by the responsible member, prior to his leaving the beach area.
 - (3) Each member must be responsible for clean-up of all bottles, containers, or other articles, taken to the beach by him, his family, and his guests.
 - (4) No pets are allowed on the beach.
 - (5) A refuse container provided by the Surfwood Property Owners Association and located at the gatehouse is to be used for refuse from the beach area.
 - (6) Use of the beach area by property owners, their families, and their guests, is at their own risk. Children are not allowed on the beach area without the supervision of an adult.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 4

SEC. III ARCHITECTURAL CONTROL: Every effort has been made in the development of Surfwood to maintain the rural beauty of the site. This effort extends not only to the construction of roads which have the appearance of winding village lanes but also to the control of Architectural design so that homes will blend naturally with their surroundings.

(A) THE RIGHT of an owner to construct, refinish, alter, or maintain any improvement upon a homesite within the Surfwood subdivisions is absolutely prohibited until the owner of such homesite has first obtained the written approval therefor from the Architectural Control Committee as provided in the recorded building and use restrictions and as otherwise complies with the provisions of this section.

(B) THE LAND - The natural features, woodland growth and flowers, and terrain character of the land within the Association shall be preserved whenever possible. Except to the extent reasonably necessary for the construction of improvements for which the owner has obtained written approval pursuant to this section:

- (1) No living tree regardless of diameter shall be destroyed or removed from any homesite unless the owner of such homesite has first obtained the written approval of the Architectural Control Committee.
- (2) No excavation or fill shall be allowed which would be visible from a neighboring homesite or from a roadway.
- (3) No change shall be made in the natural or existing drainage for surface water.
- (4) In the event of any violation of this section the Association shall have the right to restore such homesite or lot to its state existing immediately prior to such violation. The owner of such homesite or lot shall reimburse the Association for all expenses incurred by it in doing so.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 5

(C) HOME STANDARDS FOR ARCHITECTURAL APPROVAL - Homes will be of an infinite number of concepts and ideas, all shapes, sizes, and styles, but the following standards will be used by the Architectural Control Committee in approving or disapproving an owner's plans, specifications, and other data.

- (1) No more than one single family residence shall be constructed on a single family homesite.
- (2) All improvements shall be constructed in accordance with the applicable building line and setback provisions set forth in the subdivision deed restrictions.
- (3) No reflective finishes, other than glass, door hardware, and electrical fixtures, shall be used on exterior surfaces visible from a neighboring homesite or roadway, including the exterior surfaces of any of the following: roofs, all projections above roofs, retaining walls, doors, trim, fences, pipes, equipment, mailboxes, and newspaper tubes.
 - (a) Exterior siding materials may be vertical, horizontal, board and bat, rough sawn, reverse board and bat, or other textures approved by the Architectural Control Committee in redwood, cedar, and certain plywoods. Colors will be natural hue wood stains. Certain stones bricks, and stucco will be permitted for outside chimneys, fireplaces, and accent treatment. No aluminum or vinyl siding will be allowed.
 - (b) All roofs will be shingled with cedar roof shingles or shakes or acceptable approved substitute.
- (4) Except for the necessary nails, bolts, and other approved connecting devices and hardware used in construction, all fences, screens and similar exterior structures shall be constructed solely of wood; provided, however, that the tennis courts, if Community area tennis courts are ever contemplated by the Association, may be constructed of other material.
- (5) In addition to enclosed garage or car-port capacity each improved homesite shall contain an exterior paved or graveled drive & parking space for at least two automobiles.
- (6) Each residence shall contain a fenced or otherwise screened service area to enclose all of the above-ground trash and garbage receptacles, clotheslines and other maintenance and service facilities used by the owner.
- (7) Each residence shall contain a sewage disposal system approved by the Architectural Control Committee and the public authority having jurisdiction. In no event shall sewage be discharged directly or indirectly into any water-course or into any place not approved by the Michigan Department of Health.
- (8) No power, telephone, gas or other utility line (wire, pipe or conduit) or television or radio antenna shall be installed which would be visible from another homesite or from a roadway.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 6

- (9) All utility lines and fuel tanks shall be constructed underground.
- (10) No water well or other independent water supply works or facility shall be constructed or maintained within any home-site if a source of community water is supplied to homesites by an Association water distribution system.
- (11) Ground cover and retaining wall materials should be proposed for areas excavated during construction. These may include, but are not limited to, ferns, mosses, wild flowers, and indigenous trees or shrubs, as well as railroad ties, logs of a durable species, and field stone and bark chips.

SEC. IV. ARCHITECTURAL CONTROL COMMITTEE: Any owner proposing to construct or to refinish or alter any part of any improvement at his home-site shall first apply in the following manner to the Architectural Control Committee, as provided herein:

- a. OWNER'S NOTIFICATION OF PROPOSED WORK - The owner shall notify the Architectural Control Committee in writing of the nature of his proposed work. The Architectural Control Committee shall thereupon furnish such owner with an application for approval which will summarize the various design controls applicable to the owner's homesite as well as a list of the items such as plans and specifications that will be required by the committee before it can consider final Architectural approval.
- b. OWNER'S RECEIPT OF APPLICATION - After the owner has read and studied the contents of the application for approval it is recommended that he and his architect, if any, request a time to meet with a member of the Architectural Control Committee in order to benefit from such member's knowledge of and experience with the Association's Restrictions and Architectural Control Committee Rules. Such meeting shall be held at a mutually convenient time at the office of the Surfwood Property Owners Association.
- c. PRELIMINARY ARCHITECTURAL APPROVAL - It is recommended that an owner or his architect submit a simple contoured site plan and preliminary drawings of any improvements in 1/8 inch scale to the Architectural Control Committee for tentative approval first to avoid unnecessary expense on the actual drawings.
- d. OWNERS APPLICATION FOR FINAL ARCHITECTURAL APPROVAL - The Owner shall submit his application to the Architectural Control Committee along with such plans and specifications for the proposed work as the Architectural Control Committee may from time to time request, including but without limitation, the following to be left on file with the Association for a permanent record if approved:
 - (1) A site plan of the lot with contour lines showing the dimensions location of all existing and/or proposed improvements, along with the proposed drainage plan, the driveway and parking areas, the proposed sanitary disposal system, and the proposed landscaping.
 - (2) A complete set of building plans with drawings of each floor and each elevation in 1/4" scale and a complete set of Specifications.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 7

- (3) A description of exterior materials and color with samples.
 - (4) The Owner's proposed construction schedule and completion date if approval is granted.
- e. LAYOUT OF IMPROVEMENTS AT SITE - Prior to submitting the application for final approval, the owner and his architect, if any, shall have temporarily staked out the outlines of all proposed improvements to a homesite as well as the lot lines as originally surveyed.
 - f. ARCHITECTURAL COMMITTEE'S RIGHT TO REQUIRE AN ARCHITECT - If at any time, following an owner's notification of his proposed work, the Architectural Control Committee shall determine that it would be in the best interests of the Association for such owner to employ a registered Architect or Engineer to design any improvement involved in the proposed work, the Architectural Control Committee shall inform such owner in writing of its determination, whereupon all plans and specifications submitted pursuant to clause, (d) above must be prepared by such professionals.
 - g. ARCHITECTURAL COMMITTEE'S APPROVAL OR DISAPPROVAL - The Committee's approval or disapproval as required in these rules shall be in writing setting forth the reasons for such action. In the event the committee or its designated representative fails to approve or disapprove within 30 days after the application for building approval, with required documents have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and these rules shall be deemed to have been fully complied with.
 - h. OWNER'S RECEIPT OF CONDITIONAL APPROVAL - Upon receipt of the approval from the Architectural Control Committee, the owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all improvements pursuant to the approved plans and his proposed construction schedule.
 - (1) All exterior finishing of any improvement, including, but not limited to, backfill and grading, driveway and parking areas, foundation walls, exterior walls, doors, windows, and painting and staining must be completed within 6 months of the Architectural Committee's approval date.
 - (2) No building shall be inhabited prior to the completion of its exterior finishing and suitable sanitary facilities.
 - (3) All interior finishing of any improvements including finishing of the interior walls, floors, ceilings, cabinetry, mechanical elements, and decorating shall be completed within 12 months of the Architectural Committee's approval date.
 - (4) The Architectural Committee's completion date may be extended in writing by the Architectural Control Committee at its discretion, upon written request of the owner or his heirs, for delays due to strikes, fires, national emergencies, or natural calamities.
 - (5) If any owner fails to comply with this paragraph, the Architectural Control Committee shall notify the Association of such failure, and the Association, at its option shall either complete the exterior in accordance with the approved plans or remove the improvement, and the owner shall reimburse the Association for all expenses incurred in connection therewith.

SURFWOOD RULES FOR LOCAL GOVERNMENT

page 8

- i. FINAL INSPECTION - Upon the completion of any improvement, an owner shall give written notice to the Architectural Control Committee who shall have 30 days from that date to inspect the improvement to be certain that it has been completed in substantial compliance with the approved plans. If for any reason the Architectural Committee, or its duly authorized representative, finds that such improvement is not in conformity with the approved plans it shall notify the owner in writing of such non-compliance and require him to correct it within 45 days. In the event the owner should fail to correct the non-compliance within the specified time, the Architectural Control Committee shall notify the Association of such failure, and the Association, at its option, shall either remove the improvement or remedy it, and the Owner shall reimburse the Association for expenses incurred in connection therewith. If for any reason the Architectural Control Committee fails to notify the owner of such non-compliance within thirty (30) days after receipt of said notice of completion thereof from the owner, the improvement shall be deemed to be in accordance with said approved plans.

BUILDING AND USE RESTRICTIONS FOR SURFWOOD, A PART OF THE SOUTH HALF OF SECTION 19, T36N, R6W, FRIENDSHIP TOWNSHIP, EMMET COUNTY, MICHIGAN, according to the plat thereof recorded January 28, 1972, in Liber 8 of Plats, Page 3, Emmet County Records.

1. LAND USE AND BUILDING TYPE. Lots #1 - 12 shall be used for single family residential purposes only, except that Lot #12 may be used for either single family residential purposes, multi-family residential purposes, or for recreational areas, water well sites, beach access, or improvements by the developer for utility and service purposes. Notwithstanding Paragraph 3 hereof said service improvements made by the developer shall not be subject to front and rear set-back requirements. For the lots restricted to single family residential purposes, no more than one (1) dwelling shall be constructed on any one lot. No building shall be inhabited prior to its exterior finishing, and no property owner shall park, erect or inhabit, or suffer to be parked, erected or inhabited, any house trailer, tent, shack, or other temporary structure on any lot in the above described subdivision. No property owner shall park or store, or suffer to be parked or stored, any snowmobile, motorcycle, dunebuggy, watercraft or other recreational vehicle or vessel or trailers for the transportation of the same, other than within some building or out building, located, designed and constructed in conformity with these restrictions. No such recreational vehicle shall be driven or operated on said land, except for necessary ingress and egress from the garage or other proper storage area to other lands not subject to these restrictions. No outdoor toilets shall be permitted to be erected or used upon said parcel.
2. ARCHITECTURAL CONTROL. No building shall be erected or placed on any lot until the construction plans and specifications and a plan showing the location of the structure have been approved by the Architectural Control Committee as to quality of workmanship and material, harmony of structural design with existing structures and as to location with respect to topography and finish grade elevation. Until such time as municipal water and sanitary sewer service is available to serve the subject land, no water well or septic system shall be constructed or utilized on said land without prior approval of the Architectural Control Committee as to plans, location and specifications thereof.
3. BUILDING LOCATION. No building or structure shall be located on any lot nearer than fifty (50) feet to any front lot line, or nearer than twenty-five (25) feet to any rear lot line, or nearer than ten (10) feet to any side lot line, or within thirty-five (35) feet of any road abutting a side lot line.
4. ARCHITECTURAL CONTROL COMMITTEE - MEMBERSHIP. The Architectural Control Committee is composed of Dean Shorter, of Route#2, Harbor Springs, Michigan; Lynda Shorter, of Route#2, Harbor Springs, Michigan; and Bill Fuller, of Route #2, Harbor Springs, Michigan. A majority of the committee may designate a representative to act for it. In the event of death or resignation of any member of the committee, the remaining members shall have full authority to designate a successor. Neither the members of the committee, nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. At any time the then record owners of a majority of the lots subject to these restrictions shall have the power through a duly recorded written instrument to change the membership of the committee or to withdraw from the committee or to restore it to any of its powers and duties.

State of Michigan } Recorded 2/2/72 1972 1972
 County of Emmet } 9:46
 Frank J. Behan
 REGISTER OF DEEDS

5. ARCHITECTURAL CONTROL COMMITTEE - PROCEDURE. The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the committee, or its designated representative fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.
6. TERM. These covenants are to run with the land and shall be binding on all parties and all persons claiming under or through them for a period of twenty-five (25) years from the date of the recording of this deed, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of lots or parcels consisting of the lands subject to these restrictions has been recorded agreeing to change said covenants in whole or in part.
7. ENFORCEMENT. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.
8. SEVERABILITY. Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

State of Michigan } Recorded 3rd Day of
County of Emmet } June A.D. 1974 At 2:00
O'clock P M
Frank J. Behan
REGISTER OF DEEDS

BUILDING AND USE RESTRICTIONS FOR SURFWOOD NO. 2, A PART OF THE SOUTHWEST QUARTER OF SECTION 19, TOWNSHIP 36 NORTH, RANGE 6 WEST, FRIENDSHIP TOWNSHIP, EMMET COUNTY, MICHIGAN, ACCORDING TO THE PLAT THEREOF RECORDED MAY 10, 1974 IN LIBER 9 OF PLATS, PAGES 30-31, EMMET COUNTY RECORDS.

1. LAND USE AND BUILDING TYPE. Lots 13 - 46 shall be used for single family residential purposes only, except that Lots 13, 29, 30 and 46 may be used for either single family residential purposes, multi-family residential purposes, or for recreational areas, water well sites, beach access, or improvements by the developer for utility and service purposes. Notwithstanding Paragraph 3 hereof said service improvements made by the developer shall not be subject to front and rear set-back requirements. For the lots restricted to single family residential purposes, no more than one (1) dwelling shall be constructed on any one lot. No building shall be inhabited prior to its exterior finishing, and no property owner shall park, erect or inhabit, or suffer to be parked, erected or inhabited, any house trailer, tent, shack, or other temporary structure on any lot in the above described subdivision. No property owner shall park or store, or suffer to be parked or stored, any snowmobile, motorcycle, dunebuggy, watercraft or other recreational vehicle or vessel or trailers for the transportation of the same, other than within some building or out building, located, designed and constructed in conformity with these restrictions. No such recreational vehicle shall be driven or operated on said land, except for necessary ingress and egress from the garage or other proper storage area to other lands not subject to these restrictions. No outdoor toilets shall be permitted to be erected or used upon said parcel.
2. ARCHITECTURAL CONTROL No building shall be erected or placed on any lot until the construction plans and specifications and a plan showing the location of the structure have been approved by the Architectural Control Committee as to quality of workmanship and material, harmony of structural design with existing structures and as to location with respect to topography and finish grade elevation. Until such time as municipal water and sanitary sewer service is available to serve the subject land, no water well or septic system shall be constructed or utilized on said land without prior approval of the Architectural Control Committee as to plans, location and specifications thereof.
3. BUILDING LOCATION. No building or structure shall be located on any lot nearer than fifty (50) feet to any front lot line, or nearer than twenty five (25) feet to any rear lot line, or nearer than fifteen (15) feet to any side lot line, or within thirty-five (35) feet of any road abutting a side lot line.

- 4. ARCHITECTURAL CONTROL COMMITTEE - MEMBERSHIP. The Architectural Control Committee is composed of Dean Shorter, of Route 2, Harbor Springs, Michigan; Lynda Shorter, of Route 2, Harbor Springs, Michigan; and Bill Fuller, of Route 2, Harbor Springs, Michigan. A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. At any time the then record owners of a majority of the lots subject to these restrictions shall have the power through a duly recorded written instrument to change the membership of the Committee or to withdraw from the Committee or to restore it to any of its power and duties.
- 5. ARCHITECTURAL CONTROL COMMITTEE - PROCEDURE. The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representative fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.
- 6. TERM. These covenants are to run with the land and shall be binding on all parties and all persons claiming under or through them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of lots or parcels consisting of the lands subject to these restrictions has been recorded agreeing to change said covenants in whole or in part.
- 7. ENFORCEMENT. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.
- 8. SEVERABILITY. Invalidation of any one of these covenants by judgment or Court Order shall in no wise affect any of the other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, LAND MASTERS, INC., a Michigan corporation of Pleasantview Road, Harbor Springs, Michigan, Proprietor of the Plat of Surfwood No. 2, has caused these restrictions to be published this 3rd day of June, 1974, acting by its duly authorized officers and pursuant to authority of its Board of Directors.

LAND MASTERS, INC.
Dean E. Shorter

By: _____
 Dean E. Shorter, Its President

And By: *Lynda R. Shorter*

 Lynda R. Shorter, Its Secretary.



STATE OF MICHIGAN)
) ss.
COUNTY OF EMMET)

On this 3rd day of June, 1974, before me, a Notary Public in and for said County, appeared DEAN E. SHORTER and LYNDA R. SHORTER, to me personally known, who, being by me duly sworn, did each for himself say that they are respectively the President and Secretary of LAND MASTERS, INC., the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said DEAN E. SHORTER and LYNDA R. SHORTER acknowledged said instrument to be the free act and deed of said corporation.

Sherry R. Lawrason
Sherry R. Lawrason
Notary Public, Emmet County, Michigan
My commission expires: March 27, 1977

This Instrument Prepared By:

CLARK, STROUP, BROWN, MacKENZIE & POINTNER (NWS)
Attorneys at Law
First National Bank Building
Petoskey, Michigan 49770

1933 JAN 11 PM 2:00

Edward L. Rice

BUILDING AND USE RESTRICTIONS FOR THE PLAT OF SUREWOOD NO. 3, A PART OF THE SOUTH ONE HALF OF SECTION 19, TOWNSHIP 36 NORTH, RANGE 6 WEST, FRIENDSHIP TOWNSHIP, EMMET COUNTY, MICHIGAN:

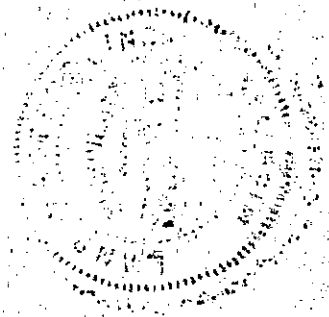
1. LAND USE AND BUILDING TYPE. Lots 47 - 70 shall be used for single family residential purposes only, except that Lot 47 may be used for either single family residential purposes or for recreational purposes, water well sites, or improvements by the developer for utility and service purposes. Notwithstanding Paragraph 3 hereof, said service improvements by the developer shall be subject to a front line setback of forty (40) feet and sideline setbacks of twenty (20) feet. No more than (1) dwelling shall be constructed on any one lot. No building shall be inhabited prior to its exterior finishing, and no property owner shall park, erect or inhabit, or suffer to be parked, erected or inhabited, any house trailer, tent, shack, or other temporary structure on any lot in the above described subdivision. No property owner shall park or store, or suffer to be parked or stored, any snowmobile, motorcycle, moped, watercraft or other recreational vehicle or vessel or trailers for the transportation of the same, other than within some building or out building, located, designed and constructed in conformity with these restrictions. No such recreational vehicle shall be driven or operated on said land, except for necessary ingress and egress from the garage or other proper storage area to other lands not subject to these restrictions. No outdoor toilets shall be permitted to be erected or used upon said lots.
2. ARCHITECTURAL CONTROL. No building shall be erected or placed on any lot until the construction plans and specifications and a site plan showing the location of the structure and any improvements have been approved by the Architectural Control Committee as to quality of workmanship and material, harmony of structural design with existing structure; and as to location with respect to topography and finish grade elevation. Until such time as municipal water and sanitary sewer service is available to serve the subject land, no water well or septic system shall be constructed or utilized on said land without prior approval of the Architectural Control committee as to plans, location and specifications thereof.
3. BUILDING LOCATION. No building or structure shall be located on any lot nearer than fifty (50) feet to any front lot line, or nearer than fifty (50) feet to any rear lot line or nearer than twenty (20) feet to any side lot line, or within forty (40) feet of any road abutting a side lot line, except that Lots 55, 56, 57, 58, 59, and 60 shall not have a building or structure located nearer than thirty-five (35) feet to the rear perimeter setback line shown on said plat and Lots 52 and 60 shall not have a building or structure located closer to their side lot line than the perimeter setback line shown on said plat.
4. OPEN SPACE SETBACK AREA. An open space setback area has been established by the perimeter setback line shown on the Plat of Surfwood No. 3 across Lots 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, and 60, which shall be maintained as a natural wooded area in its natural tree and shrub condition. No paved surfaces, parking areas or buildings of any kind shall be allowed or established in said area. No vehicles of any kind; excepting for properly authorized service vehicles, shall be allowed to operate in said area. With prior written approval of the Architectural Control Committee, pathways and trails may be permanently laid out, improved and maintained in the perimeter setback area shown on the plat for shared maintenance and exclusive use by lots directly abutting such paths or trails in said open space setback area. Nothing in these restrictions shall be interpreted to prohibit selective cutting in the open space area to remove dangerous or fallen trees or cutting necessary to maintain the property line of Surfwood No. 3 or selective cutting of any other trees and shrubs that may prevent the open space setback area from being retained in a healthful growth condition. Subject to Architectural Control Committee approval, specific trees and shrubs may be trimmed or pruned to create or enhance a view of the open space area from a particular building site abutting same.
5. ARCHITECTURAL CONTROL COMMITTEE - MEMBERSHIP. The Architectural Control Committee is composed of Dean E. Shorter, 5484 Pleasantview Road, Harbor Springs, MI; Lynda R. Shorter, 5484 Pleasantview Road, Harbor Springs, MI; and Brian K. Shorter, 5484 Pleasantview Road, Harbor Springs, MI. A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. At any time the then record owners of a ninety percent (90%) majority of the lots subject to these restrictions shall have the power through a duly recorded written instrument to change the membership of the Committee or to withdraw from the Committee or to restore to it any of its power and duties.
6. ARCHITECTURAL CONTROL COMMITTEE - PROCEDURE. The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representative fails to approve or disapprove within thirty (30) days after construction plans, specifications, site plan and other required information have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

- 7. TERM. These covenants are to run with the land and shall be binding upon all parties and all persons claiming under or through them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a ninety percent (90%) majority of the then owners of lots or parcels consisting of the lands subject to these restrictions has been recorded agreeing to change said covenants in whole or in part.
- 8. HEALTH DEPARTMENT REQUIREMENTS. Prior to site clearing, construction of driveways or excavation for building development, permits for onsite water supplies and sewage systems shall be obtained from the District Health Department or its successors by law.
- 9. ENFORCEMENT. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.
- 10. SEVERABILITY. Invalidation of any one of these covenants by judgement or Court Order shall in no wise affect any of the other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, LAND MASTERS, INC., a Michigan corporation of 5484 Pleasantview Road, Harbor Springs, MI, proprietor of the Plat of Surfwood No. 3, has caused these restrictions to be published this 21st day of August, 1992, acting by its duly authorized President and pursuant to authority of its Board of Directors.

Thomas D. Swenor
 Thomas D. Swenor
Carol J. Stewart
 Carol J. Stewart

LAND MASTERS, INC.
Dean E. Shorter
 BY: Dean E. Shorter
 DEAN E. SHORTER, ITS PRESIDENT



STATE OF MICHIGAN)
 COUNTY OF EMMET)

On this 21st day of August, 1992, before me, a Notary Public in and for said County, appeared DEAN E. SHORTER, to me personally known, who, being by me duly sworn, did say for himself that he is the President of LAND MASTERS, INC., the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors; and said DEAN E. SHORTER acknowledged said instrument to be the free act and deed of said corporation.

My commission expires: 7/13/96

Carol J. Stewart
 Carol J. Stewart Notary Public
 Emmet County, Michigan

This Instrument Prepared By:

LAND MASTERS, INC.
 Dean E. Shorter, President
 5484 Pleasantview Road
 Harbor Springs, MI 49740