



BYLAWS and COVENANTS

OF THE

Sugar Springs
Property Owners Association

BYLAWS SUGAR SPRINGS

ARTICLE I Definitions

Section 1. "Association" shall mean and refer to the Sugar Springs Property Owners Association, Inc. a non-profit corporation organized and existing under the laws of the State of Michigan.

Section 2. "Properties" shall mean and refer to all property described in Article II of the Declaration of the Covenants and Restrictions.

Section 3. "Common Properties" shall mean and refer to all property described in Article I (f) of the Declaration of Covenants and Restrictions.

Section 4. "Owner" shall mean and refer to the record owner whether one or more persons or entities, of a fee or undivided fee, interest or to a person or entity which has an interest as a contract purchaser in any Lot, or Living Unit situated upon the Properties but shall not mean or refer to any person or entity who holds such interest merely as a security for the performance of an obligation.

Section 5. "Member" shall mean and refer to any Owner who is a member of the Association.

Section 6. "Declaration of Covenants and Restrictions" shall mean the declaration of covenants and restrictions for Sugar Springs Subdivision and additions thereto which shall hereafter be recorded in the Gladwin County Register of Deeds on December 3, 1971.

Section 7. "Lot" shall mean and refer to any numbered lot shown upon any recorded final plat of the Properties.

Section 8. "Living Unit" shall mean and refer to any portion of a residential building situated in an area of the Properties set aside for condominium property and designed and intended for use as a residence by a single family.

Section 9. "Board" shall mean and refer to the board of directors of the Sugar Springs Property Owners Association, Inc.

ARTICLE II Location

Section 1. The principal office of the Association shall be located at SUGAR SPRINGS, 5477 Worthington Ct., Gladwin, Michigan 48624.

ARTICLE III Membership Rights in the Association

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee, interest or who shall have an interest as a contract purchaser in any Lot or Living Unit which is subject by covenants of record 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.

Section 2. The rights of membership are subject to the payment of general and special assessments levied by the Association, the obligation of which assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by Article IX of the Declaration of Covenants and Restrictions.

Section 3. The membership rights of any person whose interest in the Properties is subject to assessments under Article III, Section 2, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Board during the period when the assessments

remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Board has adopted and published regulations for the use, protection and preservation of the Common Properties as provided in Article IX, Section 1 (1D), they may in their discretion, suspend the rights of any such person for violation of such regulations for a period of not to exceed thirty (30) days.

ARTICLE IV

Voting rights of voting membership

The Association shall have one class of voting membership. Members shall be all of those owners, as defined in Article III, Section 1. Each member shall be entitled to one vote for each lot or living unit in which they hold the interests required for membership by Article III, Section 1. When more than one person holds such interest or interests in any lot or living unit all such persons shall be members, and a vote for such lot or living unit shall be exercised as they among themselves determine, provided that in no event shall more than one vote be cast with respect to any such lot or living unit. Lots or living units that have been combined, pursuant to the rules of Sugar Springs Property Owners Association, shall be treated as one lot or living unit.

ARTICLE V

Property Rights and Rights of Enjoyment of Common Property

Section 1. Each and every Member, his family members and guests residing with him/them in his household shall be entitled to the use and enjoyment of the Common Properties subject to reasonable regulations which the Board shall have the power to prescribe.

Section 2. Any Member who is owner of a Living Unit may delegate his rights to use and enjoyment of the Common Properties to any of his tenants who reside therein under a leasehold interest for a term of six (6) months or more.

Section 3. Such Member shall notify the secretary in writing of the name of any family member, guest or lessee entitled to use the Common Properties. The rights and privileges of such person are subject to suspension under Article III, Section 3, to the same extent as those of the member.

ARTICLE VI

Association Purposes and Powers

The Association has been organized for the following purposes and with the following powers:

Section 1. To promote the health, safety, and welfare of the residents within "the Properties," and for this purpose to:

- (a) Own, acquire, build, operate and maintain Common Properties;
- (b) supplement municipal services;
- (c) Fix assessments to be levied against Lots and Living Units;
- (d) enforce and administer any and all covenants, restrictions, easements and liens applicable to the Properties; and collect and disburse the assessments.
- (e) pay taxes, if any, on the Common Properties, and,
- (f) insofar as permitted by law, to do any other thing that, in the opinion of the Board will promote the common benefit and enjoyment of the residents of the Properties.

Section 2. Additions to the Properties may be made only in accordance with Article II of the Articles of Incorporation and the applicable provisions of the Declaration of Covenants and Restrictions.

Section 3. The Association may dedicate its properties, transfer its functions or dispose of its assets upon dissolution only in accordance with the applicable articles of the Articles of Incorporation and the applicable provisions of the Declaration of Covenants and Restrictions.

ARTICLE VII

Board of Directors

Section 1. The affairs of the Corporation shall be managed by a Board of eight (8) Directors, each of whom shall be (prior to being nominated for a position on the Board) a member in good standing of the Association. The normal term of office for a Director shall be three years, with the terms staggered so that either two or three positions for director are voted on any year. (The Board shall, by resolution, establish this rotation).

Section 2. Vacancies in the board shall be filled by the majority of remaining directors, any such appointed directors to hold office during the unexpired term of his predecessor; provided however, that a resigning Board member may not be reappointed to fill the vacancy of another for a term longer than that for which he was originally elected or appointed.

ARTICLE VIII

Election of Board: Nominating Committee; Election Committee

Section 1. Election to the Board shall be by written ballot as hereinafter provided. At such election, the members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration of Covenants and Restrictions applicable to the Properties. The names receiving the largest number of votes shall be elected.

Section 2. Nominations for election to the Board shall be made by a Nominating Committee which shall be one of the standing committees of the Association.

Section 3. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting.

Section 4. The Nominating Committee shall, prior to any election of Directors, make nominations the following manner:

- (A) Provide to the membership a written notice (either by the newsletter or some other means reasonably calculated to reach the members) of the upcoming election and the position or positions available.
- (B) Set forth a date that by which nominations must be received. This date shall be the first Monday in February (unless the Board of Directors sets a different date - i.e. to fill an open position).
- (C) Any member in good standing may be nominated to stand for election as Director. Nominations must be in writing. A member may nominate himself or herself.
- (D) The Nominating Committee shall make nominations for election to the Board but not less than the number of vacancies that are to be filled.
- (E) the Nominating Committee shall contact all individuals nominated to confirm that the individual is willing to have their name placed on the ballot. If the Nominating Committee is not able, after reasonable effort, to confirm that a member is willing to have their name placed on the ballot, the Nominating Committee may delete that name from the ballot.
- (F) The Nominating Committee may reject for reasonable cause the nomination of any member. The reason for rejection shall not be publicly published, but shall be in writing and made available (upon demand) to the member to whose nomination is rejected. Reasonable cause may include, but is not limited to, conviction of a felony, pending misdemeanor or felony actions, pending law suit in which the member is suing the Association, or a conflict of interest.
- (G) A Nominating Committee shall prepare a proposed ballot as provided in Section 5 of this article.
- (H) The proposed ballot shall be submitted to the Board of Directors of the Association in a timely manner, so as to enable the Board of Directors to review the ballot prior to presentation to the members.
- (I) After presentation of the proposed ballot to the Board of Directors, the responsibility (unless the Board directs the Nominating Committee to take further action) in regard to the election, from that point forward, be with the Board of Directors.

Section 5. All elections to the Board shall be made on written ballot which shall:

- (a) describe the vacancies to be filled;
- (b) set forth the names of those nominated by the Nominating Committee for such vacancies; and
- (c) contain a space for a write-in vote by the members for each vacancy. Such ballots shall be prepared and mailed by the secretary to the Members at least fourteen (14) days in advance of the date set forth herein for a return (which shall be a date not later than the day before the annual meeting or special meeting called for elections).

Section 6. The Secretary shall mail to each person entitled to vote, prepared ballot forms which shall state the number of votes which the voter is entitled to cast as a member or by proxy, provide for the signature of the member or his proxy, and such other information as shall establish his right to cast the votes contained on the ballot. The completed ballot shall be returned to the secretary at the address stated in the letter of transmittal. On the day set for the meeting at which elections are to be held, the secretary shall turn over the unopened ballots for counting by the Election Committee which shall be appointed by the Board. The Election Committee shall determine that the number of votes cast does not exceed the number allowed to the member or his proxy, that the signatures are genuine, and that if the vote is by proxy, that a proxy has been filed with the secretary as provided in Article XIV, Section 2, and that such proxy is valid." The signature of the member or his proxy shall appear on the upper left hand corner of the return mailing envelope only, together with the number of votes to which he is entitled; which number shall also be shown on the reverse side of the ballot(s) which are enclosed. The signatures shall be verified before the envelope is opened and the numbers on envelope and ballot compared before the ballot is opened. Envelopes not bearing a valid signature shall be voided and filed without opening, discrepancies in the number of votes shall be corrected by two members of the Election Committee, who shall initial the correction on the reverse side of the ballot without opening it. As soon as verification is completed, the Ballot and envelope shall be separated to assure secrecy.

ARTICLE IX

Powers and Duties of the Board

Section 1. The Board shall have power:

- (a) To call special meetings of the Members whenever it deems necessary and it shall call a meeting at any time upon written request of one-tenth (1/10) of the voting membership, as provided in Article XIII, Section 2.
- (b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these bylaws shall be construed to prohibit the employment of any Member, officer or director of the Association in any capacity whatsoever.
- (c) To establish, and collect the assessments referred to in Article III, Section 2.
- (d) To adopt and publish regulations governing the use, protection and preservation of the Common Properties.
- (e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those restricted to a meeting or to Members in the Declaration of covenants and restrictions.
- (f) In the event that any member of the Board shall be absent from three (3) consecutive regular meetings of the Board, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent director to be vacant.

Section 2. It shall be the duty of the Board:

- (a) to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special

meeting when such is requested in writing by one-tenth (1/10) of the voting membership, as provided in Article XIII, Section 2.

(b) To supervise all officers, agents and employees of this Association, and see that their duties are properly performed.

(c) As more fully provided in Article IX of the Declaration of Covenants and Restrictions:

(1) To fix the amount of the assessment against each Lot or Living Unit for each assessment period at least thirty days in advance of the date of the commencement of assessments as established by Article IX, Section 8 of the Declaration of Covenants and Restrictions, and at the same time;

(2) To prepare a roster of the Owners of the Lots with a dwelling house, Lots without a dwelling house and Living Units and assessments, applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member, and, at the same time;

(3) To send written notice of each assessment to every Owner subject thereto.

(4) To issue, upon request by any owner, written confirmation setting forth whether the assessment has been paid. This written notice will be confirmation that the assessment has been paid.

(5) The Board of Directors shall, for each year that a budget is prepared, balance the budget (so that expenditures do not exceed available reserves and anticipated revenues), except for the specific budget provisions contained in this Section that allow for a savings plan and /or limited borrowing. As part of having an annual balanced budget, the Board of Directors shall not, in any budget year, commit more than five percent (5%) of that years annually approved budget (the budget being defined as all revenues of the Association including but not limited to assessments, income and fees from the golf course and restaurant, and other received income) for any new amenity or facility, any additions or repairs, to an single line item expenditure, except under the following conditions:

(I) The Board of Directors may, by specific resolution, designate a savings program for a particular project. The savings as they accumulate (even if they end up totaling more than five percent (5%) of the annual budget) may be spent for the designated project. In order to implement this provision, the Board of Directors, must by resolution, identify the project for which a savings account is being established, establish a line item in the budget designating that particular account, and from that point forward may annually allocate to that account a specific amount from each years annual budget (not to exceed 5% in any one year). The monies allocated in this account shall be deposited in an interest bearing account (with the interest also accruing to the account) until such time as the Board of Directors may elect to expand such savings on the designated project. Nothing in this provision shall prevent the Board of Directors from, at any point, deciding to terminate all or part of such account. However, in such case the money saved must be returned to the general fund of the Association.

(II) In addition to the provisions set forth above regarding annual expenditures and/or savings, the Board of Directors may in addition borrow money on behalf of the Association in regard to a particular project or projects, so long as the annual budget payments required for any project or projects do not (in total annual payments) exceed five percent (5%) of the annual budget. In this case, the five percent (5%) requirement is measured in regard to the annual payments, not to the overall cost of the project. Pursuant to this requirement:

(1) The Association could borrow the money (in addition to savings or annually budgeted money) necessary for a construction, replacement, or repair project so long as the annual payments on loans to the Association - principal and interest - did not exceed five percent (5%) of the annual budget.

(III) In regard to this provision, if a vote of the membership is required, voting shall be done in the same manner as Article VIII, Section 6 of these Bylaws, with the issue being determined by a majority vote of the ballots received.

(IV) The provisions of this Section apply only to expenditures from the annual budget of the Association. Maintenance assessments shall continue to be voted on pursuant to Article IX of the restrictive covenants.

(d) To institute a newsletter which shall be published monthly from May through August and bi-monthly from September through April. The Newsletter, in addition to other information published, shall contain in the next succeeding issue, a summary of:

(1) board actions

(2) standing committee reports

(3) annual budgets and financial statements

(e) To cause an annual audit of the books and records of the Association by a qualified certified public accounting firm.

ARTICLE X

Board Meetings

Section 1. The Board, at its organizational meeting shall establish a schedule of regular meetings to be held during the ensuing year with a minimum of four (4) quarterly meetings to be held. A schedule of the date and hour of these meetings shall be published in the next succeeding newsletter. The Board may, by resolution, change the date and hour of holding the next succeeding meeting provided; that the date and hour stated in the resolution shall not be earlier than as stated in the original schedule for the holding of regular meetings.

Section 2. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

Section 3. Special meetings of the Board shall be held when called by any three directors after not less than seven (7) days written notice to each director. Such notice shall also be prominently displayed on all Association bulletin boards, and shall stipulate the specific matters to be discussed and acted upon. No other matters shall be considered.

Section 4. In an emergency, any action required by these Bylaws which must be taken at a meeting of the Board may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by a majority of all directors. Provided that any action so taken must be announced and duly recorded at the next regular meeting of the Board.

Section 5. The majority of the Board shall constitute a quorum thereof.

Section 6. Except as to Section four (4) of this article, any final decision on any action required by these Bylaws which must or may be taken at a meeting of the Board, must be made at a meeting which is open to all members in good standing who may address the Board prior to its final decision on such action or subject matter. Nothing contained herein shall limit the Board's right to establish reasonable rules on procedure governing such address.

Section 7. "Robert's Rules of Order" shall be used to determine parliamentary procedure.

ARTICLE XI

Officers

Section 1. The officers shall be a president, a vice-president, a secretary, and a treasurer. The president and the vice-president shall be members of the Board.

Section 2. The officers shall be chosen by majority vote of the directors.

Section 3. All officers shall hold office at the pleasure of the Board.

Section 4. The president shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out and sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 5. The vice-president shall perform all the duties of the president in his absence.

Section 6. The Secretary shall be ex-officio the Secretary of the Board, shall record the votes and keep minutes of all Board meetings and Association meetings, shall keep a record of the names and address of all members of the Association (see Article VIII, Section 3), and shall perform such other duties as the Board may reasonably request. In the absence of a Secretary at any meeting, the Presiding Officer of the meeting may designate a Deputy Secretary to serve.

Section 7. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board provided however, that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the president or the vice-president.

Section 8. The treasurer shall keep proper books of account, shall prepare an annual budget and an annual balance sheet statement and shall report on the annual budget and the balance sheet statement to the membership at its regular annual meeting.

ARTICLE XII Committees

The Standing Committees of the Association shall be:

- The Architectural and Environmental Control Committee
- The Budget Committee
- The Buildings & Grounds Committee
- The Election Committee
- The Golf Committee
- The Lakes Committee
- The Nominating Committee
- The Planning Committee
- The Recreation Committee

Unless otherwise provided herein, all standing and Special Committees shall consist of a Chairperson and two or more members and shall include one and only one member of the Board (except, in regard to the Golf Committee, the Presidents of the Men's and/or Women's Golf Association, may also be a Board member, in addition to the Board of Directors Board Representative). The Board member shall call an organizational meeting within 30 days of his or her appointment for the purpose of selecting a Chairperson and establishing procedures. The Committees shall be appointed by the Board prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting. The Board may appoint such other Committees as it deems desirable. The President of the Board of Directors or the General Manager (as the President's representative) shall be an ex-officio member of all Committees without the right to vote. All Committees shall make written annual reports to the Board of Directors regarding program needs and the fiscal nature of those programs. All committee programs are subject to review and modification by the Board of Directors.

Section 2. The Architectural and Environmental Control Committee shall have the duties, functions, and composition described in Article VII of the Declaration of Covenants & Restrictions, together with such other duties as may be assigned by the Board. The Architectural and Environmental Control Committee shall have the authority to designate one or more agents, for the purpose of reviewing plans, performing site views, meeting with property owners, or performing such other duties as the Committee may designate. Any agent appointed by the Committee shall not have independent decision making authority, but rather an agent shall have the duty and responsibility of working for and on behalf of the Committee to perform necessary investigations and reports. The Architectural and Environmental Control Committee shall, in all cases, make the final determination provided for and required by the restrictive covenants.

Section 3. The Budget Committee shall assist the Treasurer in the preparation of the annual budget. Such assistance may include but not necessarily be limited to review, analysis, and recommendations on special assessment fees, user fees, and any other financial matter. The Budget Committee shall prepare a report to the Board of Directors for submission or an appendix to the annual budget.

The Budget Committee shall consist of one member of the Board of Directors and not less than two (2) non Board members. The Board may enlarge the committee as it determines to be appropriate.

Section 4. The Buildings & Grounds Committee shall be responsible to review, analyze, and prioritize additions, maintenance and care of all buildings and grounds. The Buildings & Grounds Committee shall consist of one member of the Board of Directors, a Chairperson, a Recording Secretary, and not less than two (2) non Board members. The Board may enlarge the Committee as it determines to be appropriate.

Section 5. The Election Committee shall have the duties and functions described in Article VIII, Section 6. The Election Committee shall consist of one member of the Board of Directors and not less than two (2) non board members. The Board may enlarge the committee as it determines to be appropriate.

Section 6. The Golf Committee shall serve as a Golf Advisory Committee to the Board of Directors. The Committee shall consist of five (5) persons, the Board of Directors Board Representative, two (2) members appointed by the Board of Directors, the President of the Sugar Springs Men's Golf Association or his appointee, the President of the Sugar Springs Woman's Golf Association or her appointee.

Section 7. The Lakes Committee shall have the responsibility to develop and implement a lakes management program for the Sugar Springs Property Owners Association. The program shall include but not be limited to, a plan for weed control, silt control, shoreline stabilization, the control of docks and placement of docks on commons property, and the promoting of boating and water safety. The Lakes Committee shall have a Chairperson, Secretary, Board Representative and four (4) members at large.

Section 8. The Nominating Committee shall have the duties and functions described in Article VIII. The Nominating Committee shall consist of one member of the Board of Directors and not less than two (2) non Board members. The Board may enlarge the Committee as it determines to be appropriate.

Section 9. The Planning Committee shall serve as an advisory committee to the Board of Directors to create a comprehensive facility and operations master plan. Collaboration and prioritization of issues of long range focus will be the primary objective, with linkage to current short term planning. The Committee shall be composed of a Board of Directors Representative and no less than three (3) non Board Members. The Board of Directors may enlarge the Committee as it determines to be appropriate.

Section 10. The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational activities of the Association, and shall perform such other functions as the board in its discretion determines. The Committee shall be composed of the Board of Directors Representative and no less than ten (10) non Board Members. The Board of Directors may enlarge the Committee as it determines to be appropriate.

ARTICLE XIII Meetings of Members

Section 1. The regular annual meeting of the Members shall be held on the third Saturday of the month of June in each year, at the hour of 1:00 o'clock p.m. in Gladwin County, Michigan. If the day for the annual meeting of the Members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

Section 2. Special meeting of the Members for any purpose may be called at any time by the Board, or by any three members of the Board, or upon written request of the Members who have a right to vote one-tenth (1/10) of all of the votes of the entire membership or who have a right to one-tenth (1/10) of the votes of the Class A membership.

Section 3. Notice of any meetings shall be given to the Members by the secretary. Notice shall be given by sending a copy of the notice through the mail, postage therein fully prepaid to his address appearing on the books of the corporation. Each Member shall register his address with the secretary, and notices of meetings shall be mailed to him as such address. Notice of any meeting regular or special shall be mailed at least fifteen (15) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided however, that if the business of any meeting shall involve an election governed by Article VIII or any action governed by the Articles of Incorporation or by the Declaration of Covenants and Restrictions, notice of such meetings shall be given or sent as therein provided.

Section 4. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action governed by these bylaws. Any action governed by the Articles of Incorporation or by the Declaration of Covenants and Restrictions shall require a quorum as therein provided.

Section 5. In every case where a majority of the quorum, or a certain percentage of the total permissible vote is required for approval, the ballot must be printed or otherwise mechanically reproduced, and mailed to each eligible member. It must provide for the indication of either an affirmative or negative vote.

ARTICLE XIV

Proxies

Section 1. At all corporate meetings of Members, each Member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the secretary. No proxy shall extend beyond a period of eleven (11) months and every proxy shall automatically cease upon sale by the Member of his Lot or Living Unit.

Section 3. If the Board of Directors provides a proxy form to its members, it shall provide alternatively for a "yes" vote, a "no" vote, or for the assignment of the decision to the proxy or designated individual.

ARTICLE XV

Books and Papers

Section 1. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member.

ARTICLE XVI

Corporate Seal

Section 1. The Association shall have a seal in circular form having within its circumference the words: "Sugar Springs Property Owners Association, Inc." or an abbreviation thereof approved by the Board.

ARTICLE XVII

Amendments

Section 1. These bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of each class of Members present in person or by proxy, provided that those provisions of these bylaws which are governed by the Articles of Incorporation may not be amended except

as provided by the Articles of Incorporation or applicable law, and provided further that any matter stated herein to be or which is in fact governed by the Declaration of Covenants and Restrictions may not be amended except as provided therein.

Section 2. In the case of any conflict between the Articles of Incorporation and these bylaws, the Articles shall control; and in the case of any conflict between the Declaration of Covenants and Restrictions and these bylaws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the Directors of the Sugar Springs Property Owners Association, Inc. have hereunto set our hands this 22nd day of March, 1972.

James A. Seegert

Dave C. Quaerna

Carl C. Wilde

**DECLARATION OF COVENANTS AND
RESTRICTIONS FOR
SUGAR SPRINGS DEVELOPMENT
BUTMAN TOWNSHIP, GLADWIN COUNTY,
STATE OF MICHIGAN**

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This Declaration has been made on the 2nd day of December, 1971, by N.E. Isaacson of Michigan, Inc., a Michigan Corporation.

PREAMBLE

Developer is the owner of the real property described in Section 1 of Article II of this Declaration.

Developer desires to create on said real property and on such additions as may hereafter be made thereto (as provided in Section 2 of Article II) a development known as Sugar Springs, in accordance with a general plan, integrating clusters of residential lots, residential condominium property, commercial property, recreational improvements to include areas designated for camping, and permanent green areas or other open spaces.

Developer desires to provide for the protection of the values, amenities, and qualities in the development and for the maintenance, improvement, regulation and preservation of Common Properties (ground and facilities) and, to this end, to subject the Properties in the development to the covenants, restrictions, easements, charges and liens set forth in this Declaration, each and every one of which pertains to said properties and is for the benefit of each future owner thereof and the Developer.

Developer has caused to be incorporated under the laws of the State of Michigan, as a nonprofit, membership corporation, THE SUGAR SPRINGS PROPERTY OWNERS' ASSOCIATION, and delegated and assigned to it the powers of maintaining, improving, regulating, and preserving the Common Properties, administering and enforcing the covenants, restrictions, easements and liens, and collecting and disbursing the assessments and charges herein after created.

Developer declares that the real property in the development, including such additions as may hereafter be made thereto (as provided in Section 2 of Article II), is and shall be held conveyed and occupied subject to the covenants, restrictions, easements, charges and liens set forth in this Declaration.

ARTICLE I **Definitions**

The following words or phrases, when used in this Declaration or any Supplementary Declaration of Covenants and Restrictions (unless the context shall prohibit) shall have the following meanings:

- (a) "Developer" shall mean and refer to N.E. Isaacson of Michigan, Inc., a wholly-owned operating subsidiary of N.E. Isaacson and Associates, Inc.
- (b) "Association" shall mean and refer to The Sugar Springs Property Owners' Association, Inc.
- (c) "Properties" shall mean and refer to all such Existing Property (as provided in Section 1 of Article II) and additions thereto from Additional Property (as provided in Section 2 of Article II) as are subject to this Declaration or any Supplementary Declaration of Covenants and Restrictions.
- (d) "Lot" shall mean and refer to any numbered lot shown upon any recorded final plat of the Properties.

(e) "Living Unit" shall mean and refer to any portion of a residential building situated in an area of the Properties set aside for Condominium Property (as described in Article V) and designed and intended for use and occupancy as a residence by a single family.

(f) "Common Properties" shall mean and refer to those lands shown upon any recorded plat of the Properties (and such additional areas that are part of the Existing or Additional Properties, but not part of a recorded plat), that are not Lots or Condominium Property, and are intended to be devoted to the common use and enjoyment of the Owners.

(g) "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee or undivided fee interest or to a person or entity which has an interest as a contract purchaser in any Lot or Living Unit situated upon the Properties, but shall not mean or refer to any person or entity who holds such an interest merely as a security for the performance of an obligation.

(h) "Member" shall mean and refer to any Owner who is a member of the Association.

(i) "Board" shall mean and refer to the Board of Directors of the Association.

ARTICLE II

Real Property Subject to this Declaration: "Properties"

Section 1. Existing Property

The real property which is and shall be held, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens set forth in this Declaration is located in T20N, R1W, Butman Township, Gladwin County, State of Michigan, and is more particularly described as follows:

| | |
|--|-------------------|
| Section 8 - E1/2 of SE1/4 | 80 acres |
| Section 9 - SW1/4; W1/2 of SE1/4 | 240 acres |
| Section 15 - SW1/4 | 160 acres |
| Section 16 - All except: The East 1/2 of NE1/4; Beginning at the NE corner Section 21, thence south 175 feet along east line of said Section 21, thence due west 745 feet, thence due north to the proposed Lake Lancer shoreline, thence easterly along Lake Lancer shoreline to the East line of Section 16, thence south along said east line to point of beginning (property to be deeded to Butman Township, which includes existing township property); Beginning at the E1/4 corner, thence S 89° 46' W, 1330.81 feet, thence N 1° 13' 35" W 828.00 feet, thence S 89° 46' W 300.00 feet, thence S 50° 39' W 1310.00 feet thence S 89° 46' W 300.00 feet, thence S 1° 05' E 785.48 feet, thence N 89° 46' E 300.00 feet, thence N 1° 05' W 200.00 feet, thence N 61° 46' 30" E 1170.07 feet thence N 89° 46' E 1620.17 feet, thence N 0° 47' 50" W 35.00 feet to the point of beginning. | 527 acres |
| Section 17 - SE1/4; SW1/4 except NW1/4 of SW1/4; NE1/4 except NW1/4 of NE1/4 NW1/4 except W1/2 of NW1/4. | 510 acres |
| Section 20 - All except: Beginning at the SW corner, thence N 480 feet, thence E 545 feet, thence S 480 feet, thence W 545 feet to point of beginning. The 4.5 acres deeded to the State of Michigan adjacent to Butman Road at the upper end of the proposed Lake Lancer. | 634 acres |
| Section 21 - All except that portion described under Section 16. | 637 acres |
| Section 28 - N1/2 of NW1/4 | 80 acres |
| Section 29 - N1/2 of NE1/4; N1/2 of NW1/4 | 160 acres |
| | Total Acres 3,028 |

Section 2. Additional Property

Additional Property may become subject to the covenants, restrictions, easements, charges and liens set forth in this Declaration.

Developer, its heirs, successors, and assigns shall have the right to bring within the general plan of this Declaration Additional Property in future stages of development. Additions, if any, shall comply with the standards set forth in this document.

The additions shall be subject to assessment for their just share of Association expenses.

The Developer, its successors and assigns, are not obliged to bring an Additional Property within the general plan or scheme of development.

Any additions authorized under this Section shall be made by recording a Supplementary Declaration of Covenants and Restrictions” with respect to such additions, which shall extend the general plan or scheme of the covenants and restrictions of this Declaration to the lands added.

**ARTICLE III
Common Properties**

Section 1. Nature and Ownership of Common Properties

(a) General Provisions. Unless expressly dedicated to the public, all Common Properties depicted on the recorded plats are, and shall remain, private.

Developer covenants for itself, its heirs, successors, and assigns:

- to set aside certain lands as Common Properties as set forth in the various plats to be recorded.
- to improve the Common Properties.
- to open the Common Properties to the common use and enjoyment in conformity with Section 2, and
- to convey, by a warranty deed, a fees-simple title to the Common Properties to the Association, subject to covenants, restrictions and easements of record, in accordance with the standards and timetable specified in the following subsections.

(b) Grounds. (i.e., permanent green areas and other open spaces to be used for recreational purposes and for preservation of the environmental qualities of the development). Developer shall set aside natural corridors for the preservation of open space. These natural corridors involve both shoreline and offshore areas and shall be, to the extent feasible, interconnected through offshore grounds set aside as part of the Common Properties. These natural corridors shall also, to the extent feasible, connect residential subdivision or camping areas to commonly-owned facilities and shoreline. Conveyance of tracts reserved for facilities shall be in accordance with the timetable for the transfer of the facilities themselves.

(c) Facilities. (i.e., building or other improvements for administrative, maintenance, service or recreational purposes, with the tracts of land on which they are situated).

(i) Facilities on the Existing Property: The type, location and scheduled completion of facilities are outlined in Table 1.

**TABLE 1 - SCHEDULE OF
FACILITIES PLANNED FOR SUGAR SPRINGS PROJECT**

| Facility | Projected Date of Completion | Projected Date of Conveyance to Property Owner’s Assoc |
|----------|------------------------------|--|
|----------|------------------------------|--|

| | | |
|--|---|--|
| 1. Club house complex (club house, indoor pool, saunas, tennis courts, etc.) | Summer, 1973 | Within one year after completion of 90% of sales but not later than January 1, 1978 |
| 2. Golf course 18 holes | First nine holes Within one year by Summer 1973 after completion of Second nine holes by Summer 1974 | 90% of sales, but not later than January 1, 1978 Within one year after completion of 90% of sales, but no later than January 1, 1978 |
| 3. Improved beach club areas (2) (beach house and pavilion). | First area by summer 1972. Second area by Summer 1974. | Within one year after completion of Summer 1973 |
| 4. Stable facilities | Summer 1973 | Within one year after completion of 90% of sales, but not later than January 1, 1978 |
| 5. Airstrip | Summer 1973 | Within one year after completion of 90% of sales, but not later than January 1, 1978. |

(ii) Facilities on the Additional Property: Developer shall have the right to establish and build facilities on any addition made from the Additional property. Relationship between Facilities and Grounds: Unless this Declaration provides to the contrary, the Association shall have the right subsequently to establish the following additional facilities as part of its Common Properties: camping areas; marina areas; swimming beaches, beach houses and docks; game fields and trails; and equipment storage areas or sheds.

Unless this Declaration provides to the contrary, the Association shall have the right to expand any originally established facility, or reduce, reasonably modify the character of, close or remove, any originally or subsequently established facility. Land may be withdrawn from the grounds only for the above two purposes and within limits established by the Architectural and Environmental Control Committee of the Association.

(iv) Special Provisions regarding Operation and/or Disposition of Facilities on the Existing Property: In the event that the Association elects, by a vote of at least two-thirds (2/3) of its membership, to close or discontinue operation and maintenance of any facility originally established on the Existing Property (see Table 1), any such facility shall revert to: (a) first the Developer, who shall have the option to continue operation and maintenance of the facility, or (b) secondly, should a facility be removed, the land on which it was situated shall become part of the Grounds, in which case such areas will be afforded maintenance and protection as set forth elsewhere in this document.

Section 2. Use and Enjoyment of Common Properties

Each and every Member, his family members, and guests residing with him in his household shall have the rights of the use and enjoyment of the Common Properties, subject to restrictions stated in this Declaration and other reasonable regulations which the Board shall have the power to prescribe.

The Board and the assigns of the Association shall have the power to impose and collect reasonable fees for the use of those facilities for which a user-fee is deemed necessary. In the event that the Developer or the Board elects to make certain facilities available for public use, as well as the use of Members and guests of Members, any fee schedules established for such facilities will be graduated to reflect preferential treatment in favor of: (1) Members and their immediate families; (2) guests of Members; and (3) the general public, in that order.

The Board shall have the power to suspend a Member's rights to use and enjoy the Common Properties for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of the restrictions stated in this Declaration or its published regulations for the use, protection and preservation of the Common Properties.

Section 3. Protection and Preservation of Common Properties

For the duration of the covenants and restrictions set forth in this Declaration, the area of the Common Properties depicted in the final plats shall not be reduced by sale or development.

No portion of the grounds depicted in the final plats shall be diverted to residential development or facilities, subject to exceptions stated in this Declaration.

The grounds shall be preserved in their natural state, subject to development of planned trail systems, reasonable silvicultural measures (i.e., removal of dead or diseased trees), and measures of soil protection they may be approved by the Board.

No person shall dump any garbage, trash or other refuse anywhere on the Common Properties, except in such places as may be designated for such purposes by the Board. Likewise, no person shall engage in any tree cutting, trail making, burning, or like activity on the Common Properties; any such activity, if consistent with the purpose of this Declaration and in the interests of the development, shall be carried out only by persons specifically authorized by the Board.

No docks, piers, floats, slides and the like shall be built or maintained anywhere along commonly-owned shoreline or beach club areas, except those established and maintained by the Developer or the Association. Boats shall not be indiscriminately beached on common shoreline, but kept in places designated by the Developer or the Association.

The Board shall have the power to prescribe other reasonable regulations for protection and preservation of the Common Properties.

Section 4. Transfer of Interests in Common Properties

Developer and the Association shall have the right to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties.

In the event that the Developer has mortgaged any of the Common Properties, it shall have satisfied such mortgages prior to conveyance of title to said properties to the Association.

ARTICLE IV Lots

Section 1. Land Use

Unless otherwise provided by this Declaration or designated on a final plat, all lots in the development shall be used for residential purposes only. Camping will be permitted on any property for five years after purchase and may be extended by The Property Owners' Association. Camping equipment shall be removed from properties when not in use.

The construction or placement of boat houses, boat lifts, boat cribs and the like on the shoreline or elsewhere on properties fronting on the lake is specifically prohibited. Plans to fill, stabilize or otherwise alter the natural shoreline through the placement of any structures or the placement or removal of any materials must be submitted to and approved by the Architectural and Environmental Control Committee.

Plans for the construction and placement of all docks, piers, floats, landings, playground equipment and the like will also be submitted to the Architectural and Environmental Control Committee for review and approval. Docks, piers and the like shall be constructed and maintained so as to appear as compatible with the natural shoreline as possible, and shall not extend more than 20 feet into the water when the lake is at its normal pool elevation.

The Developer or the Board may direct the exclusive use of certain dock or pier designs if these are deemed particularly well-suited to the development and lend continuity to shoreline improvements.

Property owners shall not cut more than twenty-five (25) percent of the dominant trees in the area lying between the building site and the boundaries of their property.

Section 2. Lot Size and Division

No Lot shall be divided or re divided.

Section 3. Type of Buildings

Construction on all properties shall be limited to a single family residence unless otherwise designated for multi-family or commercial use on the plat.

Only one outbuilding (detached garage, storage shed, or the like) may be erected and maintained on each Lot in addition to the dwelling house. Such outbuildings shall not be erected prior to the completion of the exterior of the dwelling house; it shall conform in external appearance to the dwelling house and shall not be used for residential purposes.

Any building erected on any Lot must have a full foundation. The Architectural and Environmental Control Committee may exempt porches, sundecks and the like from the operation of this rule, if the design of the dwelling house or the topography of the Lot makes such exemption desirable. Deck and porch supports and similar exposed structural members must conform in design and appearance to the main structure and be approved by the Architectural and Environmental Control Committee.

Section 4. Dwelling Size

No dwelling house shall be erected or maintained on any Lot

(a) having more than two stories, or

(b) having a ground floor area of less than 760 square feet, or

(c) Having a minimum width of less than 24 feet, unless otherwise approved by the

Developer or the Architectural and Environmental Control Committee.

Porches, sundecks, basements, attics, attached garages, breezeways, carports, crawl-spaces and the like shall be excluded from the calculation of ground floor or living space as the case may be.

Section 5. Placement of Buildings

The following setback requirements shall govern the placement of buildings on Lots: No building, porch, or projection shall be erected or maintained on any property closer than 35 feet from the rear property line, nor closer than 10 feet from any side property line, nor closer than 35 feet from any street line, nor closer than 75 feet from the normal high water lines of Lake Lancelot (845' MSL) or Lake Lancer (840 MSL) or portions of the Sugar River downstream of Lake Lancer, except on those properties with preplanned building sites designated by the Developer.

Whenever two or more contiguous Lots in the development shall be owned by the same person, and such person shall desire to use two or more of them as a consolidated site for a single dwelling house, he shall apply to the Architectural and Environmental Control Committee for a permission to depart from setback requirements along the internal lot lines of the consolidated site. If written permission for such a use shall be granted, and a building built in departure of the original setback requirements, the Lots constituting the consolidated site shall be treated in other respects as a single Lot for the purpose of applying this Declaration.

Section 6. Completion of Construction Work

All building exteriors, including exterior color, shall be completed within six (6) months from the date construction begins.

All buildings must be roofed with a dark-colored roofing material or cedar shingles or shakes and all building exteriors shall be stained or painted in a natural color compatible with the landscape. All exterior materials must be approved by the Developer or the Architectural and Environmental Control Committee.

Section 7. Signs, Fences and Sundry Structures

No signs other than a sign identifying the property and a “For Sale” sign shall be displayed on any Lot.

Identification signs shall not exceed six (6) square feet in size and shall be constructed of natural materials and/or finished in natural colors.

“For Sale” signs shall be displayed only with the permission, and under the supervision of the Developer or the Architectural and Environmental Control Committee.

Every tank for the storage of fuel that is installed outside any building on any Lot shall be either buried below the surface of the ground or painted, and screened by fencing or shrubbery to the Satisfaction of the Committee.

Boundary fences on individual properties shall be prohibited, except when specifically approved by the Committee.

Section 8. Surface Drainage, Sanitary Facilities, Nuisances and Pets

The natural surface drainage patterns of any Lot shall not be changed by grading, damming, filling, or installation of conduits, except with the permission of the Architectural and Environmental Control Committee.

All residences shall be connected to the sanitary sewer when it becomes available.

No outdoor toilet shall be erected or maintained on any Lot.

No part of any Lot shall be used for dumping of garbage, trash or refuse of any kind, except that debris may be temporarily present in connection with construction work.

Where outside clotheslines are used, drying clothes, swim suits and the like shall not be left out for extended period of time or when the property is not in use.

No animals shall be kept or maintained on any Lot, except the usual household pets and, in such cases, the pets shall be so kept and maintained as not to become an unreasonable annoyance or nuisance to other residents in the development.

Section 9. Protective Maintenance of Lots

Every Owner shall have the responsibility of maintaining his Lot so as to prevent surface erosion, growth of noxious weeds, fire hazards, improper operation or condition of wells and sewage disposal systems and the like.

In the event that an Owner shall fail to exercise the responsibilities outlined above, the Association, through its agents or employees, shall have the right to enter upon said Lot and abate any of the above conditions. The cost of any such action shall be added to and become part of the Owner’s annual maintenance assessment.

ARTICLE V

Condominium Property

Section 1. Developer’s Rights

Developer shall have the right to designate certain areas for possible condominium development consistent with the standards set forth elsewhere in this document.

In the event that the area is not developed as Condominium Property, the Developer shall have the right to subdivide any portion thereof into Lots and add any remainder of the area to the Common Properties.

Section 2. Land Use

The area designated for Condominium Property shall be used for residential purposes only.

Maintenance of temporary shelters or the parking of campers, mobile homes, buses and the like shall be prohibited on any portion of this area, except in connection with construction work.

Section 3. Number, Type, Size and Placement of Buildings

Only residential buildings containing Living Units shall be erected or maintained in the area. Such buildings shall not exceed two (2) stories in height.

Only one service or administration building may be erected or maintained in the area in addition to the residential buildings containing Living Units.

All buildings in the area shall conform to each other in external appearance.

No part of a building shall be erected or maintained closer than fifty (50) feet from any property line abutting to grounds, facilities or Lots.

Section 4. Completion of Construction Work

All buildings exteriors, including color, shall be completed with twelve (12) months from the date construction begins.

All buildings must be roofed with a dark-colored roofing material or cedar shingles or shakes, and all building exteriors shall be stained or painted in a natural color compatible with the landscape. All exterior materials must be approved by the Developer or the Architectural and Environmental Control Committee.

Section 5. Signs, Fences, Sundry Structures, Surface Drainage, Sanitary Facilities, Nuisances, and Pets

The provisions of Section 7, 8, 9 or Article IV shall apply accordingly.

**ARTICLE VI
Commercial Property**

Section 1. Developer's Rights

Developer shall have the right to designate certain areas for possible commercial development, primarily to provide for the eventual establishment of certain basic service facilities for the development and surrounding area.

Section 2. Number, Type, Size and Placement of Buildings

All construction undertaken in commercial areas shall first obtain written approval of the Developer or the Architectural and Environmental Control Committee of the Association. Commercial buildings shall not exceed two (2) stories in height and shall be designed, sited and constructed of materials in such a way that commercial areas will appear as a natural extension of the Grounds, Facilities, or Lots which they adjoin.

Minimum separation of commercial property from Grounds, Facilities or Lots will be specified by the Developer or the Architectural and Environmental Control Committee of the Association.

**ARTICLE VII
Architectural and Environmental Control**

Section 1. Purposes of Architectural and Environmental Control

Architectural and environmental control is hereby established for the purpose of protecting and preserving, to the extent feasible the values, amenities and qualities of the development.

Architectural and environmental control shall be exercised by the Architectural and Environmental Control Committee of the Association.

Section 2. Composition and Appointment of the Architectural and Environmental Control Committee

The Architectural and Environmental Control Committee shall be composed of three individuals, who need not be Members of the Association. The members of the Committee shall be appointed by the Board to serve at the pleasure of the Board.

Two members of the Committee shall constitute the quorum for the exercise of the committee's business.

Section 3. Powers and Functions of the Architectural and Environmental Control Committee

The Architectural and Environmental Control Committee shall have the powers and functions conferred upon it by this Article and other provisions of the present Declaration and any Supplementary

Declaration of Covenants and Restrictions, as well as such other powers and functions as the Board may confer upon it from time to time.

The Committee shall direct the use of natural or dark roofing materials, natural exterior stains, and flat painting of exposed metal surfaces to insure structures that are compatible with the natural landscape.

Section 4. Construction or Improvement Permit

No construction or improvement involving modification of the overall appearance of any Lot or any area to be developed or held as Condominium Property shall be commenced without a permit issued by the Architectural and Environmental Control Committee.

At least thirty (30) days before the contemplated commencements of any such construction or improvement the owner(s) of the Lot(s) (area) shall submit, or cause to be submitted, to the Committee, a written application for a permit. The application shall be accompanied by two (2) complete sets of plans and specifications for the proposed division, construction or improvement. The plans shall include Lot (area) plans showing the location of all structures or improvements existing on the Lot (area) and the location of the proposed construction or improvement, the plans and specifications for construction or improvement shall also depict the elevations of any building or structures, set forth the type and color of all exterior materials proposed, and indicate the extent to which trees are to be cut and the topography of the Lot (are) transformed.

The Committee shall render its decision regarding the permit within fourteen (14) days after receipt of the application and after examining the plans and specifications and viewing the proposed site.

Section 5. Liability of the Architectural and Environmental Control Committee

Neither the Architectural and Environmental Control Committee nor any agent thereof, nor the Developer, nor the Association, shall be responsible in any way for any defects in any plans, specifications or other supporting materials submitted to is, nor for any defects in any work done according thereto.

ARTICLE VIII

Membership and Voting Rights in the Association

Section 1. Membership

Every person or entity who is a record owner of a fee, or undivided fee interest, or who shall have an interest as a contract purchaser in any Lot or Living Unit which is subject by covenants or record 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.

However, where several persons shall jointly purchase and hold a Lot or Living Unit, only the first named owner of record shall be considered a full Member of the Association and be granted the full rights and privileges of such membership. All other listed owners or persons holding an interest in the Lot or Living Unit shall be considered non-members and shall be charged on the same basis as the general public for the use of the common Facilities.

Section 2. Voting Rights

The Association shall have two (2) classes of voting membership as set forth in the Articles of Incorporation.

ARTICLE IX

Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments

Each Owner of a Lot or Living Unit, other than the Developer, by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or conveyance, shall be deemed to covenant and agree to pay to the Association general assessments or charges; such assessments to be

fixed, established, and collected from time to time as hereinafter provided. The annual assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Living Unit against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due.

In lieu of payment of assessments the Developer has covenanted to set aside, improve, and convey the Common Properties as provided in Article III.

Section 2. Purpose of Assessments

The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties and, in particular, for the improvement and maintenance of the Common Properties devoted to this purpose and services related to the use and enjoyment of the Common Properties and of the Lots and Living Units.

Section 3. Basis and Maximum of General Assessments

The general assessment shall be \$50 per Lot or Living Unit per year. In the event that the same owner of record owns two (2) or more Lots, said owner shall pay \$50 per year on the first lot and \$25 per year on each additional Lot until such time as the additional Lots are conveyed to new owners, improved by a structure, or a period of five (5) years has elapsed from date of purchase, whichever occurs first. Following conveyance to the new owners, improvement with a structure, or five (5) years elapsed time from date of purchase, such Lots will cease to be assessed at half the annual maintenance assessment and begin to be assessed at whatever the full rate is at that time.

Any lot assessed at less than the full amount of the established maintenance assessment as described above will carry only one-half (1/2) vote per Lot until such time that the Lot qualifies to carry full assessment.

From and after January 1, 1975, the general assessment may be increased or decreased by vote of the Members as hereinafter provided, for the next succeeding three (3) years and at the end of such period of three (3) years for each succeeding period of three (3) years.

The Board may, after consideration of current maintenance costs and future needs of the Association, fix the actual general assessment for any year at the lesser amount.

Section 4. Special Assessment for Services

The Board may provide for collection of garbage, trash and other refuse, installation and maintenance of water supply and sewage disposal systems, maintenance of water quality in the bodies of water within and adjacent to the Properties and the environmental quality of adjacent shore lands, protective maintenance of Lots, and similar services.

The Board may assess the Owners for these services on the basis of benefits received, and add these charges to the charges provided for in Section 3, provided that no special assessment for service shall commence prior to January 1, 1976.

Section 5. Special Assessments for Capital Improvements

In addition to the annual assessments authorized by Sections 3 and 4, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described facility, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of 2/3 of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting, and further provided that no special assessment for capital improvements shall commence prior to January 1, 1976.

Section 6. Change in Basis and Maximum of General Assessments

Subject to the limitations of Section 3 and for the periods therein specified, the Association may change the maximum and basis of the assessments fixed by Section 3 and prospectively for any such period, provided that any such change shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 7. Quorum for Any Action Authorized under Sections 4 and 6

The quorum required for any action authorized by Sections 4, 5, 6 and 8 shall be as follows:

At the first meeting called, as provided in Section 4 and 6, the presence at the meeting of members or of proxies, entitled to cast thirty (30) percent of all votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirement set forth in Sections 4 and 6, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Date of Commencement of Annual Assessment : Due Dates

The annual assessments shall commence on the first day of March following the date of purchase and shall be due annually on March 1st thereafter, except that annual general assessments shall not commence prior to March 1, 1973.

Section 9. Duties of the Board

The Board shall fix the date of commencement and the amount of the assessment against each Lot or Living Unit for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time prepare a roster of the Lots and Living Units and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner.

Written notice to the assessment shall thereupon be sent to every Owner subject thereto.

The Board, upon demand and payment of a service fee of not more than \$1.00, shall at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 10. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association.

Any assessment not paid on the date when due (being the date specified in Section 8) shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, successors and assigns. The personal obligation of the then Owner to pay such assessment however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

Any assessment not paid within thirty (30) days after the delinquency date shall bear interest from the date of delinquency at the rate of seven (7) percent per annum, and the Association may bring an action against the Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of each assessment the cost of preparing and filing the complaint in such action and, in the event a judgment is obtained, such judgment shall include interest on the assessment, as above provided, and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

Section 11. Subordination of the Lien to Mortgages

The Lien for the assessments shall be subordinated to the Lien of any mortgage or contract seller's interest now or hereinafter placed upon any Lot or Living Unit subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become

due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

ARTICLE X
Rates, Charges and/or Assessments for Sanitary Sewer and/or Sewage
Disposal Improvement, Services and Facilities

Section 1. Covenant to Pay

Developer, by this Declaration, and each Owner of a Lot, by acceptance of a deed or other conveyance, covenant and agree, each for itself and its respective heirs, successors and assigns, during the period of their ownership of any Lot or Lots, as follows, to-wit:

(a) To pay such rates, charges and/or assessments as may be levied and established by the County of Gladwin or Butman Township or other duly constituted public authority for the purpose of paying principal and interest on bonds to be issued by said County of Gladwin to pay the capital cost of construction of sanitary sewer and sewage disposal improvements and facilities, including amounts deemed necessary for reserves and contingencies, and the cost of maintaining and operating such improvements and facilities. Such rates, charges and/or assessment may be in the form of standby or availability-of-service charges regardless of whether such improvements and facilities are used or not and regardless of whether the Lot to which such service is available is vacant or improved.

(b) That they are “beneficiaries of such sewer improvements, facilities and services” within the meaning of the County Public Improvement Act of 1939 (Act 342, 1939, p. 894 found in Sections 5.2767 (1) to 5.2767 (18) of Michigan Statutes Annotated) as now or hereafter amended, and that the terms “service” or “services” or the rendering thereof, as used in said Act, shall include the availability of sewer service to the premises without the need of any actual use of the facilities.

(c) That in the event of their failure to pay such rates, charges and/or assessments, the County, Township or other levying authority has and may exercise any and all remedies legally available to it under the Act or otherwise, including, without limitation, an action at law to collect such rates, charges and/or assessments as the personal obligation of the Owner during the period of ownership; the establishment of such rates, charges and/or assessments as a lien on the premises to which service is available, with any charge remaining unpaid and delinquent for a period of six (6) months or more to be certified to the tax assessing officer of the taxing district wherein the Lots are located, followed by entry on the tax rolls and collection and enforcement in the same manner as general taxes; and the shutting off of service and the denial of use of the improvements and facilities until all delinquent charges are paid.

(d) That any such rates, charges and/or assessments are not subject to any of the quantitative, procedural or time limitations applicable to Association assessments set forth elsewhere in this Declaration, and that they may be established in such amounts as are deemed necessary by the County, Township or other public authority to pay the full cost of principal and interest on bonds issued to finance the improvements, plus such reserve and contingency amounts as are deemed necessary to render such bonds marketable, together with all necessary and reasonable costs of maintenance and operation thereof, and may continue for such period of

time as may be necessary to pay all principal and interest on said bonds and to continue said maintenance and operation.

(e) That the burden of the foregoing covenants set forth in this Section 1 of Article IX.V Shall run with the land and shall be binding on and enforceable against the heirs, successors and assigns of Developer and Owners as to any of the Lots; and that the benefits of the foregoing covenants so set forth shall run with the sanitary sewer and sewage disposal system and may be enforceable by the owner thereof, proposed initially to be the Developer and ultimately to be the County of Gladwin, Butman Township or other duly constituted public authority.

Section 2. Covenant to Construct Maintain and Operate Sewer System Developer, for itself, its heirs, successors and assigns, covenants and agree as follows, to-wit:

(a) To construct said sanitary sewer and sewage disposal system in accordance with plans and specifications therefore approved by duly constituted public authority, and to maintain and operate said system in an efficient and economical manner until said system is duly conveyed to and then accepted by the County, Township or other public authority.

(b) To reserve and except in its conveyance of said system an easement and right of service therein in favor and on behalf of all of the Lots to which such service is available.

(c) That the burden of the foregoing covenants set forth in this Section 2 of Article IX.V shall run with the sanitary sewer and sewage disposal system and shall be binding on and enforceable against the heirs, successors and assigns of Developer as to said system; and that the benefits of the foregoing covenants so set forth shall run with the Lots and may be enforced by the Owners there of and their respective heirs, successors and assigns.

ARTICLE XI

General Provisions

Section 1. Utility Easements

Easements for utility lines shall, as much as practicable, follow roads and/or property lines, and, whenever practicable, be placed underground so as to minimize destruction of trees and modification of topography, and not to impair development, use and enjoyment of any Lot or Condominium Property.

Any utility cable or line that arrives to any Lot or Condominium Property underground shall be continued underground across such Lot or Condominium Property or to the terminal connections thereon.

The Board shall have the power to designate, and convey to utility companies, utility easements over any part of the Common Properties.

Section 2. Association's Right of Entry

Persons appointed or hired by the Board to exercise the powers, duties or functions of the Association shall have the right to come upon any lot or Condominium Property, at any reasonable hour and in a reasonable manner, for the purpose of exercising these powers duties and functions, with reference to such Lot or Condominium Property.

Section 3. Duration of the Covenants and Restrictions

The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, any Owner, their respective heirs, successors, and assigns for a term of 45 years from the date this Declaration is recorded.

After the expiration of said forty-five year term, the covenants and restrictions shall be automatically extended for successive periods of fifteen (15) years, unless an instrument signed by the then-owners of two thirds (2/3) of the Lots and Living Units has been recorded, agreeing to terminate or modify the covenants and restrictions. However, no such agreement to terminate or modify shall be effective unless

made and recorded three (3) years in advance of the effective date of such termination or modification, and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 4. Notices

Any notice required to be sent to any Member or Owner shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at that time of such mailing.

Section 5. Enforcement

Enforcement of the covenants and restrictions of this Declaration shall be by any proceeding at law or in equity against any person violating or attempting to violate any such covenant or restriction, to restrain violation or to recover damages, and against the land to enforce any lien created by this Declaration.

Section 6. Severability

Invalidation of any one of these covenants or restrictions shall in no way affect any other provisions which shall remain in full force and effect.

**AMENDMENT TO DECLARATION OF COVENANTS
AND RESTRICTIONS FOR SUGAR SPRINGS DEVELOPMENT
BUTMAN TOWNSHIP, GLADWIN COUNTY
STATE OF MICHIGAN**

WHEREAS, N.E. ISAACSON OF MICHIGAN, INC., a Michigan Corporation, did on December 3, 1971, at Liber 238, Pages 1 thru 39, declare certain covenants and restorations for the SUGAR SPRINGS DEVELOPMENT, located in Sections 8, 9, 15, 16, 17, 20, 21, 28 and 29, Town 20 North, Range 1 West;

NOW THEREFORE, N.E. ISAACSON OF MICHIGAN, INC., a Michigan corporation, does hereby amend ARTICLE X, SECTION 1, SUBPARAGRAPH (c), of such restrictions as recorded in Liber 238, Page 34, to read as follows:

(c) That in the event of their failure to pay such rates, charges and/or assessments, the County, Township or other levying authority has and may exercise any and all remedies legally available to it under the Act or otherwise, including, without limitation, an action at law to collect such rates, charges and/or assessments as the personal obligation of the Owner during the period of ownership; the establishment of such rates, charges and/or assessments as a lien on the premises to which service is available and the enforcement there of by action at law in any court of competent jurisdiction, with any charge remaining unpaid and delinquent for a period of six (6) months or more to be certified to the tax assessing officer of the taxing district wherein the Lots are located, followed by entry on the tax rolls and collection and enforcement in the same manner as general taxes; and the shutting off of service and the denial of use of the improvements and facilities until all delinquent charges are paid. In any action brought to collect or enforce the lien of any such charges, a reasonable attorney's fee shall be awarded plaintiff.

STATE OF MICHIGAN
COUNTY OF CLARE

On this 13th day of January, A.D., 1972, before me personally appeared N.E. ISAACSON and CHARLES J. HERRO, to me personally know, who being by me sworn did each for himself say that they are respectively the President and Secretary of N.E. ISAACSON OF MICHIGAN, 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 N.E. Isaacson and Charles J. Herro acknowledge said instrument to be the free act and deed of said corporation.

AMENDMENT AND SUPPLEMENT TO COVENANTS AND

**RESTRICTIONS OF ISLANDER REALM, SUGAR SPRINGS
GLADWIN, MICHIGAN
ARTICLE IV
Lots**

Section 4. Dwelling Size

No dwelling shall be erected or maintained on any Lot

(b) having a ground floor area less than 1,100 square feet, or

(c) having a minimum width of less than 25 feet, unless otherwise approved by the Developer of the Architectural and Environmental Control Committee.

Section 10. Prohibition of Camping

No camping shall be permitted in Islander Realm.

REVISED JANUARY 1998

AMENDMENT TO
DECLARATION OF COVENANTS AND RESTRICTIONS FOR
SUGAR SPRINGS DEVELOPMENT
BUTMAN TOWNSHIP, GLADWIN COUNTY, STATE OF MICHIGAN

WHEREAS, N. E. ISAACSON OF MICHIGAN, INC., a Michigan corporation, did on December 3, 1971, at Liber. 238, Pages 1 thru 39, declare certain covenants and restrictions for the SUGAR SPRINGS DEVELOPMENT, located in Sections 8, 9, 15, 16, 17, 20, 21, 28 and 29, Town 20 North, Range 1 West;

NOW THEREFORE, N. E. ISAACSON OF MICHIGAN, INC., a Michigan corporation, does hereby amend ARTICLE X, SECTION 1, SUBPARAGRAPH (c), of such restrictions as recorded at Liber 238, Page 34, to read as follows:

"(c) That in the event of their failure to pay such rates, charges and/or assessments, the County, Township or other levying authority has and may exercise any and all remedies legally available to it, under the Act or otherwise, including, without limitation, an action at law to collect such rates, charges and/or assessments as the personal obligation of the Owner during the period of ownership; the establishment of such rates, charges and/or assessments as a lien on the premises to which service is available, and the enforcement thereof by action at law in any court of competent jurisdiction, with any charge remaining unpaid and delinquent for a period of six months or more to be certified to the tax assessing officer of the taxing district wherein the Lots are located, followed by entry on the tax rolls and collection and enforcement in the same manner as general taxes; and the shutting off of service and the denial of use of the improvements

and facilities until all delinquent charges are paid. In any action brought to collect or enforce the lien of any such charges, a reasonable attorney's fee shall be awarded plaintiff."

DATED: This 13th day of ~~DECEMBER~~, 1972, January 1972

~~Doris H. Richmond~~

N. E. ISAACSON OF MICHIGAN, INC.

Linda Kennedy
Linda Kennedy

BY: N. E. Isaacson
N. E. Isaacson, President

BY: Charles J. Herro
Charles J. Herro, Secretary

STATE OF MICHIGAN)
COUNTY OF CLARE) SS.

On this 13th day of ~~DECEMBER~~, A. D., 1972, January 1972, before me

personally appeared N. E. ISAACSON AND CHARLES J. HERRO, to me personally known, who being by me sworn did each for himself say that they are respectively the President and Secretary of N. E. ISAACSON OF MICHIGAN, 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 N. E. Isaacson and Charles J. Herro acknowledged said instrument to be the free act and deed of said corporation.

Elva Lea Lapham
Elva Lea Lapham
Notary Public, Clare County,
Michigan

My Commission Expires: 11-17-74

STATE OF MICHIGAN)
CLARE COUNTY)
A. D. 1972, January 13, 1972

Faye Edick Esquire of Law

LIBR 252 PAGE 416

RECORDED
STATE OF MICHIGAN
COUNTY OF GLADWIN

AMENDMENT AND SUPPLEMENT
TO COVENANTS AND RESTRICTIONS
OF ISLANDERS REALM, SUGAR SPRINGS,
GLADWIN, MICHIGAN

OCT 17 1 42 PM '73

Jesse Edick
REGISTER OF DEEDS

The undersigned parties hereby agree to amend and supplement the covenants and restrictions of Islanders Realm, Sugar Springs, Gladwin County, Michigan, as they pertain to Article IV Section 4., (b) and (c), and Article IV Section 10, and they shall read as follows:

ARTICLE IV

LOTS

Section 4. Dwelling Size

No dwelling shall be erected or maintained on any Lot

(b) having a ground floor area less than 1,100 square feet, or

(c) having a minimum width of less than 25 feet unless otherwise approved by the Developer of the Architectural and Environmental Control Committee.

Section 10. Prohibition of Camping

No camping shall be permitted in Islanders Realm.

WITNESSES:

M. Dean Dull
M. Dean Dull

Kathleen M. Krug
Kathleen M. Krug

Section 4, 10, 1973
DATED

J. D. Kadey
J. D. Kadey

Martha M. Kadey
Martha M. Kadey

Owners of lot 8 of Islanders Realm, Sugar Springs, Gladwin County, Michigan.

STATE OF MICHIGAN
County of Gladwin

The foregoing instrument was acknowledged before me this 16th day of September, 19 73.

My Commission Expires:
April 6, 1976

Kathleen M. Krug
Kathleen M. Krug
Notary Public, Gladwin County,
Michigan

Instrument Drafted by:
James A. Seegert
Box 295
Gladwin, Michigan 48624

WITNESSES:

Mable R. Swan
Mable R. Swan
Douglas E. Biesiada
Douglas E. Biesiada
STATE OF MICHIGAN
COUNTY OF Gladwin

Richard C. Pendell
Richard C. Pendell
Shirley B. Pendell
Shirley Pendell
Owners of Lot #9, of Islanders
Realm, Sugar Springs, Gladwin, Mi.

Personally came before me this day of Sept. 24, 1973, the above-named Richard C. Pendell and Shirley Pendell, 4212 Concord Street, Midland, Michigan 48640, husband and wife, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

James A. Seegert
James A. Seegert
Notary Public Gladwin County, Mi.
My Commission Expires: March 2, 1976

WITNESSES:

Kathleen M. Krug
Kathleen M. Krug
Doris B. Crandall
Doris B. Crandall

N.E. ISSACSON OF MICHIGAN, INC.
BROKER,
P.O. Box 295, 5477 Sugar Springs
Road, Gladwin, Michigan 48624

Lewis E. Berry
By: Lewis E. Berry
M. Dean Dull
By: M. Dean Dull
Owners of Lots 1 thru 97, excluding
Lots #9 and #8, of Islanders Realm,
Sugar Springs, Gladwin County, Mi.

STATE OF MICHIGAN)
COUNTY OF Gladwin) ss
CORPORATE ACKNOWLEDGMENT

Personally came before me this 24th day of September 1973, the above-named corporation, to me known to be such persons and officers who executed the foregoing instrument and acknowledged that they executed the same as such officers, by its authority for the purposes therein contained.

James A. Seegert
James A. Seegert
Notary Public Gladwin County, Mi.
My Commission Expires: March 2, 1976

WITNESSES:

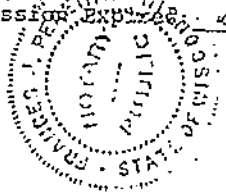
Debra A. Stuckey
Debra A. Stuckey
Francis J. Pereira
Francis J. Pereira
STATE OF Wisconsin)
COUNTY OF Milwaukee) ss

Midland National Bank
201 West Wisconsin Avenue
Milwaukee, Wisconsin 53203

Donald L. Schuelke
By: Donald L. Schuelke
J. Timothy
By: J. Timothy
CORPORATE ACKNOWLEDGMENT

Personally came before me this 9th day of October, 1973, the above-named corporation, to me known to be such persons and officers who executed the same as such officers, by its authority, for the purposes therein contained.

Francis J. Pereira
Francis J. Pereira
Notary Public Milwaukee County, Mi.
My Commission Expires: Dec 19, 1976



Instrument Drafted by:
James A. Seegert
Box 295
Gladwin, Michigan 48624