DECLARATIONS OF STONERIDGE PROPERTY OWNERS ASSOCIATION

This Declaration, made this first day of May, 1996, by Lavanway Capital & Trade Corporation, a Michigan corporation, 211 Bridge Street, Charlevoix, Michigan 49720, hereinafter referred to as Declarant.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the Township of Garfield, County of Grand Traverse and State of Michigan, which is more particularly described being part of the Southeast Quarter of Section 17; Part of the Northeast Quarter of Section 20; and Part of the Northwest Quarter of the Northwest Quarter of Section 21, all in Township 27 North - Range 11 West, Garfield Township, Grand Traverse County, Michigan

NOW THEREFORE, Declarant hereby declares that all the property in STONERIDGE shall be held subject to the following conditions, which are for the purpose of protecting the value and desirability of, and shall run with, the real property located in STONERIDGE and shall be binding on all parties having any right, title or interest in the lots or properties contained within STONERIDGE, their heirs, successors, and assigns, and shall inure to the benefit of each Owner.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to the STONERIDGE Property Owners Association, a Michigan non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Properties, including contract seller, but excluding those having such interest merely as security for the performance of any obligation.

Section 3. "Properties" shall mean and refer to that certain real property described in the Plat of Stone Ridge and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Commons" shall mean all property owned by the Association for the common use and enjoyment of the Owners.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Commons.

Section 6. "Declarant" shall mean and refer to LaVanway Capital & Trade, a Michigan corporation, its successors and assigns if such successors or assigns should acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Resident" shall mean and refer to any Owner of a residential Lot and his guests, invitees, lessees, and any person who otherwise occupies a residential Lot or visits the premises by the invitation or with the permission of any owner, or lessees, or otherwise.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners's Easement of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Commons area which shall be appurtenant to that shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Commons.

(b) The right of the Association to suspend the voting rights and rights to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

Section 2. Each lot shall be subject to the Building Restrictions as stated in Exhibit "A" attached hereto.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Each Lot Owner agrees to maintain a membership in STONERIDGE Association, a Michigan non-profit corporation, and to pay annual assessments thereto. The Association shall be maintained in accordance with By-laws and all Lot Owners shall be bound by and comply with the same as they are from time to time adopted or amended. Nothing in said Association By-Laws or rules and regulations shall conflict with the provisions of the building use and restrictions and shall be drafted in conformity with this Declaration.

Membership in said Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

The Association shall have two classes of voting members:

Class I. Class I members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote per Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class II. Class II members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class II membership shall cease and be converted to Class I membership, and Declarant may withdraw as a Member of the Association upon the sale of fifteen (15) Lots, and by paying the sum of Five Hundred ($500.00) Dollars to the Association. Thereafter, Declarant shall have no further liability or responsibility with respect to the Commons or for other assessments.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligations of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(a) Annual Assessments or charges and

(b) Special assessments for capital improvements, including street lighting, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such

assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health safety and welfare of the residents in the properties and for the improvement and maintenance of the Commons, and of the homes situated upon the Properties and for street lighting.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Seventy-Five ($75.00) Dollars per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five (5%) percent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased five (5%) percent only by a vote of two-thirds (2/3rds) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Drainage System Maintenance. The Association shall be responsible for the maintenance of all drainage structures within the subdivision, and those drainage areas recorded in the Grand Traverse County records at Liber 1101, Page 0587. Decisions regarding work on the drainage system may be determined by the

Drain Commissioner of Grand Traverse County. Specifically, in the event the Drain Commissioner requires maintenance or construction work to be done, the lot owners agree to pay for such costs, the same as if the majority of lot owners had voted to do the same. In addition, as soon as the plat is recorded the drainage easements shown on the plat will be granted to the Grand Traverse County Drain Commissioner. In order to retain additional runoff on-site, all lots will be required to obtain a Soil and Erosion Permit from the Grand Traverse County Drain Commissioner's office prior to any earth moving activity.

Section 5. Special Road Provisions. Hidden Creek Drive lying to the east of Parker Place and StoneRidge Drive located east of Hidden Creek Drive shall not be paved, nor maintained by the Grand Traverse County Road Commission, until such time as the entire length of StoneRidge Drive and Hidden Creek Drive shall be extended to the east for a subsequent phase of the subdivision.

Lots 19, 20, 21, 22, and 23 are located on StoneRidge Court which is a private drive. Private drives are not maintained by the Grand Traverse County Road Commission. Owners of these lots shall be responsible for maintenance of said private drive.

Section 6. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, 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, reconstruction, repair, or replacement of a capital improvement upon Commons including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

A special assessment for street lighting, however, once put in place, shall continue for the duration of such special assessment.

Section 7. Notice and quorum for any action authorized under Sections 3, 4 and 6. Written notice of any meeting called for the purpose of taking any action authorized under Section 3, 4 or 6, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) percent of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be

called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 9. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence January 1, 1997. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of Ten (10%) percent per annum. The Association may bring action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of Common areas or abandonment of his Lot.

Section 11. Subordination of the Lien to Mortgages. The lien of assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner shall have the right to enforce by any proceeding at law or in equity. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these provision by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The provisions of this Declaration shall run with and bind the land, for a term of twenty (20) years, and automatically extend for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) years period by an instrument signed by not less than ninety (90%) percent of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75%) percent of the Lot Owners. Any amendment must be recorded in the Grand Traverse County Records. Article IV, Section 4 and Section 5 may only be changed by order of the governmental agency which required said provisions.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has caused these presents to be signed the day and year first above written.

LaVanway Capital & Trade Corporation
211 Bridge Street
Charlevoix, Michigan 49720

Penny L. Engstrom

By: Cheryl B. Hoffman
Land Manager

Penny L. Engstrom

Kevin L. Fitzpatrick

Kevin L. Fitzpatrick

State of Michigan)
)SS
County of Charlevoix)

On this 1st day of May, 1996, before me, the undersigned, a Notary Public in and for said County, in the State aforesaid, personally appeared Cheryl B. Hoffman, who being by me duly sworn did say that she is the Land Manager for LaVanway Capital & Trade Corporation, on behalf of said Corporation, by authority of its Board of Directors, and acknowledged to me that said instrument was executed as to the free act and deed of said Corporation.

Penny L. Engstrom

Penny L. Engstrom, Notary Public
In and For Charlevoix County, Michigan
My Commission Expires 2-26-00

C B North Bank
201 State Street
Charlevoix, Michigan 49720

By: Michael R. Hinkle
Commercial Loan Officer

Cheryl B. Hoffman

State of Michigan)
)SS
County of Charlevoix)

On this 1st day of May, 1996, before me, the undersigned, a Notary Public in and for said County, in the State aforesaid, personally appeared Michael R. Hinkle, who being by me duly sworn did say that she is the Commercial Loan Officer for C B North Bank, on behalf of said Corporation, by authority of its Board of Directors, and acknowledged to me that said instrument was executed as to the free act and deed of said Corporation.

Shannon M. Quinn

_____, Notary Public
In and For Charlevoix County, Michigan
My Commission Expires _____

SHANNON M. QUINN
Notary Public, Charlevoix Co., MI
My Comm. Expires April 3, 1998

All Lots located within StoneRidge Subdivision shall be subject to the following BUILDING RESTRICTIONS:

1. Only single family residential structures, shall be constructed upon any lot within the subdivision. Private passenger car garages shall be attached to the dwelling. No outbuildings or enclosures shall be erected upon any lot, except Lot 1.

2. An owner has the unrestricted right to lease and rent his lot at such time as a dwelling has been constructed thereon.

3. A complete set of plans sufficient to secure a building permit must be reviewed and approved by the Architectural Control Committee (ACC). The ACC shall be comprised of three (3) members. The approval of any two (2) of the three (3) shall be deemed approval of the whole Committee. All actions of the Architectural Control Committee shall be in writing. Failure of ACC to act within thirty (30) days of receipt of the requested documents shall constitute approval of the committee. Plan approval shall be at the sole discretion of ACC. All aspects of required submission shall be given weight in accepting or rejecting a proposed plan.
Plans shall include:
- Front, side and rear elevations,
- Perspective design,
- Data as to size, materials, colors and textures of all exteriors including roof coverings and any fences or walls,
- Grading and landscaping specifications, and
- Any other data, drawings or materials as requested by ACC.

4. A Soil and Erosion permit issued by the Drain Commissioner's Office must be obtained prior to any earth moving activity. All construction shall be completed within one year of commencement of construction, or date of destruction, unless waived in writing by the Association. Exposed foundation in excess of 12 inches shall be covered with a building material which is in harmony with the remainder of the exterior building materials. (Paint is not a building material) Occupancy shall not be granted until the exterior of the structure has been completed.

5. All fences shall be constructed of natural materials and shall be approved by ACC before being erected. There shall be no fences or outbuildings erected on common property.

6. Mailboxes shall be of the design provided by Developer, and constructed and installed at homeowner's expense.

7. A dwelling must have a minimum of 1500 square feet for a one story or split level dwelling (with 1100 square feet on the ground level), and 1800 square feet for a two story . Said computations shall be exclusive of basements, garages, attics, breezeways, porches, and similar areas not normally classified as living areas.

8. Mobile homes, section type homes, trailers, shacks, barns or any temporary buildings of any description are expressly prohibited.

9. No lot shall be maintained as a dumping ground for rubbish, trash garbage or other waste, and the same shall not be kept except in sanitary containers properly concealed from public view and/or provided by the Association.

10. Each lot shall have, as part of final landscaping, a minimum of two (2) street trees in the front yard of the residence. One of said street trees shall be provided by the Developer and planted and maintained by the homeowner. Landscaping and trees must be installed within one (1) year of occupancy. Said landscaping shall completely cover the area between the road and the dwelling, as well as the area of the sideyards and rear yard. Residents shall keep lawns neatly mowed and plants or trees properly trimmed.

11. No animals, except for household pets in reasonable numbers, shall be maintained by an Owner. No animals may be kept or bred for any commercial purpose.

12. No house trailers, commercial vehicles, boat trailers, boats, camping vehicles or vehicles other than automobiles used primarily for general personal transportation may be parked or stored upon subdivision premises. No inoperable vehicles of any type may be stored upon the premises whether temporarily or permanently.

13. No signs or advertising devices of any kind shall be displayed which are visible from the exterior of a dwelling with the exception of "For Sale" signs not more than five (5) square feet advertising the property for sale or rent. No signs of any kind shall be displayed in common areas, with the exception of signs placed by the Developer during the marketing of the subdivision.

14. It is intended that the Board of Directors of the Association may make rules and regulations consistent with these restrictions concerning the use of common elements. Copies of such rules and regulations shall be furnished to all owners.

15. No natural gas or oil drilling, development, refining, quarrying or mining operations or any kind shall be permitted upon or in any lot.

16. TV and communication antennas may be installed or placed only in the interior of any residence. Satellite dishes not exceeding eighteen (18) inches in diameter may be attached to the outside of residential structure.

17. No activity shall be carried on which constitutes a nuisance.

18. If any of the provisions of these restrictions is in conflict with zoning restrictions imposed by Garfield Township, the Garfield Township regulations shall prevail.

19. If any of the above restrictions are invalidated by a Court of competent jurisdiction, all remaining restrictions shall remain in full force and effect.