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SHERWOOD HILLS SUBDIVISION NO. 1

Declaration of Covenants and Restrictions

THIS DECLARATION OF COVENANTS AND RESTRICTIONS (this "Declaration") made this 12th day of SEPTEMBER, 1996, by Sherr Development Corporation, a Michigan corporation (the "Declarant"), having its principal office at 31555 W. Fourteen Mile Road, Suite 101, Farmington Hills, MI 48334.

WITNESSETH:

The following is a recital of the facts and objectives underlying this Declaration:

(A) Declarant is the owner in fee simple absolute of certain real property (the "Land") as described on Exhibit "A" attached hereto situated in the Charter Township of Grand Blanc (the "Township"), Genesee County, Michigan, which comprises the Sherwood Hills Subdivision No. 1 (the "Subdivision") as described on Exhibit "A" attached hereto.

(B) The Subdivision consists of (i) 32 lots (the "Lots"), each of which is to be used for the construction and occupancy of one (1) detached single-family residence and permitted related improvements, in each case, subject to the provisions of this Declaration, and other matters of record, and (ii) a certain private park (the "Common Area"), being Sherwood Park (Private Park) ("Sherwood Park") which is intended for the benefit of the Subdivision, and for the use, in common, of the (1) Owners; (2) Occupants; and (3) Permittees.

(C) Declarant desires to subject the Subdivision to the covenants, restrictions, conditions, easements, charges and liens hereinafter set forth (i) to insure the development of the Subdivision as a desirable residential community; (ii) to prevent the construction, installation, placement or maintenance of any undesirable use, improvement or thing within the Subdivision; (iii) to promote internal harmony within the Subdivision; and (iv) to provide for the perpetual preservation and maintenance of the Common Area in a manner consistent with environmental, aesthetic and residential standards.

(D) Declarant deems it desirable to create an entity (the "Association") to own the Common Area, and to which shall be delegated and assigned certain powers and duties hereunder, including, without limitation (i) the administration, operation, maintenance, improvement, repair and replacement of the Common Areas, including, without limitation, the Subdivision Landscaping; (ii) enforcement of the covenants, restrictions, conditions, easements, charges and liens set forth in this Declaration; (iii) collection and disbursement of the assessments and charges described in this Declaration; and (iv) promotion of the health, safety and welfare of the residents of the Subdivision.

(E) Declarant has caused the Association to be organized as a nonprofit corporation (with mandatory assessment powers), for a perpetual term, under the laws of the State of Michigan, for the purpose of exercising the powers, duties and functions of the Association set forth in this Declaration (either directly, or through a management agent and/or maintenance contractors engaged by the Association).

NOW, THEREFORE, Declarant hereby declares that the Subdivision, including each Lot and Common Area in the Subdivision, shall be held, transferred, sold, conveyed, leased, used and occupied subject to the following covenants, restrictions, conditions, easements, charges and liens, each of which is for the benefit of, and shall run with and bind, each Lot and Common Area, and each Person having any right, title or interest in any Lot or Common Area, including, without limitation, each Owner and Occupant, and/or the heirs, personal representatives, successors and/or assigns of any such Person.

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ARTICLE I

Defined Terms

As used in this Declaration with initial capital letters, the following terms shall have the meaning ascribed thereto:

"Association" shall mean and refer to the Sherwood Hills Subdivision Homeowners Association, Inc., a Michigan nonprofit corporation, having its principal office at 31555 W. Fourteen Mile Road, Suite 101, Farmington Hills, MI 48334, and any successor thereto.

"Berm" shall mean and refer to those areas designated on the Plat as private easement for landscaping and park access, landscape easement, and landscape lying adjacent to the McCandlish Road right-of-way.

"Committee" shall mean and refer to the Architectural Review Committee established under the provisions of this Declaration, or the Association, as the context may require.

"Common Area" shall mean and refer to the area of land denoted as "Private Park" on the recorded Plat of the Subdivision being Sherwood Park and intended to be (i) owned by the Association, and (ii) devoted to the common use and enjoyment of the residents in the Subdivision, together with any and all improvements now or hereafter located thereon, including, without limitation, Subdivision Landscaping situated thereon. For Subdivision maintenance purposes, the term "Common Area" shall include the Berms and Islands.

"Declarant" shall mean and refer to Sherr Development Corporation, a Michigan corporation, or any successor thereto, or any Person to whom or which it may expressly assign any one or more of its rights, or delegate any of its authority hereunder, in each case by means of an appropriate document recorded with the Register of Deeds of Genesee County, Michigan, and, in each case, as the context may require.

"Improvement" shall mean and refer to every building of any kind, garage, shed, patio, deck, gazebo, mail box, fence, wall or gate, pool, tennis court, or other structure or recreational facility which may be erected or placed on any Lot, including, without limitation, any driveway, parking area, landscaping, planted material, sign, drainage system and/or utility connection thereon or therein.

"Island(s)" shall mean and refer to the boulevard entranceway island and any cul-de-sac island.

"Lot" shall mean and refer to any numbered parcel of land shown as such upon the recorded Plat of the Subdivision, and used or to be used for the construction and occupancy thereon of a detached single-family residential dwelling, and related improvements, in accordance herewith, and such reference may include such dwelling and related improvements, as the context may require.

"Members" shall mean and refer to all those Persons entitled to membership in the Association, as provided in this Declaration.

"Occupant" shall mean and refer to any Person, holding under an Owner, and entitled by lease, deed, contract or other agreement to use and occupy a residence upon any Lot.

"Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Lot, including, for such purpose, the land contract vendee in regard to any Lot (rather than the land contract vendor), but not including any mortgagee unless and until such mortgagee shall have acquired such fee simple title pursuant to foreclosure, or any proceeding or conveyance in lieu of foreclosure. Where more than one Person has an interest in the fee simple title to any Lot, the interests of all such Persons

collectively shall be that of a single Owner for purposes of voting on all matters involving the Association and Subdivision.

"Permittees" shall mean and refer to the visitors, invitees and guests of each Owner and Occupant, together with police and fire department, and other local government employees, and United States Postal Service personnel.

"Person" shall mean and refer to any corporation, partnership, trust, association or natural person, or combination thereof, as the context may require.

"Subdivision Landscaping" shall mean and refer to certain public street and Common Area landscaping, within or adjacent to the Subdivision, including landscaped Berms and Islands.

"Township" shall mean and refer to the Charter Township of Grand Blanc, Genesee County, Michigan.

ARTICLE II

Membership in the Association

SECTION 1. MEMBERSHIP. Every Person who or which is the Owner of a Lot shall be a Member of the Association. Membership in the Association is, and shall be, appurtenant to, and may not be separated from, ownership of any Lot. Notwithstanding the foregoing, the termination of any Person's ownership interest in any Lot, and the consequent termination of such Person's membership in the Association, shall not be deemed to relieve such Person from any debt or obligation attributable to such Lot which accrued or arose during the period in which such Person was an Owner of a Lot.

SECTION 2. VOTING RIGHTS. The Association shall have two classes of membership, being Class A and Class B, as follows:

(a) Class A membership shall be voting, and the Declarant shall be the only Class A Member;

(b) each Owner of a Lot other than the Declarant shall be a Class B Member;

(c) Class B membership shall be non-voting until the time specified in subsection (d) below, at which time all Owners (including the Declarant) shall be entitled to vote on a one vote per Lot basis (regardless of the number of Owners of any such Lot);

(d) the Declarant shall have the sole vote in the Association, and the consequent right to appoint the Board of Directors of the Association (the "Board"), until such time as 90% of the Lots shall have occupied residences on them, or at such earlier time as may be designated in writing by the Declarant; and

(e) at such time as 90% of the Lots shall have occupied residences on them, or at such earlier time as shall have been designated in writing by the Declarant, Class B Members of the Association shall have the voting rights described in subsection (d) above, and, thereafter, the Board shall be elected by the combined vote of the Class A and Class B Members (in each case, voting on a one vote per Lot basis).

ARTICLE III

Property Rights in the Common Area and Berms

SECTION 1. MEMBERS' EASEMENTS OF ENJOYMENT. Subject to the provisions of Section 3 of this Article III, following, every Member shall have a right and easement of enjoyment in and to the Common Area and Berms, and such easement shall be appurtenant to and shall pass with the title to any Lot whether or not specifically set forth in the deed or other conveyance to such Lot.

SECTION 2. TITLE TO COMMON AREA. Declarant hereby covenants that it shall convey the Common Area to the Association, free and clear of all liens and encumbrances, except (i) easements and rights-of-way of record; (ii) the terms and provisions of this Declaration; and (iii) such rights with regard to the grant of additional easements as are reserved to the Declarant and/or Association herein, and subject to the Members' rights and easements of enjoyment, not later than three years from the date of recordation of this Declaration.

SECTION 3. EXTENT OF MEMBER'S EASEMENTS. The rights and easements of enjoyment of the Members in and to the Common Area and Berms are, and shall be, subject to the following:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting and enjoyment rights of any Member for any period during which any assessment against such Member's Lot remains delinquent and unpaid, and for a period, not to exceed sixty (60) days, for any infraction by such Member of the published rules and regulations of the Association;

(c) the right of the Declarant and/or Association to grant easements affecting the Common Area and Berms to government agencies, and others, for utilities of any kind serving the Subdivision, or any part thereof;

(d) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority for such purposes, and subject to such conditions as may have been agreed upon by the Members; provided that no such dedication or transfer, or determination as to the conditions thereof, shall be effective unless an instrument signed by two-thirds of the Members shall have been recorded, agreeing to such dedication or transfer, and as to the conditions thereof; and, provided further, that no such dedication or transfer, or determination as to the conditions thereof, shall be effective unless the prior consent thereto of the Township, acting by and through its Board of Trustees, shall have first been obtained; and

(e) the right of the Association to levy assessments upon the Lots, as set forth in Article IV hereof.

SECTION 4. DELEGATION OF USE. Any Owner may delegate his right of enjoyment in and to the Common Area and Berms to the members of his family and/or his Occupants and Permittees.

SECTION 5. ADDITIONAL EASEMENTS. Declarant reserves the right to grant additional easements affecting the Common Area and Berms to government agencies, and others, for utilities of any kind serving the Subdivision, or any part thereof, without the consent of the Association or any Member.

ARTICLE IV

Covenant for Maintenance Assessments

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot within the Subdivision owned by Declarant, hereby covenants and agrees, and each Owner of any Lot, by acceptance of a deed, land contract or other conveyance thereto, whether or not it shall be so expressed in any such deed, land contract or other conveyance, shall be deemed to have covenanted and agreed to pay to the Association, annual and special assessments and/or charges, established and to be collected as hereinafter provided. Such assessments, together with interest thereon, and the costs of collection thereof, including reasonable attorneys' fees, shall be a charge and continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest thereon, and the costs of collection thereof, including reasonable attorney's fees, shall also be the personal obligation of each

Person who was an Owner of such Lot at the time the assessment become due and payable. The personal obligation of any Owner for any delinquent assessment shall not pass to any successor in title of such Owner unless expressly assumed by such successor.

SECTION 2. FUNCTIONS OF THE ASSOCIATION. The principal functions of the Association are (i) the enforcement of the provisions of this Declaration; (ii) the collection and disbursement of assessments; (iii) the establishment of reasonable rules and regulations for the use of the Common Area and Berms; (iv) the maintenance of the Common Area, Berms and Islands; and (v) the promotion of the interests of the Owners. As used in this Declaration, the term "maintenance of the Common Area, Berms and Islands" (the "Common Areas" as used in this Article IV) shall be deemed to include, without limitation, the following:

(a) the operation, maintenance and improvement of the Common Areas, including, without limitation, the maintenance, repair and replacement of the entrance monuments, landscaping, established grades, irrigation systems, and lighting systems, if any, within the Common Areas;

(b) the maintenance and improvement of the cul-de-sac and median islands, and the public and emergency accessways, within the Subdivision;

(c) improvement of the landscaping within the Common Areas, including without limitation, the installation of sod and the planting of trees, flowers, shrubs and other plant materials;

(d) maintenance of the landscaping within the Common Areas, including, without limitation, the cutting of grass, weeds and other growing material;

(e) the installation of additional facilities, improvements and landscaping within the Common Areas;

(f) control of undesirable insects and animals within the Common Areas;

(g) removal of trash, paper and debris from the Common Areas;

(h) the operation, maintenance, improvement, repair, and replacement of the storm drainage facilities including, without limitation, the operation, maintenance, repair and replacement of any pipe, drain, valve, grate or opening in any storm water detention area, and all pipes or lines leading into or out of any storm water detention area;

(i) maintenance of the landscaping and slopes in and around the storm water detention area;

(j) the sweeping of the Subdivision's streets and/or the removal of snow from the Subdivision's streets, provided that such work (i) is not undertaken by Genesee County or Grand Blanc Township, and (ii) shall be undertaken at the discretion of the Association, or, as required by the County or the Township;

(k) payment of all real estate taxes, special assessments and other charges upon the Common Areas, storm drainage facilities and/or Subdivision Landscaping imposed or levied by any appropriate governmental authority;

(l) the payment of insurance expenses in regard to the Common Areas, storm drainage facilities, Subdivision Landscaping and the Association; and

(m) each and every other act necessary to protect and preserve the Common Areas for their intended purposes, including but not limited to, the proper functioning and/or appearance of the storm drainage facilities and Subdivision Landscaping at all times.

The Association shall maintain liability insurance in sufficient amounts for the purpose of protecting itself as well as the Owners, the Declarant, Builders and the Township of Grand Blanc from the burden of any liability resulting from accidents which may cause death or injury to anyone or damage or casualty to personal property while in the Common Areas or on any property under the jurisdiction or control of the Association. Any liability insurance shall name the Owners, the Declarant, Builders and the Township of Grand Blanc as additional insureds. The Township shall be insured in an amount which is acceptable to it.

The Association and each and every Owner shall hold Declarant harmless from liability for any liability in connection with any decision or action made or taken by Declarant in the course of its administration of the Association.

SECTION 3. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the Subdivision, and, in particular, for (i) the maintenance of the Common Areas; (ii) enforcing the provisions of this Declaration; (iii) providing other community services desired by the Members; and (iv) the protection of the Owners.

SECTION 4. ANNUAL ASSESSMENTS. The basis of the annual assessments, and the maximum amounts thereof, shall be as follows:

(a) until January 1st of the year immediately following the conveyance of the first Lot to an Owner other than the Declarant, the maximum annual assessment shall be Two Hundred ($200.00) Dollars per Lot;

(b) from and after January 1st of the year immediately following the conveyance of the first Lot to an Owner other than the Declarant, the maximum annual assessment may be increased by the Board to Three Hundred ($300.00) Dollars per Lot, without a vote of the Owners;

(c) thereafter, the maximum annual assessment may be increased each year by the Board not more than ten percent (10%) above the maximum assessment for the prior year without a vote of the Owners (it being understood that the maximum annual assessment for any year may be increased by more than ten percent (10%) above the maximum assessment for the prior year upon the affirmative vote of two-thirds of the Owners voting in person, or by proxy, at a meeting duly called for that purpose); and

(d) the Board may, after consideration of the current fiscal needs of the Association, fix the actual annual assessment for any year at an amount less than the maximum herein otherwise permitted.

SECTION 5. SPECIAL ASSESSMENTS. In addition to the aforesaid annual assessments, the Association may levy against each Owner, 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 any improvement upon the Common Areas, provided that any such special assessment shall have the assent of two-thirds of the Owners voting in person, or by proxy, at a meeting duly called for that purpose, and provided, further, that the Association shall levy a special assessment, if required, pursuant to Article VII of this Declaration, under the conditions therein described, in which event, no vote of Owners shall be required.

SECTION 6. UNIFORM RATE OF ASSESSMENTS. The annual assessments, and each special assessment, shall be set by the Board at a uniform rate for each Lot, and may be collected on a monthly or an annual basis, as may be determined by the Board.

SECTION 7. NOTICE OF QUORUM FOR ACTION AUTHORIZED UNDER SECTIONS 4 AND 5. Written notice of any meeting called for the purpose of taking any action authorized under either Section 4 or 5 of this Article IV shall be sent to all Owners not less than fifteen (15) days in advance of such meeting. At the first meeting so called, the presence at the meeting of the Owners, or of proxies, entitled to cast sixty percent

(60%) of all votes of the Class A and Class B membership shall constitute a quorum. If the required quorum is not present at such meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the proceeding meeting provided that such subsequent meeting shall be held not less than sixty (60) days following the proceeding meeting at which a quorum was not present.

SECTION 8. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENT: DUE DATE. The annual assessments provided for herein shall commence as to all Lots on the first day of the month next following the conveyance of the first Lot to an Owner other than Declarant. The first annual assessment shall be made for (and adjusted on the basis of) the balance of the calendar year, and shall become due and payable as at the day fixed for commencement. The annual assessment for any year, after the first year, shall become due and payable on the first day of January of such year.

SECTION 9. DUTIES OF BOARD OF DIRECTORS. Subject to the limitations set forth in Section 4, 5 and 6 of this Article IV, the Board shall fix the amount of the annual assessment against each Lot 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 the assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall, upon demand, and payment of a reasonable charge, furnish to any Owner liable for such assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. Each budget adopted by the Board shall include an adequate allowance for the maintenance of the Common Areas.

SECTION 10. EFFECT OF NON-PAYMENT OF ASSESSMENT: THE PERSONAL OBLIGATION OF THE OWNER: THE LIEN: REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty days after the due date shall be deemed delinquent, and shall bear interest from the due date at the highest rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay such assessment, or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the cost of preparing and filing the complaint in such action, or in connection with such foreclosure, 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. No Owner may waive or otherwise escape liability for any assessment by non-use of the Common Areas or the abandonment of such Owner's Lot. Subject to the provisions of Section 11 of this Article IV, sale or transfer of any Lot shall not affect the lien for any assessment regarding such Lot.

SECTION 11. SUBORDINATION OF THE LIEN TO MORTGAGES. The lien of the assessment(s) provided for herein is and shall be subordinate to the lien(s) of any mortgage or mortgages now or hereafter placed upon any Lot subject to assessment hereunder; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to sale or transfer of such Lot pursuant to foreclosure of such mortgage(s), or prior to any other proceeding or conveyance in lieu of foreclosure. Such sale, transfer or conveyance shall not, however, relieve such Lot from liability for any assessment thereafter coming due, or from the lien of any such subsequent assessment.

ARTICLE V

Architectural Review

SECTION 1. ARCHITECTURAL REVIEW COMMITTEE. No Improvement shall be erected, placed, installed, constructed, reconstructed or maintained on any Lot, nor shall any exterior addition to, or change in, or alteration of the exterior appearance of any Improvement, or any change in landscaping, be made until plans and specifications showing

the kind, size, shape, height, colors, materials, topography and location of each Improvement on the Lot shall have been submitted to and approved in writing by the Committee. The Committee shall, initially, consist of the Declarant until such time as Declarant has sold and released deeds to all Lots. After such time, Declarant shall delegate and assign to the Association its power of appointment with regard to members of the Committee; provided that, Declarant may, in its sole discretion, make such delegation to the Association at an earlier time. Neither Declarant nor any member of the Committee shall have any liability whatsoever to any Person in connection with the approval or disapproval of any plans or specifications in regard to any Improvement.

SECTION 2. PRELIMINARY APPROVAL. Preliminary plans and specifications may be first submitted to the Committee for preliminary approval.

SECTION 3. FINAL APPROVAL. Plans and specifications for final approval by the Committee shall include the following:

(a) a topographic survey and dimensioned plot plan of the Lot, showing existing and proposed grades, the location of all trees in excess of three (3) inches in diameter, and the location of all proposed Improvements on the Lot;

(b) construction and architectural plans, sufficient in detail to secure a building permit in the Township, including, without limitation, dimensioned floor plans, typical sections, and all elevations (front, both sides and rear) of the main dwelling structure and garage and any proposed outbuildings;

(c) detailed elevations of all walls and gates;

(d) specifications setting forth the type, quality, color and texture of all materials to be employed in all Improvements, including a detailed finish schedule for all exterior materials, products and finishes, with actual brick, stain and shingle samples;

(e) a complete landscaping plan (including a plan for any proposed exterior lighting), together with a planting list;

(f) a construction schedule; and

(g) any other data, drawings or specifications which the Committee deems necessary to fulfill its function.

SECTION 4. VARIANCE REQUIRED. No approval of the Committee shall be valid if any Improvement violates any restriction set forth in this Declaration, or any provision of the Township's zoning ordinance, except in cases where an appropriate waiver or variance in regard to such Improvement has been granted by the Township and/or Committee, as provided in this Declaration.

SECTION 5. APPROVAL AND DISAPPROVAL. The Committee may disapprove plans for any Improvement or alteration for non-compliance with any restriction contained in this Declaration, or because of dissatisfaction with the grading and drainage plans, the location of any Improvement on the Lot, the proposed materials, the proposed color scheme, the proposed finish, design, proportion, shape, height, style or appropriateness of the proposed Improvement or alteration, or because of any matter or thing, which, in the judgment and discretion of the Committee, would cause the proposed Improvement or alteration to be inconsistent with the objectives of the Committee, or with improvements erected or to be erected on other Lots, including purely aesthetic considerations. No material change may be made in any approved plan or specification, including, without limitation, any approved exterior material, stain, color, or roof material, or in the approved landscaping plan, without the prior written consent of the Committee. One complete set of the approved plans and specifications in regard to each Lot, including

any and all approved amendments thereto, shall be kept and retained by the Committee for its permanent file in connection with each Lot.

SECTION 6. FAILURE TO ACT. In the event the Committee shall have failed to approve or disapprove plans and specifications within thirty (30) days after the full, proper and complete submission thereof, the need for such approval by the Committee shall be deemed to have been waived, but all other restrictions, limitations and conditions set forth in this Declaration shall apply and remain in full force and effect as to such plans and specifications.

SECTION 7. FORM OF APPROVAL. Committee approval shall be deemed given if the plans and specifications submitted for approval are marked or stamped as having been finally approved by the Committee, and are signed and dated by two (2) members of the Committee validly serving on the date of such approval.

SECTION 8. REVIEW FEE. The Committee may charge a review fee, not to exceed Two Hundred Fifty ($250.00) Dollars, in connection with the review of plans and specifications for any Improvement or combination of Improvements on any Lot, or in regard to the substantial alteration of any Improvement. The fee may not be utilized for the purpose of paying any salary to any member of the Committee, but exclusively for the purpose of reimbursing the actual expenses of the Committee, including, without limitation, the professional fees of independent consultants to the Committee.

ARTICLE VI

Restrictions Upon Use

SECTION 1. PERMITTED USE. No Lot shall be used except for single family residential purposes. Except as specifically permitted herein, no structure shall be erected, altered, re-erected, placed or permitted to remain on any Lot other than one single family residential dwelling (the "Dwelling"), not to exceed two (2) stories and thirty-five (35) feet in height, and a private garage for not more than three (3) vehicles for the sole use of the Owner/Occupant of the Lot upon which such Dwelling shall have been erected, together with such other Improvements as the Committee shall have approved. Each garage shall be attached or architecturally related to the Dwelling to which such garage pertains, and shall be constructed at the time of, and in conjunction with, construction of such Dwelling. No garage shall provide space for less than two (2) vehicles. Carports are specifically prohibited. No part of any Dwelling or appurtenant structure shall be used for any activity normally conducted as a business. Except as specifically permitted herein, a pre-existing structure may not be moved onto any Lot.

SECTION 2. MINIMUM FLOOR AREA. The minimum (per unit) living area of the Dwelling shall be not less than one thousand four hundred (1400) square feet, in the case of a one story Dwelling, nor less than one thousand five hundred (1500) square feet, in the case of a one and one-half story Dwelling, nor less than one thousand six hundred (1600) square feet, in the case of a two story Dwelling, in each case, measured from the exterior faces of the exterior walls. As used herein, the term "living area" shall not be deemed to include basements or unfinished attics, or garages, patios, decks, open porches, entrance porches, terraces, storage sheds, breezeways, or like areas, even if attached to the Dwelling, but such term shall be deemed to include enclosed porches if the roof of the porch is an integral part of the roof line of the Dwelling. Each Dwelling shall have a basement.

SECTION 3. ALTERATION OF LOT. No Lot may be divided or reduced in size except by the taking of part thereof by a public agency for a public purpose. Whole Lots may be combined for use as one (1) building site.

SECTION 4. MINIMUM YARDS. Except as otherwise required by the Township and the Committee, no Dwelling or other structure shall be located on any Lot nearer than thirty (30) feet to the front Lot line, or nearer than thirty five (35) feet to the rear Lot line, or nearer than thirty (30) feet to a side street Lot line, in the case of a corner

Lot. Except as above and hereinafter set forth, each Dwelling, or other structure, shall be so located and erected upon the Lot as to provide a minimum side yard on one side thereof not less than six (6) feet, and the combined total of the two side yards on such Lot shall not be less than sixteen (16) feet. There shall be at least sixteen (16) feet between building envelopes on adjoining lots.

SECTION 5. DECKS. Each Dwelling may have an open deck, which shall be attached to the rear portion, thereof, and which shall (a) not have any type of roof or other overhang covering; (b) not have sides or walls exceeding 36" in height; (c) not be any closer than 20' to the rear Lot line; and (d) not be located within any portion of the minimum side yard requirement.

SECTION 6. PORCHES. Porches shall be permitted upon each Lot, provided that they (a) are placed on that portion of the Dwelling, only, which fronts a public street; and (b) are no greater than 10' in width (as measured from the front to the rear, thereof).

SECTION 7. EXTERIOR MATERIALS. The exterior walls of each Dwelling and attached garages shall be constructed of brick, brick veneer, wood, siding, and/or stone in any combination. Notwithstanding the foregoing provision, certain deviations from this section may be granted by the Committee to enable the construction of houses which seek to incorporate certain authentic architectural styles and details. Windows and doors shall not be considered exterior walls for purposes of this section. No unpainted (or non-factory painted) metal doors may be used in the exterior of any Dwelling or appurtenant structure. No used material, except reclaimed brick, may be used in the construction of any visible exterior wall. The use of exposed cement block, slag, cinder block, imitation brick, asphalt, or any type of commercial siding on any visible exterior wall is expressly prohibited.

SECTION 8. SIMILAR ELEVATIONS. The construction of identical homes, with identical architectural elevations, including identical colors and materials (which items shall be collectively referred to as the "Design Elements"), upon adjacent Lots, or directly across a common street from another, shall not be permitted. Whether two (2) adjacent houses contain sufficiently dissimilar Design Elements shall be the determination, solely, of the Committee.

SECTION 9. WALLS AND FENCES. No fence or wall of any type shall be permitted for the purpose of enclosing or partially enclosing any Lot. Wrought iron fencing (but not fencing of the wire type commonly known as " Cyclone Fencing") may be used on any Lot for the purpose of enclosing a permitted swimming pool, in locations approved by the Committee. The side yards and rear yard (but not the front yard) of any Lot may be enclosed or partially enclosed by landscaping pursuant to a plan approved by the Committee, provided that the street side of a corner Lot shall be considered a second front yard for purposes of the foregoing limitations.

SECTION 10. SWIMMING POOLS. No swimming pool may be installed on any Lot any portion of which is higher than one (1) foot above the finished grade of the Lot or located within any side or rear yard setback. No above ground swimming pool may be erected, placed or permitted to remain on any Lot, either temporarily or permanently.

SECTION 11. ANIMALS. Except as hereinafter set forth, no animals or fowl shall be kept, bred or harbored on any Lot. Not more than two (2) domesticated animals, of a type commonly deemed to be household pets, may be kept on any Lot (but not kept or bred for commercial purposes), as long as each such pet shall have such care and restraint as not to be objectionable or offensive to others due to noise, odor or unsanitary conditions. Any such pet shall be kept either on a leash, or in a run, pen or kennel (in any event, a " pen"), and shall not be allowed to run loose or unattended. No pen shall be erected or placed on any Lot unless located within the rear yard (or a side yard location approved by the Committee) of such Lot adjacent to a wall of the Dwelling or garage, and facing the rear or interior of the Lot. Any rear yard pen shall not be permitted to extend into either side yard. All pens shall be made of wood, decorative block or approved fencing materials, or any combination thereof, and may not exceed three hundred (300)

square feet in area or four (4) feet in height. The exterior sides of a pen shall be landscaped with plantings to screen the view thereof from adjacent Lots, and such pen shall be kept and maintained in a clean and sanitary condition. The construction and landscaping plans for a pen are subject to approval by the Committee.

SECTION 12. TEMPORARY STRUCTURES. No structure of a temporary character, trailer, commercial vehicle, recreation vehicle, shack, garage, barn, storage shed, tent, tree house, or other similar outbuilding, may be used or occupied at any time, on any Lot, either temporarily or permanently, except that (i) tents for entertainment purposes may be erected on any Lot for periods not to exceed forty-eight (48) hours; (ii) an appurtenant swimming pool bathhouse may be maintained on any Lot, provided that the plans for such swimming pool and bathhouse shall have been approved by the Committee and Township; and (iii) a temporary storage building for the storage of materials and supplies to be used in connection with the construction of a Dwelling on any Lot may be kept and maintained on such Lot during the period of such construction.

SECTION 13. STORAGE OF VEHICLES. No house trailer, commercial vehicle, truck, boat, boat trailer, camper, recreational vehicle or camping, horse or other utility trailer or vehicle (except passenger cars and passenger vans) may be parked or stored on any Lot unless stored fully enclosed within an attached garage otherwise constructed in accordance with this Declaration, except that (i) commercial trucks and vehicles may be parked upon any Lot while making deliveries or pickups in the normal course of business, and (ii) one construction trailer may be kept and maintained within the Subdivision by each builder engaged in the construction of Dwellings within the Subdivision, provided that such construction trailer shall be located upon a Lot owned by such builder, or by the Person for whom such builder is constructing such Dwelling, and shall be removed from the Subdivision at such time as such builder shall have completed the construction of Dwellings within the Subdivision.

SECTION 14. ANTENNAS. No exterior radio, television or other communications antenna of any type, or any saucer, dish or similar device, which exceeds eighteen (18") inches in diameter, may be erected, placed, maintained or permitted to remain on any Lot, except that the Committee may, upon appropriate application with regard to any Lot, determine that the absence of an outside antenna will cause a substantial hardship, and, upon such finding, may permit an outside antenna to be used in connection with such Lot under such conditions as the Committee shall deem reasonable.

SECTION 15. SUBDIVISION CLEANLINESS. No Lot shall be used as a dumping ground for rubbish, trash, garbage or other waste, and such material shall not be kept or stored on any Lot except in appropriately sealed sanitary containers properly concealed from public view. Garbage containers shall not be left at the roadside of any occupied Lot for more than twenty four (24) hours during any one week. Any debris resulting from the destruction in whole or in part of any Dwelling, structure or improvement on any Lot shall be removed from such Lot by the Owner thereof with all reasonable dispatch. Each Owner shall prevent such Owner's Lot, and any Dwelling, appurtenant structure or other improvement thereon from becoming unsightly or unkempt, or from falling into a state of disrepair. No laundry shall be hung for drying on any Lot outside of the Dwelling on such Lot.

SECTION 16. EASEMENTS AND OTHER CONDITIONS. Easements for the construction, installation and maintenance of public utilities, for surface and road drainage facilities, and for sanitary sewer, storm sewer and water main facilities and for greenbelt and/or landscaping, are reserved as shown on the recorded Plat of the Subdivision, and/or as may otherwise appear of record, and as set forth herein. In addition, easements are hereby specifically reserved to the Declarant in, through and across a strip of land six feet (6') in width along all rear and side Lot lines for the installation and maintenance of telephone, electric and cable television lines and conduits, sanitary and storm sewers, water mains, and for surface drainage purposes, and for the use of any public utility service deemed necessary by the Declarant. The use of any such easement may be assigned by the Declarant, at any time, to any Person furnishing one or more of the foregoing services and/or facilities, and any such easement may be relinquished by the filing of record by the

Declarant of an appropriate instrument of relinquishment. Within each of the foregoing easements, no structure, improvement, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and/or maintenance of such service facilities and utilities, or which may change, obstruct or retard the flow or direction of water in and through drainage channels in the easements, nor, without the written consent of the Committee, shall any change be made in the finished grade of any Lot once established upon completion of construction of the Dwelling on such Lot. The easement area of such Lot shall be maintained in a presentable condition continuously by the Owner, and the Owner of each Lot shall be liable for all damage to service facilities and utilities thereon, including, without limitation, damage to electric, telephone, natural gas and cable television distribution lines and facilities located therein. No shrubs or foliage shall be permitted or maintained on any Lot within five feet (5') of any utility company transformer enclosure or secondary connection pedestal.

SECTION 17. UNDERGROUND UTILITIES. All public utilities such as water mains, sanitary sewers, storm sewers, and electric, natural gas, cable television and telephone local subdivision distribution lines, and all connections to such facilities, either private or otherwise, shall be installed underground; provided, however, that (i) above ground transformers, pedestals, and other above ground electric, cable television, natural gas or telephone equipment deemed necessary by the supplier of any such utility service in connection with underground distribution systems; (ii) open drainage channels; and (iii) street lighting stanchions, shall be permitted. Each Owner shall be responsible for the installation, maintenance, repair and replacement of electrical, natural gas, telephone and cable television service conductors and facilities on such Owner's Lot, extending from the adjacent street right-of-way, or utility easement on such Lot, to the Dwelling. The Lots may be subject to charge, from time to time, for street lighting facilities installed and/or to be installed pursuant to the request of the Township.

SECTION 18. WEAPONS No Owner shall use or discharge, or permit or suffer any member of his family, or guest or invitee, to use or discharge within the Subdivision, any B-B gun, firearm, pellet gun, sling shot, archery equipment or other weapon.

SECTION 19. SIGHT LINES. No wall, hedge or shrub planting which obstructs sight lines at elevations between two feet (2') and six feet (6') above the roadways shall be placed or permitted to remain on any Lot within the triangular area formed by the street property lines and a line connecting them at points twenty five feet (25') from the intersection of the street lines, or, in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight lines limitations shall apply on any Lot within ten feet (10') from the intersection of a street property line with the edge of a driveway pavement. No tree shall remain within such distances of such intersections unless the foliage line thereof is maintained at sufficient height to prevent obstruction of such sight lines.

SECTION 20. AIR CONDITIONERS. No external air conditioning unit shall be placed in or attached to a window or wall of any Dwelling or appurtenant structure. No compressor or other component of a central air conditioning system (or similar system, such as a heat pump) shall be so located upon any Lot so as to be visible from the public street upon which such Lot fronts, and, to the extent reasonably possible, all such external equipment shall be so located on any Lot so as to minimize the negative impact thereof on any adjoining Lot, in terms of noise and appearance. In general, such equipment shall be located only in the rear yard, within five feet (5') of the rear wall of the Dwelling, and shall not project beyond the sidewall of the Dwelling so as to extend into a sideyard.

SECTION 21. DRIVEWAYS. All driveways and driveway approaches shall be paved with concrete and shall be completed prior to occupancy of the Dwelling to be served by such driveway, except to the extent delayed or prohibited by strikes or adverse weather conditions, in which event, such paving shall be completed within thirty (30) days after the termination of such strike or adverse weather conditions.

SECTION 22. CHIMNEYS. All chimneys (whether intended for live fires or furnaces) shall have flues lined through the entire height fire resistant material. Prefabricated chimneys are permissible.

SECTION 23. SALES OFFICES. Anything in this Declaration to the contrary notwithstanding, Declarant, and the successors and/or assigns of Declarant, and its or their agents, employees and sales representatives, may use and occupy any Lot or Dwelling in the Subdivision for model or display purposes and/or as a sales office in regard to the sale of Lots or Dwellings therein or other lands in the Township owned by the Declarant, until all of the Lots and Dwellings to be built on the Lots or other lands shall have been sold.

SECTION 24. SIGNS. No sign of any kind shall be displayed to the public view on any Lot, except (i) one sign of not more than five (5) square feet (the top of which shall be not more than five (5) feet above the ground) advertising the Lot for sale; (ii) uniform street address signs, of the type and in a uniform location specified by the Declarant; and (iii) signs of any size used by Declarant, or any builder in the Subdivision, to advertise the Lots (and /or new Dwellings thereon) for sale, during the construction and sale period.

SECTION 25. LANDSCAPING. Each Lot must be landscaped in accordance with the approved landscaping plan for such Lot within ninety (90) days after initial occupancy of the Dwelling, weather conditions permitting, or within ninety (90) days after the end of such adverse weather conditions. After landscaping has been installed, the relevant Owner shall maintain such landscaping in good condition, consistent with the approved landscaping plan.

SECTION 26. PROHIBITED VEHICLES. No snowmobiles or other vehicles, designed primarily for off-road use, shall be operated within the Subdivision.

SECTION 27. DISPOSALS. All Dwellings within the Subdivision shall be equipped with an electric garbage disposal unit in the kitchen.

SECTION 28. WELLS. No Owner shall dig, or attempt to dig, any well on any Lot.

SECTION 29. LEASES/RENTALS. No Owner or Occupant shall lease, rent, and/or sublet their Dwelling to any Occupant other than one (1) immediate family member or grandparent. No Owner or Occupant shall lease, rent and/or sublet less than the whole of any Dwelling on any Lot.

SECTION 30. MAILBOXES. Only one (1) box shall be permitted per Lot for the receipt of mail and newspapers and shall be of a standard size. Separate or additional boxes used solely for the receipt of newspapers are prohibited. All mailboxes must have either a wood or wrought iron post and must be pre-approved by the Committee.

ARTICLE VII

General Provisions

SECTION 1. ENFORCEMENT. The Association or any Owner shall have the right to enforce these covenants and restrictions by any proceeding at law or in equity against any Person violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against any Lot, to enforce the lien created by these covenants upon such Lot; and failure by the Association or 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 or more of these covenants or restrictions by judgment or court order shall in no way effect any other provision of this Declaration, and this Declaration shall otherwise continue and remain in full force and effect.

SECTION 3. NOTICES. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the Person who or which appears as Owner on the records of the Association at the time of such mailing.

SECTION 4. ANNEXATION OF ADDITIONAL LANDS. Additional subdivisions of land or property splits, now or hereafter owned by Declarant, or in which the Declarant shall have or acquire an interest, and located within the area bounded by Saginaw Street, Cook Road, and Holly Road (in each case, an "Addition"), may be brought by the Declarant under and within the jurisdiction of the Association (without the consent or approval of the Association or any Owner), in each case, by means of a Supplemental Declaration of Covenants and Restrictions filed of record with regard to such Addition, which shall extend to such Addition the scheme of the covenants and restrictions contained in this Declaration, and which shall subject the lots or parcels therein to assessment (and shall extend membership in the Association to such owners) on the basis set forth herein, and which shall provide that any additional park areas therein shall be for the use and benefit of the Owners, the residents in such Addition, and the residents in any subsequent Addition. Any such Addition may or may not contain additional park areas. Nothing contained herein shall require the Declarant to make any Addition to the Association. Any annexation of additional land by action of the Association (other than as aforesaid) shall require the consent of two-thirds of the Owners.

SECTION 5. TRANSFER OF RIGHTS AND POWERS. Declarant hereby reserves the unequivocal right to assign to the Association, in whole or in part, from time to time, any or all of the rights, powers, titles, easements and estates reserved by, or given to, the Declarant hereunder, including, without limitation, any right or power to approve or disapprove any use, act, proposed action or other matter or thing. Any such transfer or assignment shall be made by appropriate written instrument, recorded among the records of the Wayne County Register of Deeds, and such assignee shall thereupon have the same rights and powers, and be subject to the same obligations and duties as herein given and reserved to and assumed by Declarant in connection with the rights, powers and easements so assigned, and such instrument, when executed by such assignee, shall, without further act, release the Declarant from all obligation, duty and liability in connection therewith.

SECTION 6. AMENDMENT AND DURATION. This Declaration, and the covenants and restrictions herein contained, shall run with and bind the Lots and Common Areas, and shall inure to the benefit of, and be enforceable by the Association, or any Owner, their respective legal representatives, heirs, successors and/or assigns, for a term of thirty (30) years from the date this Declaration is recorded (the "Primary Term"), after which time this Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then Owners of two-thirds of the Lots shall have been recorded, agreeing to change this Declaration, in whole or in part; provided, however, that no such agreement and instrument of change shall be effective unless made and recorded at least three (3) years in advance of the effective date of such change, and unless written notice of the proposed agreement and instrument of change is sent to every Owner at least ninety (90) days in advance of any action taken. This Declaration may be amended during the Primary Term by a recorded agreement and Instrument of change signed by not less than eighty percent (80%) of the Owners; provided that until January 1, 2000, Declarant shall have the right, by written Instrument, signed, acknowledged and recorded with the Genesee County Register of Deeds, to modify, amend, restate, waive or repeal any or all of the provisions herein contained with respect to all or any particular Lot within the Subdivision. Any such modification, amendment, restatement, waiver or repeal, may be retroactive of recordation of this Declaration. It is however, expressly understood that no such agreement and instrument of change, or amendment, affecting the Common

Areas, or which affects any provision of this Declaration which specifically applies, or grants rights, to the Township, shall be effective unless the prior consent of the Township shall have first been obtained.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as at the date first above set forth.

Signed in the presence of:

Jennifer K. Weaver
Jennifer K. Weaver

Kathleen Scott
KATHLEEN SCOTT

Signed by:

SHERR DEVELOPMENT CORPORATION,
a Michigan corporation

By: _____
Stuart D. Sherr
Vice President

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

The within instrument was acknowledged before me this 13th day of September, 1996, by Stuart D. Sherr, who is a Vice President of Sherr Development Corporation, a Michigan corporation ("Corporation"), on behalf of the Corporation.

Tracie A. Hinson, Notary Public
Wayne County, Michigan,
Acting in Oakland County
My Commission Expires March 31, 2001

Drafted by and when recorded return to:

Stuart D. Sherr, Esq.
31555 W. Fourteen Mile Road, Suite 101
Farmington Hills, MI 48334

T 39.00

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Description of Sherwood Hills Subdivision No. 1
(also referred to herein as the "Land" or the "Subdivision")

A Subdivison of part of the Southeast 1/4 and part of the Southwest 1/4 of Section 22, T6N-R7E, Grand Blanc Township, Genesee County, Michigan, further described as beginning at a point on the north line of said Southeast 1/4 of Section 22 which is S 89°59'36" W., 1323.92 feet from the East 1/4 corner of said Section 22; thence from said point of beginning S 00°46'41" E., 1334.04 feet to the northeast corner of Lot 46 of Hickory Hill Farms No. 1, a plat recorded in Liber 39 Page 6 of the Genesee County Records; thence N 88°57'47" W. along the north line of said Hickory Hill Farms No. 1 (recorded as N 88°58'39" W), 629.38 feet; thence N 02°51'52" W., 108.13 feet; thence N 08°05'24" W., 66.31 feet; thence N 01°01'21" E., 146.33 feet; thence S 88°58'39" E., 56.95 feet; thence N 67°45'21" E., 120.73 feet; thence N 46°36'32" E., 147.75 feet; thence N 27°41'15" E., 53.34 feet; thence N 19°12'26" E., 70.00 feet; thence N 08°59'27" E., 55.00 feet; thence N 20°18'00" E., 81.24 feet; thence N 31°33'06" W., 153.93 feet; thence N 88°58'39"W., 198.24 feet; thence S 54°36'41" W., 160.32 feet; thence S 00°47'55"E., 131.19 feet; thence N 88°57'42" W., 572.68 feet; thence N 56°05'45" W., 169.56 feet; thence S 48°27'30" W., 102.91 feet; thence N 00°00'29" E., 120.00 feet; thence S 89°59'31" E., 173.94 feet; thence N 00°00'29" E., 345.00 feet; thence N 89°59'36" E., 78.00 feet; thence N 00°00'29" E., 200.00 feet; thence N 89°59'36" E., 1208.59 feet along the north line of said Southeast 1/4 of Section 22 to the point of beginning; containing 26.303 acres.

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