

AMENDED AND RESTATED DECLARATION OF RESTRICTIONS

This Amended and Restated Declaration of Restrictions is made this ____ day of _____ 2026, by the undersigned, constituting a majority of the co-owners of the subdivisions established by the following plats:

Arrow Shores, according to the Plat recorded in Liber 2 of Plats, Page 88, Otsego County Records;

Southern Trails, according to the Plat recorded in Liber 2 of Plats, Page 98, Otsego County Records;

Indian Hills, according to the Plat recorded in Liber 2 of Plats, Page 90, Otsego County Records;

Okemos Trails, according to the Plat recorded in Liber 2 of Plats, Page 93, Otsego County Records;

Tuscola Trails, according to the Plat recorded in Liber 2 of Plats, Page 104, Otsego County Records; and

Arenac Trails, according to the Plat recorded in Liber 3 of Plats, Page 4, Otsego County Records (Arrow Shores, Southern Shores, Indian Hills, Okemos Trails, Tuscola Trails and Arenac Trails shall hereinafter be referred to collectively as "Subdivisions").

WITNESSETH:

WHEREAS, American Central Corporation, a Michigan corporation, ("Developer") caused a certain Declaration of Restrictions for Arrow Shores to be recorded September 5, 1963, in Liber 96, Page 172 et seq., Otsego County Records;

WHEREAS, Developer caused a certain Declaration of Restrictions for Southern Trails to be recorded February 5, 1964, in Liber 97, Page 566 et seq., Otsego County Records;

WHEREAS, Developer caused a certain Declaration of Restrictions for Indian Hills to be recorded February 5, 1964, in Liber 97, Page 569 et seq., Otsego County Records;

WHEREAS, Developer caused a certain Declaration of Restrictions for Okemos Trails to be recorded February 5, 1964, in Liber 97, Page 572 et seq., Otsego County Records

WHEREAS, Developer caused a certain Declaration of Restrictions for Tuscola Trails to be recorded August 22, 1964, in Liber 101, Page 127 et seq., Otsego County Records;

WHEREAS, Developer caused a certain Declaration of Restrictions for Arenac Trails to be recorded August 2, 1965, in Liber 107, Page 164 et seq., Otsego County Records (all of the foregoing Declarations of Restrictions for Southern Trails, Indian Hills, Okemos Trails, Tuscola Trails and Arenac Trails shall hereinafter be referred to collectively as "Declarations of Restrictions");

WHEREAS, all of the above communities shall be referred to, collectively, as the "Subdivisions."

WHEREAS, Developer assigned its rights under the Declarations of Restrictions to the Lake Arrowhead Property Owner's Association in an Assignment recorded April 29, 1968, in Liber 121, Page 435 et seq., Otsego County Records;

WHEREAS, Section 15 of the Declaration of Restrictions provides for its amendment by recording an instrument signed by the owners of record of a majority of the lots in the Subdivisions;

WHEREAS, the undersigned represents the owners of record of a majority of the lots in the Subdivisions ("Owners");

WHEREAS, the Owners wish to amend, restate and join the Declarations of Restrictions as set forth herein.

NOW, THEREFORE, the Declarations of Restrictions are hereby amended and restated as follows:

1. **RESIDENTIAL USE.** All lots in the Subdivisions shall be used exclusively for residential purposes. No structure or building shall be erected, altered, placed, or permitted to remain on any lot other than one single-family dwelling and one private garage or storage barn. Homeowners may purchase an additional lot or lots in the community to construct one garage or storage barn, subject to the following conditions: (a) The homeowner must combine sufficient contiguous lots they own to meet the minimum parcel size required by the applicable county zoning ordinance for the accessory building they wish to construct; (b) The lots must be legally combined into a single parcel before any accessory building—such as a garage or storage barn—may be constructed; and (c) Once combined, all accessory buildings must comply with all applicable township, county, and state zoning ordinances, and with any guidelines addressing accessory buildings set forth in the Association Bylaws. In no event shall any lot or combined parcel contain more than: (i) one single-family dwelling; (ii) two detached permanent structures requiring building permits (garages or storage barn) on combined lots; and (iii) one stand-alone storage barn on an additional lot. This limitation means a maximum of three detached permanent structures per single-family dwelling. As used herein, the term "Subdivisions" shall refer collectively to Arrow Shores, Southern Trails, Indian Hills, Okemos Trails, Tuscola Trails, and Arenac Trails.

2. **TYPE, SIZE, AND CONSTRUCTION.** Any dwelling erected, placed, or altered on any lot in the Subdivisions must be approved in writing by the Building Control Committee prior to the start of construction. Such approval will be made upon submission of satisfactory plans, including a site plan to scale showing the location of the structure on the lot, all setback distances, elevations with building heights, roof pitch, and proposed materials. The Association reserves the right to require a survey from a licensed professional surveyor if the Board deems necessary. Any structure must conform to the following minimum standards:

- a. Any residence erected or placed upon any lot in the Subdivisions shall have a ground floor area, exclusive of one-story open porches or garages, of not less than

600 square feet in the case of a one-story building, including A-frame houses. No multi-level dwelling shall be erected on any lot with less than 1,200 square feet of livable space. Any livable space above a garage is in addition to the minimum square footage requirements. Barndominiums must have a minimum of 600 square feet of living space on the main floor. This 600 square feet is the minimum permitted under Association restrictions; however, if county zoning ordinances require a larger minimum, the county requirements shall control. Special design or construction exceptions may be approved by the Board and Building Control Committee upon application and review.

Barns and detached garages must meet the following requirements: gable end soffits must be a minimum of eight (8) inches; overhang soffits on eaves must be a minimum of twelve (12) inches; roof pitch must be a minimum of 4/12; and there must be a break in colors or materials (all exterior materials must not be of the same color or type). All livable spaces must meet applicable state and local building codes for the proposed use. If the use is changed or modified after construction, the space must be brought up to required code standards. BOCA-compliant modular homes with wood-frame construction and a permanent foundation are permitted. Manufactured homes, including those that bear a HUD certification label (commonly known as mobile homes or trailers), regardless of size, date of manufacture, or whether placed on a permanent foundation, are expressly prohibited. For purposes of this Declaration, "manufactured home" means a structure built on a permanent steel chassis, designed to be used as a dwelling with or without a permanent foundation, and which bears a federal HUD certification label.

- b. All construction materials must be new or in like-new condition. No building shall be moved into any Subdivision. No trailer, mobile home, tent, shack, or any other temporary living space may be placed on any lot during construction. Shipping containers or storage trailers are permitted during the duration of construction for a period not to exceed twelve (12) months, with the ability to request one renewal from the Building Control Committee.
- c. All residences must have private inside bathroom facilities.
- d. No fence or similar enclosure shall be erected or installed on any lot without prior written approval of the Building Control Committee, including submission of a site plan showing the location (with dimensions), height, materials, and color. On lots adjoining a lake, fences are permitted only if they are open-style decorative fences, do not exceed four (4) feet in height, and do not interfere with lake views from neighboring properties. On non-lake lots, fences are permitted provided they do not exceed four (4) feet in height and comply with applicable zoning ordinances. Privacy fences shall not extend beyond the front plane of the dwelling, shall not exceed six (6) feet in height, and shall not obstruct views of lakes or ponds from neighboring properties. Adjacent and adjoining property owners shall receive notification of any privacy fence construction. All fences

must comply with applicable township, county, and state regulations and be maintained in good condition. On lake lots, hedges, shrubs, or other landscaping used as a barrier or screen shall be subject to the same height and location restrictions as fences. All landscaping must be maintained in a neat and safe condition and comply with applicable ordinances.

- e. All structures shall be completed on the exterior within the timeframes required by applicable township, county, and state ordinances, but in no event more than two (2) years from commencement of construction. Exterior completion includes application of final exterior finishes, including paint, stain, or other protective coatings on all exterior surfaces. During construction, the premises shall be kept and maintained in a sightly and orderly manner, and trash receptacles shall have coverings/lids.

Upon final inspection, the site shall be graded, sodded or seeded, and reasonably landscaped within one (1) year of project completion, using materials suitable for sandy soil and small lots. Landscaping should include natural vegetation, grass, or other erosion-control ground cover, and owners are encouraged to use native plants to maintain a neat, safe, and orderly appearance without creating drainage or erosion issues. During the period of construction, the premises shall be kept and maintained in a sightly and orderly manner.

The Building Control Committee shall consist of three (3) members, two (2) of who are nominated by the Building Control Chair and approved by the Lake Arrowhead Property Owners' Association Board. In the event of the resignation or death of a member, the Building Control Chair shall nominate a replacement for Board approval. If the vacancy is the Chair position, the remaining Committee members may nominate one of their own to serve as Chair, subject to Board approval. Once a new Chair is appointed, the Chair shall then nominate an individual to fill the resulting Committee vacancy, also subject to Board approval. The Building Control Committee shall approve plans for all structures erected in the Subdivisions. The Committee may reject any plan based on these restrictions or any other governing documents. Any other decision to reject a plan must be presented to the entire Lake Arrowhead Property Owners' Association Board for review and may be rejected at the Board's discretion.

3. **SIGNS, BANNERS, FLAGS AND ADVERTISING.** Advertising signs or devices, including but not limited to signs for tree services, roofing, or similar contractor services, may be erected on a lot for the duration of the project for which the services are being performed, and may remain in place for no more than fourteen (14) consecutive days following completion of the project, and be no larger than six (6) square feet. The temporary removal and reinstallation of a sign for the same project for the purpose of extending this time period is expressly prohibited. Real estate "For Sale" signs may be displayed on a lot for the duration that the lot or dwelling is actively offered for sale and may remain in place for up to fourteen (14) days following the closing of the sale. All such signs, banners, flags and advertising shall be free from profanity, vulgarity, or offensive language. Any sign not removed within the permitted time period may be removed by the Association at the expense of the owner.

4. SETBACKS. Setback requirements shall comply with applicable township, county, and state ordinances.

5. DOCKS. No permanent dock shall be erected without the prior written approval of the Building Control Committee. A "permanent dock" means any dock or structure that is affixed to the shoreline or lakebed, remains in place year-round, or is not readily removable without construction equipment. In addition, all required permits and approvals shall be obtained in accordance with applicable regulations of the Michigan Department of Environment, Great Lakes, and Energy (EGLE) and any applicable township, county, or state zoning ordinances. Existing permanent docks may remain in place; however, a dock shall be deemed unserviceable if it is unsafe, structurally damaged, missing essential components, improperly anchored, obstructs navigation, or otherwise creates a safety hazard. Upon written notice from the Association, the owner shall repair or remove the dock within one (1) year. If the owner fails to do so, the Association may repair or remove the dock, and all costs shall be charged to the owner. A "temporary dock" is a dock that is not permanently attached to the shoreline or lakebed and is designed to be installed and removed seasonally without construction or disturbance of the lake bottom. Temporary docks do not require Building Control Committee approval but must comply with all applicable EGLE regulations.

6. LAKE RIGHTS. The owners of Lots that abut or border the waters of Buhl Lake Arrowhead or Lake Little Deer shall hold the riparian or littoral rights appurtenant to their respective lots, including rights to reasonable use of the waters, shoreline, and lakebed contiguous to their property, as permitted by law. All riparian or littoral rights shall be subject to reasonable regulation by the Association, including but not limited to rules governing: (a) location, length, and number of docks; (b) boat types, speeds, and launching; (c) protection of water quality, shoreline, and natural habitat; (d) hours of operation for powered vessels; (e) weed control, dredging, and lake-level management activities; and (f) any use impacting the safe and shared enjoyment of the lakes by all members. Buhl Lake Arrowhead and Lake Little Deer are designated as private lakes and as such, the right to usage and control remain with the Lake Arrowhead Property Owners' Association or its authorized agent.

7. EASEMENTS. Easements for the installation, operation, repair, and maintenance of public utilities, drainage facilities, and similar improvements are reserved along and within eight (8) feet of all side lot lines and ten (10) feet of all rear lot lines in the Subdivisions, or as otherwise required by applicable township, county, or state ordinances.

Such easements are hereby reserved to enter upon the premises as necessary to construct, operate, repair, or maintain any public improvements and utility facilities, including but not limited to pipes, poles, wires, cables, and similar facilities, whether located under or above ground, in accordance with applicable governmental regulations. It is understood and agreed that it shall not be considered a violation of the provisions of the easement if wires or cables carried by such pole lines pass over some portion of said lots not within the eight (8) foot strip, so long as such lines do not hinder the construction of buildings or improvements on any lots in the Subdivisions, and otherwise comply with applicable township, county, and state ordinances.

8. FUEL STORAGE TANKS. Any tank used for the storage of fuel that is placed or maintained on any lot outside of a building within the Subdivisions shall comply with all applicable township, county, state, and EGLE regulations.

9. REFUSE. No refuse pile or unsightly or objectionable material shall be allowed or maintained on any lot.

10. LOT MAINTENANCE. Owners of all lots shall at all times keep and maintain their property in the Subdivisions in a clean and orderly condition. No refuse pile(s) or unsightly or objectionable material or condition shall be maintained on any Lot. Natural landscaping is encouraged but should be seasonally controlled to reduce the risk of wildfire and protect neighboring properties.

11. COMMERCIAL ACTIVITY. No business, trade, or enterprise of any kind or nature whatsoever shall be conducted or carried on upon any lot or lots in the Subdivisions, except for the specific Authorized Exceptions defined below.

- a. Permitted Home Occupations (Non-Traffic Generating). To support the modern residential needs of owners, "Home Occupations" are permitted provided they are incidental and subordinate to the principal residential use of the dwelling. A Home Occupation is defined as professional work (e.g., remote office work, consulting, online sales) that meets the following strict criteria: (1) No Exterior Evidence: There shall be no exterior evidence of the business, including signage, and no outdoor storage of goods or materials. (2) No Traffic Generation: The activity must not generate traffic, parking demand, or delivery volume in excess of that normally created by a standard single-family residential use. (3) No On-Site Employees or Clients: The business shall be conducted solely by the occupants of the dwelling, with no on-site employees, and no clients or patrons visiting the premises.
- b. Off-Site Service Businesses (Non-Traffic Generating). To support the modern residential needs of owners, "Off-Site Service Businesses" are permitted provided they are incidental and subordinate to the principal residential use of the dwelling. An Off-Site Service Business is defined as services performed off-site (e.g., snowplowing, landscaping) that meet the following strict criteria: (1) No Exterior Evidence: There shall be no exterior evidence of the business, including signage, and no outdoor storage of goods or materials. (2) No Traffic Generation: The activity must not generate traffic, parking demand, or delivery volume in excess of that normally created by a standard single-family residential use. (3) No On-Site Employees or Clients: The business shall be conducted solely by the occupants of the dwelling, with no on-site employees, and no clients or patrons visiting the premises. (4) Registration: Property owners conducting Off-Site Service Businesses must register with the Board (at no cost) to ensure a record of compliance.

SHORT-TERM RENTALS NOTE:

Below are two (2) different options for how Short-Term Rentals could be treated in the Amended and Restated Declaration of Deed Restrictions. The Board is seeking Member comment on which option you would support. The Board will be voting on which option to include in the final document at the June 1 Special Meeting.

Option #1

This option is aligned with the residential use purpose of our community. Short-Term Rentals are commercial in nature and Michigan court rulings have firmly established that they violate deed restrictions that mandate a property be used for “residential” or “single family” purposes.

Highlights of Option #1

- *Expressly Prohibits Short-Term Rentals (STRs)*
- *Sunset Provision - All STRs will have to stop operating by January 1, 2031 - this gives owners over 4 years to cease operation*
- *Non-Transferability upon sale or transfer of property title - when the property changes hands, it can no longer operate as a STR*
- *Allows for grandfathering of those operating that can show proof of a history of STR activity for at least one year prior to January 31, 2026*
- *Outlines the process for Registration and Annual Impact fee*
- *Revocation of Permits for repeat violations*
- *Fines for rule violations*

Option #1

- c. Short-Term Rentals. Short-Term Rentals are expressly prohibited. The rental of any dwelling for a period of less than twenty-eight (28) consecutive days is considered a commercial business enterprise and is prohibited. Notwithstanding the foregoing prohibition, property owners who can demonstrate a history of Short-Term Rental activity for at least one (1) year prior to January 31, 2026, shall be permitted to continue such use ("Grandfathered STRs") until January 1, 2031, subject to the following conditions:**

- i. Proof of Prior Use: Owners must submit verifiable proof of at least one (1) year of rental history (e.g., booking records, tax returns, or platform statements) occurring prior to January 31, 2026, to the Association Board within 30 (thirty) days after the effective date of this Amended and Restated Declaration of Restrictions. Failure to provide proof by this deadline constitutes a permanent waiver of grandfathered status.**
- ii. Non-Transferability: Grandfathered status applies only to the current owner of record. Upon the sale or transfer of the property title, the right to conduct Short-Term Rentals shall cease, and the property must revert to exclusive residential use.**

- iii. Sunset Provision: No Short-Term Rentals shall be permitted to operate after January 1, 2031, including those previously grandfathered.
- iv. Registration and Annual STR Fee: All STR operators must pay a non-refundable Annual Impact Fee. This fee offsets the administrative cost of monitoring compliance and enforcement of rules. In addition to the Annual Impact Fee, operators shall complete an Annual Registration as a condition of maintaining STR eligibility. The fees for each shall become due on January 1st of the calendar year:

2027	\$1,000.00
2028	\$1,500.00
2029	\$2,000.00
2030	\$2,500.00
- v. Revocation: An STR permit is a revocable privilege and is subject to the requirements set forth in the Approved Short-Term Rental Application, the Association’s governing documents, or any rules or regulations duly promulgated by the Board. Three (3) verified violations of the rules and regulations, which include the community guidelines, occupancy limits, parking rules, or noise ordinances within a rolling twelve (12) month period shall result in immediate revocation of the permit.
- vi. Fines. Any violation of the Short-Term Rental Application, rules, or regulations shall be subject to fines and penalties as set forth in the approved Short-Term Rental Application, the Association’s governing documents , or any rules or regulations duly promulgated by the Board.

Option #2

This option could allow STRs to operate by changing the wording in Section 1 (page 2) from “residential use” to add an exception for STRs.

Highlights of Option #2

- *Existing STRs will be allowed to continue to operate under provisions stated below*
- *Registration and Annual Impact Fee.*
- *Grandfathering of STRs are subject to provisions stated below*
- *STRs will be capped at 15 once the existing number is reduced by attrition*
- *Waitlist - if the number of STRs falls below the 15 cap*
- *Non-transferability upon sale or transfer of property title*
- *Limit of 2 STRs allowed per owner (as stated below)*
- *Revocation of Permits for repeat violations*
- *Fines for rule violations*

Option #2

c. Capped Short-Term Rentals (STRs): The rental of a dwelling for less than twenty-eight (28) consecutive days is considered a commercial enterprise. However, to balance property rights with community character, a limited number of “STR Permits” may be issued by the Association subject to the following limitations:

- i. Number Cap: The total number of active STR Permits shall not exceed fifteen (15) per the entire Association (“Cap Number”). Existing STRs (as defined below) will automatically receive an STR permit upon the effective date of this Declaration, subject to the terms and conditions in this section. If the number of existing STRs exceed the Cap Number, no new permits will be issued until the total number falls below the Cap Number through attrition. New permits are subject to the application process, which will include written notification to neighboring property owners within 300 feet in all directions.
- ii. Waitlist: Once the Cap Number is reached, owners wishing to rent must join a waitlist. Permits are offered in order as they become available.
- iii. Registration and Annual STR Fee: All STR Permit holders must pay a non-refundable Annual Impact Fee as set forth in the approved Short-Term Rental Application, the Association’s governing documents, or any rules or regulations duly promulgated by the Board. This fee offsets the administrative cost of monitoring the Cap and enforcement of rules. Additionally, permit holders must register annually.
- iv. Revocation: An STR permit is a revocable privilege and is subject to the requirements set forth in the Approved Short-Term Rental Application, The Association’s governing documents, or any rules or regulations duly promulgated by the Board. Three (3) verified violations of the rules and regulations, which include the community guidelines, occupancy limits, parking rules, or noise ordinances, within a rolling twelve (12) month period shall result in immediate revocation of the permit.
- v. Limit Per Owner. No individual, entity, or combination thereof shall own, hold an interest in, or control more than two (2) properties approved for short-term rental use within the Association. For purposes of this limitation, all properties owned, held, or controlled by an individual—whether directly or indirectly through one or more entities, trusts, partnerships, limited liability companies, corporations, or other legal structures—shall be aggregated and attributed to that individual. This aggregation applies regardless of whether the individual holds a majority or minority interest in such entity. Notwithstanding the foregoing, any individual or entity that owned and operated more than two (2) short-term rental properties prior to January 31, 2026, shall be entitled to continue

operating such properties in excess of the two-property limit, provided that: (1) the properties remain under the same ownership that existed as of January 31, 2026; and (2) such properties continue to operate as short-term rentals without interruption. Upon the cessation of short-term rental operations at any property in excess of the two-property limit, or upon any change in ownership, the right to operate that property as a short-term rental beyond the two-property limit shall permanently terminate and may not be reinstated.

vi. Fines. Any violation of the Short-Term Rental Application, rules, or regulations shall be subject to fines and penalties as set forth in the approved Short-Term Rental Application, the Association's governing documents, or any rules or regulations duly promulgated by the Board.

vii. Grandfathered Existing STRs: Property owners who can demonstrate a history of Short-Term Rental prior to January 31, 2026, shall be offered a permit to continue such use ("Grandfathered STRs"), subject to the following conditions:

1. Proof of Prior Use: Owners must submit verifiable proof of at least one (1) year of rental history (e.g., booking records, tax returns, or platform statements) occurring prior to January 31, 2026, to the Association Board within thirty (30) days of the effective date of this Amended and Restated Declaration of Restrictions. Failure to provide proof by this deadline constitutes a permanent waiver of grandfathered status.
2. Non-Transferability: Grandfathered status applies only to the current owner of record. Upon the sale or transfer of the property title, the right to conduct Short-Term Rentals shall be subject to the approval process outlined in Subsection (c) above or as set forth in the Bylaws. Notwithstanding, a current owner who became the record owner of a property by January 31, 2026 may rely on the prior owner's 2025 rental history in order to qualify as a Grandfathered STR.
3. Registration and Annual STR Fee: All Grandfathered STR Permit holders must pay a non-refundable Annual Impact Fee in an amount set forth in the approved Short-Term Rental Application, the Association's governing documents, or any rules or regulations duly promulgated by the Board. This fee offsets the administrative cost of monitoring the Cap and enforcement of rules. Permit holders (grandfathered or otherwise) must register annually.

12. ANIMALS. No animals except common household pets, shall be kept on any lot. "Common household pets" means dogs, cats, and similar small domesticated animals typically

kept indoors or in a residential setting, but expressly excludes livestock, poultry, and exotic animals. Notwithstanding, poultry (chickens, ducks, geese, or quail) may be permitted as an exception provided all requirements in this section are fully met. All property owners must comply with all applicable township and county ordinances regarding animals. Poultry may be kept within Lake Arrowhead only if no more than six poultry birds are maintained on a single lot at any time, regardless of lot size. Roosters are strictly prohibited and all poultry must be housed in a fully enclosed coop and fence. Poultry may not be kept on lots bordering a lake. Any owner wishing to keep poultry must submit an application to the Lake Arrowhead Board and obtain approval before acquiring any birds. The applicant must also provide confirmation that all property owners within 300 feet have been notified of the request and given the opportunity to respond and provide an impact statement to the association, and must include a satisfactory plan for proper waste disposal. The application must be reviewed by the Environmental and Zoning Chair, or by another individual designated by the Board.

13. **DAMAGE OR DESTRUCTION.** Any dwelling and garage on any lot in the Subdivisions that is damaged or destroyed, in whole or in part, by fire, windstorm, or any other cause, must be rebuilt or repaired in compliance with these restrictions and all applicable township, county, and state building and safety codes, or all debris must be removed and the lot restored to a clean and safe condition within a reasonable time. The Building Control Committee shall oversee this process to ensure compliance with governing documents and applicable regulations.

14. **MANDATORY MEMBERSHIP.** Every record owner of a fee interest in any Lot within the Subdivisions shall automatically be a member of the Lake Arrowhead Property Owners' Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The rights and obligations of members shall be as set forth in this Declaration, the Articles of Incorporation, Bylaws, and any rules and regulations adopted by the Board. No owner may disclaim or avoid the obligations of membership, including the obligation to pay assessments, by non-use of common areas or facilities, or by abandonment of the Lot.

15. **ASSESSMENTS.** To maintain and improve the Buhl Lake Arrowhead and Lake Little Deer areas, each lot owner shall pay annual assessments as set forth in the current Association Bylaws. These assessments apply to all properties, whether improved or unimproved, and include any assessments in effect for that year—including annual, special, reserve, or other applicable charges—determined according to the governing documents in effect for that year. All assessments constitute a lien on each lot and, if unpaid, may be enforced in accordance with the procedures provided in the governing documents and applicable Michigan law, including but not limited to recording of the lien with the Register of Deeds and foreclosure in accordance with applicable statutes. A minimum of two (2%) of all assessments collected in any given year shall be used for park maintenance, lake level regulation, and other purposes that maintain or improve the Association's common areas. These designated funds shall not be used for salaries, wages, employee benefits, or any form of personal compensation to Board members or officers.

16. **DURATION AND AMENDMENT.** These restrictions shall run with the land and shall be binding on all parties and their successors and assigns in perpetuity. Any amendment to these restrictions, in whole or in part, shall require an instrument signed by the owners of record of a majority of the lots in the Subdivisions, which instrument shall be recorded with the Otsego

County Register of Deeds. In addition, the Lake Arrowhead Property Owners' Association Board of Directors shall form a committee at least once every five (5) years to review these restrictions and determine whether amendments or updates should be recommended for consideration in accordance with the procedures set forth in the governing documents and applicable law.

17. SEVERABILITY. Invalidation of any one of these restrictions by judgment or decree of a court of competent jurisdiction shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

18. ENFORCEMENT. Enforcement of these restrictions may be by any proceeding at law or in equity against any person or persons violating or attempting to violate any restriction, either to restrain the violation or to recover damages, or both. The Association, any member of the Board of Directors, or any lot owner shall have the right to enforce these restrictions. In any action to enforce these restrictions, the prevailing party shall be entitled to recover reasonable attorney fees and costs from the non-prevailing party.

19. NOTICE. Any notice required or permitted under these restrictions shall be in writing and shall be deemed delivered when personally delivered, or three (3) business days after being sent by certified mail, return receipt requested, or one (1) business day after being sent by overnight courier, to the address of the lot owner as shown on the records of the Association, or to such other address as the owner may designate in writing to the Association.

20. GOVERNING LAW. These restrictions shall be governed by and construed in accordance with the laws of the State of Michigan.

[SIGNATURE PAGES TO FOLLOW]