

The Covenants put in place by owner Westerman Properties, LLC are to insure quality design and construction on each parcel that will enhance the use and value for each property owner.

The intent is to provide minimum standards but to also recognize creative possibilities by potential buyers. In this sense, the Covenants are to be flexible not restrictive, encouraging not discouraging. Westerman Properties, LLC representatives will meet with any interested parties to answer questions.

**DECLARATION AND GRANT OF RESTRICTIVE COVENANT and VIEW
EASEMENT FOR THE ISLAND WATCH DEVELOPMENT**

This DECLARATION AND GRANT OF RESTRICTIVE COVENANT and VIEW EASEMENT FOR THE ISLAND WATCH DEVELOPMENT ("Restrictive Covenant") is made this _____ day of, 2009, by Westerman Properties, LLC, a Michigan limited liability company (referred to herein, together with any duly authorized successor developer, as "Grantor"), regarding the real estate described and depicted in the certificate of survey on Exhibit A attached hereto and made a part hereof (referred to herein as the "Island Watch Development"), which land the Grantor has divided or intends to divide into separate tracts, under and pursuant to a Land Division Application in the Township of Leelanau, substantially in accordance with the Exhibit A (such tracts are referred to herein together as the "Residential Tracts," and individually as a "Residential Tract").

Recitals

WHEREAS, the Grantor is the fee simple owner of the Island Watch Development;

WHEREAS, the Grantor has divided the Island Watch Development into separate tracts of land, substantially in accordance with Exhibit A (such tracts are referred to herein together as the "Residential Tracts," and individually as "Residential Tract");

WHEREAS, the Grantor has, by separate instrument of even date entitled Deed of Grant and Declaration of Access, Drainage and Utility Easement and Maintenance Covenant ("Declaration of Easement"), granted easements and imposed mutual terms for maintenance thereof for the benefit of the Residential Tracts; and

WHEREAS, the Grantor desires to grant and declare mutual covenants and restrictions upon the Residential Tracts for the mutual benefit of Grantor and the owners from time to time of the Residential Tracts (such owners, the "Owners", or an "Owner"); and

WHEREAS, Grantor desires to grant and declare certain view easements to enhance the use and enjoyment of the various Residential Tracts.

NOW, THEREFORE, for valuable consideration, including, without limitation, the mutual covenants and restrictions herein made and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants, conveys, reserves, declares, covenants and agrees to, for the benefit of Grantor and the Residential

Tracts, and the Owners thereof from time to time, the following restrictions, easements, agreements and covenants:

I. Residential Uses; Architectural Controls. No commercial buildings, and no more than one principal residence shall be built upon each Residential Tract; and the principal residence shall be a single family dwelling with at least 1500 square feet of total, above-grade inside living space, and if there are multiple floors, at least 1000 square feet of inside living space on the first floor with a total of 1600 square feet. Prior to building any structure on any Residential Tract, the Owner shall submit detailed proposed construction plans (including elevations, plans and specifications) in writing to: (i) Grantor, or, if Grantor no longer owns any Residential Tract, then (ii) all then-current Owners of all Residential Tracts, at the address noted at the local Township Assessor's office, or such other address as the Owner may provide. The Grantor, or, if Grantor no longer owns any Residential Tract, then (ii) all then-current Owners of all Residential Tracts shall review and comment upon the plans. If Grantor is the reviewer, the Grantor may request additional details, elevations or other information regarding the plans, and may require one or more conferences with the Owner desiring to build to review and discuss the plans. If the Grantor or its duly authorized successor owns or has exclusive building rights upon any Residential Tract, the comments and requirements of Grantor regarding the proposed plans, including without limitation disapproval, requirements for exterior design changes, and/or requests for interior structural changes, shall be conclusive and binding, and no construction of any structure shall commence unless and until Grantor has provided written approval of the plans. If Grantor no longer owns any Residential Tract, the owner desiring to build shall take any comments of the other Owners into consideration prior to commencement of construction, and may make such changes as the Owner desiring to build deems advisable. If Grantor is no longer the Owner of any Residential Tract, and the other Owners do not comment within 30 days of receipt of plans, the other Owners waive the privilege of making comments and the Owner desiring to build may commence without comments.

2. Exterior Appearance: No Mobile Homes. In addition to the architectural review above, and unless waived in writing by the Grantor, all principal residences upon the Residential Tracts shall have at least three point breaks on at least two facades, one of which shall be facing the private access drive. All exteriors will be either of natural wood (cedar or redwood), or lap-board siding, or vinyl siding upon written approval as set forth below. Colors will be natural wood-hue or opaque stains, or solid white paint. The use of fieldstone, or other natural masonry, for chimneys, exposed foundations, and accents is encouraged but not required. Window frames, casings, sills and lintels shall be of wood, vinyl or aluminum clad (painted). All roof pitches shall have minimum pitch of 6/12, of high quality asphalt shingles, cedar, metal, or similar materials. The use and/or storage of mobile homes, manufactured homes and trailer homes is prohibited. Panelized construction techniques are permitted only if they meet all applicable State of Michigan and/or Building Owners and Contractors Association ("BOCA") building code standards and upon the prior written approval of: (i) Grantor, or, if Grantor or its duly authorized successor no longer owns or has exclusive building rights on any Residential Tract; then (ii) a majority of then-current Owners of all Residential Tracts, pursuant to plans submitted to the Grantor or the Owners as set forth in Section 1 above. Finally, the exterior appearance of all accessory structures shall be architecturally compatible with the exterior appearance of the principal residence upon that Residential Tract (using similar materials, trim, colors, and the like). Point breaks may be achieved by among other means, the use of chimneys, enclosed porches, bay windows and recessed entries.

3. Animals. No animals shall be kept upon the Residential Tracts except a reasonable number of dogs, cats, and similar household pets, which shall be kept solely for the pleasure and private use of the owner of the Residential Tract, and not for breeding or commercial use.

4. No Nuisance. No obnoxious or offensive activity shall be carried out upon any Residential Tract nor shall anything be done which may become an annoyance or nuisance to the Residential Tracts.

5. Accessory Structures. There shall be no more than two (2) accessory structures (including without limitation a garage, guest house or similar structure) on each Residential Tract, and no accessory building or other outbuilding shall be used at any time as a residence, temporary or permanent, except a garage, accessory structure or guest house built and used in accordance with all applicable zoning and land use ordinances and regulations. No structure of a temporary character may be used as a residence.

6. No Dumping. No portion of the Residential Tracts shall be used or maintained for dumping rubbish, garbage, or other waste and no wastes shall be kept thereon, except household waste in sanitary containers. There shall be no burning of waste or debris, except in compliance with all laws, ordinances, and regulations regarding same.

7. Tanks. All storage tanks shall be buried or located within a house, garage or accessory structure so that they are completely concealed from public view.

8. Surface Water. Any construction upon, or re-grading of, any Residential Tract shall be done so as not to restrict the natural surface water runoff from other Residential Tracts, cause ponding or stoppage of surface water runoff upon other Residential Tracts, or collect and discharge surface water runoff onto any other Residential Tract. The Drainage Easements set forth in the Declaration of Easements are for the purpose of collecting, holding and allowing the orderly removal of surface water from the Residential Tracts.

9. No Outside Storage. No vehicle storage outside of garages or accessory buildings shall be permitted, other than ordinary and necessary vehicles of a Residential Tract owner. No boat, trailer, mobile home, recreational vehicle or camper of any kind shall be kept or parked upon a Residential Tract for longer than two weeks except one boat stored during the winter months, otherwise from view of the other Owners, and except any item stored within an enclosed garage or with the written consent of the owners of the adjacent Residential Tracts.

10. No Above Ground Pools. No swimming pool where the water level is partially or completely above ground level shall be permitted upon any Residential Tract. This shall not prevent the installation of spas and hot tubs, whether or not above ground.

11. Lighting. Signs. No exterior lighting of the home or the lot the use of which becomes a nuisance to the other Residential Tracts shall be permitted. Thus, all exterior lighting shall be downlighted and shielded to prevent off site glare and to minimize light pollution and interference with the night sky. No signs for public view shall be posted on any Residential Tract except customary US Postal Service-approved mail boxes, residential address signs, 911 address markers, and one "for sale" sign for the Residential Tract in question, no greater than 5 square feet, and except promotional signs by the Grantor or a successor developer.

12. Setbacks and Height. All structures upon the Residential Tracts shall comply with the front, side and rear yard setback requirements set forth on the certificate of survey attached hereto as Exhibit A. Each setback shall be measured from the point of the structure (including eaves, fireplaces, porches, decks and the like) nearest to the lot line in question. The maximum height shall be 35 feet, measured from the average ground level along the entire front elevation of the structure, measured five feet from the foundation of the structure. No structure may be placed beyond any setback lines except fences, gates, utility installations and patios that are not raised above ground level. A structure shall include, without limitation, garages, raised decks, sheds, barns, spas, antennae, satellite dishes, guest houses, lean-to's, storage shelters, carports, and any similar assemblage of materials, whether or not affixed to the land.

13. Completion of Construction and Landscaping. All dwellings constructed upon any Residential Tract must be substantially complete (all exterior construction, grading, landscaping to include seeding or sod, exterior finish, roof, and other elements visible from the exterior) within one year from the commencement of construction. No dwelling may be occupied until construction is complete and a certificate of occupancy has been issued by the applicable building authority.

14. View Easements. Grantor hereby grants, declares, conveys, reserves, covenants and agrees to the view easements as set forth on the certificate of survey attached hereto as Exhibit A, for the benefit of the various Residential Tracts (the "View Easements"). Each View Easement is intended for the benefit of all Residential Tracts and not solely Residential Tracts that are adjacent to the View Easement. In addition to the other terms of this Restrictive Covenant, the following terms apply to the View Easements:

i. No Obstruction. No structure of any nature, and no vehicles or other items of personal property other than ordinary and properly maintained outdoor furniture may be placed upon any View Easement. This restriction includes, without limitation, flag poles, fences, gazebos and the like.

ii. Trimming Trees and Vegetation. Grantor at its expense, for so long as Grantor owns or holds an exclusive right to build on any Residential Tract, and thereafter any Owner of a Residential Tract at such Owner's expense, shall have the right, but not the obligation, to trim, cut or remove any trees or other vegetation (other than grass, ground

cover' and low-lying shrubbery) on any portion of any View Easement, for the purpose of creating and maintaining views of Lake Michigan, other bodies of water, and the surrounding countryside. Grantor and each Owner shall have a right of access over and across the other Residential Tracts to the extent reasonably necessary to exercise this right to cut, trim or remove vegetation. Any timber removed shall belong to the Owner of the fee title to the land from which the timber was removed.

iii. Intent: Minor Relocation. The purpose and intent of the View Easements is to create and preserve a primary view for each building site, and secondary, filtered views and viewsheds of Lake Michigan, other bodies of water, and the countryside surrounding the Residential Tracts, consistent with the exercise of prudent forestry and conservation practices. Accordingly, it shall not always be necessary or desirable to remove all trees or other vegetation, but only that amount required to generate such views. This Restrictive Covenant shall be interpreted, construed and applied so as to give effect to this purpose and intent. Further, the Grantor shall be entitled to relocate view easements applicable to any Residential Tract by the recordation of any instrument having the formalities of a deed, upon notice to the owners of the Residential Tracts affected thereby, solely to give full effect to the intent and purpose of this instrument.

15. Binding Effect. These covenants and restrictions shall run with the land and be binding upon the Grantor and all persons claiming by, through or under the Grantor, unless amended or released in accordance with the provisions hereof. The foregoing use restrictions may be released and terminated or amended prior to the expiration hereof, upon the recording with the Register of Deeds of the county in which the Residential Tracts are situated of a written instrument having all the formalities of a deed and in recordable form executed as follows: (i) by Grantor, so long as Grantor, or any entity owned or controlled by Grantor, is the owner of any portion of any Residential Tract; or

(ii) in the event that Grantor, or such controlled entity is not the Owner of the Real Estate, then by all of the then Owners of the Residential Tracts.

17. Remedies. In the event there shall be any violation or attempted violation of the covenants, restrictions, provisions and conditions herein, same may be enforced by Grantor, or any Owner, provided, however, that such persons shall be under no obligation to enforce same. The remedies for any such violation shall include, without limitation, the right to collect reasonable attorney's fees and costs in the enforcement hereof, and the right of specific performance, in addition to all other remedies available by law or in equity.

18. Severability. Invalidation of any portion of this Restrictive Covenant and grant shall in no way affect the validity and enforceability of any of the other provisions hereof, which shall remain in full force and effect.

19. Duration. The covenants, restrictions and grants in this instrument shall apply to the above-referenced Residential Tracts and Commons from and after the date hereof and continue until December 31, 2057, unless earlier terminated or extended in accordance with provisions hereof,

and shall be for the benefit of Grantor and the Owners from time to time, and for the benefit of the Residential Tracts and the Commons, and for the benefit of no other person or property,

IN WITNESS WHEREOF, the Grantor has caused this Declaration and Grant of Restrictive Covenant and view Easement to be executed by its duly authorized Member on the date set forth below, effective as of the date first above written.

"GRANTOR"

Westerman Properties, LLC

By

David W. McKisson, Member

By

Gary Davis, Member