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LIBER 723 PAGE 878

RECORDS

RESTRICTIVE COVENANTS

WHEREAS, the Tax Increment Finance Authority for the City of Litchfield, A Michigan Municipal Body Corporate, of Litchfield, Michigan, (hereinafter referred to as the "Authority") being the owner in fee of certain parcels of real property in the platted subdivision described as "HAWTHORN HEIGHTS", located in the City of Litchfield, Hillsdale County, Michigan, said Plat recorded December 2, 1994 at Book of Plats, Liber 10, Pages 82 through 84, Hillsdale County Records; and

WHEREAS, said Authority being empowered and authorized, pursuant to statute, to encourage and contribute to economic growth and development, and thereby facilitate certain projects which create economic growth and development, and create or encourage creation of jobs and the promotion of economic growth in the City of Litchfield, the Litchfield Industrial Park, and the Development Area as set forth by the development plan as adopted by the City of Litchfield; and

WHEREAS, the Authority possesses pursuant to statute all the powers necessary to carry out the purpose of its incorporation; and

WHEREAS, it being the intent and purpose of the Authority to make the real property subdivision described herein available for construction of single family residential dwellings, one per lot (except as to Lots 28 and 29, upon which construction of condominiums shall be permitted) to attract and accommodate individuals, their families, together with their related employment and industry to the City of Litchfield; and

WHEREAS, the Authority having previously recorded Restrictive Covenants dated January 6, 1995 and recorded on January 12, 1995 at Liber 721, Page 745, Hillsdale County Records, with the intent of establishing certain covenants to run with the land, and binding upon all parties and persons claiming under them, said restrictions to address the foregoing concerns; and

WHEREAS, the Authority being desirous of amending said Restrictive Covenants, specifically including provisions which will adequately address the purpose and intent of the Authority as set forth herein, and properly set forth restrictions regarding structure, construction, size, set back, and other conditions for all lots as presently described and set forth in the Recorded Plat of Hawthorn Heights;

WHEREFORE, WITNESSETH: The Authority, in pursuance of the foregoing, and for themselves and for their successors and assigns, hold the real estate and each lot described upon the following terms and subject to the following conditions, restrictions, agreements, covenants, obligations and charges and fully and punctually agree to observe, comply with, perform and carry them out.

LEGAL DESCRIPTION OF PROPERTY SUBJECT TO RESTRICTIVE COVENANTS

The real property subject to the terms and conditions of the covenants herein contained is as follows:

Land in the City of Litchfield, Hillsdale County, Michigan, described as HAWTHORN HEIGHTS, according to the recorded Plat thereof as recorded at Liber 10, Pages 82 through 84,

Book of Plats, Hillsdale County Records, being a part of the East 1/2 of Section 10, Town 5 South, Range 4 West, Hillsdale County, Michigan, specifically Lots 1 (one) through 36 (thirty six), inclusive.

PURPOSE AND RESTRICTIONS

The development described above and known as "HAWTHORN HEIGHTS" is restricted for single family residential purposes only (except as to Lots 28 and 29, upon which construction of condominiums shall be permitted). No structure, except a private storage building and a private garage for no more than three automobiles, shall be erected, altered, placed or permitted to remain on a residential lot other than a single family private dwelling (except as to Lots 28 and 29). No dwelling or any outbuilding shall exceed two and one-half stories in height and each garage shall be constructed of material similar in quality and construction to the residence.

No dwelling may be constructed on Lots 1 (one) through 6 (six) or Lots 19 (nineteen) through 35 (thirty-five) for which the first floor of the residential structure constructed thereon does not exceed 1200 square feet of minimum living space for occupants, exclusive of porches, garage, basement or enclosed patios. No dwelling may be constructed on Lots 7 (seven) through 18 (eighteen) for which the first floor of the residential structure constructed thereon does not exceed 1500 square feet of minimum living space for occupants, exclusive of porches, garage, basement or enclosed patios, PROVIDED, however, that if more than 6 of said Lots 7 (seven) through 18 (eighteen) remain unsold as of April 1, 1996, the Architectural Control Committee established hereunder reserves the right to revise the minimum square footage requirement to 1200 square feet of minimum living space for occupants, exclusive of porches, garage, basement or enclosed patios for said lots and said lots only.

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All residential dwellings shall be of new construction, and no building shall be moved into the subdivision. No trailer, tent, garage, barn, or other outbuilding erected in the subdivision shall at any time be used as a residence, nor shall any structure of a temporary character be used as a residence.

PURCHASE OF LOTS AND CONSTRUCTION

When said Lots are made available for sale at a price to be determined by the Authority or a designated agent of the Authority, prospective purchasers shall prepare a written acceptance of purchase which purchaser shall deliver in person to an agent specified by the Authority. Said written acceptance shall be accompanied by an earnest money deposit by certified check or money order equal to 10% of the purchase price, made payable to the Litchfield Tax Increment Finance Authority. Should more than one written acceptance be submitted regarding the same lot or lots, the purchaser shall be determined on a first come, first serve basis, with the date of submission of the written acceptance to the designated agent of the Authority being the date of determination. If two or more written offers of acceptance are received on the same day, the purchaser shall be determined by blind draw, with the Authority acting as the final arbiter of any proceeding to determine the identity of the purchaser in such case.

Any prospective purchaser must be ready, willing and able to close, and pay the balance of the purchase price within 30 days of submitting written acceptance of purchase. If any prospective buyer is unable or

unwilling to close within said period, the acceptance shall be deemed void and the earnest money deposit shall be returned.

Any purchaser may offer to purchase more than one but not more than four separate lots. As a condition of purchase, purchaser agrees to begin construction of a single family residential dwelling on any lot purchased (or condominium, as to Lots 28 and 29) within 8 months of date of close, provided, however, that if said purchaser has purchased more than one lot, he shall have an additional 6 months to begin construction on any additional lots purchased. Any construction must be certified for occupancy within 12 months of the date ground breaking has taken place. No construction of any structure or any exterior addition hereto or exterior alteration thereof, shall be commenced until building plans, specifications and plot plan showing grade lines and location of the building, garage, fence and other structures, if any, have been furnished to and approved in writing by the Architectural Control Committee, as created and empowered by these restrictive covenants, or its duly authorized agent. The Architectural Control Committee shall have the right to disapprove any plans, specifications, grade lines and locations, which do not comply with the restrictions herein provided and may disapprove such plans, specifications, restrictions, grade lines and locations which are not suitable or desirable in the opinion of the Architectural Control Committee for architectural, aesthetic or other reasons. All buildings shall be completed in a manner acceptable to the Architectural Control Committee within a reasonable time after commencement of construction and prior to occupancy. If construction has not been commenced or completed as provided, the Authority retains a right of reverter, wherein action may be commenced in Circuit Court for the County of Hillsdale to forfeit the rights

of the property owner for failure to abide by the restrictive covenants herein. Any dwelling or construction must also comply with any existing zoning ordinance.

Prospective purchasers may also tender an option to purchase any particular Lot (but not more than four Lots) by submitting a written offer to purchase, along with an earnest money deposit in the amount of \$100 per lot. Said option shall be in the form of a right of first refusal, and if a written acceptance is submitted for any lot subject to an option, the person holding the option shall be promptly notified in writing and shall then have the right to submit a written acceptance as provided herein, within 10 days, which written acceptance shall have priority over any other written acceptance. If in exercising the option, and in tendering written acceptance, said prospective purchaser fails to close within 30 days, said option shall be null and void, and the Authority or its designated agent shall consider offers previously made. The time limits for any prospective purchaser holding an option on any lot or lots regarding commencement of construction on said lot or lots shall not be applicable until said option has been exercised and the transaction closed.

No main roof line shall be less than 4/12 pitch. No private wells shall be allowed. House numbers mounted on dwellings, mailbox or sign shall be readable from the street. Reasonable weed control in open areas visible from the street shall be maintained. If gravel is found on any lot, the same shall not be excavated and offered for sale except that it may be used for the purpose of constructing a building to remain permanently on said lot or may be used as fill material in the subdivision. No lot shall be used as a shop or refuse materials of any kind, nor shall fill material be brought in and used on any lot except unmixed fresh earth and stone.

PROPERTY OWNERS ASSOCIATION

An Architectural Control Committee is hereby created by these restrictive covenants. The Committee shall consist of five (5) members appointed by the Authority, and each member shall so serve without compensation until he or she dies, resigns, or is removed by the Authority. A majority vote of the Committee shall control. At any time, the then record owners of a majority of the lots shall have the power through a signed petition to change the membership of the committee or to alter its authority at a meeting called for the purpose, with written notice to all record owners of the lots.

The approval or disapproval of plans or construction as required by these Restrictive Covenants shall be in writing. In the event the Architectural Control Committee or its designated representative fails to approve or disapprove within 30 days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with. It shall be the purpose of the Architectural Control Committee, or its successor, and the Architectural Control Committee is hereby expressly given the power and authority to monitor and enforce compliance with these Restrictive Covenants.

ANIMALS, LIVESTOCK AND POULTRY

No animals or livestock, including cows, swine or poultry of any kind may be raised on any of the property in HAWTHORN HEIGHTS. Pets may

be kept, however pets may not be kept for commercial purposes. No owner may keep more than five household pets.

FENCES, DRIVEWAYS AND PARKING

All driveway culverts must be constructed and installed to Hillsdale County Road Commission specifications. Driveway approaches must be constructed of bituminous material to the street line with a minimum radius of ten feet at the street. All portions of the lot lying in front of the dwelling shall be used only for a walk, driveway or ornamental purposes. No outbuilding construction shall be in front of the dwelling. Fences, walls and bridges to be constructed of new material not more than five feet in height and not extending in front of the front dwelling line. All lot owners must provide for parking of motor vehicles upon their property. No vehicle, including but not limited to any trailers, house trailers, truck or semi-tractors, or any kind of machinery shall be allowed to be parked on any roadway, right of way, or access easement for more than three consecutive days. No vehicle will be parked upon any lot which is not currently licensed. The repair of any vehicle must be done inside a closable structure. All commercial vehicles as well as any farm machinery or equipment must be parked in a closable structure. Boats or Recreational Vehicles, if not kept in an enclosed structure, must be parked in an inconspicuous manner.

MISCELLANEOUS PROVISIONS

No noxious or offensive activity shall be carried out upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No lot shall be used or

maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers.

BUSINESSES AND SIGNS

It is the intent of these restrictive covenants to limit use of the subdivision for residential, non-commercial and non-agricultural purposes. As to commercial, professional, medical, or industrial use, or use of a "home" as an office, reference shall be made by any prospective user to the Zoning Ordinances as adopted and amended from time to time by the City of Litchfield as to whether such use may be permitted. In any case, no retail or wholesale business shall be allowed, nor any business which might require multiple vehicle parking for clients or customers. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot. No sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than two square feet, or one sign of not more than eight square feet advertising the property for sale or rent. Signs used to advertise the property during the construction and sales period described herein shall also be permitted.

ENFORCEMENT: COVENANTS RUNNING WITH THE LAND

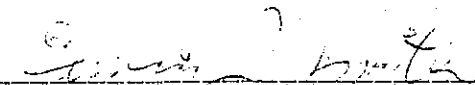
These covenants are attached to and shall run with the land. It shall be lawful not only for the Authority, its successors or assigns but also for the Architectural Control Committee to institute any proceedings at law or

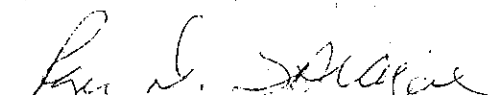
in equity against any person or persons violating or threatening to violate any of these Restrictive Covenants.

**AMENDMENT OF RESTRICTIVE COVENANTS
EFFECTIVE DATE AND DURATION OF RESTRICTIONS**

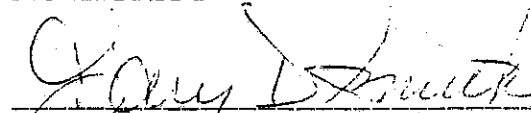
The purpose of these Restrictive Covenants as set forth is to supersede and replace the Hawthorn Heights Subdivision Restrictive Covenants dated January 6, 1995 and these Restrictive Covenants in fact replace the Hawthorn Heights Restrictive Covenants dated January 6, 1995 and recorded at Liber 721, Page 745. These Restrictive Covenants shall run with the land and shall be perpetual, and shall continue to be in full force and effect and binding upon the parties hereto, their heirs, executors, successors and assigns, however, at any time after January 1, 2020 these conditions and restrictions or any of them may be changed or abolished in any or all particulars whenever a majority of the owners unite in signing and executing an agreement or resolution to that effect, which agreement or resolution shall be recorded in Book of Deeds, Hillsdale County Records, and be valid and binding upon the sellers and owners of the lots and upon all other persons.

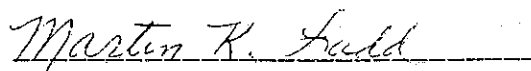
SIGNED IN THE PRESENCE OF:


Edwin J. Smith


Roger D. Sprague

SIGNED BY:
CITY OF LITCHFIELD
TAX INCREMENT FINANCE
AUTHORITY


By: Gary D. Smith
Its: Chairman


Martin K. Ladd
Secretary

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Quincy VanZandt
REC'D OF RECORDS

FIRST ADDENDUM TO RESTRICTIVE
COVENANTS DATED JANUARY 6, 1995

WHEREAS, the Tax Increment Finance Authority for the City of ^{MI} Litchfield, A Michigan Municipal Body Corporate, of Litchfield, Michigan, (hereinafter referred to as the "Authority") being the owner in fee of certain parcels of real property in the platted subdivision described as "HAWTHORN HEIGHTS", located in the City of Litchfield, Hillsdale County, Michigan, said Plat recorded December 2, 1994 at Book of Plats, Liber 10, Pages 82 through 84, Hillsdale County Records; and

WHEREAS, all of the undersigned being owners in fee of certain parcels of real property located in said subdivision; and

WHEREAS, said grantor having previously recorded Restrictive Covenants dated January 6, 1995, recorded on February 24, 1995 at Liber 723, Pages 878 through 888, inclusive, with the intent establishing certain covenants to run with the land, and binding upon all parties and persons claiming under them; and

WHEREAS, the undersigned property owners having purchased property from the common Grantors; and

WHEREAS, each of the undersigned property owners purchased their property subject to the terms and condition Restrictive Covenants dated January 6, 1995; and

WHEREAS, the undersigned property owners bein' amending said Restrictive Covenants, specifically to amend paragraph regarding minimum square footage for certain lots, and for ..

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other reason or purpose, it being the intent of the undersigned that the foregoing terms and provisions of the Restrictive Covenants dated January 6, 1995 except as modified herein shall remain in full force and effect;

WHEREFORE, WITNESSETH: The undersigned, in pursuance of the foregoing, and for themselves and for their successors and assigns, hold the real estate and each lot described upon the terms and subject to the conditions, restrictions, agreements, covenants, obligations and charges as set forth in the Restrictive Covenants dated January 6, 1995 and recorded February 24, 1995 with the following amendment:

The section entitled, "**PURPOSE AND RESTRICTIONS**", second paragraph, shall be amended to incorporate certain change(s) and read as follows:

No dwelling may be constructed on Lots 1 (one) through 6 (six) or Lots 19 (nineteen) through 35 (thirty-five) for which the first floor of the residential structure constructed thereon does not exceed 1200 square feet of minimum living space for occupants, exclusive of porches, garage, basement or enclosed patios. No dwelling may be constructed on Lots 7 (seven) through 18 (eighteen) for which the first floor of the residential structure constructed thereon does not exceed 1500 square feet of minimum living space (unless the residential structure includes two stories of living space, in which case the total amount of living space for the first floor shall not be less than 1200 square feet, and the total amount of living space for both floors, inclusive, shall not be less than 2000

square feet) for occupants, exclusive of porches, garage, basement or enclosed patios, PROVIDED, however, that if more than 6 of said Lots 7 (seven) through 18 (eighteen) remain unsold as of April 1, 1996, the Architectural Control Committee established hereunder reserves the right to revise the minimum square footage requirement to 1200 square feet of minimum living space for occupants, exclusive of porches, garage, basement or enclosed patios for said lots and said lots only.

Except as modified by the foregoing, the Restrictive Covenants previously executed under date of January 6, 1995 and recorded February 24, 1995 and recorded at Liber 723, Pages 878 through 888, inclusive, Hillsdale County Records, shall remain in full force and effect.

SIGNED IN THE PRESENCE OF:

SIGNED BY:
CITY OF LITCHFIELD
TAX INCREMENT FINANCE
AUTHORITY

Gloria A. Wooden
Gloria A. Wooden

Gary D. Smith
By: Gary D. Smith
Its: Chairman

Marguerite M. Dooley
Marguerite M. Dooley

Martin K. Ladd
Martin K. Ladd
Secretary

