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**Berkeley County
Cynthia B. Forte
Register of Deeds
Moncks Corner 294616120**

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Parties: CENTEX HOMES

To

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Cynthia B. Forte

Cynthia B Forte - Register of Deeds

**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
CAIN CROSSING**

{00088316 DOC}

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DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR CAIN CROSSING

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR CAIN CROSSING ("**Declaration**") is made this 15th day of October, 2007, by CENTEX HOMES, a Nevada general partnership ("**Declarant**").

OVERVIEW

Declarant is the owner of the real property described in Exhibit "A" (the "**Project Land**"). Declarant plans to develop a residential townhome community on the Project Land (the "**Project**") in multiple stages. Declarant desires to establish covenants, conditions, restrictions and easements for the Project to provide for the efficient administration, operation and maintenance of facilities, infrastructure, amenities and services which will benefit the Project.

Accordingly, Declarant has created a South Carolina non-profit corporation known as Cain Crossing Property Owners Association, Inc., to exercise certain rights and obligations in this Declaration with respect to the Project Land, whose membership shall be comprised of the owners of residential dwellings in the Project.

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Declarant hereby declares that the Project Land (as hereinafter defined) shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth, all of which shall run with the Project Land and any part thereof and which shall be binding upon all parties having any right, title or interest in the Project Land or any part thereof.

ARTICLE I EXHIBITS

The following exhibits are attached to and made a part of this Declaration:

<u>Exhibit A</u>	Legal Description of the Project Land;
<u>Exhibit B</u>	Acceptable Fence Designs and Specifications; and
<u>Exhibit C</u>	By-Laws of Cain Crossing Property Owners Association, Inc.

ARTICLE II DEFINITIONS

"**Additional Land**" means any real property that is contiguous to the Project Land, which may be subjected to the terms of this Declaration as provided in **Article XII**.

"Amendment(s)" mean(s) any and all amendments to this Declaration.

"ARB" means the Architectural Review Board for the Project established and empowered as provided in **Article X** of this Declaration.

"Area of Common Responsibility" shall mean and refer to the Association Property, together with those areas, if any, which by the terms of this Declaration or by contract or agreement with any other Person or entity become the responsibility of the Association.

"Articles" mean the Articles of Incorporation of the Association.

"Assessment(s)" means a payment which a Residential Owner is obligated to pay to the Association as permitted or contemplated by the Association Documents.

"Association" means Cain Crossing Property Owners Association, Inc.

"Association Documents" mean in the aggregate this Declaration, the Articles and Bylaws, and all of the instruments and documents referred to or incorporated therein, as they may be amended from time to time.

"Association Property" means the portions of the Project Drainage System owned by the Association, the Entrance Facilities, the Recreation Facilities, and any other lands, systems, facilities, personal property, equipment, rights and easements which may be deeded, leased, granted, reserved, assigned or transferred to the Association, as described in this Declaration, together with all improvements thereon and equipment, facilities and rights associated therewith.

"Board" means the Board of Directors of Cain Crossing Property Owners Association, Inc. as found in Exhibit "C" herein.

"Bylaws" means the Bylaws of the Association.

"City" means the City of Charleston, South Carolina.

"Declarant" means Centex Homes, a Nevada general partnership, and any successor or assign to which Centex Homes specifically assigns all or part of the rights of Declarant by an express written assignment recorded in the Public Records.

"Declaration" means this document, as it may be amended or supplemented from time to time.

"Deficit" means the difference between the Operating Expenses incurred by the Association during a fiscal year of the Association occurring within the Deficit Funding Period, and the applicable Assessments payable by the Residential Owners as provided in **Section F of Article VI**.

"Deficit Funding Period" means the period during which Declarant shall fund the Deficit, as more particularly described in **Section F of Article VI**.

"Director" means a member of the Board.

"Entrance Facilities" means any Project entrance monuments, signage, columns, or features, together with all related landscaping, signage, irrigation, and other ancillary improvements constructed as part of such entrance feature(s).

"Final Plat" means a final record plat approved by the City for a portion of the Project Land and recorded in the Public Records.

"Governmental Authorities" means the federal government, the State of South Carolina, the City of Charleston, and any agency or instrumentality of them having jurisdiction over the Project Land or any portion thereof.

"Improvement" means any structure or improvement which is constructed, made, installed, attached, placed or developed within or upon any portion of the Project Land, including but not limited to any building, fence, wall, patio area, driveway, walkway, antenna, satellite dish, sign, mailbox, pool, tennis court, deck, or any change, alteration, addition or removal of any such structure or improvement.

"Institutional Mortgagee" means any lending institution holding an interest in a Unit pursuant to a first mortgage covering a Unit. Institutional Mortgagees shall include, but not be limited to (i) the successors and assigns of such lending institutions, (ii) any "secondary mortgage market institution" who typically purchase, insure or guaranty mortgages (such as the Federal National Mortgage Association, the Veterans Administration ("VA"), the Federal Housing Administration ("FHA"), the Department of Housing and Urban Development ("HUD"), and similar entities), (iii) Declarant, if Declarant holds a mortgage on any portion of the Project Land.

"Interest" means the rate of twelve percent (12%) per annum, provided that Interest shall not be greater than the maximum interest rate allowed by law on the specific debt or payment obligation on which such Interest accrues.

"Legal Fees" mean reasonable fees for attorney and paralegal services and court costs incurred in connection with any pending or active litigation, claims or other forms of legal action, including the collection of past due Assessments.

"Member" means a member of the Association.

"Operating Expenses" mean the expenses for which Residential Owners are liable to the Association as described in **Article VI** and the Association Documents.

"Owner" means the owner of fee simple title to a Unit, including Declarant.

“Person” means a natural individual or any other entity with the legal right to hold title to real property.

“Pond” means a portion of the Project Land shown on the Site Plan or a Final Plat as a delineated parcel of real property that contains all or any portion of a lake, pond, lagoon, retention or detention area, or similar body of water.

“Project” means the residential development to be constructed upon the Project Land.

“Project Drainage System” means the system of storm water drainage for the Project, consisting of Ponds, detention areas, surface swales or ditches, underground piping, catch basins, and other related facilities to achieve proper drainage for the Project.

“Project Land” means the real property described on Exhibit “A”.

“Public Records” means the Register of Deeds Office of Berkeley County, South Carolina, or such other authorized County office in which deeds and other land records and documents are filed for public notice.

“Recreation Facilities” means any swimming pool, pool house, associated parking area, and related facilities that may be constructed by Declarant and conveyed to and operated by the Association.

“Residential Owner” means the owner of fee simple title to a Unit (but does not include Declarant or any builder exercising Declarant rights with regard to Assessments payable to the Association during the Deficit Funding Period).

“Site Plan” means the site development plan for the Project approved by the appropriate Governmental Authorities, as such may be supplemented or amended from time to time.

“Total Planned Units” means the total number of Units planned for the Project by the Site Plan as may be modified from time to time with the approval of the City.

“Turnover Date” means the earlier of (i) the date when one hundred percent (100%) of the total planned units have been conveyed to a Residential Owner, or (ii) the date on which Declarant records in the Public Records a document relinquishing its control of the Association to the Members.

“Unit” means any plot of land within the Project, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site (whether an attached or detached dwelling), as shown on any plats for the Project, or amendments or supplements thereto, recorded in the land records for the Project where the Project is located. If a dwelling on a Unit is attached by party wall(s) to one or more other

dwellings, the boundary between Units shall be a line running along the center of the party wall(s) separating the Units. The ownership of each Unit shall include the exclusive right to possession of any and all portions of the heating and air conditioning units which are appurtenant to and serve each Unit (including, but not limited to, furnaces, compressors, conduits, wires and pipes), regardless of the location of such units, and of any porch, deck, patio, sunroom or any similar appurtenance as may be attached to a Unit when such Unit is initially constructed. The ownership of each Unit shall also include, and there shall pass with each Unit as an appurtenance thereto, whether or not separately described, all of the right, title and interest of an Owner in the Association Property, which shall include, without limitation, membership in the Association. The Association acknowledges and consents that certain appurtenances described above may encroach upon the Association Property, but that such encroachments are not a detriment, but rather a benefit to the Project. Consequently, such appurtenances shall be considered a part of the Unit, maintained as provided in the Declaration and allowed to encroach upon the Association Property; provided, however, no such appurtenant structure may be altered, changed or enlarged except in accordance with the ARB provisions of **Article X**.

ARTICLE III

PLAN OF DEVELOPMENT OF THE PROJECT

Declarant's general plan of development contemplates the construction of Units thereon and, further, that various Improvements will be constructed on other portions of the Project Land which will enhance the Project and benefit the Residential Owners, however there is no obligation imposed by this Declaration on the Declarant to build a Unit on any particular Unit or portion of the Project Land. Declarant's general plan of development further contemplates that such Units shall be whatever types of structures Declarant may choose (subject to the applicable zoning and density requirements of the applicable Governmental Authorities). Declarant's general plan of the Project is reflected by the Site Plan and may also include whatever facilities and amenities Declarant considers in its sole judgment to be appropriate to the Project. Declarant reserves the right to increase or decrease the number of Units reflected and/or permitted by the Site Plan as approved by the City in accordance with applicable law, and such change shall not require an amendment to this Declaration. Declarant may develop the Project Land in multiple stages. Declarant may add and develop Additional Land as part of the Project in accordance with **Article XII**.

ARTICLE IV

ASSOCIATION PROPERTY

A. Association Property. The Association Property is for the use, enjoyment, and benefit of the Association and the Residential Owners, the residents of the Project, and their respective guests and invitees, tenants, and subject to the ordinances of the City and other applicable Governmental Authorities, and any other Person authorized to use the Association Property or any portion thereof by Declarant or the Association.

B. Entrance Facilities. The Association shall maintain the Entrance Facilities, including repair and replacement if any such Improvements are damaged or destroyed. The

Association shall maintain such Improvements in a state of good repair and in conformity with the standards maintained in developments of a similar nature and quality as the Project. Notwithstanding the foregoing, the Association shall have the right, at any time, to modify the Entrance Facilities by increasing the amount of landscaping material to be maintained or by changing the type or density of any such landscaping material, at the sole cost and expense of the Association.

C. **Residential Streets.** Any portion of the Project Land shown on a Final Plat as a right of way for vehicular access, and all Improvements thereon (the "**Residential Streets**") shall be dedicated to the public and accepted for maintenance by the City or other applicable governmental agency as a public right-of-way for ingress and egress to and from all portions of the Project Land. The Association shall have no responsibility for the maintenance thereof, but shall have the right, to provide supplemental maintenance together with the City or other governmental agency, as the Board may determine in its sole discretion.

D. **Project Drainage System.** The Association shall own and maintain the Ponds and any other portions of the Project Drainage System not dedicated to the public and accepted for maintenance by the City or other applicable governmental agency or a Residential Owner, in good working order and in accordance with all applicable governmental requirements and regulations, so that the Project Drainage System continues to function properly in controlling storm water runoff and drainage from the Project.

E. **Recreation Facilities.** The Recreation Facilities shall be part of the Association Property and shall be used for recreational purposes by the Association, Declarant, the Residential Owners and their family members, guests, invitees and lessees, and other Persons who may be permitted by Declarant to use the Recreation Facilities as provided in this Declaration. Such portion, if any, of the Recreation Facilities upon which Declarant has constructed, or hereinafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located or to be located thereon. The Recreation Facilities shall be used for recreational purposes and such proper ancillary uses as may be determined by Declarant (who shall have the right to determine such uses until the Association assumes such right after the Turnover Date). All remaining portions of the Recreation Facilities shown on the Site Plan, including, but not limited to, the swimming pool, shall always be kept and maintained by the Association for recreational uses or beautification and attendant uses and shall be used for such purposes and not for residential, commercial or industrial construction of any kind. The Recreation Facilities shall be maintained, administered and ultimately owned by the Association. The Board may adopt specific rules and regulations regarding the use of the Recreation Facilities as provided in **Section M** below.

Notwithstanding the foregoing, Declarant has not made and is not deemed by any provision of this Declaration to make, any representation or warranty regarding when the Recreational Facilities will be completed and available for use by the Residential Owners. Each Residential Owner, by acceptance of a deed or other instrument of conveyance of a Unit in the Project shall be deemed to have acknowledged and agreed that (i) Declarant is under no obligation to construct any Recreation Facilities by a certain date or within a certain time period, (ii) Declarant has not made any representations or warranties regarding when the Recreation Facilities will be completed and

available for use, and (iii) such Residential Owner recognizes that no salesperson, employee, representative, or other agent of Declarant has the expertise or the authority to make any such representations or render any opinions regarding the time frame for the completion of the Recreation Facilities.

During the period following the completion of the Recreation Facilities and the conveyance thereof to the Association and ending on the Turnover Date, Declarant shall have and hereby reserves the right, but shall not be obligated, to construct additional recreational facilities upon the Recreation Facilities. Until the Turnover Date, the decision as to whether to construct additional recreational facilities and the construction thereof shall be in the sole discretion of Declarant.

F. Buffers and Landscape Areas. Any portion of the Project Land shown on a Final Plat as a landscape area, landscape easement, buffer, perimeter protective yard, or otherwise established to provide a landscaped or natural area buffer between the Units and the Wetland Areas or between other portions of the Project Land and the adjacent properties ("**Buffer Area**") shall be used and maintained by the Association either substantially in the same fashion as constructed by Declarant, or in its natural state as required by the zoning and development regulations of the applicable Governmental Authorities. To the extent that any portion of a Buffer Area is located upon any Unit, an easement upon the applicable portion of such Unit is hereby reserved in favor of Declarant and the Association as provided in **Section B of Article VIII**, and no Residential Owner shall perform or allow any land-disturbing activity, removal of vegetation, encroachment, construction or erection of any Improvements within any portion of such Residential Owner's Unit contained within a Buffer Area, except with the approval of the ARB and if applicable, the City and any other Governmental Authorities having jurisdiction over the Buffer Areas in the Project.

G. Open Space Areas. Open Space Areas and any Improvements installed thereon shall be owned, used and maintained by the Association in substantially the same fashion as installed and constructed by Declarant and in accordance with any applicable requirements of the Governmental Authorities. Open Space Areas may contain other specific items of Association Property, or portions thereof, including but not limited to, Ponds or other components of the Project Drainage System, Entrance Facilities, Buffer Areas, Play Areas, and Wetland Areas.

H. Play Areas. Any portion of the Project Land shown on a Final Plat as a separate parcel of property for use as a private park or recreation area, playground, or "**tot-Unit**" or otherwise established for use as an open recreation area, and all Improvements (if any) constructed thereon shall be owned by the Association. Any Play Area and any Improvements constructed thereon shall be used and maintained by the Association in accordance with any applicable requirements and regulations of the City and other applicable Governmental Authorities, and (as to any Improvements) substantially as constructed by Declarant.

I. Right to Add Additional Improvements. Such portions of the Association Property upon which Declarant has constructed, or hereinafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located, or to be located thereon. Until the Turnover Date, Declarant reserves the right, but shall not be

obligated, to construct additional facilities upon the Association Property. Until the Turnover Date, the decision as to whether to construct additional facilities and the construction thereof shall be in the sole discretion of Declarant.

J. Private Use. Except as may otherwise be expressly provided for herein, for the term of this Declaration, the Association Property is not for the use and enjoyment of the public, but is expressly reserved for the private use and enjoyment of Declarant, the Association, and the Residential Owners, their family members, guests, invitees and lessees, and any other Person authorized to use the Association Property or any portion thereof by Declarant or the Association but only in accordance with this Declaration and the laws of the City and the applicable Governmental Authorities.

K. Declarant's Rights to Use Association Property. Declarant, hereby expressly reserves the right to use the Association Property, the Units and the unsold Units in connection with the sale and marketing by Declarant of Units in the Project, including, but not limited to, the holding of sales and marketing meetings, sales promotions and related activities.

L. Conveyance of Association Property. The Association Property shall be conveyed to the Association for ownership. All real property designated as Association Property on a Final Plat or otherwise identified herein or by Declarant as Association Property, will be conveyed to the Association by deed or by easement. All personal property or interests in personal property shall be conveyed to the Association by bill of sale or by delivery of possession to the Association. Declarant shall have the right to convey Association Property to the Association at any time following Declarant's completion of any Improvements to be constructed or installed upon such Association Property. Upon completion of any Improvements thereon or thereto by the Declarant, the Association will immediately become responsible for all maintenance, repair and replacements therefore, the operation thereof and such additional construction of Improvements as may be authorized by the Board. It is the intent of this provision to provide that the Association will be responsible for all maintenance of Association Property when Improvements thereto have been completed, notwithstanding that Declarant has not conveyed such properties to the Association but continues to hold title thereto. Any such conveyance by the Declarant will be conveyed subject to all restrictive covenants filed in the Public Records at the time of conveyance, and the following:

1. The right of access of the Declarant, its successors and assigns, over and across such property; and
2. The right of the Declarant, the ARB, and the Association, as applicable, to approve all structures, construction, repairs, changes in elevation and topography and the location of any object (including vegetation) within the Association Property prior to the commencement of such activities or location of any object therein;
3. All utilities and drainage easements; and
4. All reserved rights set forth in this Declaration.

The Declarant will not be required to so convey the Association Property where such conveyance would be prohibited under agreements to which the Declarant is a party on the date of establishment of such Association Property, but, in such case, Declarant will be allowed to postpone such conveyance, without a penalty, until such time as said prohibition terminates, is released or is nullified.

In consideration of the benefits accruing to the Association and to the Members under this Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Association hereby agrees to accept title to any property, or to any interest in property, now or hereafter conveyed to it pursuant to the terms and conditions of this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance to the Association filed in the Public Records, title or such other interest in property conveyed will vest in and to the Association without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Association.

M. Rules and Regulations. The Association shall be entitled to adopt and enforce reasonable rules and regulations related to the use and operation of the Association Property. All users of the Association Property shall be subject to comply with such rules and regulations, provided any such rules and regulations are not applied or enforced in a discriminatory manner. Enforcement of such rules and regulations can include the right to prohibit use, deny access to facilities, and suspend voting rights of Members for material violations. The rules and regulations so promulgated shall, in all respects, be consistent with the provisions of the Association Documents.

ARTICLE V

ASSOCIATION MEMBERSHIP AND GOVERNANCE

A. Membership. Every Owner, including Declarant, of a Unit will be a Member of the Association. Ownership of a Unit will be the sole qualification for such membership. If fee title to a Unit is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto will automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidences of such membership. The foregoing is not intended to include any Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest will not terminate or otherwise affect an Owner's membership in the Association.

B. Voting Rights. The Association will have two (2) types of voting memberships which are as follows:

1. “**Class A Members**” will be Owners (including Declarant) of Units. A Class A Member will be entitled to one (1) vote for each Unit owned; and

2. “**Class B Members**” shall be Declarant or its designated assign. The Class B Member will be entitled to three (3) times the total number of votes of the Class A Members, plus

one (1) vote until the Turnover Date. Thereafter, Declarant will exercise votes only as to its Class A Memberships.

Only those Members in good standing and eligible to vote pursuant to the Bylaws shall be entitled to cast any vote required or permitted hereunder, and only the votes of Members in good standing and eligible to vote shall be considered in any calculation of votes or any required percentage thereof. On the Turnover Date, Class A Members, including Declarant, shall assume control of the Association and elect the Board.

C. Voting By Multiple Owners. When any Unit of a Class A Member is owned in the name of two or more persons, other than husband and wife (either of whose vote will bind both), by an entity, or in any other manner of joint or common ownership, the vote for such Unit or Units will be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such co-Owner, or his duly appointed proxy, as will be designated in a writing by all co-Owners filed in the Public Records, a copy of which will be delivered to the Secretary of the Association and will remain effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

D. Association Governance by Board. The Board shall consist of three (3) members who will govern the Association. Initially, prior to the Turnover Date, the Board will consist of three (3) members appointed by the Declarant, and following the Turnover Date, the Board will consist of three (3) members elected as provided in the Bylaws.

E. Meetings and Membership Voting. Except as otherwise provided in this Declaration, rules and procedures of the Association, including, but not limited to, conducting elections, meetings (both regular and special), and for casting of votes by Members, and the number thereof required for quorums and approval or ratification, shall be as set forth in the Bylaws.

ARTICLE VI **ASSESSMENTS AND OPERATING EXPENSES;**

A. Affirmative Covenant to Pay Operating Expenses. In order to: (i) fulfill the terms, provisions, covenants and conditions contained in the Association Documents; and (ii) maintain, operate and preserve the Association Property for the welfare and benefit of the Members and their family members, guests, invitees and lessees, there is hereby imposed upon each Unit and Residential Owner (with the exception of Declarant during the Deficit Funding Period) the affirmative covenant and obligation to pay to the Association (in the manner herein set forth) all Assessments, including, but not limited to, the Base Assessments, Special Assessments, Individual Expense Assessments, Neighborhood Assessments (if any), and Working Capital Contributions. Each Residential Owner (except, if applicable, Declarant) by acceptance of a deed or other instrument of conveyance of a Unit from Declarant, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Association all Assessments for Operating Expenses in accordance with the provisions of the Association Documents.

B. Establishment of Liens. Any and all Assessments made by the Association in accordance with the Association Documents with Interest thereon and costs of collection (including, but not limited to, Legal Fees) are declared to be a charge and continuing lien upon each Unit and Unit against which each such Assessment is made. Each Assessment against a Unit (together with Interest thereon and costs of collection) shall be the personal obligation of the Residential Owner thereof. Said lien shall be effective only from and after the date a written, acknowledged statement of the Board setting forth the amount due to the Association as of the date the statement is signed, is recorded in the Public Records. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a satisfaction of the statement of lien in recordable form. Where an Institutional Mortgagee obtains title to a Unit as a result of foreclosure of its first mortgage or deed in lieu of foreclosure, such Institutional Mortgagee shall not be liable for the share of Assessments pertaining to such Unit that became due prior to the acquisition of title by such Mortgagee as a result of the foreclosure or deed in lieu thereof, unless the Assessment is secured by a claim of lien for Assessments recorded prior to the recording of the applicable mortgage.

C. Amount of Base Assessment. The total anticipated Operating Expenses for each calendar year shall be set forth in the budget ("**Budget**") prepared by the Board as required under the Association Documents. The total anticipated Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment) shall be apportioned equally among the Units by dividing the total anticipated Operating Expenses as reflected by the Budget, by the total number of Units, with the quotient thus arrived at being the "**Base Assessment**". The Board shall have the right to base the first Budget and all subsequent Budgets prepared during the Deficit Funding Period referred to below upon a projection of the total Operating Expenses at full build-out of the Project and to determine the Base Assessment by dividing the amount of the total anticipated Operating Expenses at full build-out by a number equal to 75% of the Total Planned Units. On any Budget, the Board shall have the right to make adjustments to the amount of the total Operating Expenses anticipated at full build-out of the Project or any component thereof, from the amounts reflected on the previous Budget. Such adjustments shall be made based on the Board's reasonable determination of actual or potential increases or decreases in the costs associated with the services and materials covered in the Budget. Accordingly, the amount of the Base Assessment may vary from year to year during the Deficit Funding Period, as long as the Base Assessment is calculated according to the formula described in the previous sentence and the applicable Budget is ratified as provided below.

D. Special Assessment. "**Special Assessments**" include, in addition to other Assessments designated as Special Assessments in the Association Documents, those Assessments which are levied for capital improvements which include the costs of constructing or acquiring Improvements on or for the Association Property or the costs of reconstructing or replacing such Improvements. Special Assessments shall be in addition to, and are not part of, any "**Base Assessment**". Any such Special Assessments assessed against Units shall be paid by the Residential Owners in addition to any other Assessments. Special Assessments shall be assessed in the same manner as the Base Assessment. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. In any fiscal year of the Association after the

Turnover Date, the levying of any Special Assessment shall require the affirmative assent of at least two-thirds (2/3) of the votes held by each class of Members represented in person or by proxy at a meeting called and held in accordance with the Bylaws. Any Special Assessment levied prior to the Turnover Date may be levied by the Board without the approval or consent of the Residential Owners or any other party.

E. Individual Expense Assessments. Individual Expense Assessments include any Assessment levied against a Residential Owner as a result of such Residential Owner's use, maintenance, or treatment of the Association Property or such Residential Owner's failure to comply with the Association Documents, including, but not limited to, non-compliance of Units and any other Improvements or personal property contained therein with the standards set forth in the Association Documents. The amount of the Individual Expense Assessment(s) shall be equal to the amount of any additional costs and expenses incurred by Declarant or the Association as a result of such Residential Owner's failure or refusal to comply with the Association Documents. The Individual Expense Assessment and any late charges relating thereto shall be assessed and collected and enforced in the same manner as any other Assessments hereunder as provided herein. Individual Expense Assessments shall be in addition to and not part of any other Assessment. For the purposes of this Section, the term "**Residential Owner**" shall also mean any such Residential Owner's family members, guests, or lessees, and such lessee's family members, or guests.

F. Deficit Funding Period. Declarant covenants and agrees with the Association and the Residential Owners that for the period ("**Deficit Funding Period**") commencing with the date of recordation of this Declaration and ending upon the sooner to occur of the following: (i) the date upon which one hundred (100%) percent of the Living Units have become certified for occupancy by the applicable Governmental Authorities, or (ii) the date that is ten (10) years after the date this Declaration is originally recorded in the Public Records, that (a) the Base Assessment will be determined by spreading the total anticipated Operating Expenses projected at full build-out of the Project as set forth in the Budget, by a number equal to 75% of the Total Planned Unit, and (b) Declarant will pay the "**Deficit**", being the difference, if any, between the Operating Expenses incurred by the Association during the Deficit Funding Period, and the Assessments paid by other Residential Owners. During the Deficit Funding Period, Declarant shall not be obligated to pay any Assessments with respect to any Lots or Living Units owned by Declarant. Declarant hereby reserves the right to extend the Deficit Funding Period to a date ending not later than the Turnover Date at Declarant's sole election by providing written notice to the Association of such election at least thirty (30) days prior to the expiration of the current Deficit Funding Period. After the Deficit Funding Period terminates, Declarant shall pay Base Assessments for any Lots or Living Units owned by Declarant at a rate equal to ten percent (10%) of the full amount of the applicable Base Assessments charged for Lots or Living Units that are not owned by Declarant.

Declarant's obligation to fund the Deficit during the Deficit Funding Period as set forth above is hereby declared to be a charge and continuing lien upon each Lot and Living Unit owned by Declarant. Said lien shall be effective only from and after the time of the recordation in the Public Records of a written, acknowledged statement by the Association setting forth the amount due to the

Association as of the date the statement is signed. Upon full payment of all sums secured by that lien, Declarant shall be entitled to a satisfaction of the statement of lien in recordable form.

G. Working Capital Contribution. The first Residential Owner who purchases a Unit from Declarant or a builder who constructed the Unit, and except for Exempt Transfers (as defined below), each Residential Owner who purchases a Unit from another Unit Owner shall pay to the Association at the time title is conveyed to such Residential Owner a "**Working Capital Contribution**". The Working Capital Contribution shall be an amount equal to a two-month share of the Base Assessment. The purpose of the Working Capital Contribution is to insure that the Association will have cash available for initial start up expenses including, but not limited to Operating Expenses, to meet unforeseen expenditures or to acquire additional equipment and services deemed necessary or desirable by the Board. Working Capital Contributions are not advance payments of Base Assessments and shall have no effect on future Base Assessments. Working Capital Contributions are payable at closing, and if not paid, the amount due shall be collectible as an Assessment as set forth in the **Article VI**, shall bear interest, and shall constitute a lien against the Unit.

Notwithstanding the foregoing, the Working Capital Contribution shall not be due and payable for the following transfers (collectively, "**Exempt Transfers**");

1. The lease of a Unit to a leasehold owner;
2. The transfer of a Unit to the spouse of a Residential Owner or a direct lineal descendant of the Residential Owner;
3. The transfer of a Unit to a trust whose beneficiaries are solely the spouse and direct lineal descendants of the Residential Owner;
4. The transfer of a Unit to an entity in which the Residential Owner owns, directly or indirectly, not less than 51% of the ownership interest in such entity; and
5. The transfer of a Unit to a Person that owns, directly or indirectly, not less than 51% of the ownership interests in the Residential Owner.

H. Collection of Assessments. If any Residential Owner shall fail to pay any Assessment (or installment thereof) charged to such Residential Owner within fifteen (15) days after the same becomes due, then the Association shall have any and all of the following remedies to the extent permitted by law, which remedies are cumulative and which remedies are not in lieu of, but are in addition to, all other remedies available to the Association:

1. To accelerate the entire amount of any Assessments levied on the applicable Unit for the remainder of the calendar year notwithstanding any provisions for the payment thereof in installments;

2. To advance on behalf of the Residential Owner(s) in default funds to accomplish the needs of the Association up to and including the full amount for which such Residential Owner(s) is liable to the Association. The amount of any funds so advanced, together with Interest and all costs of collection thereof (including, but not limited to, Legal Fees), may be collected by the Association and such advance by the Association shall not waive the Residential Owner's default;

3. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Association in like manner as a foreclosure of a mortgage on real property;

4. To file an action at law to collect said Assessment plus Interest and Legal Fees, without waiving any lien rights or rights of foreclosure in the Association: and

5. To charge Interest on such Assessment from the date it becomes due, as well as a late charge of Twenty-Five Dollars (\$25.00) by the Association to defray additional collection costs.

I. Collection by Declarant. If for any reason the Association shall fail to collect the Assessments, then prior to the Turnover Date, Declarant shall have the right (but not the obligation): (i) to advance such sums as the Association could have advanced as set forth above; and (ii) to collect such Assessments (and if applicable, any such sums advanced by Declarant); using the remedies available to the Association against a Residential Owner as set forth above, all of which remedies are hereby declared to be available to Declarant.

J. Payments by Declarant and Institutional Mortgagees. Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and at their sole option, to pay any of the Assessments which are in default and which may or have become a charge against any Units. Declarant and any Institutional Mortgagees shall also have the right, but not the obligation, jointly or singly, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required items of Operating Expenses on behalf of the Association when overdue and when lapses in policies or services may occur. Declarant and any Institutional Mortgagees paying overdue Operating Expenses on behalf of the Association will be entitled to immediate reimbursement from the Association plus Interest and any costs of collection. The Association shall execute an instrument in recordable form evidencing the Association's obligation to make such immediate reimbursement and deliver the original of such instrument to each party who is so entitled to reimbursement.

K. Rental and Receiver. If a Residential Owner remains in possession of his Unit and the claim of lien of the Association against his Unit is foreclosed, the court, in its discretion, may require the Residential Owner to pay a reasonable rental for the Unit, and the Association is entitled to the appointment of a receiver to collect the rent.

L. Assignment of Claim and Lien Rights. The Association, acting through its Board, shall have the right to assign its claim and lien rights for the recovery of any unpaid Assessments and any other monies owed to the Association, to any third party.

M. Certificate of Payment. Within fifteen (15) days after written request by any Residential Owner or any Institutional Mortgagee, the Association shall provide the requesting party a written certificate as to whether or not the Residential Owner of the Unit is in default with respect to the payment of Assessments or with respect to compliance with the terms and provisions of this Declaration. Any person or entity who relies on such certificate in purchasing or in making a mortgage loan encumbering any Unit shall be protected thereby.

N. Application of Payments. Any payments made to the Association by any Residential Owner shall first be applied towards any sums advanced and paid by the Association for taxes and payment on account of superior mortgages, liens or encumbrances which may have been advanced by the Association in order to preserve and protect its lien, next toward reasonable attorneys' fees incurred by the Association incidental to the collection of Assessments and other moneys owed to the Association by the Residential Owner and/or for the enforcement of its lien; next towards Interest on any Assessments or other moneys due to the Association, as provided herein, and next towards any unpaid Assessments owed to the Association, in the inverse order that such Assessments were due.

O. Assessment Payments. The Base Assessments shall be payable in advance in monthly, quarterly, annual or semi-annual installments with the due dates being established by the Board.

P. Liability of Residential Owners for Individual Assessments. By the acceptance of a deed or other instrument of conveyance of a Unit in the Project, each Residential Owner thereof acknowledges that the Residential Owners are jointly and severally liable for their own Base Assessment and their applicable portion of any Special Assessments as well as for all Individual Expense Assessments and Neighborhood Assessments for which they are liable (with the exception of Declarant so long as Declarant pays the Deficit). Such Residential Owners further recognize and covenant that they are jointly and severally liable with all Residential Owners (except for Declarant during the Deficit Funding Period) for the payment of Operating Expenses. Each Residential Owner, recognizes and agrees that if other Residential Owners fail or refuse to pay their Assessments or any portion thereof, then the remaining Residential Owners may be responsible for increased Base Assessments or a Special Assessment or other Assessments levied as a result of such nonpayment. Any such increased Base Assessment or Special Assessment or other Assessment can and may be enforced by the Association and Declarant in the same manner as all other Assessments in accordance with the Association Documents.

Q. Operating Expenses. The Assessments for Operating Expenses are payable by each Residential Owner to the Association notwithstanding the fact that Declarant may not have yet conveyed title to the Association Property to the Association. Operating Expenses shall include the cost of all items or expenses benefiting the Association, the Association Property, the Project, the

Units, and the Residential Owners, as determined to be an appropriate item of Operating Expense by the Board. Operating Expenses include, but are not limited to, the following expenses, costs, fees and charges:

1. **Taxes.** Any and all taxes levied or assessed at any and all times by any and all taxing authorities against the Association Property and against any and all personal property and Improvements, which are now or which hereafter may be placed thereon, including any interest, penalties and other charges which may accrue thereon;

2. **Utility Charges.** All charges levied for utilities providing services for the Association Property whether supplied by a private or public firm, including (but not limited to) all charges for water, gas, electricity, telephone, sewer and any other type of utility or any other type of service charge;

3. **Insurance.** The premiums on any policy or policies of insurance required to be maintained by the Association under this Declaration and the premiums on any policy or policies the Association determines to maintain even if not required to be maintained by the specific terms of this Declaration;

4. **Destruction of Buildings or Improvements on the Association Property.** Any sums necessary to repair or replace, construct or reconstruct damages caused by the destruction of any building upon the Association Property by fire, windstorm, flood or other casualty regardless of whether or not the same is covered in whole or in part by insurance shall be Operating Expenses. The sums necessary to pay for the damage or destruction as herein contemplated shall be considered Operating Expenses but shall be raised by the Association under the provisions for Special Assessments and subject to the limitations therein set forth with respect to Special Assessments;

5. **Neighborhood Expenses.** The costs and expenses related to the Master Association's provision of services for the sole benefit of the Residential Owners (and not for the benefit of the Master Development as a whole) may be an Operating Expense that is the subject of a Neighborhood Assessment payable only by the Residential Owners or the Association;

6. **Maintenance, Repair and Replacements.** All expenses necessary to keep and maintain, repair and replace any and all buildings, other Improvements, personal property and furniture, fixtures and equipment upon the Association Property, including landscaping, lawn and sprinkler service, in a manner consistent with the standards and requirements in the Association Documents and in compliance with the requirements and regulations of all applicable Governmental Authorities having jurisdiction over the Project;

7. **Additional or Offsite Maintenance.** The expenses of any additional maintenance that the Board elects to provide in order to enhance the overall appearance of the Project for or on any property or Improvements located within or outside of the Project, if permitted by the owner of such property or the Governmental Authority responsible for maintaining same;

8. **Indemnification.** The costs of fulfilling the covenant of indemnification in Section G of Article XV;

9. **Administrative and Operational Expenses.** The costs of administration of the Association including, but not limited to, any secretaries, bookkeepers and other employees, and the costs of retaining a management company, as necessary to carry out the obligations and covenants of the Association;

10. **Compliance with Laws.** The cost and expense of the Association's compliance with all applicable laws, statutes, ordinances and regulations of any Governmental Authority, including, without limitation, any regulations regarding zoning requirements, setback requirements, drainage requirements, sanitary conditions, environmental conditions, and fire hazards;

11. **Non-Payment of Base Assessments.** Funds needed for Operating Expenses due to the failure or refusal of Residential Owners to pay the Assessments levied. Provided, however, that any Assessment for any such sums so needed to make up a deficiency due to the failure of Residential Owners to pay a Special Assessment shall, itself, be deemed to be a Special Assessment;

12. **Costs of Reserves.** The funds necessary to establish an adequate reserve fund ("Reserve") for periodic maintenance, repair, and replacement of the Association Property and the facilities and Improvements thereupon in amounts determined sufficient and appropriate by the Board from time to time. Reserves shall be deposited in a separate account to provide such funds and reserves. The monies collected by the Association on account of Reserves shall be and shall remain the exclusive property of the Association and no Residential Owner shall have any interest, claim or right to such Reserves;

13. **Miscellaneous Expenses.** The cost of all items or costs or expenses pertaining to or for the benefit of the Association, the Association Property, the Units, the Units, the Project, or any part thereof, not herein specifically enumerated and which is determined to be an appropriate item of Operating Expense by the Board shall be an Operating Expense; and

14. **Legal Action against Declarant.** Legal expenses incurred by the Association to begin legal proceedings against Declarant shall be deemed an Operating Expense, which is properly the subject of a Special Assessment and not the subject of a regular Base Assessment.

ARTICLE VII **INSURANCE AND CONDEMNATION**

The Association shall purchase and maintain the following insurance coverage subject to the following provisions, and the cost of the premiums therefore shall be a part of the Operating Expenses:

A. Casualty Insurance. Property and casualty insurance naming Declarant as an additional named insured for so long as Declarant owns any portion of the Project Land, in an amount equal to the then full replacement cost, exclusive of land, foundation, excavation and other items normally excluded from such coverage, of all Improvements and personal property which is owned, or to be owned, by the Association and now or hereafter located upon the Association Property, which insurance shall afford protection against such risks, if any, as shall customarily be covered with respect to areas similar to the Association Property in developments similar to the Project in construction, location and use. If insurance proceeds are payable to the Association as a result of casualty and the Association is obligated or elects to repair or reconstruct the Improvements damaged or destroyed by such casualty, such insurance money shall be paid to the Association who shall open an account with a banking institution doing business in the City, for the purpose of providing a fund for the repair and reconstruction of the damage;

B. Public Liability Insurance. A comprehensive policy of public liability insurance naming Declarant as an additional named insured until Declarant's ownership of any portion of the Project Land ceases, insuring against any and all claims or demands made by any person or persons whomsoever for injuries received in connection with, or arising from, the operation, maintenance and use of the Association Property and any Improvements located thereon, and for any other risks insured against by such policies with limits of not less than One Million Dollars (\$1,000,000) for damages incurred or claimed by any one person for any one occurrence; not less than One Million Dollars (\$1,000,000) for damages incurred or claimed for any one occurrence; and for not less than Fifty Thousand Dollars (\$50,000) property damage per occurrence with no separate limits stated for the number of claims. Prior to the Turnover Date, the Association may assume responsibility for providing additional exterior maintenance of a Unit upon resolution of the Board of Directors and approval of the Declarant;

C. Fidelity Coverage. Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Association and the Directors and all other who handle and are responsible for handling funds of the Association may be maintained in the form of fidelity bonds, which requirements shall be reasonably determined by the Board;

D. Other Insurance. Such other forms of insurance and in such coverage amounts as the Association shall determine to be required or beneficial for the protection or preservation of the Association Property and any improvements now or hereafter located thereon or in the best interests of the Association;

E. Cancellation or Modification. All insurance policies purchased by the Association shall provide that they may not be canceled (including for nonpayment of premiums) or substantially modified without at least ten (10) days prior written notice to the Association;

F. Owners' Insurance. By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for one hundred (100%) percent of the replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, and, if available, flood insurance for the full replacement cost of all insurable

improvements on his or her Unit or the maximum limit of coverage available, whichever is less. In addition, to the extent not insured by policies the Association maintains or to the extent insurable losses result in the payment of deductibles under the Association's policies, every Owner shall obtain and maintain at all time insurance covering consequential damages to any other Unit or the Association Property due to occurrences originating with the Owner's Unit and caused by the Owner's negligence, the Owner's failure to maintain the Unit, or any other casualty with the Unit, which causes damage to any other Unit or the Association Property. All such policies shall name the Association as an insured.

The Association shall have the right, but not the obligation, to audit each Owner's policy to ensure that each policy meets the requirements of this Section, and shall have the right to employ such independent contractors that it deems necessary in its sole discretion to perform such audits. Upon request by the Board, the Owner shall furnish a copy of the insurance policy or policies to the Association within thirty (30) days from the date of such request. In the event that any such Owner fails to obtain insurance which in the sole opinion of the Association fails to meet the requirements this Section, or fails to provide the Association with a copy of such policy or policies as required by this Section, the Association shall have the right, but shall in no way be deemed to have the obligation, to purchase such insurance on behalf of the Owner and assess the cost thereof to the Owner, to be collected in the manner provided for collection of assessments under **Article VI** hereof. In the event the Association elects to obtain insurance as provided hereunder, the Association may obtain insurance in any amount and of any type the Association deems appropriate.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Unit, the Owner shall proceed promptly to repair or to reconstruct the same in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with **Article IX**.

G. Condemnation. In the event the Association receives any award or payment arising from the taking of any Association Property owned in fee or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of such taken areas and Improvements thereon to the extent deemed advisable by the Association and the remaining balance thereof, if any, shall be allocated or applied as determined by the Board.

ARTICLE VIII **EASEMENTS**

A. Recognition of Existing Easements. Each Residential Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Project Land under this Declaration.

B. Reservation and Establishments of Easements. In addition to the easements set forth and specifically granted and referred to in other provisions of this Declaration, this Declaration hereby creates and establishes the following perpetual easements over and across the Project Land as

covenants running with the Project Land for the benefit of the Residential Owners, the Association, Declarant, and other Persons as hereinafter specified for the following purposes:

1. **Easements for Utilities.** There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from any Governmental Authority or private utility company or other Person, upon, over, under, and across all of the Association Property in accordance with this Declaration; as shown on the Site Plan or a Final Plat; and other such easement areas recited in any Supplement for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, the Project Drainage System, and electrical, gas, telephone, water, and sewer lines. Such easements may be granted or accepted by Declarant, its successors or assigns, or by the Board, provided, however, that for as long as the Declarant owns any of the Project Land primarily for the purpose of development and sale, the Board must obtain the written approval of Declarant prior to granting and accepting any such easements. To the extent practical, in Declarant's sole discretion, all utility lines and facilities serving the Project and located therein will be located underground. By virtue of any such easement and facilities, it will be expressly permissible for the providing utility company or other supplier or Person, with respect to the portions of the Project Land so encumbered, to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, to cut and remove any trees, bushes, or shrubbery, to grade, excavate, or fill, or to take any other similar action reasonable necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems;

2. **Easement for Encroachment.** If (i) any Improvements which are constructed as Association Property or upon Association Property, or (ii) any Improvements which are specifically constructed upon a Unit (subject to the limitation describe below), encroach upon a Unit because of the placement, construction, reconstruction, repair, movement, settling or shifting of such Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided, however, that in no event shall such an easement exist for willful encroachments. This easement shall only apply to Improvements upon a Unit which constitute completed building Improvements which do not encroach more than three (3) feet into or upon an adjacent Unit, and shall not include fences, walls, patios, antennas, driveways, walkways, sign, mailboxes, pools, tennis courts, landscaping or other structures or Improvements which are not a completed building Improvement. If any Unit Improvement of the type described in the foregoing sentence encroaches upon the Association Property as a result of construction, reconstruction, repair, shifting, settlement or movement of the subject Unit Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided, however, that in no event shall such an easement exist for willful encroachments;

3. **Easement to Enter Upon Units.** An easement or easements for ingress and egress in favor of Declarant, the ARB, the Association, including the Board or the designee of the Board, to enter upon the Units for the purposes of inspecting any construction, proposed construction of Improvements, or fulfilling its duties and responsibilities of ownership, maintenance and/or repair in accordance with the Association Documents, including the making of such repairs, maintenance or reconstruction as are necessary for the Association Property or any Unit;

4. **Easement Over Association Property.** An easement of use and enjoyment in favor of all Residential Owners, their family members, guests, invitees and lessees in and to the Association Property which shall be appurtenant to and shall pass with title to every Unit and Unit, subject to the following:

i. the right of the Association to suspend the voting rights and rights to use the Association Property of any Residential Owner for any period during which Assessments against his Unit remain unpaid;

ii. the right of the Association to grant permits, licenses and easements over the Association Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Residential Development;

iii. all provisions set forth in the Association Documents, including the easements granted and reserved in this Declaration; and

iv. Declarant's right to add Additional Land to this Declaration and the rights to grant easements for the benefit of any such Additional Land added to this Declaration.

5. **Project Drainage Easement.** An easement is hereby established over, under, across and upon the Project Land for the benefit of the Project Land (the "**Project Drainage Easement**"). The Project Drainage Easement shall be for the purpose of installing, constructing, maintaining, using, operating, repairing and replacing so much of the Project Drainage System as may be within the burdened property as may be required to provide storm water control for the benefited property in accordance with the approved development plans for the Project. The Project Drainage Easement shall burden and benefit all portions of the Project Land, and shall be appurtenant to the Project Land. The location of the Project Drainage Easement on such burdened property shall be as reflected on the Final Plat of the applicable property. The Project Drainage Easement also includes reasonable rights to enter upon the burdened property in order to access the locations, facilities, and installations of the Project Drainage System thereon. Such rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action that Declarant or the Association deem reasonably necessary or appropriate. All cutting of trees shall adhere to all applicable governmental laws, ordinances and regulations, as may be amended from time to time. After such action has been completed, Declarant or the Association (as applicable) shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees.

bushes or shrubbery necessarily removed. Declarant and the Association shall give reasonable notice of its intent to take such action to all affected Residential Owners;

6. **Sale and Development Easement.** An easement in favor of Declarant over, upon, across and under the Project Land as may be reasonably required in connection with the development, construction, sale and promotion, or leasing, of any Unit within the Project or within any other property owned by Declarant, provided that no such easement shall be located within or upon any Unit and shall not materially adversely impair or diminish any Residential Owner's use or enjoyment of such Residential Owner's Unit;

7. **Maintenance Easements.** If any Unit is located closer than five (5) feet from its Unit line or if any utility lines or facilities exclusively serving a Unit are located in whole or in part on an adjoining Unit, the Residential Owner of said Unit shall have a perpetual access easement over the adjoining Unit to (i) repair, maintain, perform, paint, or reconstruct his Unit, and (ii) to repair, maintain, replace, and inspect any utility lines or facilities serving his Unit. Within said easement area no fence or vegetation shall be located;

8. **Blanket Easement.** An easement is hereby reserved in favor Declarant and the Association over the Units and Association Property for the installation, operation, inspection, and maintenance of landscaping, a common cable television system, a common sprinkler system, entrance sign or features, or any other item for the common enjoyment and benefit of the Residential Owners. No Residential Owner shall damage, destroy, alter or otherwise disrupt any of such items so installed. Each Residential Owner shall hold the Association and/or Declarant harmless from the cost of repairing or replacing any of such items which are damaged or destroyed the acts of such Residential Owner, his family, his guests or invitees; and

9. **Additional Easements.** Declarant (until the Turnover Date) and the Association, on their behalf and on behalf of all Residential Owners, each shall have the right to (i) grant additional easements over, upon, under and/or across the Association Property in favor of Declarant or any Person, entity, Governmental Authority or utility company, or modify, relocate, abandon or terminate existing easements benefiting or affecting the Project Land. In connection with the grant, modification, relocation, abandonment or termination of any easement and after proper governmental approval, Declarant reserves the right to relocate roads, parking areas, utility lines, and other Improvements upon or serving the Project Land. So long as the foregoing will not adversely interfere with the use of Units for dwelling purposes, no consent of any Residential Owner or any mortgagee of any Unit shall be required or only the consent of the Residential Owners and Institutional Mortgagees adversely affected shall be required. To the extent required, all Residential Owners hereby irrevocably appoint Declarant and/or the Association as their attorney-in-fact for the foregoing purposes.

C. **Assignments.** The easements reserved hereunder may be assigned by Declarant or the Association in whole or in part to any Governmental Authority, or any duly licensed or franchised public utility, or any other designee of Declarant. The Residential Owners hereby authorize Declarant and/or the Association to execute, on their behalf and without further authorization, such

grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Project Land or portions thereof in accordance with the provisions of this Declaration.

Except as may be expressly provided otherwise, all easement rights reserved or granted to Declarant shall terminate upon Declarant no longer owning any portion or interest in the Project Land for sale in the ordinary course of business. In addition, the easement rights granted or reserved by Declarant hereunder are not to be construed as creating an affirmative obligation to act on the part of Declarant.

ARTICLE IX **MAINTENANCE AND REPAIR**

A. By the Residential Owners.

1. **Units.** Unless otherwise undertaken by the Association in accordance with **Section B** below, Each Residential Owner shall maintain his Unit and all Improvements and personal property upon his Unit in good condition at all times. The exterior of all Units including but not limited to roofs, walls, doors, windows, patio areas, pools, screenings, and awnings shall be maintained in good condition and repair and in a neat and attractive manner. All exterior painted areas shall be painted as reasonably necessary, with colors which are harmonious with other Units, and no excessive rust deposits on the exterior of any Unit, peeling of paint or discoloration of same shall be permitted. No Residential Owner shall change the exterior color of his Unit without the consent of the ARB. All sidewalks, driveways and parking areas within the Residential Owner's Unit or serving the Residential Owner's Unit shall be cleaned and kept free of debris; and cracks, damaged and/or eroding areas on same shall be repaired, replaced and/or resurfaced as necessary.. In addition, the Owner shall maintain all pipes, lines, ducts, conduits or other apparatus which serve only the Unit, whether located within or without a Unit's boundaries (including all gas, electricity, water, sewer and air conditioning pipes, lines, ducts, conduits and other apparatus serving only the Unit). Such maintenance shall be performed in a manner consistent with this Declaration, the ARB standards, the Master Declaration and Master ARB standards, and all applicable regulations of Governmental Authorities. Any maintenance, which involves an exterior change, including, without limitation, repainting of the exterior of improvements in a different color, shall require prior approval of the Board or its designee pursuant to this Declaration, in addition to approval of the ARB.

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Property by an Owner or Occupant (including, but not limited to, landscaping of Common Property) shall be performed at the sole expense of such Owner or Occupant, and the Owner or Occupant shall not be entitled to reimbursement from the Association, even if the Association accepts the maintenance or repair.

Each Owner shall be obligated:

- i. to perform his or her responsibility in such manner so as not to unreasonably disturb other persons in other Units;
- ii. to promptly report to the Association or its agent any defect or need for repairs for which the Association is responsible; and
- iii. not to make any alterations in the portions of the Unit which are to be maintained by the Association, remove any portion thereof, make any additions thereto, or do anything with respect to the exterior or interior of the Unit which would or might jeopardize or impair the safety or soundness of any Unit, without first obtaining the written consent of the Board and all Unit Owners and Mortgagees of the Units affected, and each Owner shall also be obligated not to impair any easement without first obtaining written consent of the Association and of the Unit Owner or Owners and their Mortgagees for whose benefit such easement exists.

B. By the Residential Owners. Except as otherwise specifically set forth herein, the responsibility of the Association is to inspect, operate, repair, maintain and replace any and all Improvements located on the Association Property commencing with the completion of such Improvements by Declarant. The Improvements shall be maintained in the same condition as originally constructed by Declarant subject to reasonable and customary wear and tear. If any damage or destruction occurs to the Association Property or to the Improvements and facilities located thereon by fire, storms, acts of God, acts of government, acts of third parties or other calamity, the Association shall be required to rebuild such improvements and facilities as quickly as practicable.

In addition to the Association Property specifically set forth in this Declaration, the maintenance responsibility of the Association may include, without limitation, any landscaping on public roadways or other property adjacent to the Project selected by the Board for maintenance and determined by the Board to benefit the Project with the approval of the owner of such property or the Governmental Authority originally or usually responsible for such maintenance.

The Association shall also have the right, but not the obligation, to maintain and keep in good repair the Area of Common Responsibility which shall be deemed to include the following: (a) exterior surfaces of garage doors (but the Unit Owner shall be responsible for the operation of the garage doors), (b) mowing and maintenance of all grass within the Project (except for grass enclosed within fences and/or structures on the Unit), (c) all roofs, downspouts and gutters, (d) all exterior building surfaces with the exception of hardware and glass, and (e) all driveways, walkways, steps, decks (whether enclosed or not) and deck surfaces. Specifically excluded from the Area of Common Responsibility shall be the following: (1) HVAC or similar equipment located outside the Units, (2) all doors, including screen and storm doors, hinges, frames and door frames and hardware which are part of the entry system, (3) hose bibs contained in exterior walls of a Unit, (4) lighting fixtures pertaining to a particular Unit and being located outside an entryway or in a garage, (5) window screens, window frames and glass, and (6) pipes which serve only one (1) Unit whether located within or without the Unit's boundaries. Prior to the Turnover Date, the Association may assume responsibility for providing additional exterior maintenance of a Unit upon resolution of the Board of

Directors and approval of the Declarant. After to the Turnover Date, the Association may assume responsibility for providing additional exterior maintenance of a Unit upon resolution of the Board of Directors and approval of the Owners.

C. Association's Right to Perform Maintenance. If a Residential Owner fails to maintain his Unit in accordance with this Declaration, the Association shall have the right, but not the obligation, upon fifteen (15) days written notice to the Residential Owner, to enter upon the Unit for the purpose of performing the maintenance and/or repairs described in such notice to the Residential Owner, as applicable. Provided, however, if the maintenance or repair is necessitated due to an emergency, the Association shall have the right to perform the maintenance and/or repairs upon 24 hours advance written notice. The cost of performing such maintenance and/or repairs and the expense of collection (including, but not limited to, Legal Fees) shall be assessed by the Association against the Residential Owner as an Individual Expense Assessment.

D. Measures Related to Insurance Coverage.

1. The Board of Directors, upon resolution, shall have the authority to require all or any Unit Owner(s) to do any act or perform any work involving portions of the Community that are the maintenance responsibility of the Unit Owner which will, in the Board's sole discretion, decrease the possibility of fire or other damage to any improvements located in the Community, reduce the insurance premium paid by the Association for any insurance coverage, or otherwise assist the Board in procuring or maintaining such insurance coverage. This authority shall include, but need not be limited to, requiring all Owners to turn off cut-off valves, which may now or hereafter be installed, during winter months for outside water spigots; requiring Owners to insulate pipes sufficiently or take other preventive measures to prevent freezing of water pipes; requiring Owners to install smoke detectors; requiring Owners to make improvements to the Owner's Unit; and such other measures as the Board may reasonably require, so long as the cost of such work does not exceed Five Hundred Dollars (\$500.00) per Unit in any twelve (12) month period.

2. In addition to, and not in limitation of, any other rights the Association may have, if any Unit Owner does not comply with any reasonable requirement made by the Board pursuant to **Section C** above, the Association, upon fifteen (15) days' written notice (during which period the Unit Owner may perform the required act or work without further liability), may perform such required act or work at the Unit Owner's sole cost. Such cost shall be an assessment and a lien against the Unit and shall be collected as provided herein for the collection of assessments. The Association shall have all rights necessary to implement the requirements mandated by the Board pursuant to **Section C** above, including, but not limited to, a right of entry during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit, except that access may be had at any time without notice in an emergency situation.

E. Party Walls and Party Fences.

1. **General Rules of Law to Apply.** Each wall or fence built as a part of the original construction of the Units which shall serve and separate any two (2) adjoining Units shall

constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

2. **Sharing of Repair and Maintenance.** The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

3. **Damage and Destruction.** If a party wall or fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owner or Owners thereafter make use of the wall or fence, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

4. **Right to Contribution Runs with Land.** The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

ARTICLE X **ARCHITECTURAL CONTROL**

A. **Establishment.** "ARB" shall mean the architectural review board, which shall be the governing body charged with promoting and maintaining a high level of design, quality, harmony and conformity throughout the Project consistent with this Declaration. Until the Termination of Declarant's Architectural Control (referred to below), Declarant shall constitute the ARB, and may approve Plans and Submissions or take other actions on behalf of the ARB in Declarant's own name or in the name of the ARB. After the Termination of Declarant's Architectural Control, the ARB shall be composed of at least three (3) individuals appointed by the Board, each of who shall be a Residential Owner. The ARB shall act by simple majority vote. In the event of death, resignation or other removal of any Board appointed member of the ARB, the Board shall appoint a successor member. No member of the ARB shall be entitled to compensation for, or be liable for claims, causes of action or damages arising out of services performed pursuant to this Declaration. Declarant shall cease to control and constitute the ARB on the earlier of: (a) the date on which Declarant records in the Public Records, a document declaring the termination of its control of the ARB, or (b) at such time as Declarant no longer owns a Unit in the Project ("Termination of Declarant's Architectural Control").

B. **Purpose.** The ARB is established to provide a system of review for the construction or modification of all Improvements within the Project. No Improvement shall be commenced, improved or altered, nor shall any grading, excavation or change of exterior color or other work which in any way alters the exterior appearance of an Improvement be done without the prior written approval of the ARB.

C. Development Standards. The ARB is empowered to publish or modify from time to time, design and development standards for the Project, including, but not limited to, standards for the following ("**Standards**"): (i) architectural design of Improvements, including, but not limited to, design standards for any Unit or other Improvement constructed upon a Unit; (ii) fences, walls and similar structures; (iii) exterior building materials and colors; (iv) exterior appurtenances relating to utility installation; (v) signs and graphics, mailboxes and exterior lighting; (vi) building setbacks, pools and pool decks, side yards and related height, bulk, and design criteria; (vii) pedestrian and bicycle ways, sidewalks and pathways; and (viii) all buildings, landscaping and Improvements on lands owned or controlled by the Association. After Termination of Declarant's Architectural Control, a copy of any Standards promulgated by the ARB shall be subject to approval by the Board. After the Board's approval, a copy of the Standards will be made available to all Members.

D. Requirement of ARB Approval. No Improvement of any kind shall be erected, placed or maintained on the Project Land, and no addition, alteration, modification or change to any Improvement on the Project Land shall be made without the prior written approval of the ARB. For purposes of this Declaration, Declarant Improvements means any Improvement erected, placed, or maintained with the approval of Declarant, including, without limitation, any building, wall, fence, swimming pool, or screened enclosure, constructed, installed or placed by or with the approval of Declarant prior to the Termination of Declarant Control (collectively, "**Declarant Improvements**"). Declarant Improvements are not subject to the approval of the ARB and are deemed to conform to the plan of development for the Project.

E. Obtaining ARB Approval. In order to obtain the approval of the ARB, a complete set of plans and specifications ("**Plans**") for proposed Improvements shall be submitted to the ARB for its review. The Plans shall include, as appropriate, the proposed location, grade, elevations, shape, dimensions, exterior color plans, approximate costs, and nature, type and color of materials to be used. The ARB may also require the submission of additional information and materials as may be reasonably necessary for the ARB to evaluate the proposed Improvement or alteration ("**Submissions**"). The ARB shall have the right to refuse to approve any proposed Plans that, in its sole discretion, are not suitable or desirable. Any and all approvals or disapprovals of the ARB shall be in writing and shall be sent to each respective Residential Owner submitting same. If the ARB fails to approve or to disapprove in writing any Plans and/or Submissions after: (i) submission to the ARB of the last item of the Plans and Submissions requested by the ARB, so that the ARB has a complete package of all Plans and Submissions requested by the ARB; and (ii) sixty (60) days have elapsed since submission and written request for approval or disapproval was delivered to the ARB by the Residential Owner; then said Plans and Submissions shall be deemed to have been approved by the ARB provided, however, that no Improvement shall be erected or shall be allowed to remain which violates any conditions or restrictions contained in this Declaration, or which violates any applicable zoning or building ordinance or regulation. The approval by the ARB relates only to the aesthetics of the Improvements shown on the Plans and Submissions and not to their sufficiency or adequacy. Each Residential Owner shall be responsible for obtaining all necessary technical data and to make application to and obtain the approval of the appropriate Governmental Authorities prior to commencement of any construction.

F. Scope of Review. The ARB shall review and approve or disapprove all Plans and Submissions solely on the basis of aesthetic standards as to the aesthetic quality of materials and workmanship to be used, suitability and harmony of location, structure and external design in relation to surrounding topography and structures and the overall benefit or detriment which would result to the immediate vicinity and to the Project as a whole and any other factors deemed relevant to the review by the ARB in its opinion, reasonably exercised. The ARB shall take into consideration the aesthetic aspects of the architectural design, placement of buildings, color schemes, exterior finishes and materials and similar features, and shall not be responsible for reviewing, nor shall its approval of any Plans be deemed approval of, any design or plan from the standpoint of structural safety or conformance with building or other codes.

G. Variance from Standards. The ARB may authorize, in a reasonable manner so as not to destroy the general scheme or plans of the development of the Project, variances from compliance with any Standards which it has promulgated pursuant to its authority when circumstances such as topography, natural obstructions, hardship, aesthetics or environmental considerations may require. If any such variances are granted, no violation of the restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose, except as to that particular property and particular provision hereof or Standards promulgated hereby which are covered by the variance. Such variance shall be evidenced in writing.

H. Enforcement. There is specifically reserved unto the ARB the right of entry and inspection upon any Unit or other portion of the Project Land for the purpose of determination by the ARB whether there exists any Improvement which violates the terms of any approval by the ARB or the terms of this Declaration. Except in emergencies, any exercise of the right of entry and inspection by the ARB hereunder should be made only upon reasonable notice given to the Residential Owner of record at least twenty-four (24) hours in advance of such entry. The Association, acting pursuant to the direction of the ARB, is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any Improvement, or to remove any unapproved Improvements, the prevailing party in such litigation shall be entitled to recover all Legal Fees incurred in connection therewith. The Association shall indemnify and hold harmless any member of the ARB from all costs, expenses and liabilities, including attorneys fees incurred by virtue of any member's service as a member of the ARB, provided such member acted in good faith and without malice.

I. Subcommittees and Delegation of Authority. The ARB may establish subcommittees for the purpose of acting on behalf of the ARB with respect to similar circumstances, situations, or types of Improvements, such as a swimming pool subcommittee or a subcommittee which would deal with modifications of existing Improvements or additional new Improvements ancillary to an existing Unit, in contrast to the construction of initial Improvements upon a previously unimproved Unit. All rights and powers of the ARB may be delegated to such

subcommittee with regard to the subject matter of the subcommittee. The rights and powers of the ARB may be assigned to a management company, an architect, design professional or other entity, or any portion of such rights and powers applicable to a particular subcommittee or area of similar circumstance.

ARTICLE XI **USE RESTRICTIONS**

For purposes of this **Article XI**, unless the context otherwise requires, Residential Owner shall also include the family, invitees, guests, licensees, lessees and sublessees of any Residential Owner, and any other permitted occupants of a Unit. In addition to any other restrictions set forth in this Declaration, all the Units shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Declarant as provided in this Article and elsewhere in this Declaration.

A. Residential Use. The Units shall be for single-family residential use only, and no Unit shall be occupied by more than One (1) Family. For the purposes of this Section, "**Family**" is defined as: An individual; or one (1) or more persons related by blood or marriage with any number of natural children, foster children, stepchildren or adopted children, plus not more than two (2) unrelated persons living together as a single housekeeping unit; or a group of not more than three (3) persons not related by blood, marriage, adoption, or guardianship, living together as a single housekeeping unit (for Units with less than three separate bedrooms, this number shall be reduced from three to the corresponding number of separate bedrooms in the Unit). No trade, business, profession or commercial occupation or activity may be carried on in the Project without the consent of the Board except for such occupation or activity permitted to be carried on by Declarant or as is expressly permitted below. In addition, temporary guests are permitted so long as they do not create an unreasonable source of noise or annoyance to the other residents of the Project.

B. Non-Residential Activities or Uses. No trade, business, profession or commercial activity, or any other non residential use shall be conducted on the Project Land or within any Unit without the consent of the Board except that a Residential Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Project Land; (iii) the business activity does not involve door-to-door solicitation of residents noticeably greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the character of the Project, and does not constitute a nuisance, a hazardous or offensive use, or a threat to the security or safety of others, (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in the Project which is beyond the level of traffic and vehicular parking that occurs in residential developments similar to the Project, as the Board determines in its sole discretion. The foregoing limitations shall not preclude occasional garage sales, moving sales, rummage sales, or similar activities, provided that such activities may not be held on any one Unit more than once in

any three-month period and, when held, may not exceed three consecutive days in duration. The foregoing shall not prohibit a Residential Owner from leasing his Unit.

C. Nuisances. No obnoxious or offensive activity shall be carried on about the Units or in or about any Improvements, Units, or on any portion of the Project Land nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any Residential Owner. No use or practice shall be allowed in or around the Units which is a source of annoyance to Residential Owners or occupants of Units or which interferes with the peaceful possession or proper use of the Units or the surrounding areas. No loud noises or noxious odors shall be permitted in any Improvements, Units.

D. Outside Storage of Personal Property. The personal property of any Residential Owner shall be kept inside the Residential Owner's Unit or a fenced-in yard, except for patio furniture and accessories, and other personal property commonly kept outside, which must be kept in the rear of the Unit and must be neat appearing and in good conditions.

E. Parking and Vehicular Restrictions. Only automobiles, vans constructed as private passenger vehicles with permanent rear seats and side windows, passenger trucks and other vehicles manufactured and used as private passenger vehicles, may be parked within the Project overnight without the prior written consent of the Board, unless kept within an enclosed garage. In particular and without limitation, without the prior written consent of the Board, no vehicle containing commercial lettering, signs or equipment, and no truck (other than private passenger trucks), recreational vehicle, camper, trailer, aircraft, motorcycle, or vehicle other than a private passenger vehicle as specified above, may be parked or stored outside of a Unit overnight. A boat may be kept in the rear yard of a Unit as long as a fence approved by the ARB is constructed upon the Unit and screens the view of the boat from the abutting street. No overnight parking is permitted on any streets, lawns, or areas other than driveways and garages, without the consent of the Board. Provided, however, automobiles owned by governmental law enforcement agencies are expressly permitted. The foregoing restrictions shall not be deemed to prohibit the temporary parking of commercial vehicles while making delivery to or from, or while used in connection with providing services to, the Project. All vehicles parked within the Project must be in good condition and repair, and no vehicle which does not contain a current license plate or which cannot operate on its own power shall be parked within the Project outside of an enclosed garage for more than 24 hours, and no major repair of any vehicle shall be made on the Project Land. All-terrain vehicles, and the like are not permitted to be operated within the Project or parked overnight outside of an enclosed garage, except with the prior written consent of the Board which may be withdrawn at any time. Any motorcycle or other permitted motorized vehicle must be licensed for street use and equipped with appropriate noise muffling equipment so that the operation of same does not create an unreasonable annoyance to the residents of the Project

F. No Improper Uses. No improper, offensive, hazardous or unlawful use shall be made of any Unit nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any Residential Owner or occupant of the Project. Residential Owners shall observe and obey all valid laws, zoning ordinances and regulations of all Governmental

Authorities. Violations of laws, orders, rules, regulations or requirements of any Governmental Authority, relating to any Unit shall be corrected by, and at the sole expense of the Residential Owner of the Unit.

G. Trash and Other Materials. Each Residential Owner shall regularly pick up all garbage, trash, refuse or rubbish on his Unit, and no Residential Owner or resident shall place or dump any garbage, trash, refuse, rubbish or other materials on any other portions of the Project Land. Garbage, trash, refuse or rubbish that is required to be placed at the front of a Unit in order to be collected may be placed and kept at the front of the Unit after 5:00 p.m. on the day before the scheduled day of collection, and any trash facilities must be removed on the collection day. All garbage, trash, refuse or rubbish must be placed in appropriate trash facilities or bags. All containers, dumpsters or garbage facilities shall be stored inside a Unit or fenced-in area and screened from view and kept in a clean and sanitary condition. No noxious or offensive odors shall be permitted.

H. Leases. In order to preserve the character of the Community as predominantly owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, leasing of Units shall be governed by the restrictions imposed by this Section. As used herein, "**leasing**" shall mean the regular, exclusive occupancy of a Unit by any Person(s) other than the Owner for which the Owner receives any direct or indirect monetary or economic benefit; the occupancy of a Unit by a roommate of an Owner then occupying a Unit shall not constitute leasing. Except as provided herein, the leasing of Units shall be prohibited.

1. **General.** Owners desiring to lease their Units may do so only if they have applied for and received from the Board either a "**leasing permit**" or a "**hardship leasing permit**." Such a permit, upon its issuance, will allow an Owner to lease such Owner's Unit, provided that such leasing is in strict accordance with the terms of the permit and this Section. The Board shall have the authority to establish conditions as to the duration and use of such permits consistent with this Section. All leasing permits and hardship leasing permits shall be valid only as to a specific Owner and Unit and shall not be transferable between either Units or Owners (including a subsequent Owner of a Unit where a permit was issued to the Owner's predecessor in title).

2. **Leasing Permits.** An Owner's request for a leasing permit shall be approved if current, outstanding leasing permits have not been issued for more than 25% of the total Units in the Community. A leasing permit shall be automatically revoked upon the happening of any of the following events: (i) the sale or transfer of the Unit to a third party (excluding sales or transfers to (a) an Owner's spouse, (b) a person cohabiting with the Owner, and (c) a corporation, partnership, company, or legal entity in which the Owner is a principal); (ii) the failure of an Owner to lease such Owner's Unit within 90 days of the leasing permit having been issued; or (iii) the failure of an Owner to have such Owner's Unit leased for any consecutive 90-day period thereafter. If current leasing permits have been issued for more the 25% of the Units, no additional leasing permits shall be issued (except for hardship leasing permits) until the number of outstanding current leasing permits falls below 25% of the total Units in the Community. Owners who have been denied a leasing permit shall automatically be placed on a waiting list for a leasing permit and shall be issued

the same if they so desire when the number of current outstanding leasing permits issued falls to 25% or less of the total Units in the Community. The issuance of a hardship leasing permit to an Owner shall not cause the Owner to be removed from the waiting list for a leasing permit.

3. **Hardship Leasing Permits.** If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board for a hardship leasing permit. The Board shall have the authority to issue or deny a request for hardship leasing permits in its discretion after considering the following factors: (i) the nature, degree and likely duration of the hardship, (ii) the harm, if any, which will result to the Community if the permit is approved, (iii) the number of hardship leasing permits which have been issued to other Owners, (iv) the Owner's ability to cure the hardship, and (v) whether previous hardship leasing permits have been issued to the Owner. Hardship leasing permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional hardship leasing permits. Hardship leasing permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a leasing permit.

4. **Leasing Provisions.** Leasing which is authorized, pursuant to a permit, hereunder shall be governed by the following provisions:

i. **Notice.** At least seven (7) days prior to entering into the lease of a Unit, the Owner shall provide the Board with a copy of the proposed lease agreement. The Board shall approve or disapprove the form of said lease. In the event a lease is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with this Declaration and any rules and regulations adopted pursuant thereto;

ii. **General.** Units may be leased only in their entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form which is deemed acceptable. There shall be no subleasing of Units or assignment of leases without prior Board approval. All leases must be for an initial term of not less than one (1) year, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. Within ten (10) days after executing a lease agreement for the lease of a Unit, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Unit. The Owner must provide the lessee copies of the Declaration, Bylaws, and the Association's rule and regulations. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease;

iii. **Liability for Assessment, Use of General Common Elements, and Compliance with Declaration, Bylaws, and Rules and Regulations.** Each Owner covenants and agrees that any lease of a Unit shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Unit, agrees to the applicability of this covenant and incorporation of the following language into the lease:

a. **Compliance with Declaration, Bylaws, and Rules and Regulations.** The lessee shall comply with all provisions of the Declaration, Bylaws, and Association rules and regulations (collectively, "**Governing Documents**"), and shall control the conduct of all other Occupants and guests of the leased Unit in order to ensure such compliance. The Owner (lessor) shall cause all Occupants of such Owner's (lessor's) Unit to comply with the Governing Documents and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Units are fully liable and may be sanctioned for any such violation. If the fine is not paid by the lessee within the time period set by the Board, the lessor shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Governing Documents by the lessee, any Occupant, or any guest of the lessee, is deemed to be a default under the terms of the lease and authorizes the lessor to terminate the lease without liability and to evict the lessee in accordance with South Carolina law. The lessor hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Governing Documents, including, without limitation, the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the lessor, in accordance with the terms hereof. If the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be an assessment and lien against the Unit.

b. **Use of General Common Elements.** The lessor transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the lessor has to use the common property.

c. **Liability for Assessments.** If lessor fails to pay any annual special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then lessor hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply herewith, lessee shall pay to the Association all amounts authorized under the Declaration as if lessee were the owner of the Unit. The above provision shall not be construed to release the lessor from any obligation, including the obligation for assessments, for which lessor would otherwise be responsible.

5. **Applicability.** Notwithstanding the above, this Section shall not apply to any leasing transaction entered into by the Developer, the Association, or the holder of any first Mortgage on a Unit who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage, and they shall be permitted to lease without obtaining a permit.

I. Temporary Buildings; Accessory Buildings. No tents, trailers, shacks or other temporary buildings or structures shall be constructed or otherwise placed upon the Project Land except in connection with construction, development, leasing or sales activities permitted by the ARB or performed by Declarant. No temporary structure may be used as a Unit. No garden shed, storage shed, out-building, or other permanent structures that are detached from the Unit shall be constructed or placed upon the Project Land unless approved by the ARB. No proposed garden shed, storage shed, out-building, or other permanent structures that are detached from the Unit, shall be permitted in the Project if the total enclosed area of the structure would exceed 120 square feet (10' X 12').

J. Garages. No garage shall be permanently enclosed so as to make such garage unusable by an automobile, and no portion of a garage originally intended for the parking of an automobile shall be converted into a living space or storage space and no garage opening shall have a screen covering without the consent of the ARB. All garage doors shall remain closed when vehicles or Persons are not entering or leaving the garage.

K. Animals and Pets. Only common domesticated household pets may be kept on any Unit or in a Unit, but in no event for the purpose of breeding or for any commercial purposes whatsoever. No other animals, livestock, reptiles or poultry of any kind shall be kept, raised, bred or maintained on any portion of the Project Land. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Board. The Board shall have the right to forbid or prohibit certain breeds or types of animals. Any pet must not be an unreasonable nuisance or annoyance to other residents on the Project Land. The Board may adopt rules and regulations concerning animals which are more restrictive than the provisions of this Declaration including rules requiring that all animals be kept on a leash when on the Association Property or outside a fenced yard and that animals be restricted to designated areas within the Association Property and that Residential Owners are responsible for cleaning up any mess that a pet created within any Unit or the Association Property. The Board may require any pet to be immediately and permanently removed from the Project due to a violation of this Section. Each Residential Owner who keeps or intends to keep a pet agrees to indemnify the Association and Declarant and hold them harmless against any loss or liability of any kind or character whatsoever arising from he or she having any animal on the Project Land.

L. Additions and Alterations. No Unit shall be enlarged by any addition thereto or to any part thereof, and no Residential Owner shall make any improvement, addition, or alteration to the exterior of his Unit, including, without limitation, the painting, staining, or varnishing of the exterior of the Unit or re-roofing with shingles of a different color or material, without the prior written approval of the ARB, which approval may be withheld for purely aesthetic reasons.

M. Increase in Insurance Rates. No Residential Owner may engage in any action that may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering or with respect to any portion of the Project Land not owned by such Residential Owner.

N. Air Conditioning Units. Only central air conditioning units are permitted, and no window, wall, or portable air conditioning units are permitted. No air-conditioning or heating apparatus, unit or equipment shall be installed on the ground in front of, or attached to, any front wall of any Unit.

O. Clotheslines and Outside Clothes Drying. No clotheslines or clothespoles shall be erected, and no outside clothes-drying is permitted, except where such activity is advised or mandated by Governmental Authorities for energy conservation purposes, in which event the ARB shall have the right to approve the portions of any Unit used for outdoor clothes-drying purposes and the types of devices to be employed, which approval must be in writing.

P. Outside Antennas and Satellite Dishes. No Residential Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar apparatus or equipment unless: (i) such apparatus is two (2) feet or less in diameter, (ii) the apparatus is screened from public view and located behind the Unit either in the rear yard or affixed to the rear roof, (iii) the apparatus is not visible while standing at any point along the property boundary line in front of the house that abuts or is adjacent to a street, right-of-way or sidewalk, and (iv) the ARB has approved the apparatus, its location and the type of screening.

Q. Flagpoles. No Residential Owner may erect or install a flagpole or decorative banner on any portion of a Unit, including freestanding detached flagpoles or banners, and those that are attached to a Unit, without the prior written approval of the ARB.

R. Garbage Containers, Oil & Gas Tanks, Pool Equipment. All garbage and refuse containers, oil tanks, bottled gas tanks, and all permanently affixed swimming pool equipment and housing shall be underground or placed in walled-in or landscaped areas as approved by the ARB so that they shall be substantially concealed or hidden from any eye-level view from any street or adjacent property.

S. Signs. Except for signs placed or constructed by Declarant, no signs shall be placed upon any Unit, and no signs shall be placed in or upon any Unit which are visible from the exterior of the Unit, without the prior written consent of the ARB. For a detailed description of approved sign designs, please refer to the Cain Crossing Architectural Design Standards, as published by the Cain Crossing Architectural Review Board.

T. Window Treatments. Window treatments shall consist of drapery, blinds, decorative panels, or other tasteful window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for periods not exceeding one (1) week after a Residential Owner or tenant first moves into a Unit or when permanent window treatments are being cleaned or repaired.

Hurricane shutters are permitted as long as the prior approval of the ARB is obtained prior to the installation of the hurricane shutters.

U. **Ponds.** The rules and regulations of the Association, as published and amended from time to time, may contain rules, regulations and requirements concerning the use of the Ponds and any Open Space Area or other areas surrounding the Ponds, which shall be in addition to any provisions of this Declaration. Except for fishing within any permitted areas designated by the Board, there shall be no swimming, use of personal flotation devices, or boating of any type (whether powered or not) on the Ponds. No Residential Owner shall construct or install any piers or docks on any portion of the Ponds, or on any portion of a Unit which abuts a Pond, provided, however, that the Declarant or the Association may construct a pier or dock on or adjacent to a Pond for the use and enjoyment of the Residential Owners and their family members, guests and invitees. No Residential Owner shall be permitted to use water from the Ponds for irrigation or for any other purpose whatsoever. Neither the Declarant nor the Association shall be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of the Ponds.

V. **Swimming Pools.** No swimming pools, spas, or the like, shall be installed without the consent of the ARB. No above-ground swimming pools shall be permitted in the Project, except that small, inflatable wading pools shall be permitted.

W. **Fences and Walls.** Except for any Entrance Facilities, screening wall, retaining wall or fence installed by Declarant which are expressly excluded from the restrictions in this **Article XI**, all fences proposed to be installed upon the Project Land require prior written consent of the ARB and must conform substantially in design and materials with the specifications for each applicable Neighborhood set forth in the Cain Crossing Architectural Design Standards, as published by the Cain Crossing Architectural Review Board (as such may be amended from time to time by the ARB).

Due to the different types of Units constructed and being constructed by Declarant within the Project, the specifications on Exhibit "B" may be different for each Neighborhood and any Residential Owners who proposes to install a fence on their Unit is required to specifically comply with the specifications applicable to the Neighborhood where such Residential Owner's Unit is located. Each Residential Owner, by acceptance of a deed for a Unit, is deemed to acknowledge and agree that the ARB has the absolute right to deny any proposal to install a fence that is not in compliance with the specific requirements for the applicable Neighborhood as designated on Exhibit "B", and that such Residential Owner has no express or implied right to propose to install a fence that conforms to any other specifications shown on Exhibit "B" other than those specifically applicable to the Neighborhood in which such Residential Owner's Unit is located.

X. **Play Structures.** Swing-sets, slides, play houses and other play structures shall be permitted only in the rear yard of a Lot, and no play structure shall be permitted on a Lot unless the play structure is located inside of a six (6) foot fence approved by the ARB. No play structure exceeding six (6) feet in height shall be permitted on a Waterfront Lot. No trampolines shall be allowed on any Lot.

Y. Mailboxes. No mailboxes are permitted without the consent of the ARB, except for mailboxes that are identical to mailboxes originally provided for the Units by Declarant.

Z. Surface Water Management. No Residential Owner or any other person shall do anything to adversely affect the Project Drainage System and the general surface water management and drainage of the Project Land, without the prior written approval of the ARB and any controlling Governmental Authority, including, but not limited to, the excavation or filling in of any Unit. Provided, however, the foregoing shall not be deemed to prohibit or restrict the initial construction of Improvements upon the Project Land by Declarant in accordance with permits issued by controlling Governmental Authorities. In particular, no Residential Owner shall install any landscaping or place any fill on the Residential Owner's Unit which would adversely affect the drainage of any contiguous Unit. No structures, trees or shrubs shall be placed on any utility easements or any portion of the Project Drainage System (including drainage easements on the Units), except by Declarant, without the prior written consent of the ARB and the applicable Governmental Authorities and utility providers.

AA. Wetland Areas. No Residential Owner shall remove native vegetation that becomes established within any wetland areas located on or adjacent to any portion of the Project Land. Removal includes dredging, the application of herbicide, and cutting. No Residential Owner shall add or introduce additional vegetation or other forms of plant life or landscaping within any wetland areas located on or adjacent to any portion of the Project Land. Residential Owners should address any question regarding authorized activities within any wetland areas to the applicable Governmental Authorities. No Residential Owner may construct or maintain any building, residence, or structure, or undertake or perform any activity in any wetland areas without the prior approval of the Association and the applicable Governmental Authorities and utility providers.

BB. Building Location. Any Unit erected on a Unit other than a corner Unit shall face the street on which the Unit abuts. On corner Units, a Unit may be erected so as to face the intersection of the 2 streets on which the Unit abuts.

CC. Damage and Destruction. If any Improvement contiguous with a Unit is damaged or destroyed by casualty or for any other reason, the Residential Owner of the Unit shall repair and restore the damaged Improvement as soon as is reasonably practical to the same condition that the Improvement was in prior to such damage or destruction, unless otherwise approved by the ARB.

DD. Subdivision and Partition. No Unit on the Residential Land shall be subdivided without the ARB's prior written consent except by Declarant.

EE. Construction. All construction, landscaping or other work which has been commenced on any Unit shall be continued with reasonable diligence to completion and no partially completed Unit or other Improvement shall be permitted to exist on any Unit, except during such reasonable time period as is necessary for completion. The Residential Owner of each Unit shall at all times keep contiguous public streets free from any dirt, mud, garbage, trash or other debris resulting from any such construction on the subject Residential Owner's Unit.

FF. Septic Tanks; Wells. No septic tank shall be installed, used or maintained on any Unit. No well shall be installed, used or maintained on any Unit for human domestic water consumption, nor shall any well be connected in any manner whatsoever to the water mains, laterals and piping serving the Unit, which mains furnish domestic water from sources beyond the boundaries of the Unit. No Residential Owner shall be permitted to use water from the Ponds for irrigation or for any other purpose whatsoever.

GG. Certain Rights of Declarant. The provisions, restrictions, terms and conditions of this **Article XI** shall not apply to Declarant.

ARTICLE XII
ADDITONAL LAND; WITHDRAWAL; BOUNDARY ADJUSTMENTS

A. Additional Land. Prior to the Turnover Date, Declarant shall have the right, without the approval or joinder of the Association, the Residential Owners or any other Person, to bring under the provisions of this Declaration and thereby add to the Project, any real property owned or acquired by Declarant which is contiguous to the Project Land or which is contiguous with a public or private street adjacent to the Project Land (all of which is herein referred to as "**Additional Land**"), provided that the annexation of such Additional Land is for the purposes of reflecting changes or modifications to the Site Plan which have been approved by the City and other applicable Governmental Authorities, by recording a supplemental declaration "**Supplement**"). The Supplement may contain such complementary additions and modifications to the terms of this Declaration as may be necessary or desirable to reflect the different character, if any, of the Additional Land being subjected to this Declaration and as are not inconsistent with the general scheme of this Declaration, including the right to grant or reserve easements for the benefit of such Additional Land. To the extent that any Additional Land is made part of the Project, reference herein to the Project Land shall be deemed to include such Additional Land. Declarant is not obligated to add to the Project, to develop any Additional Land under a common scheme, or be prohibited from changing development plans with respect to future portions of the Project comprised of any Additional Land. All Residential Owners by acceptance of a deed to their Units, consent to any change, rezoning or addition made by Declarant and shall evidence such consent in writing if requested to do so by Declarant at any time without obviating the effect of this provision.

After the Turnover Date, upon the vote or written consent of seventy five percent (75%) of the votes held by the Members of the Association, any real property which is contiguous to the Project Land or which is contiguous with a public or private street adjacent to the Project Land may be brought under the provisions of this Declaration and thereby added to the Project, provided that the annexation of such real property is for the purposes of reflecting changes or modifications to the Site Plan which have been approved by the appropriate Governmental Authorities. To the extent that any contiguous property approved for annexation by the Members after the Turnover Date is thereafter made part of the Project, reference herein to the Project Land shall be deemed to include such property.

B. Association Property within Additional Land. If any Additional Land is subjected to this Declaration as permitted by this Declaration, any Association Property located within such newly annexed portion of the Project Land shall be conveyed to the Association as provided in **Article IV**.

C. HUD/VA Approval. If prior to the Turnover Date, the Project is subject to any requirements of VA, FHA, the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency that insures, guaranties, or purchases mortgages, which requirements make the annexation of any Additional Land subject to the approval of such agency, then the annexation of any such Additional Land will require the prior approval of such agency.

D. Withdrawal.

1. **General.** Prior to the Turnover Date, Declarant reserves the right to amend this Declaration at any time, without prior notice and without the consent of any Person (except if applicable, any applicable consent required as provided above) for the purpose of removing certain portions of the Project Land then owned by Declarant from the provisions of this Declaration to the extent that such real property was included originally in error, or as a result of changes in the Site Plan for the Project approved by the City.

2. **Land for Dedication to the City.** Declarant shall have the sole right and option to withdraw any portion of the Project Land that may be dedicated to the City for the construction and operation of a public facility in accordance with the approvals for the Project. Declarant may convey such portion of the Project Land directly to the City, or at Declarant's sole option, Declarant may convey such land to the Association subject to restrictions obligating the Association to convey the applicable land to the City upon the City's request, and to withdraw the applicable land from the provisions of this Declaration (if not already withdrawn by Declarant. Upon the conveyance of the applicable portion of the Project Land to the City, the City shall have sole control over the use, improvement, maintenance, repair, and operation of such land. Neither Declarant nor the Association makes any representations, express or implied, as to whether the City will actually construct a public facility upon the portion of the Project Land that may be subsequently conveyed to the City, or as to the future use, improvement, operation, or disposition of such land by the City or its successors in ownership of such land.

ARTICLE XIII

ENFORCEMENT; NON-MONETARY DEFAULTS; ASSOCIATION REMEDIES

A. Enforcement. The covenants and restrictions herein contained may be enforced by Declarant (so long as Declarant holds an equitable or legal interest in any portion of the Project Land), the Association, any Residential Owner, and any Institutional Mortgagee holding a mortgage on any portion of the Project Land, in any judicial proceeding seeking any remedy recognizable at law or in equity, including damages, injunction or any other form of relief against any Person violating or attempting to violate any covenant, restriction or provision hereunder. The failure by any party to enforce any such covenant, restriction or provision herein contained shall in no event be deemed a waiver of such covenant, restriction or provision or of the right of such party to thereafter

enforce such covenant, restriction or provision. The prevailing party in any such litigation shall be entitled to all costs thereof including, but not limited to, Legal Fees. All rights, remedies and privileges granted to the parties entitled to enforce the covenants, restrictions and provisions of this Declaration, the Articles or the Bylaws, shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude a party entitled to enforce the provisions of this Declaration from executing any additional remedies, rights or privileges as may be granted or as it might have by law.

B. Non-Monetary Defaults. In the event of a violation by any Residential Owner or any tenant of a Residential Owner, or any person residing with them, or their guests or invitees, (other than the non-payment of any Assessment or other monies) of any of the provisions of this Declaration, the Articles, the Bylaws or the rules and regulations of the Association, the Association shall notify the Residential Owner and any tenant of the Residential Owner of the violation, by written notice. If such violation is not cured as soon as practicable and in any event within seven (7) days after such written notice, or if the violation is not capable of being cured within such seven (7) day period, if the Residential Owner or tenant fails to commence and diligently proceed to completely cure such violation as soon as practicable within seven (7) days after written notice by the Association or if any similar violation is thereafter repeated, the Association may, at its option:

1. Impose a fine against the Residential Owner or tenant as provided in this Article; and/or
2. Commence an action to enforce the performance on the part of the Residential Owner or tenant, or for such equitable relief as may be necessary under the circumstances, including injunctive relief; and/or
3. Commence an action to recover damages; and/or
4. Take any and all actions reasonably necessary to correct such failure, which action may include, where applicable, but is not limited to, removing any addition, alteration, Improvement or change which has not been approved by the "ARB" or erected in accordance with the ARB's approval (as herein defined), or performing any maintenance required to be performed by this Declaration.

All expenses incurred by the Association in connection with the correction of any failure, plus a service charge of ten percent (10%) of such expenses, and all expenses incurred by the Association in connection with any legal proceedings to enforce this Declaration, including reasonable Legal Fees, shall be assessed against the applicable Residential Owner as an Individual Expense Assessment. The Association shall have a lien for any such Individual Expense Assessment and any associated Interest, costs or expenses, including Legal Fees, and may take such action to collect such Assessment or foreclose said lien in the manner of any other Assessment as provided in this Declaration. Any such lien shall only be effective from and after the recording of a claim of lien in the Public Records or applicable court of jurisdiction.

C. Fines. The amount of any fine shall be determined by the Board, and shall not exceed any amount mandated by applicable law, if any. Prior to imposing any fine, the Residential Owner or tenant shall be afforded an opportunity for a hearing after reasonable notice to the Residential Owner or tenant of not less than fourteen (14) days, which notice shall include (i) a statement of the date, time and place of the hearing, (ii) a statement of the provisions of this Declaration, Bylaws or rules and regulations which have allegedly been violated, and (iii) a short and plain statement of the matters asserted by the Association. The Residential Owner of a leased Unit shall have the right to participate in any hearing involving the tenant of such Unit, and the Association shall provide notice to the Residential Owner of such Unit concurrently with the Association's notice to the tenant of the subject Unit. The Residential Owner or tenant shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Association. At the hearing, the Board shall conduct a reasonable inquiry to determine whether the alleged violation in fact occurred, and if the Board so determines, it may impose such fine as it deems appropriate by written notice to the Residential Owner or tenant. If the Residential Owner or tenant fails to attend the hearing as set by the Board, the Residential Owner or tenant shall be deemed to have admitted the allegations contained in the notice to the Residential Owner or tenant. Any fine imposed by the Board shall be due and payable within ten (10) days after written notice of the imposition of the fine, or if a hearing is timely requested within ten (10) days after written notice of the Board's decision at the hearing. Any fine levied against a Residential Owner shall be deemed an Individual Expense Assessment, and if not paid when due all of the provisions of this Declaration relating to the late payment of Assessments shall be applicable. If any fine is levied against a tenant and is not paid within ten (10) days after same is due, the Association shall have the right to evict the tenant as hereinafter provided.

D. Negligence. A Residential Owner shall be liable and may be assessed by the Association for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, to the extent otherwise provided by law and to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or the Association Property.

E. Responsibility for Occupants, Tenants, Guests, and Invitees. Each Residential Owner shall be responsible for the acts and omissions, whether negligent or willful, of any person residing in his Unit, and for all guests and invitees of the Residential Owner or any such resident, and in the event the acts or omissions of any of the foregoing shall result in any damage to the Association Property, or any liability to the Association, the Residential Owner shall be assessed for same as in the case of any other Assessment, limited where applicable to the extent that the expense or liability is not met by the proceeds of insurance carried by the Association. Furthermore, any violation of any of the provisions of this Declaration, the Articles, or the Bylaws, by any resident of any Unit, or any guest or invitee of a Residential Owner or any resident of a Unit, shall also be deemed a violation by the Residential Owner, and shall subject the Residential Owner to the same liability as if the violation was that of the Residential Owner.

F. Eviction of Tenants, Occupants, Guests, and Invitees. To the extent permitted by applicable law, if any tenant or any person present in any Unit other than a Residential Owner and the members of his immediate family permanently residing in the Unit, shall materially violate any provision of this Declaration, the Articles, or the Bylaws, or shall create a nuisance or an unreasonable and continuous source of annoyance to other residents of the Project, or shall willfully damage or destroy any Association Property or personal property of the Association, then upon written notice by the Association such Person shall be required to immediately leave the Project Land. If such person does not immediately leave the Project Land, the Association is authorized to commence an action to evict such tenant or compel the Person to leave the Project Land and, where necessary, to enjoin such person from returning. The expense of any such action, including Legal Fees, may be assessed against the applicable Residential Owner as an Individual Expense Assessment, and the Association may collect such Assessment and have the same lien rights as for other Assessments provided for herein. The foregoing shall be in addition to any other remedy of the Association. The Association shall provide notice to the Residential Owner of a leased Unit concurrently with any notices sent to the tenant of such Unit pursuant to this Section, and such Residential Owner shall have the right to participate in any hearings or eviction proceedings involving the tenant of such Residential Owner's Unit. The right of eviction provided for in this Section shall be inserted in every lease, but the omissions from the lease agreement of such right shall not affect the right to evict as set forth herein.

G. No Waiver. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by this Declaration, the Articles, or the Bylaws, shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

H. Rights Cumulative. All rights, remedies and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of this Declaration, the Articles or the Bylaws, shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude the Association from executing any additional remedies, rights or privileges as may be granted or as it might have by law.

ARTICLE XIV **AMENDMENT**

The process of amending or modifying this Declaration shall be as follows:

A. Prior to Turnover Date. Until the Turnover Date and except as specifically provided otherwise in this Article, Declarant may amend this Declaration without the approval of any Member provided the amendment does not materially alter or change any Residential Owner's right to the use and enjoyment of such Residential Owner's Unit, or of the Association Property as set forth in this Declaration, and the amendment does not adversely affect the title to any Unit. During any such period prior to the Turnover Date, this Declaration may also be amended by the vote or written consent of sixty-seven percent (67%) of the votes held by each class of Members of the Association as such classes are set forth in the Association Documents; provided, however, that the

percentage of the votes attributable to each class of Members of the Association necessary to amend a specific provision of this Declaration shall not be less than the prescribed percentage (if any) of affirmative votes required for action to be taken under that provision Documents.

B. After the Turnover Date. After the Turnover Date, and except for the annexation of Additional Land which shall be accomplished pursuant to the provisions of **Article XII**, this Declaration may be amended by: (i) the consent of sixty-seven percent (67%) of the votes held by each class of Members of the Association as such classes are set forth in the Association Documents; together with (ii) the approval or ratification of a majority of the Board. The aforementioned consent of sixty-seven percent (67%) of the votes held by each class of Members of the Association may be evidenced by a writing signed by the required number of Members (in lieu of a meeting) or by the affirmative vote of the required number of Members at any regular or special meeting of the Association called and held in accordance with the Bylaws evidenced by a certificate of the Secretary or an Assistant Secretary of the Association.

C. Scrivener's Errors. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by Declarant alone until the Turnover Date and by the Board thereafter and without the need of consent by the Owners or any other Person.

D. Amendments to Declarant's Rights. No amendment to this Declaration shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Association or of any Institutional Mortgagee under the Association Documents without the specific written approval of such party affected thereby. Furthermore, no amendment to this Declaration shall be effective which would prejudice the rights of a then Residential Owner or his family members, guests, invitees and lessees to utilize or enjoy the benefits of the then existing Association Property unless the Residential Owner or Residential Owners so affected consent to such amendment in writing. No amendment to this Declaration shall be effective which shall eliminate or modify the provisions of **Section F of Article XV** and any such amendment shall be deemed to impair and prejudice the rights of Declarant hereunder.

E. FHA/VA Approval Prior to Turnover Date. As long as the "Class B" membership exists, and except for amendments permitted to be made by Declarant as provided herein, if the Residential Development is subject to any requirements of the Veteran's Administration ("VA"), The Federal Housing Administration ("FHA"), the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency which insures, guaranties, or purchases mortgages, and such requirements make any material amendments of this Declaration subject to such agency's approval, a material amendment of this Declaration will require the prior approval of such agency.

F. Certification and Recording of Amendments. A true copy of any amendment to this Declaration shall be sent certified mail by the Association to Declarant and to all Institutional Mortgagees holding a mortgage on any portion of the Project Land requesting notice. The amendment shall become effective upon the recording of a Certificate of Amendment to this Declaration setting forth the amendment in the Public Records.

G. Amendments to Satisfy Lending Requirements. Declarant may, without the consent of any Residential Owners, file any amendments which may be required by an Institutional Mortgagee for the purpose of satisfying its planned unit development criteria or such other criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; provided, however, any of Declarant's filed amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by HUD.

H. Boundary Adjustments. While Declarant owns any Unit, Declarant reserves the right to make minor boundary adjustments between the Units owned by Declarant and the Association Property without the consent or approval of any other Person, provided that any such adjustment will not materially decrease the acreage of the Association Property and will be reflected by a modification of the Site Plan approved by the Governmental Authorities. If such amendment is to be made following the conveyance of the subject Association Property to the Association, the Association is obligated to sign any plats, deeds, or other instruments or forms necessary to accomplish any of the actions that Declarant is permitted to take in accordance with this Section.

ARTICLE XV **GENERAL PROVISIONS**

A. Conflict with Other Association Documents. In the event of any conflict between the provisions hereof and the provisions of the Articles, Bylaws, and/or rules and regulations promulgated by the Association, the provisions of this Declaration shall control.

B. Notices. Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, first class, postage prepaid, to: (i) any Residential Owner, at the address of the person whose name appears as the Residential Owner on the records of the Association at the time of such mailing and, in the absence of any specific address, at the address of the Unit owned by such Residential Owner; and (ii) the Association, certified mail, return receipt requested, at 185 Fairchild Street, Suite 400, Charleston, SC 29492, or such other address as the Association shall hereinafter notify Declarant and the Residential Owners of in writing; (iii) Declarant, certified mail, return receipt requested, at 185 Fairchild Street, Suite 400, Charleston, SC 29492, or such other address or addresses as Declarant shall hereafter notify the Association of in writing, any such notice to the Association of a change in Declarant's address being deemed notice to the Residential Owners.

C. Captions, Headings and Titles. Article and Section captions, headings and titles inserted throughout this Declaration are intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter of the terms and provisions there under or the terms and provisions of this Declaration.

D. Context. Whenever the context so requires or admits, any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof, and the

singular form of any nouns and pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa.

E. Severability. In the event any of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect. Any provisions of this Declaration deemed invalid by a court of competent jurisdiction by virtue of the term or scope thereof shall be deemed limited to the maximum term and scope permitted by law. If any court should hereafter determine that any provision of this Declaration is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measuring life shall be that of the incorporator of the Association.

F. Certain Rights of Declarant. Improvements constructed or installed by Declarant shall not be subject to the approval of the Association or the ARB. During the period that Improvements constructed by Declarant are owned by Declarant, Declarant's Improvements shall not be subject to the provisions and requirements of this Declaration. Declarant reserves the right for Declarant and its nominees, to enter into and transact on the Project Land any business necessary to consummate the sale, lease or encumbrance of Units or real property including, but not limited to, the right to maintain models and a sales and/or leasing office, place signs, employ sales and leasing personnel, use the Association Property and show Units. Declarant reserves the right to make repairs to the Association Property and to carry on construction activity for the benefit of the Project Land, and its nominees may exercise the foregoing rights applicable to each without notifying the Association. Any such models, sales and/or leasing office, signs and any other items pertaining to such sales or leasing efforts shall not be considered a part of the Association Property and shall remain the property of Declarant, or its nominees, as applicable. This Section may not be suspended, superseded or modified in any manner by any amendment to this Declaration unless such amendment is consented to in writing by Declarant. This right of use and transaction of business as set forth herein and the other rights reserved by Declarant in the Association Documents may be assigned in writing by Declarant in whole or in part. For the purposes of this Section, the term "**Declarant**" shall include any "**Lender**" which has loaned money to Declarant to acquire or construct Improvements upon the Project Land or its successors and assigns if such Lender, its successors or assigns, acquires title to any portion of the Project Land as a result of the foreclosure of any mortgage encumbering any portion of the Project Land securing any such loan to Declarant or acquires title thereto by deed in lieu of foreclosure. The rights and privileges of Declarant as set forth in this Section, which are in addition to, and are no way a limit on, any other rights or privileges of Declarant under any of the Association Documents, shall terminate upon Declarant no longer owning any portion of the Project Land (and having any equitable or legal interest therein) or upon such earlier date as Declarant shall notify the Association in writing of such party's voluntary election to relinquish the aforesaid rights and privileges.

G. Association's Indemnification. The Association covenants and agrees that it will indemnify and save harmless Declarant and the members of the Board from and against any and all claims, suits, actions, damages, and/or causes of action arising from any personal injury, loss of life, and/or damage to property sustained in or about the Project Land or the appurtenances thereto from and against all costs, Legal Fees, expenses and liabilities incurred in and about any such claim, the investigation thereof or the defense of any action or proceeding brought thereon, and from and against any orders, judgments and/or decrees which may be entered therein. Included in the foregoing provisions of indemnification are any expenses that Declarant may be compelled to incur in bringing suit for the purpose of compelling the specific enforcement of the provisions, conditions and covenants contained in this Declaration to be kept and performed by the Association. The indemnification provisions of this Section shall not apply to any expenses which may be incurred by Declarant to avoid the performance of any of the obligations to be kept and performed by Declarant, or any liability which may be incurred by a Residential Owner as a result of ownership of a Unit or a Unit.

H. Disputes as to Use. In the event there is any dispute as to whether the use of the property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in this Declaration, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith. Any use by Declarant of the Project Land or any parts thereof shall be deemed a use which complies with this Declaration and shall not be subject to a contrary determination by the Board.

I. Delegation. The Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and administration, as provided herein, to any managing agency or entity selected by the Board from time to time and whether or not related to Declarant. The fees or costs of this or any other management company or contractors so retained shall be deemed to be part of the Operating Expenses hereunder. All contracts with management companies shall contain a provision that allows the Association to unilaterally terminate the contract without cause after ninety (90) days notice.

J. Term. This Declaration shall run with and bind the Project Land and inure to the benefit of Declarant, the Association, the Residential Owners, and their respective legal representatives, heirs, successors and assigns for a term of twenty-five (25) years from the date this Declaration is recorded in the Public Records, after which time this Declaration shall be automatically renewed and extended for successive periods of ten (10) years each unless at least one (1) year prior to the termination of any applicable term in effect, an instrument agreeing to terminate this Declaration signed by Residential Owners owning at least ninety percent (90%) of the Units and Institutional Mortgagees holding first mortgages encumbering at least ninety percent (90%) of all Units encumbered by first mortgages held by Institutional Mortgagees, is recorded in the Public Records, whereupon this Declaration shall be terminated upon the expiration of the applicable term in effect at the time.

K. Rights of Mortgagees.

1. **Right to Notice.** The Association shall make available for inspection upon request, during normal business hours or under reasonable circumstances, the Association Documents and the books, records and financial statements of the Association to Residential Owners and the Institutional Mortgagees. In addition, evidence of insurance shall be issued to each Residential Owner and mortgagee holding a mortgage encumbering a Unit upon written request to the Association.

2. **Rights of Listed Mortgagee.** Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor (such holder, insurer or guarantor is herein referred to as a "**Listed Mortgagee**") of a mortgage encumbering a Unit or a Unit and the legal description of such Unit the Association shall provide such Listed Mortgagee with timely written notice of the following:

i. Any condemnation, loss or casualty loss which affects any material portion of the Association Property;

ii. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

iii. Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Unit; and

iv. Any failure by a Residential Owner owning a Unit encumbered by a mortgage held, insured or guaranteed by such Listed Mortgagee to perform his obligations under the Association Documents, where such failure has continued for a period of sixty (60) days.

3. **Right of Listed Mortgagee to Receive Financial Statement.** Any listed Mortgagee shall, upon written request made to the Association, be entitled to receive financial statements for the Association for the prior fiscal year free of charge and the same shall be furnished within a reasonable time following such request.

L. Approval of Association Lawsuits by Residential Owners. The Association shall be required to obtain the approval of Members holding at least three-fourths (3/4) of the total votes of the Association (at a duly called meeting of the Members at which a quorum is present) prior to the payment of legal or other fees to persons or entities engaged by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

1. the collection of Assessments;

2. the collection of other charges which Residential Owners are obligated to pay pursuant to the Association Documents;

3. the enforcement of the use and occupancy restrictions contained in the Association Documents;

4. in an emergency where waiting to obtain the approval of the Residential Owners creates a substantial risk of irreparable injury to the Association Property or to Residential Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the total votes of the Association);

5. filing a compulsory counterclaim; or

6. termination of employment relationship or enforcement of a contract.

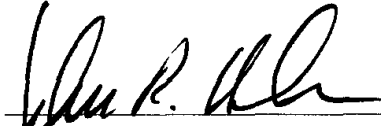

M. Rights and Requirements of Governmental Authorities. Any

Governmental Authority or agency, including, but not limited to the City, their agents, and employees, shall have the right of immediate access to the Project Land at all times if necessary for the preservation of public health, safety and welfare. Should the Association or its Board fail to maintain the Association Property in accordance with the specifications set forth in the applicable governmental approvals for the Project for an unreasonable time, not to exceed ninety (90) days after written request to do so, the City and any other applicable Governmental Authority, by and through the affirmative and official action of the governing body, shall have the same right (but not the obligation), power and authority as is herein given to the Association and its Board to enforce this Declaration and levy Assessments necessary to maintain the Association Property. In such event, the applicable governing body may elect to exercise the rights and powers of the Association or its Board, to the extent necessary to take any action required that the Association might have taken, or levy an Assessment that the Association may have levied, either in the name of the Association or otherwise, to cover the cost of maintenance of any Association Property. The rights granted herein shall be supplemental to any governmental authority the City may have, and application of this provision shall not diminish, limit, or restrict the right of the City to apply any other legal rights it may have.

[Signatures on following page]

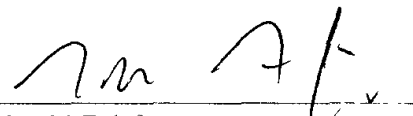
IN WITNESS WHEREOF, Declarant has signed this Declaration on the date set forth below.

WITNESSES AS TO DECLARANT:

DECLARANT:

CENTEX HOMES, a Nevada general partnership
By: Centex Real Estate Corporation,
a Nevada corporation
Its: Managing General Partner


By: Todd Fairfax
Its: Division President

STATE OF SOUTH CAROLINA)
COUNTY OF Charleston)

The foregoing instrument was acknowledged before me, this 15th day of October, 2007, by Todd Fairfax, Division President of Centex Real Estate Corporation, a Nevada corporation, the Managing General Partner of Centex Homes, a Nevada general partnership.

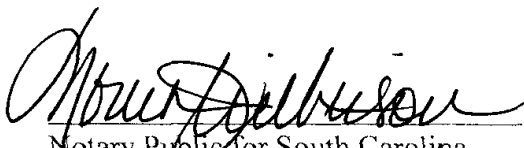
 (SEAL)
Notary Public for South Carolina
My Commission Expires: 2/15/2012

EXHIBIT "A"**Legal Description of the Project Land**

All those pieces, parcels or lots of land, situate, lying and being in the City of Charleston, Berkeley County, South Carolina, shown as "H.O.A. 1 43,563.58 S. F. 1.000 AC.", "H.O.A. 2 8,187.57 S.F.", "H.O.A. 3 4,300.84 S.F.", "H.O.A. 4 4,278.61 S.F.", "H.O.A. 5 12,382.03 S.F.", "H.O.A. 6 103,601.44 S.F. 2.378 AC.", "TH-1", "TH-2", "TH-3", "TH-4", "TH-5", "TH-6", "TH-7", "TH-8", "TH-9", "TH-10", "TH-11", "TH-12", "TH-13", "TH-14", "TH-15", "TH-16", "TH-17", "TH-18", "TH-19", "TH-20", "TH-21", "TH-22", "TH-23", "TH-24", "TH-25", "TH-26", "TH-27", "TH-28", "TH-29", "TH-30", "TH-31", "TH-32", "TH-33", "TH-34", "TH-35", "TH-36", "TH-37", "TH-38", "TH-39", "TH-40", "TH-41", "TH-42", "TH-43", "TH-44", "TH-45", "TH-46", "TH-47", "TH-48", "TH-49", "TH-50", "TH-51", "TH-52", "TH-53", "TH-54", "TH-55", "TH-56", "TH-57", "TH-58", "TH-59" and "TH-60" delineated on a plat entitled "SUBDIVISION PLAT SHOWING PHASE 1, CAIN CROSSING TOWNHOMES (12.973 AC.), A PORTION OF PARCEL A, PROPERTY OF CENTEX HOMES, A NEVADA GENERAL PARTNERSHIP, LOCATED IN THE CITY OF CHARLESTON, BERKELEY COUNTY, SOUTH CAROLINA" prepared by Trico Engineering Consultants, Inc., dated August 15, 2007, and recorded August 30, 2007 in the Plat Cabinet N, Pages 90H-91H in ROD Office for Berkeley County, South Carolina; said parcels having such size, shape, location, buttings and boundings as are more particularly shown on said Plat.

EXHIBIT "B"

Acceptable Fence Designs and Specifications

Please see the Cain Crossing Architectural Design Standards, as published by the Cain Crossing Architectural Review Board, the provisions of which are incorporated herein by reference.

EXHIBIT "C"

By-Laws of Cain Crossing Property Owners Association, Inc.

