

ENVELOPE

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STATE OF NORTH CAROLINA

)

DECLARATION OF COVENANTS,
 CONDITIONS AND RESTRICTIONS

)

FOR CLIFFMOOR TOWNHOMES

)

COUNTY OF FORSYTH

)

ASSOCIATION, INC.

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CLIFFMOOR TOWNHOMES ASSOCIATION, INC. is made this 22nd day of January 2018, by Taylor Development Group, LLC, a North Carolina limited liability company (hereinafter referred to as the "Declarant")

WITNESSETH:

WHEREAS, Declarant is the owner of the real property shown on the plat of Cliffmoor Townhomes, recorded in Plat Book 67 at Page 162 in the Forsyth County, North Carolina Registry ("Forsyth County Registry"), which real property is more particularly described in Article II below, and desires to create thereon an exclusive residential community of single-family attached residential units to be named Cliffmoor Townhomes; and

WHEREAS, Declarant desires (i) to ensure the attractiveness of the community, (ii) to prevent any future impairment thereof, (iii) to prevent nuisances, (iv) to preserve, protect and enhance the values and amenities of all property within the community, (v) to provide for the maintenance and upkeep of the exterior of all residential units, including the area of a Lot outside the residential units, Limited Common Areas and the Common Area, as hereinafter defined; and to this end, Declarant desires to subject the real property described in Article II, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property described below and each Owner thereof; and

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in the community and to ensure the residents' enjoyment of the specific rights, privileges and easements in the Limited Common Areas and Common Area, to provide for the maintenance and upkeep of the exterior of all residential units, including the area of a Lot outside the residential units, Limited Common Areas and the Common Area as hereinafter set forth, and to create an organization to which will be delegated and assigned the power of owning, maintaining and administering the Common Area and Limited Common Area, maintaining the exterior of the residential units, administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated, under North Carolina law, Cliffmoor Townhomes Association, Inc., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions and to maintain the Limited Common Areas and Common Areas and amenities, which may include, but Declarant is not required to provide, an entranceway, entrance signage, decorative street lighting, private streets and landscaping, as well as other Common Areas and amenities for the subdivision that the Declarant or Homeowner's Association may provide for the general welfare and recreation of the Owners.

WHEREAS, this Declaration creates a planned community under the North Carolina Planned Community Act (N.C. Gen. Stat. Chap. 47F).

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the property shown on the aforesaid map of Cliffmoor Townhomes and described in Article II is and shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions, charges and liens set forth in this Declaration, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and shall be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. Every person or other party hereafter acquiring any right, title or interest in the Property made subject to this Declaration, by acceptance of a deed or contract for deed or other conveyance of any interest in or to said property, whether or not it shall be so expressed in any such deed, contract for deed or other conveyance, and regardless of whether the same shall be signed by such person and whether or not such person shall otherwise consent in writing, shall take such property interest subject to this Declaration and to the terms and conditions hereof and shall be deemed to have assented to same.

ARTICLE I

DEFINITIONS

The following words when first used in this Declaration or any supplemental declaration hereto (unless the context shall prohibit) shall have the following meaning:

Section 1. "Act" means and refers to the North Carolina Planned Community Act, Chapter 47F, North Carolina Statutes as same may be amended from time to time.

Section 2. "Amenities" shall mean the facilities constructed, erected, installed or set aside on the Common Area for the use, benefit and enjoyment of Members.

Section 3. "Association" shall mean and refer to Cliffmoor Townhomes Association, Inc., a North Carolina non-profit corporation, its successors and/or assigns.

Section 4. "Board" shall mean and refer to the Board of Directors of the Association.

Section 5. "Committee" shall mean and refer to the Architectural Control Committee.

Section 6. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. The Common Areas are shown on the most current plats of Cliffmoor Townhomes recorded in the Forsyth County Registry and designated thereon as "Common Open Space", "Common Area", "Common Recreational Area", "Streets" or "Roads" which are private and have not been turned over to any governmental authority for maintenance, or any area that is set aside for the general use of the Members.

Section 7. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions applicable to Cliffmoor Townhomes and which is recorded in the Forsyth County Registry.

Section 8. "Declarant" shall mean and refer to Taylor Development Group, LLC, a North Carolina limited liability company, its successors and assigns, if such successors or assigns should acquire all of Declarant's interest in the Property.

Section 9. "Lot" or "Lots" shall mean and refer to any plot of land, with delineated boundary lines appearing on any recorded subdivision map of the Property with the exception of any Common Area and shall include all improvements thereon.

Section 10. "Limited Common Area" shall mean, with respect to any Lot, collectively, (i) any driveway and walkway servicing such Lot; (ii) any steps, decks or patios as originally constructed by the Declarant for the exclusive use of individual housing units; (iii) any portion of the Common Area on the most current recorded plat of Cliffmoor Townhomes designated as being Limited Common Area or otherwise for the exclusive use of any individual Lot or (iv) any portion of the Common Area as to which there occurs an unintentional and non-negligent (by the

Owner) encroachment of the improvements otherwise located on a Lot so long as such encroachment shall naturally exist.

Section 11. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 12. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having any interest merely as security for the performance of an obligation.

Section 13. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

Section 14. "Property" shall mean and refer to the real property described in Article II hereof.

Section 15. "Deductible" shall mean and refer to the amount that an insurance company will deduct from the agreed upon amount of damages in an insurance claim in order to arrive at the amount of the Insurance Proceeds, as defined in Section 15 herein below.

Section 16. "Insurance Proceeds" shall mean and refer to the net amount paid by an insurance company in the event of a claim after applying the Deductible.

Section 17. "Homeowner's Unit" shall mean all improvements located on a Lot as defined in Section 8.

Section 18. "Exterior of a Homeowner's Unit" shall mean roof surfaces and roof systems, gutters and downspouts and all exterior building surfaces, but excluding repair and replacement of entry doors and garage doors and their appurtenant hardware, and further excluding repair and replacement of all exterior glass, including windows and patio doors.

Section 19. "Interior of a Homeowner's Unit" shall mean all areas of a Homeowner's Unit not included in "Exterior of a Homeowner's Unit" as defined in Section 17.

Other terms not specifically defined herein shall have the meanings given to them under the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes.

Where appropriate, the singular shall include the plural and the masculine shall include the feminine or the neuter.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction for the Association is located in Forsyth County, North Carolina, and is described as follows:

Being all of the property shown on the plat of Cliffmoor Townhomes recorded in Plat Book 67, Page 102 Forsyth County Registry.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership.

(a) Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, rules and regulations. The foregoing is not intended to include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation. Ownership of record of such Lot shall be the sole qualification for membership. When any Lot is owned of record in tenancy by the entireties, joint tenancy, or tenancy in common or by some other legal form of multiple ownership, the membership (including the voting power arising therefrom) shall be exercised only as stipulated in Section 2 herein below.

(b) No membership fee shall be charged, nor shall Members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments and special assessments levied upon each Member's Lot as specified in the Declaration or as the Members may from time to time hereafter adopt.

Section 2. Voting and Voting Rights.

(a) The voting rights of the membership shall be appurtenant to the ownership of the Lots. The ownership of each Lot by a person including Declarant shall entitle its owner to one (1) vote.

(b) When two or more persons hold an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a Lot and in no event shall more than one (1) vote be cast with respect to any Lot, nor shall any fractional vote be cast.

(c) Any Member who is delinquent in the payment of any charges duly levied by the Association against a Lot owned by such Member shall not be entitled to vote until all such

charges, together with such reasonable penalties as the Board of Directors of the Association may impose, have been paid. Said revocation of a Member's right to vote shall automatically occur upon the Member becoming delinquent in the payment of charges duly levied by the Association, without the requirement of notice from the Association. Any vote cast by a delinquent Member shall not be counted.

(d) Members shall vote in person or by proxy executed in writing by the member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the Member of his or her Lot. A corporate Member's vote shall be cast by the President of the member corporation or by any other officer or proxy appointed by the President or designated by the Board of Directors of such corporation, which designation must, if requested by the Association, be in writing.

(e) Voting on all matters, except the election of directors, shall be by voice vote or by show of hands unless a majority of the Members present at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter. Where Directors or Officers are to be elected by the Members, the solicitation of proxies for such elections may be conducted by mail.

Section 3. Professional Management. As a part of the common administration expense of the Association, the Declarant reserves the right to select professional management of the Association for the period during which Declarant maintains voting control of the Association. Declarant is not required to engage professional management, but may, if Declarant so desires. Following the transfer of voting control to the Owners pursuant to this Article III, the Owners may vote either to engage professional management for the Association, or to self-manage the Association. Any contract for professional management shall provide that the Association may terminate said contract on the giving of not less than ninety (90) days' notice.

Section 4. Control by Declarant. Notwithstanding any other language or provision to the contrary herein or in the Bylaws of the Association, Declarant hereby retains the right to appoint and remove all Members of the Board and any officer or officers of the Association until 40% of the lots are owned by Homeowners. At the next annual meeting after that time, the membership of the Board of Directors shall consist of five (5) members, three (3) of which the Declarant shall have the right to appoint and remove and the remaining two (2) shall be elected by the Homeowners. Declarant shall continue to have the right to appoint three (3) of the five (5) Directors until such time as the Homeowners own 100% of the lots. At that time, Declarant shall deliver the books, accounts, and records, if any, which Declarant has kept on behalf of the Association as well as any agreements or contracts executed by or on behalf of the Association which may still be in effect or operation. Each owner by acceptance of deed to or other conveyance of a Lot vests in Declarant such authority to appoint and remove directors and officers of the Association as provided in this Section.

ARTICLE IV

COMMON AREA PROPERTY RIGHTS

Section 1. Use of Common Area. Every Owner (by virtue of Membership in the Association) shall have a non-exclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association and to the following provisions:

- (a) The right of the Association to limit the use of the Common Areas to Owners who occupy a residence on the Property as their principal residence in Forsyth County, North Carolina, and to their families, tenants, contract purchasers and guests as provided in Section 3 of this Article IV;
- (b) The right of the Association to mortgage, to dedicate or to transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such mortgage, dedication or transfer shall be effective unless the Members entitled to at least two-thirds (2/3) of the votes agree to such dedication or transfer and signify their agreement by a signed and recorded, written document, provided that this paragraph shall not preclude the Association or Declarant from granting easements to public authorities or others for the installation and maintenance of electrical, telephone, cablevision, water and sewerage utilities and drainage facilities upon, over, under and across the Common Area without the assent of the Membership when, in the sole opinion of the Board or Declarant, such easements do not interfere with the use and enjoyment of the Property or are necessary for the convenient use and enjoyment of the Property;
- (c) The right of individual Owners to the exclusive use of the driveways located on the Common Area directly in front of such Owner's Lot, and to other Limited Common Area (as defined in Article I, Section 9);
- (d) The right of the Association to limit the number of guests of Owners;
- (e) The right of the Association, with the written assent of Members entitled to at least two-thirds (2/3) of the votes, to mortgage, pledge, or deed in trust any and all of its real or personal property as for money borrowed or debts incurred for the purpose of improving the Common Area and facilities, with the rights of such creditors to be subordinate to the rights of the Owners hereunder;
- (f) The right of the Association to adopt, publish, and enforce rules and regulations as provided in Article VIII;
- (g) The right of the Association to enter any Lot in order to perform any maintenance, alteration or repair required herein to be performed by the Association. The Owner of such Lot shall permit the Association or its representative to enter for such purpose at reasonable times

and with reasonable advance notice, and shall not enclose, alter, or otherwise exclude open access to the Lot;

(h) The right of the Association or its representative to enter any Lot in the case of any emergency threatening such Lot or any other Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate;

(i) The right of the Association to grant, bargain, sell, or convey all or any part of the Common Area as necessary to remain in compliance with applicable governing laws, codes, ordinances, and regulations, including applicable building codes.

Section 2. Use of Limited Common Area.

Every Owner shall have an exclusive right and easement of enjoyment in and to the Limited Common Areas which shall be appurtenant to and shall pass with the title to the Lots, subject to the provisions of this Declaration, including Amendments, the Articles of Incorporation and Bylaws of the Association and to the following provisions:

(a) The right of individual Owners to the exclusive use of the Limited Common Area servicing that Owner's residential Unit, consistent with the Association's Rules and Regulations;

(b) The right to limit the use of the Limited Common Areas to Owners who occupy a residence on the Property as their principal residence in Forsyth County, North Carolina, and to their families, tenants, contract purchasers and guests as provided in Section 3 of this Article IV;

(c) The right of the Association to enter any Limited Common Area in order to perform any maintenance, alteration or repair required herein to be performed by the Association. The Owner of the Lot appurtenant to the Limited Common Area shall permit the Association or its representative to enter for such purpose at reasonable times and with reasonable advance notice;

(d) The right of the Association or its representative to enter any Limited Common Area in the case of any emergency threatening such Limited Common Area or any other Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate;

Section 3. Delegation of Use.

(a) Family. The rights and easement of enjoyment granted to every Owner in Sections 1 and 2 of this Article IV may be exercised by members of the Owner's family who occupy the residence of the Owner within the Property as their principal residence in Forsyth County, North Carolina.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Sections 1 and 2 of this Article IV may be delegated from the Owner to his or her tenants or contract purchasers who occupy a residence within the Property, or a portion of said residence, as their principal residence in Forsyth County, North Carolina.

(c) Guests. Recreational facilities, if any, situated upon the Property, Common Area, and Limited Common Areas appurtenant to each unit may be utilized by guests of Owners, tenants or contract purchasers of that unit subject to the rules and regulations of the Association, as may be established by the Board.

Section 4. Title to the Common Area and Limited Common Area. The Declarant hereby covenants that it will convey fee simple title to the Common Area and Limited Common Area shown on the aforementioned recorded plat to the Association, free and clear of all encumbrances and liens, except utility, drainage and permanent maintenance easements and easements to governmental authorities.

Section 5. Parking and Use Regulations for Boats, Trailers, etc. The Association may regulate the parking and use of boats, trailers, motor homes, recreational vehicles, cars, trucks, and other such items on the Common Areas (including the provision of special facilities for which a reasonable charge may be made). No boats, trailers, motor homes, recreational vehicles, cars, or trucks shall be parked within the right-of-way of any public or private street in or adjacent to this development.

Section 6. Antennas and Cable Television. The Association may provide cable television or central television antennas provided that the cost shall be borne by those who subscribe to the service and shall not be included in annual or special assessments. The Association may regulate or prohibit the erection of any type of antennas on individual Lots. No satellite discs larger than one (1) meter in diameter shall be erected without the prior written approval of the Association. A satellite disc less than one (1) meter in diameter must be screened such that the disc is not visible from the street or any Common Area and such screening must be approved by the Committee.

ARTICLE V

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the Property, hereby covenants and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) Annual assessments or charges; and
- (b) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal

obligation for the delinquent assessments shall not pass to his or her successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the improvement and maintenance of the Common Areas and of the exterior of the dwellings and Lots, including the maintenance, cleaning, repair, and reconstruction of private streets, driveways, walks, parking areas and walking paths situated on the Common Areas, such maintenance to include the cutting and removal of weeds and grass, the removal of trash and rubbish, or any other maintenance, and for the exterior maintenance of the residences situated upon the Property as hereinafter provided, for the use and enjoyment of the Common Areas, including, but not limited to, the cost of repairs, replacements, and additions; the cost of labor, equipment, materials, management, and supervision; and the payment of taxes and public assessments assessed against the Common Area. In addition, the assessments shall be used for the procurement and maintenance of insurance in accordance with this Declaration; the employment of attorneys and accountants to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements, including, without limiting the generality of the foregoing, roofs, paving, pest control, landscaping control and supplies, administration fees, office supplies, postage, management fees, and any other major expense for which the Association is responsible; and such other needs as may arise.

Section 3. Annual Assessments. Prior to any Lot being conveyed to an owner other than Declarant, Declarant shall pay any funds necessary for operating expenses. Annual assessments are to be assessed against all Lots on the first day of the month following the conveyance of the first Lot by Declarant to an owner other than Declarant. The amount of the annual assessments will be calculated as follows:

- a. All expenses of maintaining Lots which are held for sale by Declarant are to be paid by Declarant and are not to be included in the Association budget.
- b. All expenses shown in a budget based on the actual experience of prior years which are for the purpose of maintaining the Common Areas and other areas, if any, benefitting the entire property shall be divided by the total number of Lots. This becomes the annual assessment on unimproved Lots.
- c. All expenses shown in a budget based on the actual experience of prior years, if any, and based on the accountant's best estimate otherwise which are for the purpose of maintaining improvements upon a Lot are to be divided by the number of improved Lots. The amount per Lot calculated here shall be added to the amount per Lot for the unimproved Lots and that becomes the annual assessment for improved Lots.
- d. Budgets shall be prepared by the Declarant until such time as 100% of the Lots are owned by Homeowners and a Board of Directors is established. After that time the Board shall adopt a proposed budget and fix the amount of the proposed annual assessment for unimproved Lots and improved Lots. The proposed budget and proposed assessments shall be presented to the Members at least 30 days prior to the end of the calendar year along with a notice of a meeting of the members to consider ratification of the Budget and Assessments.

- e. All assessments shall be paid quarterly unless the Board elects to have them paid in some other manner. Assessments on improved Lots shall begin the first month after the Homeowner takes possession and shall be prorated for less than a full year.

Section 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have approval of the Members as provided in Section 4(b) of this Article. Any special arrangement passed by the Members shall not apply to the Declarant.

Section 5. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas and those other portions of the Property which the Association may be obligated to maintain, including, but not limited to, the following: the roofs of improvements on the lots, painting of exterior improvements, streets, drives and parking lots; sewer and storm water changes and facilities. Such reserve funds are to be established out of the annual assessments. The Association in its discretion may maintain separate reserve funds for each such purpose, and such other purposes it may deem appropriate. The Association through its Board of Directors may decide how and where to invest each reserve fund that has been established.

Section 6. Working Capital Fund At the time of closing of the sale of each Lot, a sum equal to two month's assessment for each Lot shall be collected from the purchaser of such Lot and transferred to the Association to be held as a Working Capital Fund. The purpose of said fund is to insure that the Association will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

Section 7. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within fifteen (15) days after the due date shall be assessed a late charge in the amount of Twenty Five and No/100 Dollars (\$25.00) or in an amount to be determined from time to time by the Board, and the assessment with late charge shall bear interest from the due date at an annual rate determined from time to time by the Board, not to exceed fifteen percent (15%) per annum. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot to which the assessment related; and, in either event interest, costs, and reasonable attorney's fees of any such action shall be added to the assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot.

Section 8. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first or second mortgage or deed of trust on a Lot and to any ad valorem taxes for such Lot. Sale or transfer of any Lot shall not affect any assessment lien. The sale or transfer of any Lot which is subject to any

mortgage or deed of trust pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer, but the Association shall have a lien upon the proceeds from foreclosure or of sale, junior only to the said foreclosed mortgage, provided, however, that the Board may, in its sole discretion, determine such unpaid assessments to be an annual assessment collectible from all Owners including the foreclosure sale purchaser. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 9. Exempt Property. All Property dedicated to and accepted by a local public authority and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein; however, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 10. Working Capital Fund. At the time of closing of the sale of each Lot, a sum equal to two month's assessment for each Lot shall be collected from the purchaser of such Lot and transferred to the Association to be held as a Working Capital Fund. The purpose of said fund is to insure that the Association will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI

MAINTENANCE

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the front, rear, and side yards of each Lot, as well as all Common Areas and Limited Common Areas. The maintenance shall include without limitation maintenance, repair and replacement of all landscaping and grass areas, entrance area and entrance signage, driveways, sidewalks, walking paths or nature trails, and other improvements situated on the Common Areas and Limited Common Areas. The Association shall maintain and keep in good repair all landscaping and grass areas within the front, rear, and side yards of Lots with patio interiors to be maintained by the Owner except as stated below. The Association shall install and maintain a landscaping irrigation system for the front, rear, and side yards and the Common Areas. The Association shall be responsible for payment of the water bill for the front, rear, and side yards and for the Common Areas irrigation systems. The Owner shall be responsible for any irrigation system installed within that Owner's patio. The Association shall maintain and keep in good repair all paved, gravel or concrete walkways, driveways and parking areas; and all water, sewer, gas and electricity lines serving more than one (1) Lot, even though located partially or wholly within the boundaries of a Lot. The Association shall maintain, repair and replace all fences and walls in the Common Areas, including patio walls, patio pavers and patio gates.

The Association shall provide all exterior maintenance upon Lot improvements, including: paint, stain, repair, replace and care for roof surfaces and roof systems, gutters and

downspouts and all exterior building surfaces, but excluding repair and replacement of entry doors and garage doors and their appurtenant hardware, and further excluding repair and replacement of all exterior glass, including windows and patio doors.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his or her family, guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Association is hereby granted an easement right of access to go upon any Lot for performance of repairs or maintenance for which the Association is responsible hereunder. The Owner of such Lot shall permit the Association or its representative to enter the Lot, including Limited Common Areas or the interior of the Unit, if needed, for maintenance and repair at reasonable times and with reasonable advance notice, and shall not enclose, alter, or otherwise exclude open access to the Lot.

Section 2. Owner's Responsibility. Except as provided in Section 1 of this Article above, all maintenance of the improvements on the Lot shall be the responsibility of the Owner thereof, including all interior patio maintenance. Each Owner shall maintain, repair and replace, at his or her expense, all interior portions of the improvements on his or her Lot which shall need repair, including bathroom and kitchen fixtures, light fixtures or other electrical or plumbing equipment, and pipes and fittings serving an Owner's Lot. Further, each Owner shall repair, maintain and replace, at his or her own expense, when necessary, the heating and air-conditioning systems servicing his or her dwelling, whether located on his or her Lot or the Common Area or Limited Common Area adjacent to his or her Lot. Each Owner shall be responsible for interior pest control. Each Owner shall be responsible for the maintenance, repair and replacement of the interior of their patio, except for patio pavers, patio walls and patio gates. Owner shall be responsible for and maintain all plantings within patios. This includes making sure that the growth of tree roots does not cause damage to the pavers. The Association will not be responsible for paver replacement if such is the determining factor.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Association, the cost of such maintenance or repairs shall be borne by the Association.

In the event that the Board of Directors of the Association determines that (a) any Owner has failed or refused to discharge properly his or her obligations with regard to the maintenance, repair or replacement of items for which he or she is responsible hereunder and the Board of Directors further determines that the failure to maintain, repair or replace said items is detrimental to the welfare of the Association and its Members; or (b) that the need for maintenance, repair or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, his or her family, guests, lessees or invitees, and is not covered or paid for by insurance, in whole or in part, then the Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair or replacement, at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary. The Owner shall have ten (10) days within which to complete such maintenance,

repair or replacement or, in the event that such maintenance, repair or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair or replacement at Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot.

Section 3. Management Agreement. The Association shall have the right to hire a management company to undertake any of its responsibilities set forth in the Declaration. Any such management agreement shall be terminable by the Association, without liability, upon not more than ninety (90) days' notice to the other party.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance for a party wall shall be shared in equal shares by the Owners of the two (2) adjoining Lots utilizing such wall.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and the Owner of the other Lot adjoining such wall shall contribute one half of the cost of restoration thereof without prejudice, however, to the right of any such Owner to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omission.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his or her negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VIII

**ARCHITECTURAL CONTROL, INSPECTION,
EXTERIOR MAINTENANCE AND USE RESTRICTION**

Declarant shall have the responsibility of enforcing the restrictions set forth in this Article prior to the formation of the Committee, which, upon appointment by the Board, shall assume and be responsible for enforcement. The Committee shall regulate the external design, appearance, use, location and maintenance of the Lots, and of improvements thereon, in such manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. References in this Article to "Committee" shall mean Declarant until the Committee is appointed and references to "Declarant" shall include the Committee once it is appointed. The following architectural restrictions shall apply to each and every Lot now or hereafter subject to this Declaration.

Section 1. Approval of Plans and Architectural Committee.

(a) The Committee shall regulate the external design, appearance, use, location and maintenance of the Property and of improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. To that end, no improvements, alterations, repairs, change of paint colors, plantings, excavations, changes in grade or other work which in any way alters the exterior of any Lot or the improvements located thereon from its natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner shall be made or done without the prior written approval of the Committee. No building, fence, wall, residence or other structure shall be commenced, erected, maintained or improved, altered, removed, made or done without the prior written approval of the Committee. In addition, no shrubs, trees or other plants shall be planted, altered or removed without the prior written approval of the Committee. However the Committee, in its discretion, may adopt general guidelines or procedures for the Lot Owners to eliminate the need for review of minor alterations to the landscape.

(b) In the event that the Committee fails to approve or disapprove the site or design of any proposed improvements within sixty (60) days after plans and specifications therefor have been submitted and received, approval shall be deemed to have been denied. The plans and specifications required to be submitted shall not be deemed to have been received by the Committee if they contain erroneous data or fail to present adequate information upon which the Committee can arrive at a decision

(c) The Committee shall have the right, at its election, to enter upon any of the Lots during site preparation or the construction, reconstruction, erection or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing standard industry methods and good quality materials.

(d) The approval of any such plans, specifications or other items submitted to the

Committee pursuant to this Article, or failure to approve or disapprove thereof, shall not impose any liability or responsibility on the Committee or the Association with respect to either the compliance or non-compliance of any such plans, specifications or other items (including any improvements or structures erected in accordance therewith) with applicable zoning ordinances, building codes or other governmental or quasi-governmental laws, ordinances, rules and regulations or defects in or arising from such plans, specifications or other items (including, without limitation, defects relating to engineering matters, structural and design matters and the quality or suitability of materials).

(e) In the event an Owner of any Lot in the Property shall make unauthorized changes to the premises and the improvements situated thereon, including within Limited Common Areas, in a manner unsatisfactory to the Board or the Committee, the Board or the Committee shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon to the condition the Lot, improvement or building exterior was before the unauthorized change was made. The cost of such exterior maintenance, repair, tear-down, disposal and any other costs or attorney's fees incurred in the enforcement of the rights under these provisions shall be added to and become a part of the assessments to which such Lot is subject. Any approval by the Board or the Committee shall be in accordance with the requirements set forth hereafter.

(f) No member of the Committee shall be authorized to cast a vote or otherwise influence or determine approval of any improvement, alteration, or repair to said Committee member's own Lot, Limited Common Area, Improvement upon the Lot, or the exterior of the building owned by the Committee member. Each member of the Committee shall recuse himself or herself from voting on any improvement, alteration, or repair to his or her own Lot, and if said Committee member fails to do so, his or her vote or other input shall not be considered in determining whether to approve or disapprove said improvement, alteration, or repair.

(g) The provisions of this Article VIII shall not apply to improvements of any kind constructed upon any Lot or upon the Common Area by Declarant, and Declarant is expressly exempt from the provisions of this Article VIII.

Section 2. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Areas. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board, shall be recorded in a Book of Resolutions, which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 3. Use Restrictions.

(a) All structures must be built to comply substantially with the plans and specifications as approved by the Declarant or the Committee, as applicable, and before any Unit may be

occupied it must be completely finished and a certificate of occupancy must have been issued by the local or state authority empowered to do so.

(b) If any improvement on a Lot is destroyed, it must be reconstructed within six (6) months from the date of destruction and in substantially the same appearance, configuration, location and size as the original dwelling. All plans for the reconstruction must be approved by the Declarant or Committee, as applicable.

(c) No business, profession, professional clinic or other trade or business activity shall be carried on upon any Lot or in any unit, except to the extent that an Owner may conduct lawful business activities within the dwelling so long as:

(1) The existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the dwelling, as may be determined in the sole discretion of the Board of Directors of the Association;

(2) The business activity conforms to all zoning requirements for the Property;

(3) The business activity does not involve persons coming onto the Property who do not reside in the Property or door to door solicitation of residents of the Property;

(4) The business activity is consistent with the residential character of the Property and does not constitute a nuisance, a hazardous or offensive use or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board of Directors of the Association;

(5) The term "business" and "trade" as used in this Section, shall be construed to have the ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether:

(i) such activity is engaged in full or part time;

(ii) such activity is intended or does generate a profit; or

(iii) a license is required therefor.

(6) This section shall not apply to any activity conducted by the Declarant with respect to its development and sale of the Property or its use of any Lots, which it owns within the Property.

(7) The foregoing provisions of this Section or any other provision of this Declaration notwithstanding, Declarant shall have an easement to maintain sales offices and models for sales of Lots throughout the Property. Declarant shall have the right to relocate, and to discontinue and reestablish, sales offices and models within the Property from time to time until all of the Lots have been conveyed to Owners other than Declarant. Declarant also shall have the right to

change use or combination of uses of such offices or models, provided that such offices or models shall be used only for sales offices or models.

(8) Declarant shall also have an easement to maintain signs on the Common Area advertising the Property until all of the Lots have been conveyed to Owners other than Declarant.

(d) No trailer, basement, tent, shack, garage, barn or other outbuilding erected on the Lots shall be used at any time as a residence, temporarily or permanently, nor shall any structure of any temporary character be used as a residence.

(e) No Owner shall rent his or her Lot or the dwelling unit thereon for transient or hotel purposes, which, for the purposes of this Declaration shall be defined as either a rental for any period less than thirty (30) days or any rental if the lessee of the Lot or the dwelling unit thereon is provided customary hotel services. Each permitted lease shall lease an entire Lot and dwelling unit thereon, shall be in writing, and shall be subject to this Declaration and the Bylaws of the Association, and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. Any Owner who enters into a lease of his or her Lot or the dwelling unit thereon shall promptly notify the Association of the name and address of each lessee, the Lot or the dwelling unit thereon rented, and the term of the lease. Other than the foregoing restrictions, each unit Owner shall have the full right to lease his or her Lot or the dwelling unit thereon.

(f) No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. The number of household pets generally considered to be outdoor pets such as dogs and cats shall not exceed two (2) in number, except for newborn offspring of such household pets which are under nine (9) months in age. Notwithstanding the foregoing, dogs of a breed commonly known as Pit Bulls are expressly prohibited, and the Association shall have the right to prohibit, or require the removal of, any dog or animal, which after consideration of factors such as size, breed and disposition of the animal, interference by the animal with the peaceful enjoyment by other Owners of their Lots and the security measures taken by the Owner with respect to such animal, the Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard. If any such pet creates a nuisance as determined by the Board in its sole and absolute discretion, then the Unit Owner shall remove the pet from the Unit within fifteen (15) days after written notice from the Board and the pet shall not be allowed to return to the Unit. No pet shall be permitted upon the Common Areas unless carried or leashed by a person who can control the pet. Pets shall not be permitted to defecate in the Common Areas or Limited Common Areas, and each Owner shall clean up immediately after his or her pet if an accident occurs. All pets shall be registered or inoculated as required by law. Each Owner shall hold the Association harmless from any claim resulting from any action of his or her pet, and shall repair at his or her expense any damage to the Common Elements or Limited Common Areas caused by his or her pet.

(g) No property in the subdivision shall be used for the sale of any items, including automobiles, nor shall inoperable automobiles, automobiles which are not used on a regular basis, or other debris, trash or storage items, be allowed to accumulate or to remain on any Lot.

(h) Declarant reserves an easement for, and the right at any time in the future to grant, rights-of-way for the installation and maintenance of public utilities across, on or under any Lot along the front, rear and side property lines, but such rights-of-way must be used so as to interfere as little as possible with the use of the Lot by its Owner. Further, there is reserved on behalf of Declarant and the standard utility companies for electricity, telephone, cable, natural gas, and any other standard utility company which has been approved by the Committee, an easement to enter upon the Lot to maintain, repair, or modify existing or future underground facilities, and the Owners, or their successors in title to said Lots, shall in no way interfere with said facilities, or dig up, cut or tamper with said facilities except at their own peril and in violation of the rights of said utility companies. No public utility company or governmental entity or agency shall obtain any right in the easement reserved herein without an express written and recorded grant thereof by Declarant. In the event the Property subject to this Declaration is served by any underground public utility facilities, the service to structures erected thereon shall be connected to the underground facility at the pedestals provided for this purpose.

(i) No communications or television receiving disc, antenna or similar item may be erected or placed on any Lot, or on any building on any Lot, except for a satellite disc of less than one (1) meter in diameter, but the Lot owner will make a good faith effort to place said disc in a place to be as inconspicuous as possible.

(j) Incinerators for garbage, trash or other refuse shall not be used or permitted to be erected or placed on any Lot. Any and all equipment, coolers, woodpiles, garbage cans, refuse or storage piles placed on a Lot (whether temporary or permanent) shall be screened to conceal same from the view of neighboring lots, roads, streets, or open areas. Plans for all screens, walls and enclosures must be approved by the Committee prior to construction.

(k) No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed upon any portion of any Lot, except as is temporary and incidental to the bona fide improvement of any portion of such Lot. The Association may, at the Owner's expense, remove unsightly or offensive materials that are not left for pick-up by refuse and recycling collection entities, as set forth in Section 5 below.

(l) No lumber, brick, stone, cinder block, concrete or other building materials, scaffolding, mechanical devices or any other thing used for building purposes shall be stored on any Lot except for the purpose of construction on such Lot and shall not be stored on such Lot for longer than the length of time reasonably necessary for the construction to completion of the improvement in which same is to be used.

(m) No exposed above-ground tanks will be permitted for storage of water or any other substance.

(n) Hanging and potted plants are permitted on the front porch or between garage doors. Artificial flowers/shrubs are subject to the approval of the Landscape Committee. The aesthetics of such plants are at the discretion of the Landscape Committee.

- (o) Flowers may be planted by the HOA contractor in existing beds only. Upkeep is the responsibility of the owner. No other plants may be placed in the ground in the front of a unit or common area without pre-approval of the Landscape Committee. Landscape border or lighting is not permitted.
- (p) When not in use, all garden hoses must be rolled neatly, on a reel or in an enclosed container and stored as near to the water spigot as possible. Under no circumstances should a hose reel be attached to the unit. Hose reels should not be located in the front of the unit or should be screened from sight. Storage of garden hoses should be as unobtrusive as is reasonable and should not interfere with regular landscape maintenance.
- (q) No outside radio transmission tower or radio receiving antenna shall be erected by an Owner, and no outdoor television antenna may be erected or installed if cable television reception is available to a Lot. If cable television service is not available to a Lot, then the customary outdoor television receiving antenna may be installed with the prior approval of the Committee, provided such outdoor antenna shall thereafter be taken down and removed by the Owner when and if cable television receiving service shall later be provided.
- (r) No Owner shall excavate or extract earth from any of the Property subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade of any portion of the Property.
- (s) No outside toilet facility may be constructed or maintained on any Lot except during construction of improvements on any Lot.
- (t) Outside clotheslines and such clothes-handling devices will not be permitted.
- (u) All exterior holiday decorations must be removed within 7 days following the observance of the holiday with the exception of Christmas. Christmas decorations must be removed no later than January 15th.
- (v) No sign of any kind whatsoever shall be erected upon or displayed or otherwise exposed to view on any Lot or any improvement thereon, except for the Declarant's customary "for sale" signs, without the prior written consent of the Committee.
- (w) No flags, banners, posters or other devices or materials shall be attached, hung, or displayed from the exterior of any window or door of any townhouse unit or from any exterior portion of any townhouse unit, except for a single American Flag no larger than three (3) feet by five (5) feet.
- (x) No house trailer, boat, boat trailer, camper or other such vehicle, trailer and commercial vehicle of any kind, shall be permitted on any Lot unless it is parked within the garage of the dwelling. It is the intention of this restriction to prevent the parking of any such vehicles on the private street, in the parking area or driveway of the dwelling. Commercial vehicles are also

defined as any vehicle containing a logo larger than 1 foot square in dimension. An exception will be made during construction, repair, remodeling or maintenance of the buildings.

(y) All motorized vehicles operating on the Property must have proper mufflers so as to eliminate noise which might be offensive to others. Minibikes and similar two, three, or four-wheeled vehicles are prohibited from being used or operated on or within the Property.

(z) Vehicles of any type shall not be parked within the private street rights-of-way, nor shall vehicles of any type be parked or stored on any part of the Lot or other portion of the Property not improved for that purpose, i.e., garage, driveway or parking pad. This paragraph does not preclude occasional, overnight overflow parking within the private street rights-of-way for guests or other reasonable purposes provided that no inconvenience is imposed on the Owners of other Lots. Garage doors must be kept closed when not in use.

(aa) The use restrictions set forth in this Section 3 listing those items which may not be maintained on a Lot shall not apply to Lots during the period of construction of the dwelling unit upon the Lots. As soon as a dwelling unit has been completed on a Lot, these use restrictions shall immediately apply to the Lot.

Section 4. Hobbies and Activities. The pursuit of hobbies or other inherently dangerous or unsightly activities including specifically, but without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly or unkempt conditions; the shooting of firearms, fireworks or pyrotechnic devices of any type or size; and such other activities shall not be pursued or undertaken on any part of any Lot or the Common Areas without the consent of the Board.

Section 5. Nuisances and Unsightly Materials. Each Owner shall refrain from any act or use of his or her Lot which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No noxious, offensive or illegal activity shall be carried on upon any Lot. No Lot shall be used in whole or in part for storage of rubbish of any character whatsoever, nor shall any substance, thing or material be kept upon any Lot which will emit foul or noxious odors, or that will cause any noise that will or might disturb the peace and quiet of the occupants of surrounding property. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed, covered structure. However, the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish and other debris for pickup by garbage and trash removal service units. Each Owner shall maintain the improvements on his or her Lot in a neat and orderly manner. In the event any Owner of any Lot fails or refuses to maintain the improvements and the Lot in a neat and orderly manner or to keep the Lot from accumulating any of the foregoing unsightly items, weeds or underbrush, the Association may, at its option, ten (10) days after posting a notice thereon or mailing a notice to said Owner at his or her property address requesting Owner to comply with the requirements of this Section, enter and remove all such unsightly items and growth at said Owner's expense, and said Owner shall be personally liable to the Association for the costs of removal. Such costs, until paid, shall be a permanent charge and lien upon such Lot enforceable to the same extent and collectible as provided for in Article V, entitled "Covenants for Maintenance Assessments." By acquiring property subject to these restrictions, each Owner

agrees to pay such costs promptly upon demand by the Association, its agents, assigns, or representatives. No such entry as provided in this Section shall be deemed a trespass. The provisions of this Section shall not apply to Lots upon which houses are under construction.

Section 6. Governmental Regulations. Each Owner shall observe all governmental building codes, health regulations, zoning restrictions and other regulations applicable to his or her Lot. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

Section 7. Other Prohibitions or Requirements.

- (a) Any exterior air-conditioning or heating equipment must be screened from public view by a screening material or shrubbery approved by the Committee.
- (b) Downspouts and gutters, if any, must be so constructed so as not to promote the erosion of the soil of any Lot.
- (c) Any outdoor lighting must be shielded so as to cast no direct light upon adjacent Lots.
- (d) The Association reserves the right to impose reasonable rules and regulations that pertain to the treatment of wildlife, plants, trees, and flora within the Common Area and Limited Common Area.

ARTICLE IX

INSURANCE

Section 1. Insurance Coverage. Insurance coverage on the Property shall be governed by the following provisions:

- (a) Ownership of Policies. All insurance policies upon the Properties, including hazard insurance, shall be purchased by the Association for the benefit of all the Association and the Owners and their mortgages as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.
- (b) Coverage. All buildings and improvements upon the land, including but not limited to all interior improvements, such as interior walls, finishes, fixtures, equipment, built-in appliances, cabinets, upfits and upgrades, and all personal property of the Association included in the Common Areas, Limited Common Areas and facilities shall be insured in an amount equal to One Hundred percent (100%) insurable replacement value as determined annually by the

Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(1) Loss or damage by fire and other hazards covered by a master policy with appropriate riders and extended coverage, including vandalism and malicious mischief;

(2) Such other risks as from time to time shall be customarily covered with respect to buildings on the land; and

(3) Such policies shall contain clauses providing for waiver of subrogation as set forth in Article IX, Section 1(f).

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and 00/100 Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group or entity to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual assessment described in Article V above.

(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein or stated in the Bylaws and for the benefit of the Owners and their mortgagees in the following shares:

(1) Proceeds on account of damage to Common Areas and Limited Common Areas and facilities, including those areas outside of Lots for which the Association provides maintenance under Article VI, Section I, are to be held for the Association.

(2) Proceeds on account of damage to Lots, other than those areas specified in Section 1(e)(1), shall be held in undivided shares for the Owners of damaged Lots in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association.

(3) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owners shall be held in trust for the mortgagee and the Owners as their interests may appear.

(f) Subrogation. Each insurer shall waive its right to subrogation under any policy maintained pursuant to this Section 1 against any Owner or member of any Owner's household.

(g) Act or Omission of Owner. No act or omission of any Owner, unless such Owner is acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under any of the policies maintained pursuant to this Section 1.

(h) Other Insurance. If, at the time of a loss, there is other insurance in the name of an Owner covering the same risk covered by the Association's policy, the Association's policy shall provide primary insurance.

(i) Issuance of Certificates: Cancellation. Any insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurer issuing an insurance policy under this Section 2 may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefore.

(b) Reconstruction or Repair.

(1) The portion of the remaining proceeds on account of damage to Common Areas or Limited Common Areas shall be retained by the Association to defray the cost of repairs and replacements of such damaged areas.

(2) The portion of the remaining proceeds on account of damage to the Exterior of a Homeowner's Unit shall be retained by the Association to defray the cost of repairs and replacements of such damaged areas.

(3) The portion of the remaining proceeds on account of damages to the Interior of a Homeowner's Unit shall be paid to defray the cost of repairs and replacements of such damaged areas. Any proceeds allocated to repairs and replacements of such damaged areas that are remaining after defraying such costs of repairs and replacements shall be distributed to the beneficial Owners as provided in Section 1(e)(2).

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments, plus reserves accumulated.

Section 4. Obligation to Rebuild. In the event of an insured loss, the repairs and replacements shall be handled in the following manner:

(a) Any damages to Common Areas or Limited Common Areas shall be repaired or replaced promptly by the Association in accordance with the original construction plans and specifications unless substitute plans and specifications are approved by the Architectural Review Committee and the Board of Directors. The cost of repairs or replacements of such damaged areas in excess of Insurance Proceeds is an Association expense.

(b) Any damages to the Exterior of a Homeowner's Unit shall be repaired or replaced promptly by the Association in accordance with the original construction plans and specifications unless substitute plans and specifications are approved by the Architectural Review Committee and the Board of Directors. The cost of repairs or replacements of such damaged areas in excess of Insurance Proceeds is an Association expense.

(c) Any damages to the Interior of a Homeowner's Unit shall be repaired or replaced promptly by the Owner or Owners in accordance with the original construction plans and specifications unless substitute plans and specifications are approved by the Architectural Review Committee and the Board of Directors. The cost of repairs and replacements of such damaged areas in excess of Insurance Proceeds is the sole responsibility of the Owner or Owners of the damaged Lot or Lots.

(d) In the event that damages are to both the Exterior of a Homeowner's Unit as specified in (b) and to the Interior of a Homeowner's Unit, as specified in (c), the obligation to rebuild shall be shared jointly by the Association and the Owner or Owners of the Lot or Lots. The cost of repair or replacement of such damaged areas, in excess of Insurance Proceeds is the joint responsibility of the Association and the Owner or Owners of the damaged Lot or Lots as determined by the Association.

Section 5. Application of Deductibles. In the event of an insured loss, the Deductible shall be applied in the following manner:

(a) If the damages are to Common Areas or Limited Common Areas, the required Deductible shall be borne by the Association.

(b) If the damages are to the Exterior of a Homeowner's Unit the required Deductible shall be borne by the Association.

(c) If the damages are to the Interior of a Homeowner's Unit the required Deductible shall be borne by the Owner or Owners of the Lot incurring such damages.

(d) If the damages are to both the Exterior of one or more Homeowners' units and/or the Interior of one or more Homeowners' Units, the required Deductible shall be borne by the Association and/or the Owner or Owners of the Lot or Lots pro-rata based on the amount of damages to the areas as agreed upon by the Insurance Company, the Association and the Homeowner or Homeowners.

ARTICLE X

EASEMENTS

Section 1. General. All of the Property, including Lots, Common Areas, and Limited Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewer, storm drainage facilities, gas lines, telephone lines, electric power lines, and other public utility facilities as shall be established by the Declarant or by its predecessors in title, prior to the subjecting of the Property to this Declaration or by the recording of the plat of the Property. The Declarant, prior to conveying the Common Areas and Limited Common Areas to the Association, and the Association, after conveyance of the Common Areas and Limited Common Areas to the Association, shall have the power and authority to grant and establish upon, over, under, and across the Common Areas and Limited Common Areas such further easements as are requisite for the convenient use, development and enjoyment of the Property. All new utilities shall be installed underground. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress, and regress across all Common Areas and Limited Common Areas, now or hereafter owned by the Association, for the purpose of development of the Property and construction of improvements within the Property.

All Lots shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as overhanging eaves and walls.

Section 2. Construction. Declarant hereby reserves a construction easement over the Property for the purposes reasonably related to the installation of streets and utilities and construction of dwellings on the Lots and improvements on the Common Areas and Limited Common Areas.

Section 3. Emergency. There is hereby reserved without further assent or permit and to the extent allowed by law, a general easement to all firemen, ambulance personnel, policemen and all similar persons to enter upon the Property or any portion thereof which is now or hereafter made subject to this Declaration in the performance of their respective duties. The Association and its agents shall also have the right to enter the Lots and any improvements located thereon for the purpose of making any emergency repairs or replacements.

Section 4. Maintenance. The Declarant, prior to conveying the Common Areas and Limited Common Areas to the Association, and the Association, after conveyance of the Common Area and Limited Common Area to the Association, shall have a permanent maintenance easement on all Lots, Common Area, and Limited Common Area to perform all necessary maintenance, upkeep, and repair in order to keep the Property in a good condition as set forth herein. No Owner shall enclose, alter, or otherwise exclude open access to the Common Areas or Limited Common Areas.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land. This Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any such amendment shall not be effective until such amendment has been filed for record in the Forsyth County Public Registry. No amendment to this Declaration shall be effective unless consented to by Declarant, as evidenced by written document signed by Declarant and recorded in the Forsyth Public Registry, for so long as Declarant owns any Lot or any portion of the Property. Such amendment shall be prepared, executed, certified and recorded by the President or Vice-President of the Association.

Section 4. Management and Contract Rights of Association. Declarant may, at its election, enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the Property. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by Declarant to the Association.

Section 5. Rights of Noteholders. Any institutional holder of a first mortgage on a Lot will, upon written request, be entitled to (i) inspect the books and records of the Association during normal business hours, (ii) receive an annual financial statement of the Association with ninety (90) days following the end, of its fiscal year, (iii) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings, (iv) receive written notice of any condemnations or casualty loss that affects either a material portion of the Property or the Lot securing its mortgage, (v) receive written notice of any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage, (vi) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (vii) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (viii) be furnished with a copy of any insurance policy maintained by the Association.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto caused this Declaration of Covenants, Conditions and Restrictions for Cliffmoor Townhomes Association, Inc. to be executed by its duly authorized member,

Taylor Development Group, LLC, Declarant
A North Carolina Limited Liability Company

By: *Suzanne Taylor Ramm*

Suzanne Taylor Ramm, President, Member/Manager

STATE OF NORTH CAROLINA

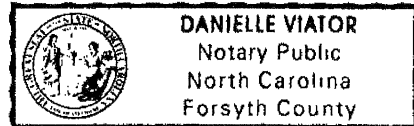
COUNTY OF FORSYTH

I, *Danielle Viator* a Notary Public for the County and State aforesaid, do hereby certify that *Suzanne Taylor Ramm* Member/Manager of Taylor Development Group, LLC, personally appeared before me this day and acknowledged the execution of the foregoing instrument

WITNESS my hand and official seal this *22* day of *January*, *2018*

Danielle Viator
Notary Public

My commission Expires: *9/23/19*



STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH) FIRST AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CLIFFMOOR TOWNHOMES ASSOCIATION, INC.

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CLIFFMOOR TOWNHOMES ASSOCIATION, INC. ("First Amendment") is made this the ____ day of _____, 2020 by Taylor Development Group, LLC, a North Carolina limited liability company ("Declarant") and certain Owners.

1. Declarant recorded the certain Declaration of Covenants, Conditions and Restrictions for Cliffmoor Townhomes Association, Inc. in Book 3397, Page 4326 of the Forsyth County Registry (the “Declaration”), to establish restrictions, covenants and conditions for the property described and shown on the certain plat of Cliffmoor recorded in Plat Book 67, Page 162, Forsyth County Registry (the “Property”) and referred to in the Declaration as the Cliffmoor Townhomes;

3. This First Amendment has been executed as required by Section 3 of Article XI of the Declaration as evidenced by the signature pages attached hereto (which represent the signatures of seventy-five percent (75%) of Owners of Lots).

NOW, THEREFORE, Declarant and the undersigned Owners hereby amend the Declaration as follows:

1. Article IV, Section 5 is deleted and replaced with the following:

“Section 5. Parking and Use Regulations for Boats, Trailers, etc. No boats, trailers, motor homes or recreational vehicles shall be parked within the right-of way of any public or private street located within the Property or in any Common Areas or Limited Common Areas.”

2. Article VIII, Section 3(e) is deleted and replaced with the following:

“(e) No Owner shall rent his or her Lot or Unit for transient or hotel purposes which shall be defined as a rental for any period less than twelve (12) months. Any lease permitted by the terms hereof shall encumber an entire Lot, shall be in writing, and shall be subject to this Declaration and the rules and regulations promulgated by the Association (whether or not the same are referenced within the body of the lease). Any Owner who enters into a lease of a Lot shall promptly notify the Association of the name of the lessee, the Lot so leased and the term of the lease. Each Owner shall have the right to lease his or her Lot so long as such Owner strictly complies with the restrictions set forth in this Section 3(e).”

3. Article VIII, Section 3(i) is deleted and replaced with the following:

“No communications, satellite or television receiving disc, antenna or similar item may be erected or placed on any Lot, or on any building on any Lot.”

4. Article VIII, Section 3(z) is deleted and replaced with the following:

“(z) No vehicles of any type shall be parked within the right-of-way of any public or private street located within the Property except for periods of no more than twenty four (24) hours to accommodate the occasional overflow parking of guests of Owners.”

5. Article VIII, Section 3 is amended to include the following provisions:

“(bb) Garages shall be used solely for the storage of vehicles and other personal property of Owners. No vehicles shall be permanently parked in driveways located within Limited Common Areas. Garage doors must be kept closed when not in use.

“(cc) Parking spaces located within Common Areas shall not be used by Owners other than to accommodate overflow or overnight parking of guests. No vehicles shall be parked or left standing in any such parking spaces for more than a one (1) week period.

“(dd) No solar panels may be placed on any Lot or on any building located on any Lot.


“(ee) No compost bins may be placed on any Lot.”

6. Except as expressly set forth herein, the remaining terms of the Declaration shall remain in full force and effect. All capitalized terms used and not defined herein shall have those meanings set forth in the Declaration.

IN WITNESS WHEREOF, Declarant and the undersigned Owners have executed this First Amendment to Declaration of Covenants, Conditions and Restrictions for Cliffmoor Townhomes Association, Inc. as of the day and year set forth above.

DECLARANT:

TAYLOR DEVELOPMENT GROUP, LLC, a
North Carolina limited liability company

By: 
Suzanne Taylor Ramm, President & Manager

STATE OF NORTH CAROLINA, FORSYTH COUNTY

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document: Suzanne Taylor Ramm.

Date: 9/2/20


Signature of Notary Public

Danielle Viator
Printed Name of Notary Public

My Commission Expires: 9/23/24

