

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR DAVIDSON BAY TOWNHOMES

The following is a subset of the Declaration of Covenants. While all owners are encouraged to read the full set of covenants, this simplified version includes those sections that are most relevant to owners. This includes Architectural Control, Restrictions on Use, Insurance, and Maintenance by the Association and Owners.

The Articles that are included are complete and unmodified, except for the addition of amendments. The amendments are integrated into the original text (in italics) with any deleted portions shown with strike through. Note that in some cases the same paragraphs were amended multiple times.

Terminology: The following terms used in the text may be unfamiliar and are defined for the reader's convenience.

Declarant - Refers to the original development company that established Davidson Bay. Items pertaining to the Declarant are no longer relevant.

Member - All property owners in Davidson Bay are considered Members of the Association.

Member Class - Originally, there were two classes of membership in the Association. Class A was owners and Class B was the developer. This is no longer relevant.

Dwelling Unit - A single-family home situated on a lot in Davidson Bay (a townhome).

ARTICLE ONE: PROPERTY SUBJECT TO THIS DECLARATION

ARTICLE TWO: DEFINITIONS

ARTICLE THREE: GENERAL PROVISIONS

These articles are not included in this subset. Please refer to the original document.

ARTICLE FOUR
ARCHITECTURAL CONTROL

Section 4.1 Purposes.

The Declarant desires to provide for the preservation of the values in the Property with respect to vegetation and any improvements to be constructed or altered on any Lot constituting a portion of the Property, and to that end, will establish an architectural control committee, in accordance with Section 4.4 hereof, in order to provide, enforce and maintain certain standards as to harmony of exterior design and location of the improvements on the Lot in relation to surrounding structures, natural features and topography.

Section 4.2 Architectural Restrictions.

- (a) No fence, other than a fence constructed by Declarant, shall be constructed or erected upon any Lot.
- (b) Only one (1) Dwelling Unit may be constructed on any Lot.
- (c) No Dwelling Unit containing more than three (3) stories shall be constructed on any Lot.
- (d) No structure shall be constructed, placed or installed upon any Lot, in any location which encroaches beyond any front, side or rear building set-back line applicable to any Lot.
- (e) No building, wall, patio, playhouse, mail-box, pool, basketball hoop or other structure shall be commenced, constructed, installed, erected or maintained upon any Lot, nor shall any exterior addition to, change in (including, without limitation, any change in the type of roofing material or in the color of the paint, stain or varnish), or alteration of, any Dwelling Unit located on any Lot be made until complete and final plans and specifications, setting forth the information hereinafter described, shall have been submitted to, and approved in writing by, the Committee. It shall be duty of the Committee to approve or disapprove each request for approval of the construction of a structure on a Lot, or the alteration of an existing structure located on any Lot.

Section 4.3 Architectural Control.

Unless expressly authorized in writing by the Committee, no Dwelling Unit, fence, wall, driveway, patio, swimming pool, building or other structure or improvement whatsoever shall be constructed or maintained, nor shall any exterior addition or alteration to any Dwelling Unit, fence, wall, driveway, patio or other building or structure or improvement be started, nor shall any clearing or site work be commenced or maintained upon any Lot in the Property, until plans and specifications therefore showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations therefor (all of which are hereinafter referred to collectively as the "Plans"), and any application fee set by the Association, shall

have been submitted to, and approved in writing by, the Committee, as to harmony of external design and location in relation to any surrounding structure, natural features and topography. The Committee shall have the absolute and exclusive right to refuse to approve any such Plans which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons, which in the sole and uncontrolled discretion of the Committee shall be deemed sufficient. Furthermore, the Committee may, in its discretion, seek input on any proposed Plans from the Owners of adjacent Lots or Lots that may be affected by such Plans. Any such input shall be a factor that the Committee may consider, but shall not be considered deterministic in the Committee's decision of whether to approve the Plans. The Committee may promulgate design standards from time to time to be adhered to by the Plans for the Lots or Dwelling Units in the Property. A current copy of all design standards shall be kept on file in the principal office of the Association.

In no event shall the Committee approve any Plans in which the height or setback of the improvements on the Lot violates the limits established by the Town of Davidson and/or Mecklenburg County (as applicable).

- (a) The plans and specifications which must be submitted to the Committee prior to the alteration of any existing Dwelling Unit on any Lot, as hereinabove provided, shall contain at least the following information:
 - (i) An as-built survey of the Lot (consisting of the final survey of the Lot, if available) clearly depicting the location, shape and size of the proposed structure; and
 - (ii) Building plans of the proposed structure which shall include an exterior elevation drawing of the proposed structure; and
 - (iii) In the case of a proposed alteration to or change in a Dwelling Unit, a description of the proposed alteration or change, including a color and material sample, if applicable; and
 - (iv) In either case, such additional information as the Committee may require concerning the proposed structure or alteration.
- (b) All approvals and disapprovals by the Committee of the plans and specifications for any structure to be constructed or altered on any portion of the Property shall be conclusive and binding upon all Owners.
- (c) The Association shall upon demand at any time, furnish to any Owner of any Lot a certificate in writing signed by an officer of the Association, stating whether any building, wall, patio, playhouse, mail-box or other structure erected upon such Owner's Lot, or any exterior addition to, change in, or alteration of any Dwelling Unit or any other structure owned by such Owner on a Lot, is in compliance with the provisions of this Section, and such certificate shall be conclusive as to whether the same is in such compliance as of the date the certificate was issued.

(d) In the event that any construction or alteration work is undertaken or performed upon any Lot without application having been first made and approval obtained as provided in paragraph (a) of this Section, said construction or alteration work shall be deemed to be in violation of this covenant, and the person upon whose Lot said construction or alteration work was undertaken or performed may be required to restore to its original condition, at its sole expense, the property upon which said construction or alteration was undertaken or performed. Upon the failure or refusal of any person to perform the restoration required herein, the Committee or their authorized agents or employees, may, after fourteen (14) days' notice to such person, enter upon the property upon which such unauthorized construction or alteration work has been performed, and make such restoration as the Committee, in the exercise of its discretion, may deem necessary or advisable. The person upon whose Lot such restoration work shall have been so performed shall be personally liable to the Association for all direct and indirect costs that the Association may incur in the performance of such restoration work, and the liability for such cost shall be secured by all the liens, and shall be subject to the same means of collection, as the Assessments provided for in Article Nine of this Declaration. Such costs shall be paid to the Association by the person liable for the same at the same time as the next due annual Assessment payment, as provided in Section 9.8 of this Declaration, or at such earlier time, and in such installments, as the Committee shall determine.

Section 4.4 Architectural Control Committee.

The Board shall be authorized to appoint an architectural control committee (the "Committee") to advise it and assist it in connection with its performance of its responsibilities under Section 4.3 of this Article. The functions which may be performed by the Committee shall include reviewing plans and specifications which are submitted in connection with proposals to construct or alter improvements upon the Lots and to make recommendations with respect to such plans and specifications. The Committee shall also be authorized to promulgate from time to time design guidelines and/or rules and regulations governing construction on or alteration of the Dwelling Units within the Property (the "Architectural Guidelines").

Section 4.5 Application of this Article.

- (a) This Article shall apply to any additions to the Property subsequently made subject to this Declaration and the terms and provisions of any Supplemental Declaration.
- (b) Repainting using an existing paint color, re-roofing, minor repairs, and the like shall not require the approval of the Committee if done or made in accordance with the construction or design guidelines promulgated or adopted by the Committee or the Association.
- (c) Notwithstanding anything to the contrary contained herein, the Declarant's construction of improvements on any Lot or on any Common Area shall be exempt from the provisions of this Article. Nothing contained in this Article shall be construed as prohibiting or

conditioning any construction by the Declarant upon any Lot or Common Area while such property is owned by the Declarant. The exemption of the Declarant from the provisions of this Article shall survive the termination of the Class B membership.

ARTICLE FIVE
RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

The following restrictions are placed on the Property (including without limitation all Lots and Common Areas) and the use thereof:

Section 5.1 Permissible Uses.

No Lot shall be used except for single-family residential purposes allowed under applicable zoning regulations (with the exception of any sale center or model home constructed or used by the Declarant, or his agent who has received the prior written permission of Declarant). No Lot shall be used for any commercial, business or professional purposes. Specifically, no "Model Home" or "Open House" type of operation shall be allowed within the Property other than with Declarant's explicit written permission, notwithstanding Declarant's right to operate such "Model Home" or "Open House", at its discretion, anywhere within the Property. Notwithstanding the foregoing, however, nothing set forth in this Section shall prohibit: (a) the Declarant from conducting such sales, leasing and promotional activities on any Lot or any Building as the Declarant shall determine; or (b) the Owner of any Dwelling Unit from using a portion of such Dwelling Unit as a home office, provided that such use does not create regular customer or client traffic to and from such Dwelling Unit and no sign, logo, symbol, or nameplate identifying such business is displayed anywhere on such Dwelling Unit, Building or Lot.

No building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Building and accessory structures that comply with any applicable zoning regulations and the requirements of Articles Four and Five of this Declaration. The Lots within the Property shall be limited to one Building and accessory structures with appropriate setbacks approved in accordance with the terms of this Declaration and complying with the requirements of the Town of Davidson, Mecklenburg County and the approved site plan for the Property.

Section 5.2 General Care and Maintenance.

Each Owner shall (a) keep the interior of its Dwelling Unit including, but not limited to, all appliances and utility systems, and the exterior of its Dwelling Unit in a safe condition at all times; (b) permit no unsafe or unsanitary conditions in its Dwelling Unit or on its Lot; (c) comply with any and all obligations imposed upon Owners by applicable laws, statutes, ordinances, rules and regulations of federal, state or municipal governmental authorities, and building and housing codes for the use, occupancy, construction of and maintenance of any improvements upon or within its Lot or Dwelling Unit; and (d) not deliberately or negligently destroy, deface, damage or remove any part of any Dwelling Unit, or the Common Areas, or knowingly permit any person to do so. If an Owner fails to comply with the standards or requirements of the Association relative to maintenance after written notice to do so the Association shall have the right to undertake the necessary maintenance or repairs at the expense of the defaulting Owner, as provided in Section 7.9. (See also Article Eleven.)

Section 5.3 Offensive Activity.

No noxious or offensive activity shall be conducted upon any portion of the Property, nor shall anything be done thereon which may be or may become an embarrassment, discomfort, annoyance or nuisance to any other Owner, tenant or guest thereof or which may endanger the health or safety of any other Owner, tenant or guest thereof within the Property.

Section 5.4 Noise and Disorderly Conduct.

No Owner shall engage in any disorderly conduct on the Property, or cause or allow any disturbance, including, but not limited to, shouting, singing, or playing any musical instruments, radio, stereo, or television, in a manner that unreasonably disturbs any other Owner within the Property.

Section 5.5 Fire Hazards.

No Owner shall make any alterations to its Dwelling Unit or bring or keep anything therein which will increase the risk of fire, conflict with fire laws or the regulations of the applicable governmental entity, or increase the premiums of any insurance policy on the Buildings or portions thereof on the Property maintained by the Association.

Section 5.6 Rubbish.

All trash, garbage and other waste shall be kept in clean and sanitary containers within each Dwelling Unit or appropriate containers on the Lot but which shall be screened from public view except on garbage collection days. The Owner of each Lot shall be responsible for placing such garbage in a roll-out container and rolling the container out to the designated trash pick-up area on a regular basis.

Section 5.7 Animals.

No livestock, poultry or other animals shall be kept or maintained in any Dwelling Unit or on any Lot, except for a reasonable number of common household pets, such as cats and dogs which otherwise comply in all respects with the provisions of this Declaration. No pets may be kept or bred for any commercial purposes, and no savage or dangerous pets may be kept on the Property. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking) on the Property. All pets must be housed inside a Dwelling Unit, and no pet shall be permitted upon the Common Area unless carried or leashed by a person that can control the pet. Pets shall not be permitted to defecate in the Common Area, or urinate on the shrubbery, and each Owner shall clean up immediately after its pet if an accident occurs. All pets shall be registered and/or inoculated as required by law. Each Owner shall hold the Association harmless from any claim resulting from any action of its pet, and shall repair at its expense any damage to the Common Area caused by its pet. If any Owner violates these rules more than twice in any twelve (12) month period, then in addition to any fines provided in the Bylaws, the Association shall have the right to require the Owner to remove the pet permanently from the Property upon not less than ten (10) days' written notice.

Section 5.8 Decks; Patios; Porches.

Any deck, patio or porch that is a part of any Dwelling Unit shall be kept in a clean, neat, and orderly condition at all times, and shall not be used for the overnight storage of garbage, or for the drying of laundry. In particular, towels, blankets, sheets or banners shall not be hung on the deck, porch or balcony railings, and any dead plants shall be removed promptly. No indoor-outdoor carpeting, hot tub, or other pool shall be installed on any deck, patio or porch. Any furniture on the deck, patio or porch shall be appropriate outdoor furniture and shall be maintained in a neat, tidy, and good condition. If permitted by applicable building codes and zoning ordinances, an Owner may use or store a cooking grill on a rear deck, patio or porch, but such Owner shall be responsible for complying with all applicable laws, ordinances, and regulations in connection with such storage and use. All other personal property (such as bicycles, lawn care equipment and recreational equipment) shall be stored inside a Dwelling Unit.

Section 5.9 Signage.

No commercial signs or billboards of any kind (except one sign per Lot of not more than four square feet containing the words "for rent" or "for sale" and located in the window of the affected Dwelling Unit, provided, however, that in no event shall such "for sale" or "for rent" sign be permitted until such time as the last Lot within the Property has been conveyed by Declarant) shall be displayed in public view on any Lot, facility, appurtenance, short or long term parked vehicle, accessory building or structure unless approved by the Committee, who may also from time to time provide design criteria and color schemes for approved signage. Notwithstanding the foregoing, the Declarant, subject to the regulations or ordinances promulgated by the Town of Davidson and/or Mecklenburg County, shall have the right to locate sign or signs indicating the location of sales and rental centers, identify model homes or living units, any Facilities and such other informational signs of any type as may be necessary or desirable, in Declarant's sole opinion, to facilitate Declarant's plans for development and sales at the Community. The provisions of this Section shall not prevent the placement of permanent signs identifying the Property at its entrances. The provisions of this Section shall not prohibit small signs customarily incidental to residential use, subject to reasonable rules and limitations established by the Board or the Committee.

Section 5.10 Fences.

No fence, wall or patio enclosure shall be erected, maintained or permitted upon the Property, other than those installed by Declarant prior to the initial conveyance of each Lot.

Section 5.11 Clotheslines.

No clothesline of any type shall be placed, used or allowed to remain on any Lot.

Section 5.12 Use of Common Area in General.

No Owner shall obstruct the entrances, streets, sidewalks, driveways, parking areas and other facilities in the Common Area in any way, or use them for other than their intended purposes. The Common Area shall not be used for the storage of supplies, personal property or trash or refuse of any kind except in Common Area trash receptacles placed at the discretion of the Board. There shall be no bicycles, tricycles, wagons, toys or other miscellaneous personal property parked or left in the Common Area at any time. All bicycles shall be parked in the area designated for bicycles. In general, no activity shall be carried on nor conditions maintained by any Owner either in its Dwelling Unit, on its Lot or upon the Common Areas which despoils the appearance of the Property.

Section 5.13 Vehicles; Parking.

All vehicles must be parked in garages or driveways on the Lots in parking spaces designated by the Association, and must not obstruct or interfere with the ingress or egress of others. All parking in the Common Areas shall be on a first-come, first served basis, and subject to any rules or regulations that may be promulgated by the Association. No house trailer or mobile home, school bus, truck or commercial vehicle over three-fourths (3/4) ton capacity or having ladder or pipe or similar racks or utility beds, boat or boat trailer, motor home, camper, or van (not to include passenger vans for non-commercial use), junked or wrecked vehicle, or vehicle on blocks shall be kept, stored or parked overnight either on any street or Common Area or on any Lot. The foregoing will not be interpreted, construed or applied to prevent the temporary non-recurrent parking of any non-commercial vehicle, boat or trailer for a period not to exceed forty-eight (48) hours upon the private streets within the Property so long as such on-street parking does not obstruct or interfere with the ingress or egress of others. Nor shall the foregoing be interpreted, construed or applied to prevent Declarant from locating construction and/or sales trailers within the Property as necessary. No significant automobile repair shall be allowed on the Property. The Association shall have the right to tow any vehicle in violation of this Section at its owner's expense.

Section 5.14 Division of Lots; No Time Sharing; Leasing.

- (a) No Lot shall be further subdivided into multiple Lots.
- (b) No Lot or ownership interest may be subdivided to permit time sharing or other devices to effect interval ownership unless approved by the Association subject to conditions which may be imposed by the Association. For purposes of this Section "time sharing" or "other devices to effect interval ownership" shall include, but not be limited to, ownership arrangements, including uses of corporations, trusts, partnerships, leases or tenancies in common, in which four or more persons or entities, not members of a single household, have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have a formal or informal right-to-use or similar agreement.
- (c) Leasing of a residence shall be permitted provided that the minimum term of the lease shall be six (6) months; provided, however, that any Owner, including Declarant, may rent a Dwelling Unit for a period of less than six (6) months to a bona fide contract purchaser who is

legally obligated to acquire title to such Dwelling Unit within such six (6) month period. Subject to the foregoing restrictions, an Owner shall have the right to lease its Dwelling Unit; provided that said lease is in writing and (pursuant to a standard lease rider furnished by the Association) is made subject to all provisions of this Declaration, including (but not limited to) the Bylaws of the Association, the Rules and Regulations and the other documents referred to herein and therein; and provided further that any failure of such lessee to comply fully with the terms and conditions of such documents shall constitute a default under such lease. Copies of all leases must be furnished to the Association prior to the commencement of the term thereof. No leasing shall, however, relieve an Owner from its obligations hereunder and such Owner shall remain primarily responsible for compliance with this Declaration, the Bylaws and the Rules and Regulations. The Association shall have the authority to impose fines, for which the Owner and tenant shall be jointly and severally liable, for any such violations of the Declaration, Bylaws or Rules and Regulations. In the event that a tenant of a Dwelling Unit fails to comply with any of the provisions of this Declaration, the Bylaws or the Rules and Regulations then, in addition to all other remedies which it may have, the Association may notify the Owner of such violation(s) and demand that the same be remedied through the Owner's efforts within thirty (30) days after such notice. If any such violation is not remedied within such thirty (30) day period, then the Owner shall immediately thereafter, at its own cost and expense, institute and diligently prosecute an eviction action against his tenant on account of such violation(s). Such action shall not be compromised or settled without the prior written consent of the Association. In the event that the Owner fails to fulfill the foregoing obligation, then the Board shall have the right, but not the duty, to institute and prosecute such action as attorney-in-fact for the Owner and at the Owner's sole cost and expense, including all legal fees and costs incurred. Any such fines assessed or costs and expenses incurred in accordance with this Section shall be due and payable upon demand by the Association and shall be deemed to constitute a lien on the particular Lot involved, and collection thereof may be enforced by the Board in the same manner as the Board is entitled to enforce collection of Assessments.

Section 5.15 Exterior Restrictions.

Except as in accordance with the Rules and Regulations, nothing shall be hung, painted or displayed on the outside of the windows (or inside, if visible from the outside) or placed on the outside walls or outside surfaces of doors of any of the Dwelling Units, and no awnings, canopies or shutters (except for those heretofore or hereinafter installed by Declarant) shall be affixed or placed upon the exterior walls or roofs of Dwelling Units, or any part thereof, nor relocated or extended, without the prior written consent of the Committee. Notwithstanding the foregoing, blinds, curtains, window shades and the like shall be permitted within a Dwelling Unit without prior Committee approval so long as that portion of such blinds, curtain and window shades visible from the outside is in compliance with the Rules and Regulations. Window air conditioners are prohibited. Notwithstanding the foregoing, Declarant shall have the right to display signs for promotional sales, exhibits, direction and administrative purposes upon any portion of the Common Area and on or in any Lot or Dwelling Unit owned or leased by it.

Section 5.16 Antennas.

No antennas, aerials, satellite dishes or other receptive devices having a diameter or diagonal measurement greater than one meter shall be installed on any Common Area, Lot, or Dwelling Unit. So long as reception of an acceptable quality is not precluded, the antenna, aerial, satellite dish or other reception device having a diameter of appropriate size shall be located only on that portion of a Lot which is least visible from public view and shielded so as to minimize any risk and to ensure a nuisance is not created.

Section 5.17 Garages.

Each garage constructed on each Lot shall maintain its character as a garage, and shall be used for parking and other typical garage purposes. Garages may not be enclosed, or otherwise refurbished, and used as living space.

Section 5.18 Unsightly Conditions.

It is the responsibility of each Owner to prevent any unclean, unsightly or unkempt conditions to exist on his Lot, Dwelling Unit, or grounds which shall tend to decrease the beauty of the Property, specifically or as a whole.

During the construction or maintenance of any improvement to a Lot in the Property, the Lot, roads, bike paths, landscaping and Common Area adjacent thereto shall be kept in a neat and orderly condition, free from any dirt, mud, garbage, trash, or other debris, so as not to cause an unsightly condition to exist or damage to occur. Notwithstanding the foregoing, Declarant shall be exempt from the requirements of the preceding sentence during the initial construction of improvements by the Declarant (the "Initial Construction of Improvements"). Any damage to the street, curb, sidewalk or to any part of any Common Area or utility system caused by an Owner or an Owner's contractor shall be repaired by such Owner. Owners and their agents and employees shall adhere to the construction standards promulgated from time to time by the Association.

In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the Lot or Dwelling Unit, and adjoining areas, as specified herein, or allow damage to occur and such failure continues or damage remains unrepaired for seven (7) days following delivery of written notice thereof from Declarant or the Association, Declarant or the Association shall have the right, exercisable in its sole discretion, to summarily abate any unsightliness, make needed repairs, and to remove any rubbish, refuse, unsightly debris and/or growths from the Lot or Dwelling Unit, and adjoining area. In the event the Declarant or the Association, after such notice, causes the subject work to be done, the costs of such shall be reimbursed by the Owner to the Association and will become a continuing lien on the Lot until paid.

Notwithstanding anything to the contrary or apparently to the contrary herein, the Declarant shall be exempt from the provisions set forth in this Section.

Section 5.19 Other Use Restrictions.

In accordance with Section 1.2 hereof, a Supplemental Declaration may set forth additional use restrictions that will apply to the Property.

Section 5.20 Retaining Walls.

The Association shall have the obligation to maintain, repair and replace all retaining walls located within the Property, regardless of whether such retaining walls (or any part thereof) are located on a Lot. In the event that any retaining wall or portion thereof is located on a Lot, the Association shall have a perpetual easement over such portions of such Lot to allow the Association, its agents, or contractors to complete any necessary maintenance, repair or replacement to such retaining wall.

Section 5.21 On Street Parking Prohibited.

Except to the extent permitted under the rules and regulations promulgated by the Association from time to time, parking on the streets, roadways and alleys within the Property shall be prohibited.

ARTICLE SIX: ADDITIONAL RIGHTS RESERVED TO DECLARANT

ARTICLE SEVEN: MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION; RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

ARTICLE EIGHT: PROPERTY RIGHTS IN THE COMMON AREAS

These articles are not included in this subset. Please refer to the original document.

ARTICLE NINE
COVENANT FOR PAYMENT OF ASSESSMENTS

Section 9.1 Creation of the Lien and Personal Obligation for Assessments.

Each Member, other than the Declarant, who is the Owner of any Lot, by acceptance of a deed therefor, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay as limited below, to the Association:

- (a) annual assessments or charges as herein or in the Bylaws provided;
- (b) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided);
- (c) Special Individual Assessments, as defined and described in Section 9.5; and
- (d) working capital assessments of Five Hundred Dollars (\$500.00), due and payable by the grantee at the time such Lot is conveyed by the Declarant.

The annual and special Assessments and any Special Individual Assessments of an Owner and any fines, liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, 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 such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such properties at the time when the Assessment fell due. Payment of the working capital assessment shall not reduce the annual assessment.

Section 9.2 Purpose of Assessments.

The Assessments levied by the Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of the Property and other Members, and in particular for:

- (a) improvement, maintenance, and replacement of any of the Association's Common Areas including, without limitation, the Facilities;
- (b) payment of the Common Expenses;
- (c) implementation and enforcement of proper maintenance of exteriors of Dwelling Units and related improvements on improved Lots in the Property, if necessary, subject to reimbursement by the Owner(s) of such property pursuant to Sections 11. 1 and 11.2 of this Declaration;

- (d) establishment of capital replacement reserves; and
- (e) acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Association's Common Areas, including but not limited to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against those Common Areas, the procurement and maintenance of insurance related to those Common Areas, its recreational facilities and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

[Original Section 9.3]

~~Section 9.3 Assessment of Uniform Rates within Different Categories or Forms of Ownership.~~

~~Both annual and special Assessments shall be fixed at uniform rates for each Dwelling Unit and vacant Lot within the Property. Except as specified in Sections 9.13 and 9.14, there will be no difference between assessments as to vacant Lots or between assessments as to Dwelling Units.~~

[Amended Section 9.3, dated Sept. 8, 2008]

Section 9.3. Assessment Rates within Different Categories or Forms of Ownership.

(a) *Both annual and special Assessments shall be fixed at uniform rates for each Dwelling Unit and vacant Lot within the Property, except for Affordable Units which shall be charged no more than one half (½) of the amount of the annual assessments charged to a Dwelling Unit. Except as described herein and as specified in Sections 9.13 and 9.14, there will be no difference between assessments as to vacant Lots or between assessments as to Dwelling Units.*

(b) *Ratification. Except as expressly modified and amended as set forth in this Amendment, all other provisions of the Declaration shall remain unchanged and in full force and effect.*

Section 9.4 Special Assessments for Capital Improvements.

(a) In addition to the regular annual Assessments, the Association may levy in any assessment year, a special Assessment, applicable to that year only, for the purpose of, without limitation, defraying, in whole or in part, the cost of professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvement (including, without limiting the generality thereof, any lake, waterway, or pond) located upon the Association's Common Areas (in the discretion of the Association), including the necessary fixtures and personal property related thereto, provided that if any such special Assessment that is to be assessed against all Owners in the Properties exceeds Sixty Dollars (\$60.00), such special Assessment shall require the consent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose,

written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws for such special meetings. Any such special Assessment up to but not exceeding Sixty Dollars (\$60.00) shall not require the consent of the Members.

(b) In addition to the foregoing special Assessment approved by the Members, as described in the preceding paragraph, the Association may levy a special Assessment, in the event of emergencies in which the Association perceives a threat to persons or to property, without the consent of the Members. The amount of such Assessment, however, may not exceed Thirty Dollars (\$30.00) per Owner.

Section 9.5 Special Individual Assessments.

In addition to the regular annual Assessments and the special Assessments for capital improvements described above, the Association may levy, from time to time, on a particular Lot rather than on all Lots or types of Lots in the Property, special individual Assessments, immediately due and payable, consisting of any fines assessed by the Association under authority contained herein or in the Bylaws for an Owner's violations of the terms and conditions of this Declaration, any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, the collection of Assessments (both annual and special) or the collection of damages or charges arising under the Bylaws, all of the foregoing of which shall comprise "Special Individual Assessments".

Section 9.6 [Intentionally omitted.]

Section 9.7 Quorum for any Action Under Sections 9.4 and 9.14.

The quorum required for any action authorized by Sections 9.4 and 9.14 hereof shall be as follows:

At the first meeting called as provided in Section 9.9, the presence at the meeting of Members, or of proxies, entitled to cast a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirement set forth in Section 9.9, and the required quorum at any such subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum of each class of Member at the preceding meeting, provided that no such subsequent meeting shall be held more than fifty (50) days following the preceding scheduled meeting.

Section 9.8 Date of Commencement of Annual Assessment: Due Dates.

The regular annual Assessments provided for herein shall be paid (as determined by the Board) in monthly, quarterly, semiannual, or annual installments. The payment of the regular annual Assessment by Owners shall commence as to each Lot on the first day of the month following the conveyance of that property by the Declarant. The first regular annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of

the annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific Assessment has been paid. Such properly executed certificate of the Association as to the status of the Assessment is binding upon the Association as of the date of its issuance.

The first Assessments levied against any additions to the Property not now subject to Assessment, at a time other than the beginning of any Assessment period, shall be an amount which bears the same relationship to the regular annual Assessment as the remaining number of months in that year bear to twelve.

The due date of any special Assessment under Section 9.4 or any other Assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such Assessment.

Section 9.9 Duties of the Board. The Board shall fix the date of commencement, and shall fix the amount of the Assessment or Assessments against each Member, for each Assessment period, at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Members and Assessments applicable thereto which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Written notice of the Assessment or Assessments thereupon shall be sent to every Member subject thereto.

Within thirty (30) days after adoption of any proposed budget for the Community, the Board shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget shall be deemed ratified at the meeting unless at that meeting a majority of the Owners reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners (or the initial budget if no other budget has been ratified by the Owners) shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board. Assessments to pay a judgment against the Association may be made only against the Lots in the Community at the time the judgment was entered, in proportion to their Common Expense liabilities. If Common Expense liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

Section 9.10 Effect of Non-Payment of an Owner's Assessment: The Personal Obligation of the Owner: the Lien; Remedies of Association.

If the Assessments of an Owner are not paid within thirty (30) days following the date due (being the dates referred to in Section 9.7), then such Assessments shall become delinquent and shall, together

with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot(s), which shall bind such Lot(s) in the hands of the then-Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such Assessment shall remain his personal obligation for the statutory period; and, in addition, shall pass to his successors in title (as an encumbrance or lien against the Lot) unless expressly waived by the Board.

If the Assessment(s) is not paid within thirty (30) days after the delinquency date, the Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by law, whichever is less), and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to file a claim of lien and foreclose such lien against any such Lot(s), in like manner as a deed of trust on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes, and there shall be added to the amount of such Assessment, the costs of such action and reasonable attorneys' fees or other cost incurred by the officers of the Association pursuant to authority of the Board. By acceptance of a deed to a Lot, the Owner consents to, and grants to the Association, the power of sale provided herein. A claim of lien shall specify the name and address of the Association, the name of the record owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed. In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. In addition, the Board may set a schedule of late fees also due and payable if an Assessment is not paid within thirty (30) days after the delinquency date, which late fees shall be in addition to the other changes described herein.

Section 9.11 Subordination of the Lien on an Owner's Property to Mortgages or Deeds of Trust.

The lien on an Owner's property of the Assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot(s) subject to Assessment. The subordination shall not relieve any Lot(s) from liability for any Assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage or deed of trust, irrespective of when such first mortgage or deed of trust was executed and recorded. The sale or transfer of a Lot shall not affect any lien for Assessments. However, the sale or transfer of a Lot that is subject to a first mortgage or first 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 the payment thereof which became due prior to such sale or transfer. The extinguished Assessments shall be collectable as a Common Expense from all Owners in the Community. No such sale or transfer shall relieve a Lot from liability for any assessments thereafter becoming due, or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any such first mortgage or first deed of trust.

Section 9.12 Exempt Property.

The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

- (a) all Common Areas as defined in Article Two of this Declaration; and
- (b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption (Homestead exemptions shall not be considered an exemption.)

Notwithstanding any provision of this Section, no Lot shall be exempt from said Assessments, charges or liens except as described in Section 9.13 hereof.

Section 9.13 Declarant's Obligations for Assessments; Assessments on Unsold Lots.

Notwithstanding any term or provision of this Declaration which may be construed to the contrary, no Lot owned by the Declarant shall be subject to any assessment provided for in this Article during any period of time in which Declarant owns such Lot. At such time as any Lot that is owned by the Declarant shall be conveyed or transferred to NVR by the Declarant, NVR shall become liable for twenty five percent (25.0%) of the otherwise applicable liens and assessments provided for in this Article on an annual basis, included on a prorated annual basis for the calendar year in which the conveyance occurs, which prorated amount for the calendar year in which the conveyance occurs shall be payable at closing by NVR. The amount of the annual Assessment that shall become so payable with respect to any Lot shall be prorated according to the respective portions of the calendar year that such Lot was owned by the Declarant and by NVR. At such time as any Lot that is owned by NVR shall be conveyed or transferred by NVR to a third party home purchaser, or to any entity other than Declarant, the Association or an entity affiliated with NVR (which entity shall not hold title to the Lot for the purpose of using as rental property or for any other purpose other than construction of a townhome for sale), such third party shall become liable for its prorated share of 100% of the otherwise applicable liens and assessments provided for in this Article for the year in which the conveyance is made, and such amount shall be payable at closing, and then, on an annual basis, for the entire amount of such applicable liens and assessments as provided for in this Declaration.

Section 9.14 Maximum Annual Assessment.

Until January 1 of the year immediately following the conveyance of the first Lot from the Declarant, the maximum annual Assessment shall be **One Thousand Eight Hundred and No/100 Dollars (\$1,800.00) per Lot**. From and after January 1 of the year immediately following the conveyance of the first Lot from the Declarant, the annual Assessment each year shall be increased by no more than ten percent (10%) of the previous years' Assessment, unless two-thirds (2/3) or more of each class of the Members present or voting by proxy at a duly called meeting vote to increase the annual Assessments for a given year by more than five percent (5%) above the annual Assessments for the prior year. The Board may fix the annual Assessments at any amount not greater than the maximum described herein or determined by the duly called meeting as described above. The limitation on the increase in the annual Assessments herein shall not apply to any change in the maximum amount of the Assessments

undertaken as an incident to (1) a merger or consolidation in which the Association is authorized by law to participate, or (2) as an incident to any additions to the Property or submission of additional property pursuant to Section 1.2 of this Declaration.

Section 9.15 Reserve Funds.

From and after the recording of this Declaration, the Association may establish and maintain a reserve fund or funds for replacement and maintenance of the improvements located on the Common Area or the Property. In that event, the Association shall allocate revenues from Assessments to such reserve fund or funds in such amounts and in such manner as may be established from time to time by the Board. The reserve fund or funds shall be segregated from operating funds of the Association and may be in the form of a cash deposit, or invested in certificates of deposit or similar obligations issued by a bank or savings and loan association or the obligations of, or fully guaranteed as to principal by, the United States of America. The reserve fund or funds shall be used for the purpose of repairing, replacing and maintaining any facilities owned by the Association, and for such other purposes as may be determined by the Board.

ARTICLE TEN
INSURANCE AND RECONSTRUCTION

Section 10.1 Association Insurance.

The Association shall procure and maintain, or cause to be maintained, insurance in accordance with the following provisions:

[Original Paragraph 10.1 (a)]

~~(a) — Property Insurance. The Association shall obtain and maintain at all times a policy or policies of property insurance covering all buildings and common area improvements located within the Property, including, without limitation, the structure and exterior of any Building containing Dwelling Units, as well as those improvements located within the Common Area, in an amount not less than one hundred percent (100%) of the replacement cost of such improvements at the time such insurance is purchased and at the time of each renewal thereof, exclusive of the costs of excavation, paving, foundations and footings, with a commercially reasonable deductible.~~

[Amendment to Paragraph 10.1 (a), dated July 17, 2009]

~~(a) — Property Insurance. The Association shall obtain and maintain at all times a policy or policies of property insurance against loss or damage to all buildings and common area improvements located within the Property, including, without limitation, Dwelling Units, the structure and exterior of any Building containing Dwelling Units, as well as those improvements located within the Common Area, in an amount not less than one hundred percent (100%) of the replacement cost of such improvements at the time such insurance is purchased and at the time of each renewal thereof, exclusive of the costs of excavation, paving, foundations and footings, with a commercially reasonable deductible. Such insurance shall include, but is not limited to, hazard insurance against loss or damage by fire or other insurable hazard and other appropriate damage and physical loss insurance, an amount equal to not less than one hundred percent (100%) of the full replacement insurable value.~~

[Amendment to Paragraph 10.1 (a), dated August 8, 2016]

(a) Property Insurance. The Association shall procure property and casualty insurance on the Buildings and other improvements upon the Property and all fixtures and personal property included in the Common Area, and all personal property and supplies belonging to the Association in an amount equal to one hundred percent (100%) of the current replacement cost as determined annually by the Board with the assistance of the insurance company providing coverage. The Board shall, at least annually, review the insurance coverage required herein and determine one hundred percent (100%) of the current replacement cost of the Buildings and all other property which the Association is required to insure under this Article and Section. The coverage required under this Section 10.1(a) shall provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, windstorm and water damage, explosion and boiler damage, vandalism and malicious damage

and all perils covered by a standard "all risk" endorsement. Coverage shall not include land, foundations, excavations and other normally excluded items.

The property insurance policy which the Association is required to maintain hereunder may include a commercially reasonable deductible not to exceed \$10,000.00. Responsibility for the payment of the deductible shall be allocated between the Association and the Lot Owner(s) as follows:

- (i) If the covered loss involves Common Area only, the Association shall be solely responsible for the payment of the deductible;*
- (ii) If the covered loss involves a single Lot only, the Owner of that Lot shall be solely responsible for the payment of the deductible;*
- (iii) If the covered loss involves more than one Lot, but does not involve any portion of the Common Area, the responsibility for payment of the deductible shall be allocated and apportioned between the Owners of the Lots involved by the Board based on percentages calculated by dividing the cost to repair the damage to each Lot involved by the total cost to repair the damage to all Lots involved;*
- (iv) If the covered loss involves both Common Area and a Lot or Lots, the responsibility for payment of the deductible shall be allocated and apportioned between the Association and the Owner(s) of the Lot(s) involved by the Board based on percentages calculated by dividing the cost to repair the damage to the Common Area and to each of the Lot(s) involved by the total cost to repair the Common Area and all of the Lot(s) involved;*
- (v) If the covered loss is caused, in whole or in part, by a negligent or an intentional act or omission by a Lot Owner or any Owner's family member(s), guest(s) or invitee(s) (including, without limitation, a failure to properly inspect and maintain equipment, property, fixtures and/or components located within or upon the Lot), the responsibility for the payment of the deductible shall be allocated by the Board to the responsible Lot Owner(s) in such amounts as the Board, acting in its sole and unfettered discretion, deems reasonable and appropriate under the circumstances.*

The calculation, apportionment and allocation of responsibility for payment of the deductible by the Board shall be final and binding upon the Association and all Owners. Any deductible that is not paid by the Owner to whom it is allocated hereunder shall be an assessment against the Owner's Lot and be collectible by the Association as such as provided in Article Nine of this Declaration, Article VII of the Bylaws and applicable provisions of the NC Planned Community Act (N.C.G.S. Chapter 47F).

(b) Liability Insurance. The Association shall obtain and maintain a policy of commercial general liability insurance in such limits as the Association may, from time to time, determine,

covering each member of the Board, the property manager, if any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Area; provided, however, that in no event shall the limits of such policy ever be less than One Million Dollars (\$1,000,000.00) per occurrence. The Association shall review such limits annually.

(c) Fidelity Insurance. The Association shall procure and maintain, or cause to be maintained, a policy or policies of insurance coverage to protect against dishonest acts on the part of officers, directors, volunteers, managers and employees of the Association and any other persons who handle or are responsible for the handling of funds of the Association. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Association, but in no event less than one-half (1/2) the annual budgeted amount of annual Assessments, or the amount required by any Mortgagee, whichever is greater.

(d) Other Insurance. The Board, or its duly authorized agent, shall have the authority to and shall obtain and maintain in effect such other insurance coverages as may be required by any applicable governmental entity or agency ("Agency") (as same may be amended or modified from time to time), and such other insurance coverages as the Board shall determine from time to time to be desirable, specifically including, without limitation, directors and officers liability insurance, performance bonds, payment on labor and material bonds and maintenance bonds. In addition, the Association shall maintain flood insurance on any Lot and Dwelling Unit located within a "special flood hazard area," as designated on a Flood Insurance Rate Map published by the Federal Emergency Management Association, or if otherwise required by any Agency.

Section 10.2 Premiums.

Premiums upon insurance policies purchased by the Association, and any amounts paid as a result of a deductible on such policies, shall be paid by the Association and charged as a Common Expense of the Association for all purposes. All such premiums shall be paid by the Association at least thirty (30) days prior to the expiration date of such policies.

Section 10.3 General Standards.

All insurance policies maintained by the Association under this Article shall be written with a company or companies licensed to do business in the State of North Carolina and holding a rating of A or better in Best's Insurance Guide, provided that such insurance is available from a company with at least such a rating and that, in the event not so available, such insurance is obtained from a company with the highest rating available in Best's Insurance Guide. Upon request, duplicate originals of all such policies shall be furnished to all Owners and Mortgagees, provided that in lieu of such duplicate original policies the Association may deliver certificates to the Owners and the Mortgagees attesting the fact that such policies and such insurance are in force and effect. The Association also shall furnish to all Owners and Mortgagees evidence that premiums for the insurance required of it have been paid on

an annual basis. Notwithstanding the foregoing, during the existence of the Class B membership of the Association, all insurance may be provided by a self-insurance program maintained by the Declarant.

As provided in Section 47F-3-113 of the Act, it shall be the duty of the Association to obtain and maintain in effect at all times a policy of casualty insurance on all improvements located on the Common Elements. The amount of such policy shall be in amount that is no less than eighty percent (80%) of the replacement cost of the improvements to be insured with deductibles in amount to be determined by the Board. It shall also be the duty of the Association to obtain and maintain in effect at all times a comprehensive policy of public liability insurance. The comprehensive policy of public liability insurance shall have a reasonable amount of coverage, as shall be determined by the Board, and shall provide for such deductibles, as shall be determined by the Board. During the existence of the Class B membership of the Association, both insurances may be provided by a self-insurance program maintained by the Declarant.

Section 10.4 Owners' Insurance.

[Original Section 10.4]

~~Each Owner, by the acceptance of a deed or ground lease of such Owner's Dwelling Unit(s), hereby agrees and covenants to procure and maintain in full force and effect at all times, (i) comprehensive public liability insurance, in an amount of at least \$100,000.00 per occurrence, including liability for injuries to and death of persons, and for property damage, and (ii) hazard insurance against loss or damage to such Owner's Dwelling Unit(s) by fire or other insurable hazard and other appropriate damage and physical loss insurance, an amount equal to not less than one hundred percent (100%) of the full replacement insurable value of such Dwelling Unit(s) and the Association shall be named as an additional insured/loss payee under such hazard insurance policy. If any Owner fails to maintain the insurance required in this Section, the Association may, but shall not be obligated to, obtain such insurance and pay any premiums required in connection with obtaining such insurance. Such Owner shall be personally liable to the Association for all costs incurred by the Association in obtaining such insurance, to the same extent as such Owner is liable for Assessments levied against such Owner's Lot(s). Upon the failure of such Owner to reimburse such premiums and costs within ten (10) days after such Owner's receipt of a written demand therefor from the Association, the Association may establish and enforce a lien therefor upon the Owner's Lot(s) in accordance with and subject to the provisions of this Declaration applicable to a lien for Assessments. Each Owner shall file a copy of such policies with the Association within thirty (30) days after purchase of each such Lot.~~

~~Notwithstanding the foregoing provisions of this Section, it shall be the duty of the Board to obtain and maintain in effect bonds for termite infestation of the Townhomes.~~

[Amendment to Section 10.4, dated July 17, 2009]

~~Each Owner, by the acceptance of a deed or ground lease of such Owner's Dwelling Unit(s), hereby agrees and covenants to procure and maintain in full force and effect at all times, comprehensive-~~

~~public liability insurance, in an amount of at least \$100,000.00 per occurrence, including liability for injuries to and death of persons, and for property damage. If any Owner fails to maintain the insurance required in this Section, the Association may, but shall not be obligated to, obtain such insurance and pay any premiums required in connection with obtaining such insurance. Such Owner shall be personally liable to the Association for all costs incurred by the Association in obtaining such insurance, to the same extent as such Owner is liable for Assessments levied against such Owner's Lot(s). Upon the failure of such Owner to reimburse such premiums and costs within ten (10) days after such Owner's receipt of a written demand therefor from the Association, the Association may establish and enforce a lien therefor upon the Owner's Lot(s) in accordance with and subject to the provisions of this Declaration of applicable to a lien for Assessments. Each Owner shall file a copy of such policies with the Association within thirty (30) days after purchase of each such Lot.~~

[Amendment to Section 10.4, dated August 8, 2016]

Each Owner, by the acceptance of a deed or ground lease of such Owner's Lot(s) and/or Dwelling Unit(s), hereby agrees and covenants to procure and maintain in full force and effect, at all times, (i) comprehensive public liability insurance covering the Owner's Lot and any improvements situated thereon, in an amount not less than \$100,000.00 per occurrence, including liability for injuries to and death of persons, and for property damage, and (ii) property and casualty insurance (a/k/a "hazard" or "fire" insurance) against loss or damage to such Owner's Lot(s) and Dwelling Unit(s) by fire or other insurable hazard and other appropriate damage and physical loss insurance, in an amount which is sufficient to cover the cost of any insurance deductible amount which may be apportioned to such Owner under Section 10.1 (a) above. In addition, each Owner shall procure whatever additional insurance coverage he/she deems reasonable and proper to insure against damage to or loss of personal property and effects which are kept on the Owner's Lot or within the Dwelling Unit situated thereon.

If any Owner fails to maintain the insurance required by this Section 10.4, the Association may, but shall not be obligated to, obtain such insurance and pay any premiums required in connection with obtaining such insurance on the Owner's behalf. Such Owner shall then be personally liable to the Association for all costs incurred by the Association in obtaining such insurance, to the same extent as such Owner is liable to the Association for Assessments levied against such Owner's Lot(s). Upon failure of such Owner to reimburse such premiums and costs within ten (10) days after such Owner's receipt of a written demand therefor from the Association, the Association may establish and enforce a lien therefor upon the Owner's Lot(s) in accordance with and subject to the provisions of this Declaration which are applicable to a lien for Assessments. Each Owner shall file a copy of such policies with the Association within thirty (30) days after purchase of each such Lot.

Section 10.5 Responsibility for Reconstruction or Repair.

[Original Section 10.5]

~~If any portion of the Common Area is damaged by perils covered by the property insurance maintained by the Association in accordance with Section 10.1 (a), the Association shall cause such damaged portion to be promptly reconstructed or repaired with the proceeds of insurance available for that purpose, if any, and any such reconstruction or repair shall be substantially in accordance~~

~~with the plans and specifications for the original development of the Property. If (a) the proceeds of insurance are not sufficient to repair damage or destruction of any part of the Common Area by fire or other casualty, or (b) the damage or destruction is caused by any casualty not insured against, or (c) insurance proceeds are not available for repair or reconstruction by reason of the application of deductible clauses of applicable policies, then the repair or reconstruction of any damaged improvements within the Common Area shall be accomplished promptly by the Association and the cost of such repairs shall be a Common Expense of the Association.~~

~~Each Owner shall have the obligation to maintain in good condition and repair such Owner's Dwelling Unit and all other permitted structures and/or improvements located on such Owner's Lot in accordance with the applicable provisions of this Declaration. If a Dwelling Unit or improved portion of any Lot is damaged by perils covered by the property insurance maintained by the applicable Owner(s) in accordance with Section 10.4, such Owner(s) shall cause such damaged Dwelling Unit to be promptly reconstructed or repaired in accordance with the provisions of this Declaration and any such reconstruction or repair shall be substantially in accordance with the plans and specifications for the original construction of the applicable Dwelling Unit.~~

[Amendment to Section 10.5, dated July 17, 2009]

If any portion of the Common Area is damaged by perils covered by the property insurance maintained by the Association in accordance with Section 10.1(a), the Association shall cause such damaged portion to be promptly reconstructed or repaired with the proceeds of insurance available for that purpose, if any, and any such reconstruction or repair shall be substantially in accordance with the plans and specifications for the original development of the Property. If (a) the proceeds of insurance are not sufficient to repair damage or destruction of any part of the Common Area by fire or other casualty, or (b) the damage or destruction is caused by any casualty not insured against, or (c) insurance proceeds are not available for repair or reconstruction by reason of the application of deductible clauses of applicable policies, then the repair or reconstruction of any damaged improvements within the Common Area shall be accomplished by the Association and the cost of such repairs shall be a Common Expense of the Association.

Each Owner shall have the obligation to maintain in good condition and repair such Owner's Dwelling Unit and all other permitted structures and/or improvements located on such Owner's Lot in accordance with the applicable provisions of this Declaration. If a Dwelling Unit or improved portion of any Lot is damaged by perils covered by the property insurance maintained by the Association in accordance with Section 10.1(a), such Owners shall work in good faith with the Association, the Association's insurance company, and the agents of both, to cause such damaged Dwelling Unit to be promptly reconstructed or repaired in accordance with the provisions of this Declaration and any such reconstruction or repair shall be substantially in accordance with the plans and specifications for the original construction of the applicable Dwelling Unit.

Section 10.6 Procedure for Reconstruction or Repair.

- (a) In the event of a casualty causing damage to any portion of the Common Area, the following provisions shall govern and apply:

(i) Immediately after a casualty which causes damage to any portion of the Common Area, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board deems necessary.

(ii) If the proceeds of the insurance for such casualty are not sufficient to defray the estimated costs of reconstruction and repair by the Association (including the professional fees and premiums, if any), one or more special Assessments shall be made against all Owners in sufficient amounts to provide funds for the payment of such costs, and the proceeds of such special Assessments shall be deposited with the Association; provided, however, that the Association may borrow funds to pay for such costs with the assent of two-thirds (2/3) of the Members voting at a meeting duly called for such purpose.

(iii) The proceeds of the property insurance referred to in Section 10.1 (a) and the sums deposited with the Association from collections of special Assessments proceeds or authorized loans, as provided herein, shall constitute a construction fund which shall be held by the Association and applied to the payment of the cost of reconstruction and repair of the Common Area from time to time as the work progresses, but not more frequently than once in any calendar month. The Association shall make such payments upon a certificate dated not more than fifteen (15) days prior to such request, signed by an architect in charge of the work who shall be selected by the Association, certifying that the sum then requested is justly due to contractors, subcontractors, materialmen, architects, or other persons who have rendered services or furnished materials in connection with the work, giving a brief description of the services and materials, and certifying that the sum requested does not exceed the value of the services and materials described in the certificate. It shall be presumed that the first monies disbursed in payment of such costs of reconstruction and repair shall be from insurance proceeds; and if there is a balance in any construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be disbursed to the Association which may use such excess funds for any purpose not in violation of this Declaration in the sole discretion of the Board.

(b) In the event of a casualty causing damage to all or any portion of a Dwelling Unit, the insurance proceeds from any Owner's insurance policy on such Dwelling Unit, unless retained by a Mortgagee of such Dwelling Unit, shall be applied first to the repair, restoration or replacement of the Dwelling Unit. Any such repair, restoration or replacement shall be done in accordance with the original plans and specifications for such Dwelling Unit; unless the Owner desires to construct structures differing from those originally approved and constructed, in which event the Owner shall submit plans and specifications for the differing improvements and structures to the Committee and obtain its approval prior to commencing the repair,

restoration or replacement. If any Mortgagee does not permit insurance proceeds to be used to restore any damaged or destroyed Dwelling Unit, the Owner is still obligated to repair, restore or replace the damaged Dwelling Unit, at the Owner's own expense, promptly and expeditiously. If the Owner does not begin to make said repairs, restorations or replacements within a reasonable period of time after the damage or destruction has occurred, the Association shall have the right, but not the obligation, to have said repairs, restorations or replacements completed on the Dwelling Unit. If the Association chooses to proceed in this manner, the Owner of the Dwelling Unit shall be liable to the Association for costs incurred in completing the repairs, replacements or restorations on the Dwelling Unit, to the same extent and in the same manner as the Owner is liable for Assessments levied against such Dwelling Unit and/or associated Lot. Upon the failure of the Owner to pay such costs as may be incurred by the Association within ten (10) days after such Owner's receipt of written demand therefor from the Association, the Association may establish and enforce a lien therefor upon the Owner's Lot in accordance with and subject to the provisions of this Declaration applicable to an Assessment lien. If the Association chooses not to proceed to repair, restore or replace the damaged Dwelling Unit, such choice shall not mitigate any legal liability that an Owner who fails to repair its Dwelling Unit after a casualty may have to an adjacent Owner for damage caused to the adjacent Dwelling Unit as a result of such failure to repair. If any Mortgagee does not permit insurance proceeds to be used to restore any damaged or destroyed Dwelling Unit, and both the Owner and the Association choose not to make said restoration, then the Owner or Association shall raze the remaining improvements and structures on such Lot and return the Lot to its natural condition free of all debris. The Owner shall be liable for any costs incurred by the Association in razing such improvements and structures, and also for any subsequent improvements that must be made to adjacent Dwelling Units, in order to maintain their integrity and the appearance of the community and the Townhomes. Upon the failure of the Owner to pay such costs as may be incurred by the Association within ten (10) days after such Owner's receipt of written demand therefor from the Association, the Association may establish and enforce a lien therefor upon the Owner's Lot in accordance with and subject to the provisions of this Declaration applicable to an Assessment lien.

ARTICLE ELEVEN
MAINTENANCE; PARTY WALLS

Section 11.1 Maintenance by Association.

The Association shall be responsible for the operation, maintenance and repair of the Common Area. In addition, the Association shall be responsible for grounds maintenance and lawn care in the yard area of each Lot, except for any portion of a Lot located inside a fence. Such lawn care and grounds maintenance shall consist of normal grass mowing, replacement of dead trees or shrubs, maintenance of landscaped areas or plant or flower beds installed by the Declarant or the Association (after the expiration of the Class B membership period) and any other maintenance activity as the Declaration or the Association (after the expiration of the Class B membership period) may determine, in its sole discretion, to keep such areas in a condition that is in compliance with the terms of this Declaration. Notwithstanding anything to the contrary contained herein, in the event an Owner landscapes its Lot so as to change the size or character of plant or flower beds (an "Altered Bed") on its Lot, the Association shall no longer have the responsibility to maintain the Altered Beds, but such Owner (and any subsequent Owner of a Lot on which there are Altered Beds) shall be responsible for all maintenance of the Altered Beds at its sole cost and expense. If such Owner (or subsequent Owner) fails to maintain such Altered Beds in a condition in compliance with the terms of this Declaration, after providing notice of such failure to the Owner, the Association may, but shall not be obligated to, enter upon such Owner's Lot and maintain such landscaping in a condition in compliance with the terms of this Declaration. If such failure continues for a period of three (3) months, the Association, upon written notice to the Owner, may require the Owner to remove the additional landscaping and restore the beds to their original condition or to a condition consistent with other plant or flower beds maintained by the Association within the Community. If the Owner does not restore the beds within fourteen (14) days after the date of such notice from the Association, the Association may remove such landscaping and restore the beds to their original condition or to a condition consistent with other plant or flower beds maintained by the Association within the Community. The cost of such maintenance and/or removal and restoration shall immediately be deemed a special Assessment levied by the Association against such Owner and such Owner's Lot, shall become the personal obligation of such Owner and shall become a lien against such Lot enforceable in accordance with the provisions herein. If an Owner of a Lot on which there are Altered Beds wishes for the Association to maintain such beds, such Owner shall remove all such landscaping that altered the size or character of the Declarant or Association installed beds and return such beds to their original condition or to a condition consistent with other plant or flower beds maintained by the Association within the Community. The Association shall also maintain, repair and replace any utility lines, fixtures and the like located in a party wall or in the first-floor flooring of a Dwelling Unit when such lines, fixtures and the like serve more than one Dwelling Unit. The cost of such maintenance, repair and replacement shall be shared by all Dwelling Units in the Building affected, unless the cause of the repair or replacement can be attributed to a specific Owner, in which case such Owner shall be responsible for the cost of such repair or replacement. Notwithstanding the foregoing, the Association shall not be responsible for any maintenance or repairs caused by the negligence or intentional misconduct of any Owner, its agents, invitees or family members, which shall be the responsibility of that Owner. Furthermore, in no event shall the Association be responsible for the repair and maintenance of

windows and/or exterior doors, which items shall be repaired, maintained and replaced at the cost and expense of the Owner. Notwithstanding anything else contained herein, the Association shall also be responsible for the maintenance and repair of the exterior surfaces of all Buildings containing Dwelling Units, except that the Association shall not be responsible for the maintenance and repair of doors and windows of Dwelling Units, which doors and windows shall be the responsibility of the Owner of the applicable Dwelling Unit.

[Amendment to Section 11.1, dated February 19, 2014]

The Association is responsible for the maintenance, repair and replacement of the roofs but not features in the roofs. However, the Association is not responsible for maintenance, repairs or replacement of any alterations, improvements or attachments made by the Owner.

Section 11.2 Maintenance by Owners.

[Amendments to Section 11.2, dated February 19, 2014 and August 8, 2016]

Except for the maintenance required of the Association under Section 11.1, each Owner shall keep the Lot owned by him, and all improvements thereon, in a clean and sanitary condition and in good order and repair. ~~Owners shall be responsible for, and shall maintain, repair and replace at their own expense, the entirety of its Dwelling Unit, including without limitation, all walls, including drywall, utilities in walls where such utilities serve just their Dwelling Unit, features in walls (windows, vents, doors), features in roofs (vents and the like), the roof, any deck, porch or patio, and the heat pump serving the Dwelling Unit, even if not located on the Lot on which the Dwelling Unit is located.~~ *Except in the case of damage to or destruction of property which is a covered loss under the property and casualty insurance which the Association is required to maintain under Article Ten, Section 10.1(a) hereof, each Owner shall be responsible for, and shall maintain, repair and replace at their own expense, the entirety of such Owner's Lot and Dwelling Unit, including without limitation, all walls, including drywall, utilities in walls where such utilities serve just their Dwelling Unit, features in walls and roofs (including, but not limited to, windows, vents and doors), any deck, porch or patio, and the heat pump serving the Dwelling Unit, even if not located on the Lot on which the Dwelling Unit is located. The Association is not responsible for the maintenance, repair or replacement of any mechanisms, motors, or any other or any other part or device that operates any garage door.* All fixtures and equipment installed within a Lot, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of the Dwelling Unit, shall be maintained and kept in repair by the Owner thereof, except that utility lines, fixtures and the like serving more than one Dwelling Unit shall be maintained by the Association as provided in Section 11.1. If an Owner fails to maintain its Lot and the improvements thereon in accordance with this Article in a manner and condition reasonably satisfactory to the Board, in its sole discretion, the Board shall give written notice to such Owner and, if the necessary maintenance is not completed within twenty (20) days, the Association shall have the right, through its agents, contractors, and employees, to enter upon the Lot of the defaulting Owner and to repair, maintain and restore the Lot and the exterior of the Building and any other improvements erected thereon in a reasonable and good and workmanlike manner. The cost of such repair, maintenance or restoration shall immediately be deemed a special Assessment levied by the Association against such Owner and such Owner's Lot, shall become the personal obligation of such Owner and shall become a lien against such Lot enforceable in accordance

with the provisions herein. In the event of an emergency (as so deemed by the Board in its reasonable discretion), the Association shall have the right, with or without prior notice to the Owner, to enter any Lot and Dwelling Unit to make emergency repairs necessary for the proper maintenance and operation of the Townhomes.

Section 11.3 Party Walls, Shared Structures and Common Utility Lines.

- (a) General Rules of Law Apply. Each wall, roofing joint, fence, driveway or similar structure on a Lot that serves and/or separates any two (2) adjoining Lots shall constitute a "Party Structure". To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support on below-ground construction, and liability for property damage resulting from negligence or willful acts or omissions shall apply to each party wall or party fence which is built as part of the original construction upon each Lot and any replacement thereof. If any portion of any structure originally constructed by Declarant or NVR, including any Party Structure, any extension of a Party Structure, and utility line or fixture therein, or any common fence, protrudes over an adjoining Lot, or into the Common Area; such structure, wall, line, fixture or fence shall be deemed to be a permitted encroachment upon the adjoining Lot or Common Area, and the Owners and the Association shall neither maintain any action for the removal of the encroaching structure, wall or fence, nor any action for damages. If there is a protrusion as described in the immediately preceding sentence, it shall be deemed that the affected Owners or the Association have granted perpetual easements to the adjoining Owner or Owners for continuing maintenance and use of the encroaching structure, wall or fence. The foregoing provision also shall apply to any replacements in conformance with the original structure, wall or fence constructed by Declarant. The provisions of this Section shall be perpetual in duration and shall not be affected by an amendment of this Declaration.
- (b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Structure shall be shared by the Owners who own such Party Structure in proportion to their ownership.
- (c) Destruction by Fire or Other Casualty. If a Party Structure is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if any other Owner thereafter makes use of the wall, he shall contribute to the cost of restoration thereof in proportion to such use, 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 omissions.
- (d) Weatherproofing. Notwithstanding any other provision of this Declaration, an Owner who by its negligent or willful act causes the Party Structure to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) 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.

(f) Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of any other Owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a Party Structure. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the Owner shall restore the adjoining Lot or Lots to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

(g) Certification With Respect to Contribution. If any Owner desires to sell its Lot, such Owner may, in order to assure a prospective purchaser that no adjoining Owner has a right of contribution as provided in this Article, request of the adjoining Owner or Owners a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request and without charge. If the adjoining Owner claims the right of contribution, the certification shall contain a recital of the amount claimed and the basis therefor.

(h) Arbitration. In the event of any dispute arising concerning a Party Structure, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision of a majority of all such arbitrators shall be binding upon the Owners, who expressly agree to submit to and be bound by such arbitration procedure and decision. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board shall select an arbitrator for the refusing party. All arbitrators chosen shall be either architects, engineers, general contractors or attorneys licensed as such in North Carolina.

Section 11.4 Easements.

Every Owner and the Association (and the Declarant acting on behalf of the Association prior to the termination of Class B membership) shall and hereby is granted any and all easements necessary or otherwise appropriate to allow each such party to exercise the rights granted and the obligations imposed hereunder. Such easements are for the existence (location) of utility lines, fixtures and the like, walkways and other typical elements of the Building or serving the Building that serve one or more Dwelling Unit but lying in a portion of another Dwelling Unit or Lot and for the installation, repair, maintenance, replacement, upgrade and the like of same, including, without limitation, to change the grade of grounds or to install drainage control devices.

Specifically, but not by way of limitation, easements are hereby established to allow utility lines and fixtures to cross through and under yards (underground where possible), to pass through party walls and to pass through and under the first-floor flooring of Buildings, and for the installation, repair, maintenance, replacement, upgrade and the like of same, specifically including but not limited to

electricity, telephone, cable, natural gas, exhaust vents and sanitary sewer lines (which may enter the Building through one Dwelling Unit and thereafter serve each Dwelling Unit through separate lines through the walls and/or floors of the Building). Easements are hereby established to allow the existence (location) of walkways leading to each Dwelling Unit from paved areas of the Townhomes, and for the installation, repair, maintenance, replacement, upgrade and the like of same. Easements are hereby established for the exercise of the Association's right and obligation to provide maintenance (including but not limited to Building and yard maintenance and landscaping) in accordance with this Article. Easements are hereby established for each Owner's right and obligation to maintain features of its Dwelling Unit or the Building as described in this Article. Easements are hereby established for the continued existence and maintenance of the structural integrity of the party walls in the Building and the support they provide, and easements are hereby established for the continued existence and the maintenance of the structural integrity of the roof of each Building. Furthermore, easements are specifically granted for gutter systems and spouts collecting water from one Lot and channeling it through the gutter systems and spouts existing on adjacent Lots.

The easements hereby granted and established shall be exercised under the following conditions unless an emergency exists and more expedient use of the easement is appropriate (with an "emergency" being any condition to which a more expedient use of the easement will or will likely prevent significant damage to personal property or any personal injury). Notice to Owners of Dwelling Units affected by the exercise of any such easement shall be provided at least twenty-four (24) hours in advance, and the party entering the Dwelling Unit shall do so in the manner least likely to disrupt the privacy and sanctity of the Dwelling Unit and its occupants. Any damage to the Dwelling Unit or the Building or Common Area caused by the exercise of the rights granted or the obligations imposed hereunder shall be repaired immediately by the party on whose behalf the exercise of easement rights hereunder was performed. In the event of controversy between Owners regarding the exercise of easement rights hereunder, the Association may exercise such rights on behalf of one or more Owners (whether or not the right or obligation to perform functions requiring such easements has been reserved for individual Owners or the Association hereunder) and may charge the Owners for whom such exercise has been performed the costs thereof.

Section 11.5 Utilities and Other Easements.

All utility lines of every type, including but not limited to water, electricity, gas, telephone, sewage and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground. The Declarant reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use water, irrigation, electric, gas, telephone, sewage and television cables, and any other utilities lines and conduits for the purpose of bringing public or other services, at this time known or unknown, to the Property on, in, under and over the streets or roads and over any Lot shown on any Recorded Plat of the Property, within up to ten (10) feet of each lot line fronting on a street (but such easement hereby granted shall not extend past or into the footing of any Building erected on a Lot) and over such other areas as are so identified on any Recorded Plats of the Property. In addition, the Association may cut, in the above described easements, as well as anywhere else that such may be required, at its own expense, drainways for surface water and/or to install underground storm

drainage wherever and whenever such action is required by applicable health, sanitation or other state or local authorities, or in order to maintain reasonable standards of health, safety and appearance. In addition, Declarant also reserves the right to install and maintain sidewalks leading from the Common Area to a Dwelling Unit's front door, and install, maintain and repair bike and pedestrian paths, street lights and/or street-side landscaping, which right shall automatically transfer to the Association at any time(s) when there is no Class B membership. Any easements first identified on Recorded Instruments or Recorded Plats of property no longer owned by the Declarant must be consented to on the Recorded Plat or other Recorded Instrument by the owner of such property. The Declarant may, but is not required to, release any of the easements reserved herein as to any Lot for which it deems such easement is unnecessary for the efficient development and operation of the Property, but it may do so only until two years after Class B membership has last terminated.

Section 11.6 Construction, Settling and Overhangs.

Each Lot and the Common Area shall be and is subject to an easement for encroachments created by construction, settling and overhangs, as originally designed or constructed, so long as such encroachments exist. Every portion of a Lot and each Dwelling Unit constructed thereon and contributing to the support of an abutting Dwelling Unit shall be burdened with an easement of support for the benefit of such abutting Dwelling Unit. If adjoining Dwelling Units are partially or totally destroyed, and then rebuilt, the Owners of the Lots so affected agree that minor encroachments from the adjacent Lots or Common Area resulting from construction shall be permitted and that a valid easement for such encroachments shall exist.

Section 11.7 Storm Water Management.

Until the earlier to occur of the date on which all Lots in the Property shall have been conveyed to an Owner other than Declarant, or the Association has assumed responsibility for all obligations imposed upon it with respect to storm water management under this Declaration pursuant to the requirements of the Town of Davidson and/or Mecklenburg County, or the seventh (7th) anniversary of the date of the recording of this Declaration, the Declarant reserves a blanket easement and right on, over and under the Property and any Lot to maintain and to correct the drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Except as limited hereby, such right expressly includes the right to cut any trees, bushes or shrubbery, to change the grade of the soil, to install any storm water management facility or to take any other similar action reasonably necessary for such purpose; provided that Declarant shall thereafter restore the affected property to its original condition as near as practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners unless in the opinion of Declarant an emergency exists which precludes such notice.

Declarant, and/or any governmental authorities having jurisdiction with respect to the Property and any Owner, shall have a blanket, perpetual and non-exclusive easement in common in, upon, over, under, across and through the Property for surface water runoff and drainage caused by natural forces and elements, grading and/or the improvements located upon the Property. No individual

Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems within the Property.

In the event the established drainage over its Lot is changed or altered, each Owner shall cooperate with the Association to adequately provide drainage in accordance with the Stormwater Control Measures for the Townhomes. For the purpose hereof, "established" drainage is defined as the drainage that occurs at the time the overall grading of the Property, including the landscaping of each Lot, is completed, or the drainage pattern that is created or revised from time to time by the Association in accordance with the Stormwater Control Measures approved by the Townhomes.

The Storm water Control Measures that serve more than one Lot and are located outside of a public street right of way shall be considered Common Area, and all maintenance, repair and replacement costs, other than those caused by the negligence and/or willful misconduct of any Member, shall be considered part of the Common Expenses.

ARTICLE TWELVE: AMENDMENT TO DECLARATION
ARTICLE THIRTEEN: CAPTIONS, INTRODUCTIONS, RECITALS AND GENDER
ARTICLE FOURTEEN: SERVERABILITY AND GOVERNING LAW
ARTICLE FIFTEEN: CONSTRUCTION ACTIVITIES
ARTICLE SIXTEEN: DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION

These articles are not included in this subset. Please refer to the original document.