DEE-2026038486
Recorded 114 on 08/12/2026 11:45:18 AM
Recording Fee: $25.00
Office of REGISTER OF DEEDS, SPARTANBURG, S.C.
ASHLEY B. WILLIAMS REGISTER OF DEEDS
BK:DEE 159-K PG:13-126

DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR CLAYBANK FARMS ("DECLARATION")

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF SOUTH CAROLINA.
THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS.

TABLE OF CONTENTS

DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS

This Declaration of Covenants, Conditions, Easements and Restrictions for Claybank Farms ("Declaration") is executed by TMC Claybank, LLC a South Carolina limited liability company ("Declarant"), and shall become effective as of the date of its execution.

ARTICLE 1 CREATION OF THE COMMUNITY

1.1 Purpose and Intent

Declarant owns the real property described on Exhibit A. (the "Property"). Declarant intends to establish a general plan of development for the planned residential community known as Claybank Farms. (the "Community"). As part of that plan, Declarant has created Claybank Farms Owners Association, Inc., a South Carolina nonprofit corporation comprised of all owners of real property in the Community, (the "Association"), to own, operate, and maintain the Common Area (as defined in Article 2), and to administer and enforce this Declaration and the other Governing Documents (as defined in Article 2). This Declaration is being recorded in furtherance of that plan and is intended to create a common interest community under the South Carolina Homeowners Association Act, as amended.

1.2 Governing Documents

Subject to the Act and other Applicable Law, the governance of the Community shall be exercised pursuant to, and the rights and obligations of the Association, its Members, the Declarant, and all Owners shall be governed by, the following documents (collectively, the "Governing Documents"), each as they may be amended or supplemented from time to time:

- this Declaration;
- the Association's Articles of Incorporation;
- the Association's Bylaws;
- the Restrictions adopted pursuant to Article 7;
- the Design Guidelines adopted pursuant to Article 8; and
- any resolutions, rules, or policies duly adopted by the Board of Directors in accordance with the Act and these Governing Documents.

In the event of a conflict among or between any of the foregoing, the documents shall control in the order listed above, unless the Act provides otherwise.

ARTICLE 2 DEFINITIONS

2.1 Definitions

Capitalized terms used in this Declaration shall have the meanings set forth below (or, if not defined below, as set forth elsewhere in the Governing Documents). The singular includes the plural, and the plural includes the singular.

2.1.1 "Act"

The statute that governs property-owner or planned-community associations in the State, meaning, South Carolina Homeowners Association Act, as amended (collectively, the "Act").

2.1.2 "Additional Property"

The real property situated in Spartanburg County, South Carolina, the legal description of which is set forth on Exhibit B, as that exhibit may be supplemented or amended from time to time (collectively, the "Additional Property").

2.1.3 "Annual Assessment"

The recurring assessment levied against each Lot pursuant to Article 6, in the amount determined and allocated under § 6.1, for the purpose of funding the Association's Common Expenses for the general benefit of all Lots (each, an "Annual Assessment").

2.1.4 "Applicable Law"

All present and future federal, state, county, and local constitutions, statutes, ordinances, regulations, rules, codes, and judicial or administrative decisions that govern or affect the Property, the Association, or the rights and obligations of the Declarant, the Association, or any Owner (collectively, "Applicable Law").

2.1.5 "Area of Common Responsibility"

The Common Area together with any other real property, improvements, or facilities that the Association is obligated or permitted to maintain, repair, replace, operate, or insure under this Declaration, any Supplemental Declaration, or other recorded instrument (collectively, the "Area of Common Responsibility").

2.1.6 "Articles"

The Articles of Incorporation of the Association, together with any amendments, restatements, or supplements thereto, as filed with the appropriate state authority (collectively, the "Articles").

2.1.7 "Association"

Claybank Farms Owners Association, Inc., a South Carolina nonprofit corporation, and its successors and assigns (the "Association").

2.1.8 Intentionally Omitted

2.1.9 "Authorized Corporate Occupant"

The individual—or, if expressly approved by the Board, more than one individual—whom a record Owner that is not a natural person (for example, a corporation, limited-liability company, partnership, trust, or other legal entity) designates in writing to (i) reside in the Owner's Lot and (ii) exercise the Owner's membership rights, subject to the following conditions:

- The Owner must deliver the written designation to the Board and may not change it more than once in any twelve (12) month period without the Board's prior consent, except for good cause (such as death, divorce, or termination of employment).
- An individual's status as an Authorized Corporate Occupant terminates automatically when that individual's relationship with the entity holding title to the Lot ends.
- Any occupancy of an entity-owned Lot by a Person who is not an Authorized Corporate Occupant shall constitute "Leasing" for all purposes of this Declaration.

2.1.10 "Board"

The duly constituted Board of Directors of the Association, acting collectively on the Association's behalf in accordance with the Governing Documents and Applicable Law (the "Board").

2.1.11 "Builder"

Any Person or entity that, at any time, satisfies any of the following criteria:

- is duly licensed or otherwise lawfully authorized to construct residential dwellings in the State and has been approved in writing by Declarant (or Declarant's authorized designee) as an "Approved Builder" for one or more Lots;
- is a Declarant Affiliate or any other Person that Declarant designates in writing as an Approved Builder;
- is a third-party land bank, land-finance company, special-purpose entity, or similar vehicle that temporarily holds title to one or more Lots solely to facilitate construction by an Approved Builder and the subsequent conveyance of such Lot(s) to a consumer purchaser; or
- acquires one or more Lots from Declarant, an Approved Builder, or a Declarant Affiliate for the purpose of constructing a dwelling on such Lot(s) for later sale to an end purchaser.

Each Lot owned by a Builder— or by an entity described in clause (c) above— shall be deemed a Builder-owned Lot for every purpose of this Declaration, including, without limitation, any assessment exemptions, until the Lot is conveyed to a Class A Member other than a Builder.

Declarant hereby designates Eastwood Homes, LLC and its affiliates, including any landbank entity operating on behalf of the same, as "Approved Builders" for the purposes of this Declaration. Approved Builder(s) shall be a subset of the defined term "Builder" who have been designated in writing by Declarant and shall have all the rights of Builders hereunder, plus those rights set forth specific to Approved Builders.

2.1.12 "Bylaws"

The duly adopted bylaws of the Association, together with any amendments, restatements, or supplements thereto as may be adopted in accordance with this Declaration, the Articles, and Applicable Law (collectively, the "Bylaws").

2.1.13 "Class A Member"

Every Owner who holds a Class A membership in the Association pursuant to § 4.2.1, including Declarant with respect to each Lot it owns (except to the extent Declarant holds a separate Class B membership).

2.1.14 "Class B Member"

The Declarant (or any successor or assignee to whom the Class B membership has been duly transferred) holding the Class B membership described in § 4.2.1, until such Class B membership terminates in accordance with this Declaration.

2.1.15 "Common Area"

All real and personal property, and every easement, right, or other interest therein, that the Association now or hereafter owns, leases, or otherwise holds for the common use, benefit, or enjoyment of the Owners (collectively, the "Common Area").

2.1.16 "Common Expenses"

All actual or reasonably estimated costs and expenses that the Association incurs, or expects to incur, in managing, operating, maintaining, repairing, replacing, or insuring the Area of Common Responsibility—

together with such reasonable reserves as the Board may establish—for the general benefit of all Owners (collectively, the "Common Expenses").

2.1.17 "Community"

The planned residential community known as Claybank Farms, consisting of the Property (and any Additional Property that may hereafter be subjected to this Declaration), together with all Common Area, Lots, and improvements located thereon (collectively, the "Community").

2.1.18 "Community-Wide Standard"

The level and quality of maintenance, appearance, construction, use, and conduct that, in the judgment of Declarant (initially) and thereafter of the Board, prevail within the Community or are otherwise deemed desirable to preserve or enhance property values and the overall character of the Community, as reflected in the Governing Documents and any written guidelines, rules, or policies adopted and amended from time to time (the "Community-Wide Standard").

2.1.19 "County"

Spartanburg County, South Carolina, the county (or equivalent jurisdiction) in which all or the principal portion of the Property is located ("County").

2.1.20 "Declarant"

TMC Claybank LLC, a South Carolina limited liability company, and any successor or assign that acquires and is expressly assigned the rights of the original Declarant under this Declaration in accordance with § 10.6 (collectively, the "Declarant").

2.1.21 "Declarant Affiliate"

Any Person that, directly or indirectly, (i) controls the Declarant, (ii) is controlled by the Declarant, or (iii) is under common control with the Declarant, where "control" means the ownership, directly or indirectly, of more than fifty percent (50 %) of the voting interests or equity of an entity, or the power to direct its management and policies by contract or otherwise (each, a "Declarant Affiliate").

2.1.22 "Declarant Control Period"

The span of time during which the Declarant, as the sole Class B Member, is entitled—pursuant to the Bylaws—to appoint or remove the Association's directors. The Declarant Control Period shall end upon the earliest to occur of:

- twenty-five (25) years after the date this Declaration is recorded, unless extended for successive ten- (10-) year terms by a written instrument executed by Owners holding a majority of the Class A votes and recorded in the Land Records;
- such earlier date as the Declarant, in its sole discretion, records a written instrument relinquishing its Class B rights, provided Declarant shall not terminate the same for so long as an Approved Builder owns any portion of the Property; or
- the date on which every Lot shown on the Master Plan has (i) received a certificate of occupancy (or functional equivalent) and (ii) been conveyed to a Class A Member other than a Builder or Approved Builder.

In all events, if Applicable Law mandates an earlier termination or turnover, the Declarant Control Period shall end no later than the date required by such law.

2.1.23 "Design Guidelines"

The written architectural, landscape, and aesthetic standards and procedures adopted pursuant to Article 8, together with any amendments, restatements, or supplements thereto, as may be adopted from time to time (collectively, the "Design Guidelines").

2.1.24 "Design Review Committee" or "DRC"

The committee established pursuant to § 8.2.2—together with any successor committee or body—to review, approve, condition, or disapprove plans and to administer and enforce the Design Guidelines (the "Design Review Committee" or "DRC").

2.1.25 "Eligible Mortgage"

Any first-priority Mortgage encumbering a Lot that is held (or subsequently acquired) by an Eligible Mortgage Holder.

2.1.26 "Eligible Mortgage Holder"

The holder (including any insurer or guarantor) of a first-priority Mortgage on a Lot who has delivered to the Association a written request for notices that states (i) the holder's name and mailing address and (ii) the street address of the encumbered Lot, all as contemplated by § 14.1 (each, an "Eligible Mortgage Holder").

2.1.27 "Governing Documents"

Collectively, (i) this Declaration, (ii) every Supplemental Declaration, (iii) the Articles, (iv) the Bylaws, (v) the Restrictions (including all rules adopted under Article 7), (vi) the Design Guidelines, and (vii) every resolution, rule, or written policy duly adopted by the Board, together with all amendments, restatements, and supplements to any of the foregoing (collectively, the "Governing Documents").

2.1.28 "Land Records"

The public real-property records maintained by the official recording office having jurisdiction over the Property—currently the Register of Deeds for Spartanburg County, South Carolina —and any successor recording office or system (collectively, the "Land Records").

2.1.29 "Leasing"

The occupancy or use of a Lot by any Person other than:

- the Lot Owner;
- a child, parent, grandparent, spouse, or former spouse of the Owner (with the relationship verified to the Board upon request);
- an Authorized Corporate Occupant; or
- a roommate of any Person described in clauses (a)–(c) who also occupies the Lot as his or her primary residence.

A Lot shall be deemed "Leased"—and the occupancy deemed "Leasing"—even if no rent or other consideration is paid, unless the occupants fall within one of the exemptions in clauses (a)–(d) above.

2.1.30 "Leasing Cap"

The maximum number of leasing permits (exclusive of hardship leasing permits) that may be outstanding at any one time under Article 7. Unless and until changed in the manner authorized by § 7.4.8, the Leasing Cap equals thirty percent (30 %) of all Lots in the Community. The Board may amend that percentage—by

Board resolution or, if required by the Act or other Applicable Law, by the affirmative vote of the Members—in accordance with§ 7.4.8 and Applicable Law.

2.1.31 "Lot"

- Each parcel within the Property that is identified on a recorded Plat or in a Supplemental Declaration as an individual residential lot, together with all improvements thereon; and
- with respect to any portion of the Property (or of any Additional Property) that has not yet been platted, the number of residential lots assigned to such acreage on the Master Plan or, if more recent, on a county-approved site plan—each such planned lot being deemed a "Lot" for every purpose of this Declaration until a subdivision Plat for that acreage is recorded.

Lots may be created, added, or withdrawn pursuant to Article 3. Upon recordation of a Plat covering any acreage, the Lots shown on that Plat shall thereafter be the Lots for such acreage, and any previously deemed Lots for the same acreage shall automatically be superseded by the platted Lots.

2.1.32 "Master Plan"

The overall conceptual or preliminary development plan for the Community, as approved (and as may hereafter be supplemented or amended) by the applicable governmental authorities, which depicts the intended land uses, layout of streets and Lots, Common Area, and other planned improvements for the Property and, if so designated, all or any portion of the Additional Property (collectively, the "Master Plan").

2.1.33 "Member"

Any Person who holds a membership in the Association by virtue of ownership of a Lot, as provided in § 4.2, together with such Person's successors and assigns (each, a"Member'').

2.1.34 "Mortgage"

Any mortgage, deed of trust, or other form of security instrument that encumbers a Lot or any interest therein (each, a "Mortgage").

2.1.35 "Mortgagee"

The holder, beneficiary, or other secured party of a Mortgage, including its successors and assigns (each, a "Mortgagee").

2.1.36 "Owner"

One or more Persons who hold record fee title to a Lot, whether individually or jointly, together with such Person's or Persons' successors and assigns, but excluding any party that holds an interest in a Lot merely as security for the performance of an obligation (each, an "Owner").

2.1.37 "Person"

Any natural individual, corporation, partnership, limited-liability company, joint venture, association, trust, governmental or quasi-governmental body, or any other legal or commercial entity or organization capable of holding legal title to property or of entering into binding obligations (each, a"Person").

2.1.38 "Plans"

All site plans, surveys, architectural and structural drawings, specifications, landscape plans, color and materials boards, and any related documentation submitted (and as may be revised or supplemented) for review and approval under§ 8.3.3 (collectively, the "Plans").

2.1.39 "Plat"

Any subdivision or other recorded plat or map that depicts all or any portion of (i) the Property or (ii) any Additional Property that has been or is hereafter subjected to this Declaration, provided that (1) during the Declarant Control Period the plat has been approved in writing by the Declarant (or its designee) and (2) after the Declarant Control Period the plat has been approved in writing by the Board, and in every case the plat has received all governmental approvals then required by Applicable Law and has been duly recorded among the Land Records (any such instrument being referred to as a "Plat").

2.1.40 "Property"

All real estate situated in the County and described on Exhibit A, as Exhibit A may hereafter be amended, together with any Additional Property hereafter subjected to this Declaration by a Supplemental Declaration pursuant to § 3.2 (including all easements, rights, and appurtenances benefiting or burdening any portion thereof), but excluding any land validly withdrawn from the Declaration pursuant to § 10.1 (collectively, the "Property").

2.1.41 "Restrictions"

The covenants, restrictions, and rules initially set forth in Exhibit C, together with any supplements, modifications, restatements, or repeals adopted in accordance with Article 7 (collectively, the "Restrictions").

2.1.42 "Special Assessment"

Any assessment levied by the Association under § 6.3 to cover unbudgeted Common Expenses or expenses that exceed amounts budgeted, or for such other purposes as the Board may determine in accordance with this Declaration (each, a "Special Assessment").

2.1.43 "Specific Assessment"

Any assessment levied by the Association under § 6.4 against one or more particular Lots to recover monetary fines, costs incurred to remedy a violation, or any other expenses attributable to the conduct, acts, or omissions of the Owner or occupants of such Lot(s) (each, a "Specific Assessment").

2.1.44 "Stormwater Management Facilities"

All culverts, ditches, pipes, inlets, outlets, grassed swales, channels, detention or retention ponds, wet or dry basins, water-quality devices, and any related appurtenances located within, or serving, the Common Area and necessary to collect, convey, treat, store, or control storm-water runoff (collectively, the "Stormwater Management Facilities").

2.1.45 "Supplemental Declaration"

Any instrument recorded in the Land Records pursuant to Article 3 that (i) subjects Additional Property to this Declaration, and/or (ii) imposes, modifies, or supplements easements, covenants, restrictions, or other obligations on all or any specified portion of the Property, the Additional Property, or the Community (each such instrument being a "Supplemental Declaration").

2.1.46 "The State"

The State of South Carolina

ARTICLE 3 PROPERTY AND EXPANSION

3.1 Property Subject to this Declaration

Declarant hereby subjects the Property to the covenants, conditions, easements, and restrictions set forth in this Declaration. From and after the date this instrument is recorded, the Property—and each present or future portion thereof—shall be owned, conveyed, occupied, and used in all respects subject to, and in conformity with, this Declaration. These covenants, conditions, easements, and restrictions shall run with the land and shall be binding upon and inure to the benefit of the Declarant, the Association, every Owner, and all other Persons having or hereafter acquiring any right, title, estate, or interest in any part of the Property, and their respective heirs, legal representatives, successors, successors-in-title, and assigns.

3.2 Expansion by Declarant

3.2.1 Right to Annex Additional Property

So long as the Declarant holds any portion of the Additional Property (or any option or contract to acquire the same), the Declarant may, from time to time (with the consent of Approved Builders for so long as Approved Builders own any portion of the Property), enlarge the Community by subjecting all or any part of the Additional Property to this Declaration. Such annexation shall be accomplished by recording a Supplemental Declaration in the Land Records that (i) describes the real estate being added and (ii) states that the property is thereby made part of the Community and subject to the Governing Documents.

3.2.2 Consent

No consent of the Association, any Owner, or any Mortgagee shall be required for any Supplemental Declaration recorded under this Section, except that the written joinder or consent of the record owner of the Additional Property (if other than the Declarant) must be included in the instrument.

3.2.3 Duration of Right

The Declarant's unilateral right to annex Additional Property under this Section shall expire on the earlier to occur of: (i) the date on which all land described on Exhibit B has been subjected to this Declaration, or (ii) twenty (20) years after the date this Declaration is first recorded.

3.2.4 Transfer of Annexation Rights

The Declarant may transfer, assign, or delegate its annexation rights, in whole or in part, to any successor or other developer of all or any portion of the Property or the Additional Property. Any such transfer or delegation shall be evidenced by an instrument executed by the Declarant and the transferee and recorded among the Land Records and shall thereupon vest in the transferee the scope of rights expressly assigned.

3.2.5 No Obligation to Annex or Develop.

Nothing in this Declaration obligates the Declarant or any successor to annex, convey, or develop any portion of the Additional Property. The inclusion of land on the Master Plan shall not, by itself, impose any duty to annex or develop that land, and the omission of land from the Master Plan shall not preclude its subsequent annexation under this Article 3.

3.2.6 Effect of Supplemental Declaration.

A Supplemental Declaration may impose additional covenants, conditions, easements, restrictions, or design standards, or may create exceptions to—or otherwise modify—the provisions of this Declaration as they apply to the land described in the Supplemental Declaration, so long as such modifications are compatible with the overall scheme of development for the Community. Upon recordation, the property described in the Supplemental Declaration shall become part of the Property, and the Owners of Lots therein shall automatically become Members of the Association with the voting rights and assessment obligations set forth in this Declaration and the Supplemental Declaration.

3.3 Supplemental Declaration

A Supplemental Declaration shall become effective upon its recordation in the Land Records, unless the instrument itself specifies a later effective date. As of such effective date, the Additional Property described therein shall automatically be included within the Property, and the Owners of the Lots located on that Additional Property shall, without further action:

- become Members of the Association and receive the voting rights allocated to their respective Lots in accordance with § 4.3; and
- be subject to liability for Annual, Special, Specific, and other Assessments as provided in Article 6 and any applicable provisions of the Supplemental Declaration.

Except as expressly provided in the Supplemental Declaration, all provisions of this Declaration and the other Governing Documents shall apply to the annexed land and to the Owners and Occupants thereof.

ARTICLE4 ASSOCIATION AND MEMBERSHIP

4.1 Function of Association

The Association is organized to own, manage, and administer the Community in accordance with the Governing Documents and Applicable Law. Without limiting its general powers, the Association's core responsibilities include:

- Operation, maintenance, repair, replacement, and control of the Area of Common Responsibility, together with the procurement of insurance and services related thereto;
- Interpretation and enforcement of this Declaration, the Bylaws, the Restrictions, the Design Guidelines, and all other Governing Documents;
- Establishment, application, and enforcement of the Community-Wide Standard for maintenance, appearance, and conduct; and
- Administration of the architectural and design-review program (including adoption and enforcement of the Design Guidelines), upon the delegation of—or, after expiration or termination of—Declarant's authority under Article 8.

4.2 Membership

4.2.1 Classes of Membership

The Association shall consist of two (2) classes of membership:

- Class A Membership.
  - Every Owner, including the Declarant with respect to each Lot it owns, shall be a Class A Member. Class A Membership is appurtenant to, and may not be separated from, fee-simple ownership of a Lot. When an Owner transfers title to a Lot, the Class A Membership appurtenant to that Lot automatically transfers to the grantee.
- Class B Membership.

- The sole Class B Member shall be the Declarant. The rights, privileges, and duration of the Class B Membership are set forth in this Declaration and the Bylaws. Upon termination of the Declarant Control Period, the Class B Membership shall convert to Class A Membership, and thereafter the Declarant shall hold one (1) Class A Membership for each Lot that it then owns (if any).

4.2.2 Automatic Membership; Exercise of Privileges

4.2.2.1 Automatic membership.

Each Person who acquires legal title to a Lot automatically becomes a Member of the Association — without the need for further action — and shall remain a Member for so long as that Person holds title to the Lot.

4.2.2.2 One membership per Lot.

There shall be only one membership appurtenant to each Lot. Where a Lot is owned by two or more Persons, all such co-Owners shall share the privileges of that single membership, are subject to the same restrictions, and are jointly and severally liable for all obligations imposed on Owners by the Governing Documents.

4.2.2.3 Exercise of membership rights.

- If the Owner is not a natural person (e.g., a corporation, limited-liability company, partnership, trust, or other entity), the membership may be exercised by any officer, director, manager, partner, trustee, or other representative designated in a written instrument delivered to the Secretary of the Association.
- If more than one co-Owner seeks to exercise a Lot's voting right or other exclusive privilege, the Association may require the co-Owners to designate a single voting representative in writing; absent such designation, the vote or privilege may be suspended as provided in the Bylaws.

4.2.2.4 Transfer of membership.

Membership appurtenant to a Lot may not be separated from, and shall automatically transfer with, title to that Lot.

4.3 <u>Voting</u>

The voting rights attached to each class of membership are as follows.

4.3.1 Class A

- Each Class A Member is entitled to one (1) vote for each Lot in which that Member holds the ownership interest described in § 4.2, but only one vote may be cast per Lot.
- No vote may be cast with respect to any property that is exempt from assessment under§ 6.7.
- If a Lot is owned by more than one Person, the co-Owners shall determine among themselves how the vote for that Lot will be cast and shall so notify the Association in writing before the vote is taken. Absent such written notice, the vote for that Lot shall be suspended if more than one co-Owner attempts to vote.

4.3.2 Class B

The Class B Member does not receive a vote for each Lot it owns. Instead, for so long as the Class B Membership exists, the Class B Member shall have the special rights specified in the Governing Documents, including:

- Consent Rights. The written consent of the Class B Member is required for those actions of the Board, the Association, or any committee that are expressly conditioned on such consent in this Declaration or the Bylaws.
- Director Appointment. During the Declarant Control Period, the Class B Member has the exclusive right to appoint and remove the directors of the Association's Board, as set forth in the Bylaws.
- Right to Disapprove. The Class B Member may disapprove (or veto) certain actions or decisions of the Board or committees to the extent provided in the Bylaws.

Upon termination of the Declarant Control Period, the Class B Membership shall cease, and the Declarant (if still an Owner) shall thereafter hold Class A voting rights only, as provided in § 4.2.

ARTICLE 5 ASSOCIATION POWERS AND RESPONSIBILITIES

5.1 Acceptance and Control of Association Property

5.1.1 Authority to Hold Property

Acting through the Board, the Association may acquire, own, lease (as lessor or lessee), operate, encumber, or convey both real and personal property—tangible or intangible—subject to the limitations in Article 16.

5.1.2 Licenses, Leases, and Use Agreements

The Board may enter into leases, licenses, easements, or operating agreements covering any portion of the Common Area, with or without consideration, to allow community groups, nonprofit entities, or commercial providers to furnish goods or services that, in the Board's judgment, benefit the Community.

5.1.3 Conveyances from Declarant

- The Declarant, any Declarant Affiliate, and their respective designees may convey to the Association— and the Association shall accept—personal property or any estate or interest in real property, whether improved or unimproved, located within the Property.
- If the Declarant determines that it conveyed any unimproved Common Area in error, or later requires a minor boundary adjustment, the Association shall reconvey the affected portion back to the Declarant upon the Declarant's written request and without consideration.

5.1.4 Condition of Title on Conveyance

Declarant may convey Common Area to the Association in one or more instruments. Each deed or assignment shall transfer title free and clear of monetary liens and encumbrances (other than current, nondelinquent ad valorem taxes).

5.1.5 Association's Ongoing Responsibilities

- The Association is responsible for the management, operation, maintenance, and control of the Common Area, subject to any covenants, conditions, or restrictions set forth in the deed or other recorded instrument of conveyance.
- The Board may adopt reasonable rules and regulations governing use of the Common Area.
- The Association may, in the Board's business judgment, open Common Area facilities to persons who are not Owners or occupants of Lots and may establish and collect reasonable user fees for such access.

5.2 Maintenance of Area of Common Responsibility

Except as expressly stated otherwise in this § 5.2, the Association shall maintain the Area of Common Responsibility in a manner consistent with the Community-Wide Standard.

5.2.1 Components of the Area of Common Responsibility

The term includes, without limitation:

- Common-Area Improvements – all portions of, and all structures, fixtures, and amenities located on, the Common Area (e.g., neighborhood entrance monuments, trails, picnic shelters).
- Streets – every street located within the Property until such time as a public agency accepts the street for perpetual maintenance (snow- and ice-removal on streets remain the responsibility of Owners, municipalities, or other providers unless the Board elects otherwise).
- ROW & Streetscape Elements – landscaping, signage, sidewalks, and street trees situated within public rights-of-way or sidewalk easements that lie within or about the Property, unless maintenance responsibility is (i) allocated to individual Owners under § 9.1 or (ii) accepted by a governmental body or utility provider.
- Street-Lighting – streetlights and light poles along streets within the Property,, except where such fixtures are owned and maintained by a utility company under a utility lease or similar agreement.
- Stormwater Management Facilities – all storm-water infrastructure until such time as a public agency accepts the stormwater infrastructure for perpetual maintenance, which shall be maintained in compliance with Applicable Law.
- Irrigation Infrastructure – pipes, lines, pumps, controllers, and other components of any irrigation system that serves the Area of Common Responsibility and that are located in the Common Area, public rights-of-way,, or easements granted to the Association.
- Declarant-Provided Facilities– any real or personal property the Declarant (or a Declarant Affiliate) owns and, by written notice, makes available for the primary use and enjoyment of the Association and its Members. Such property shall remain in the Area of Common Responsibility until the Declarant, by further written notice, revokes the privilege of use.

5.2.2 Discretionary Maintenance of Non-Association Property

The Board may authorize the Association to maintain property it does not own— including publicly dedicated areas—when the Board determines such maintenance is necessary or desirable to uphold the Community-Wide Standard.

5.2.3 Cost Allocation

- Unless this Declaration or an applicable Supplemental Declaration provides otherwise, all costs of maintaining, repairing, and replacing the Area of Common Responsibility constitute Common Expenses.
- The Association may seek reimbursement from the Owner or other responsible Person for expenses the Association incurs in maintaining any portion of the Area of Common Responsibility that such Owner or Person is obligated to maintain under the Governing Documents or another recorded agreement.

5.2.4 Limitation of Liability

The Association shall not be liable for any damage, injury, or loss occurring on, or arising from the condition of, property it does not own, except to the extent such damage, injury, or loss is caused by the Association's negligence in the performance of its maintenance responsibilities.

5.3 Insurance.

5.3.1 Required Coverages

Acting through the Board (or a duly authorized managing agent), the Association shall obtain and keep in full force, to the extent reasonably obtainable and at commercially reasonable cost, the following insurance or, where identical coverage is not reasonably available, the closest equivalent coverage that is reasonably available:

- **Blanket Property Insurance** –"all-risk" or "special form" coverage insuring against direct physical loss or damage to all insurable improvements located on the Common Area and within any other portion of the Area of Common Responsibility for which the Association has repair or replacement responsibility, in an amount not less than the full current replacement cost of the insured improvements, without deduction for depreciation;
- **Commercial General Liability Insurance** – covering bodily injury, personal injury, and property damage arising out of or in connection with use, ownership, or maintenance of the Area of Common Responsibility, with limits of liability (primary and, if deemed appropriate by the Board, umbrella) of not less than **One Million Dollars (US $1,000,000)** per occurrence, or such higher limits as the Board, exercising prudent business judgment, determines to be reasonably available and appropriate;
- **Workers' Compensation and Employers' Liability Insurance** – in statutory amounts and forms, to the extent required by Applicable Law;
- **Directors' and Officers' Liability Insurance** – protecting the Association and the members of the Board and its committees, and the Association's officers, against claims arising out of the good-faith discharge of their duties;
- **Commercial Crime/ Fidelity Insurance** – covering all Persons who handle or are responsible for Association funds, in an amount determined by the Board, but in no event less than the sum of (i) one quarter of the total Annual Assessments on all Lots plus (ii) the amount of the Association's reserve funds; policies shall contain a waiver of any defense based on the insured's service without compensation; and
- **Any additional coverages** – including, by way of illustration and not limitation, flood, earthquake, boiler and machinery, or cyber-risk insurance, that the Board deems advisable in the exercise of its business judgment.

If a particular coverage or limit described above is not reasonably available, the Board shall obtain the most nearly equivalent coverage or limits that are reasonably available in the insurance marketplace.

5.3.2 Policy Requirements

All insurance obtained by or on behalf of the Association shall comply with the following minimum requirements:

5.3.2.1 Certificates.

Each policy shall provide that a certificate of insurance will be issued to the Association and, upon request, to any Member or Mortgagee of record.

5.3.2.2 Deductibles.

Policies may include reasonable deductibles; the presence of a deductible shall not reduce the policy limits for purposes of the minimum limits required by § 5.3.1.

In the event of a covered loss, the deductible shall be a Common Expense; however, if, after notice and an opportunity to be heard in accordance with the Bylaws, the Board reasonably determines that the loss resulted from the negligence or willful misconduct of any Owner, Occupant, guest, invitee, or lessee, the Board may assess the full amount of the deductible against that Owner and the Owner's Lot as a Specific Assessment.

5.3.2.3 Insurer Qualifications.

Coverage shall be written with insurers licensed or otherwise authorized to transact business within the State and that meet the rating standards of Fannie Mae or any other secondary-market or governmental agency the Board deems appropriate.

5.3.2.4 Named Insured and Form of Policies.

- Policies shall be issued in the name of the Association as trustee for the benefited parties; property policies on the Common Area shall name the Association and its Members as insureds, as their interests may appear.
- All policies shall be primary and shall not be brought into contribution with insurance maintained by individual Owners, Occupants, or Mortgagees.

5.3.2.5 Mandatory Endorsements and Provisions.

Each policy shall:

- include an inflation-guard endorsement;
- include an agreed-amount endorsement if the policy is subject to coinsurance;
- provide that each Owner is an insured under the liability policy with respect to claims arising out of the Owner's membership interest in the Common Area (without conferring any ownership interest in the Common Area);
- contain a waiver of subrogation against any Owner, Occupant, or member of an Owner's household;
- contain an endorsement prohibiting cancellation, invalidation, suspension, or non-renewal by the insurer because of any curable defect or violation unless the insurer first gives written notice to the Association and permits a reasonable time to cure; and
- contain an endorsement stating that no act or omission of any individual Owner or Occupant shall void the policy or be a condition to the insurer's recovery obligations, unless the Owner or Occupant is acting within the scope of authority on behalf of the Association.

5.3.2.6 Additional Protections (Best Efforts).

The Board shall use reasonable efforts to obtain policies that:

- name the Declarant and all Owners as additional insureds, with a waiver of subrogation in their favor;
- waive the insurer's option to repair or rebuild in lieu of paying cash;
- require at least thirty (30) days' prior written notice to the Association of any cancellation, material modification, or non-renewal;

- contain a cross-liability clause providing that the policy shall apply separately to each insured; and
- vest in the Board, as the Association's representative, the exclusive right to adjust and settle losses, provided that any Mortgagee holding an interest in the damaged property may participate in settlement negotiations relating to that loss.

These requirements are intended to establish minimum standards; the Board may, in the exercise of its business judgment, obtain broader or more comprehensive coverage if reasonably available and deemed in the best interests of the Association.

5.3.3 Restoring Damaged Improvements

5.3.3.1 Claim Administration and Cost Estimates.

Upon any casualty loss to the Common Area—or to other property the Association is obligated to insure—the Board (or its duly authorized agent) shall:

- promptly file, negotiate, and adjust all related insurance claims; and
- obtain reliable, detailed estimates of the cost to repair or reconstruct the damaged improvements to substantially their pre-loss condition, with such alterations as may be required by Applicable Law.

5.3.3.2 Decision to Repair or Reconstruct.

Except as provided below, the Association shall proceed diligently to repair or reconstruct the damaged improvements. A decision not to repair or reconstruct must be approved, within sixty (60) days after the casualty, by:

- Owners holding at least eighty percent (80 %) of all Lots; and
- during the Declarant Control Period, the Declarant.

If insurance proceeds or loss estimates are not available within that sixty-day period, the decision window shall automatically extend until such information is received, but in no event for more than an additional sixty (60) days. Mortgagees have no vote or consent right with respect to such decision.

5.3.3.3 Site Clearing if No Reconstruction.

If the Association elects not to repair or reconstruct and no alternative improvement is authorized, the Association shall promptly clear the affected area of all debris, restore grades as necessary, and thereafter maintain the area in a neat, safe, and landscaped condition consistent with the Community-Wide Standard.

5.3.3.4 Disposition of Insurance Proceeds.

After paying or providing for all costs of repair, reconstruction, or site clearing, the Association shall distribute any remaining insurance proceeds to the Owners (or their Mortgagees, as their interests may appear) in equal shares per Lot.

5.3.3.5 Funding Shortfalls.

If insurance proceeds are insufficient to cover the full cost of repair or reconstruction, the Board may levy Special Assessments, without the need for a Member vote, against those Owners responsible for the premiums on the applicable policy pursuant to§ 5.3.1, in an amount sufficient to fund the shortfall.

5.4 Compliance and Enforcement

5.4.1 Obligation to Comply

Every Owner and Occupant (including tenants, guests, licensees, and invitees) shall at all times comply with the Governing Documents. If a Lot is Leased, the tenant and every other Occupant of that Lot are likewise bound, and each lease or occupancy agreement shall expressly so provide. Each Owner shall be responsible for all violations by such Owner's Occupants, tenants, guests, licensees, and invitees.

5.4.2 Fining or Suspension Procedure

Except as expressly provided below, the Board shall not impose any monetary fine or suspend any rights unless it first provides the affected Owner with Written Notice and an opportunity for a Hearing, as follows:

- Immediate Sanctions (no prior notice required). The Board may impose, without prior notice or hearing:
    - Late-Payment Charges on delinquent Assessments;
    - Suspension of Voting Rights once an Owner is more than thirty (30) days delinquent in paying Assessments;
    - Temporary suspension of the right to use Common Area facilities; and
    - Suspension of Association-provided utility service for non-payment.
- Notice. Written Notice shall be delivered by personal service or by first-class or certified U.S. mail (return-receipt requested) and shall state:
    - The alleged violation and the proposed fine or suspension;
    - The effective date of the sanction (not less than ten (10) days from the date of the Notice, except twenty-four (24) hours' notice is sufficient for removal of an unapproved sign or other temporary violation);
    - The Owner's right to request a Hearing within ten (10) days after the Notice date;
    - The name, address, telephone number, and (if applicable) e-mail address of the person to whom the Hearing request must be delivered; and
    - A statement that failure to request a Hearing within ten (10) days constitutes a waiver of the right to contest the sanction.
- Hearing. If a timely written request is received, the Board (or a duly appointed Covenants Committee) shall conduct a Hearing in executive session.
    - The Owner (or the Owner's representative) may present testimony, evidence, and witnesses.
    - The Board shall render a written decision, stating the sanction and its effective date, and shall deliver the decision to the Owner.
    - The decision shall be recorded in the minutes.

5.4.3 Self-Help and Additional Remedies.

In addition to the procedures in § 5.4.2, and without further notice or Hearing (except as expressly required below), the Association, acting through the Board or its designee, may:

- Direct the Owner, at such Owner's expense, to perform required maintenance, cease or correct any violation, or remove non-conforming Improvements and restore the Lot;
- Enter any portion of the Property (excluding the interior of a Dwelling) to cure or remove a violation that remains uncured ten (10) days after Written Notice to the Owner, such entry not constituting a trespass;
- Exercise immediate self-help— including, without limitation, towing improperly parked vehicles— when necessary to prevent personal injury, property damage, or unreasonable interference with quiet enjoyment; and
- Institute legal or equitable proceedings to obtain injunctive or other relief, subject to Article 13, where applicable.

5.4.4 Cumulative Remedies; Recovery of Costs.

All remedies provided in the Governing Documents are cumulative and in addition to any rights and remedies available under the Act, at law, or in equity. In any enforcement action in which the Association substantially prevails, the Association shall be entitled to recover all Costs of Enforcement, including reasonable attorneys' fees, court costs, expert-witness fees, and administrative charges, to the fullest extent permitted by the Act.

5.4.5 Board Discretion.

The decision whether to initiate or continue enforcement shall rest within the reasonable discretion of the Board. Without limiting this discretion, the Board may decline enforcement if it determines that:

- The Association's legal position is insufficient to justify further action;
- The covenant, restriction, or rule may be invalid or unenforceable under Applicable Law or the Act;
- The violation is technical, de minimis, or not materially objectionable to a reasonable person; or
- Hardship, expense, or other considerations render enforcement contrary to the Association's best interests.

Any such decision shall not constitute a waiver of the Association's right to enforce the same provision against the same or another Owner under different circumstances.

5.4.6 Governmental Enforcement

The Association may, by contract or other agreement, (i) enforce Applicable Law within the Property, and (ii) authorize the appropriate governmental authorities of the State to enforce such law for the benefit of the Association and its Members.

5.5 <u>Implied Rights & Authority of the Board</u>

5.5.1 Scope of Authority.

The Association may exercise every right or privilege that is:

- expressly conferred by the Governing Documents; or
- reasonably implied from, or reasonably necessary to effectuate, any such right or privilege.

5.5.2 Board as Principal Actor.

Except where the Governing Documents or Applicable Law expressly require a vote of the Membership, all Association rights and privileges may be exercised, implemented, or waived by the Board.

5.5.3 Dispute Resolution & Litigation.

Acting in the Association's name, the Board may initiate, defend, settle, or intervene in mediation, binding or non-binding arbitration, litigation, or administrative proceedings that concern:

- the Area of Common Responsibility; or
- interpretation, application, or enforcement of the Governing Documents.

Nothing herein imposes an independent legal duty on the Association or the Board to commence any such proceeding.

5.5.4 Standard of Conduct.

In exercising the powers of the Association, conducting its business, and making decisions on its behalf, directors shall comply with, and be judged in accordance with, the fiduciary-duty and good-faith standards set forth in the Bylaws and the Act.

ARTICLE 6 ASSOCIATION FINANCES

6.1 Authority to Levy Assessments for Association Expenses

6.1.1 Purpose of Assessments

The Association is hereby empowered to levy Assessments to fund all costs and expenses that are, in the judgment of the Board, reasonably incurred or anticipated in the performance of the Association's powers and duties under (i) this Declaration, (ii) any Supplemental Declaration, (iii) the Articles, and (iv) the Bylaws. Without limiting the generality of the foregoing, Common Expenses may include, but are not limited to, the following:

- Maintenance, repair, replacement, improvement, operation, and insurance of the Area of Common Responsibility, including amounts paid to contractors and suppliers for labor, materials, equipment, management, supervision, and utilities.
- All real or personal property taxes, assessments, and other governmental charges levied against the Association or against the Common Area.
- Premiums for property, liability, fidelity, workers' compensation, and all other insurance or bonding obtained in accordance with § 5.3 or otherwise approved by the Board.
- Charges for water, sewer, electricity, gas, trash removal, and any other utilities or services furnished to the Area of Common Responsibility.
- Costs incurred to monitor and enforce compliance with the Governing Documents.
- Sums paid or reserved to satisfy the Association's indemnification obligations.
- Expenditures undertaken to promote or enhance the safety and security of Owners, Occupants, and the Community.
- Costs associated with the exercise of architectural and design control pursuant to Article 8.
- Management expenses, including compensation of employees or managing agents; maintenance of books and records; handling of Association funds; preparation of budgets, financial statements, and tax returns; and all related administrative overhead.
- Routine administrative costs, including postage, copying, telecommunications, office supplies, and equipment.

- Reasonable legal, accounting, engineering, consulting, and other professional fees.
- Any other expenditures that the Board, in the exercise of its business judgment, deems necessary or desirable to (i) preserve or enhance the condition, appearance, or value of the Property, (ii) foster the Community-Wide Standard, or (iii) promote the health, safety, and welfare of Owners and Occupants.

6.1.2 Exclusions and Special Circumstances

Common Expenses shall not include any costs incurred during the Declarant Control Period for initial development, original construction, or marketing of the Property unless such costs are:

- specifically approved by Members holding a majority of the total Class A votes and by the Declarant and all Approved Builders; or

6.1.3 Types of Assessments

The Association is authorized to levy the following three (3) categories of Assessments:

- Annual Assessments– levied pursuant to § 6.2 for the Association's recurring Common Expenses;
- Special Assessments – levied pursuant to § 6.3 for unbudgeted Common Expenses, budget shortfalls, or other purposes authorized by the Governing Documents; and
- Specific Assessments – levied pursuant to § 6.4 against one (1) or more particular Lots to recover fines, costs of compliance, or expenses attributable to the conduct, acts, or omissions of the affected Owner or Occupant.

By accepting a deed to, or entering into a recorded contract for the purchase of, any portion of the Property, each Owner covenants and agrees to pay all Assessments applicable to such Owner's Lot in the amounts and at the times established in § 6.5.

6.1.4 Personal Obligation; Assessment Lien

6.1.4.1 Personal Liability; Continuing Lien.

Each Assessment, together with (i) interest accruing from its Due Date at the rate of ten percent (10 %) per annum, or such higher rate— not to exceed eighteen percent (18 %) per annum— as the Board may establish by resolution, (ii) late charges imposed in accordance with Board resolution (subject to the limitations of the Act and other Applicable Law), and (iii) all Costs of Collection (including reasonable attorneys' fees and court costs), shall:

- constitute a personal, joint-and-several obligation of the Owner of the affected Lot; and
- become a continuing Assessment Lien against such Lot in the manner and with the priority set forth in § 6.6, remaining in full force until paid in full.

6.1.4.2 Transfer of Title.

Upon any conveyance of fee title to a Lot:

- the grantee and the prior Owner shall be jointly and severally liable for all unpaid Assessments and related charges that are then due and payable; provided, however, that
- a first-priority Mortgagee (or its successor or assign) acquiring title through foreclosure, deed in lieu, or similar remedy shall not be personally liable for Assessments that accrued prior to such acquisition, except to the extent liability is imposed by the Act or other Applicable Law.

6.1.4.3 Effect of Board Inaction.

The failure or delay of the Board to (i) adopt an annual or revised budget, (ii) fix Assessment rates, or (iii) deliver or mail Assessment notices shall not relieve any Owner of the obligation to pay Assessments when due. In such event, each Owner shall continue to pay Annual Assessments at the rate last properly levied until a new rate is duly established, whereupon the Association may retroactively assess any resulting shortfall.

6.1.4.4 No Exemptions; No Offset.

No Owner may exempt himself or herself from liability for Assessments by waiver of the use or enjoyment of the Common Area, by abandonment of the Lot, or by any other means. The covenant to pay Assessments is independent of all other covenants and obligations imposed by the Governing Documents; accordingly, no diminution, abatement, counterclaim, or set-off shall be allowed for any alleged failure of the Association to perform its duties or for any inconvenience, disturbance, or discomfort arising from performance of Association functions.

6.1.4.5 Certificate of Assessment Status.

Within ten (10) business days after receipt of a written request (and payment of any reasonable processing fee established by the Board), the Association shall furnish to the requesting Owner, or to any Mortgagee, settlement agent, or other person designated by the Owner, a Certificate of Assessment Status signed by an officer of the Association, setting forth (i) the amount of all unpaid Assessments (including interest, late charges, and Costs of Collection) then due with respect to the referenced Lot, and (ii) any prepaid Assessments or credits on account. The Association and every Owner shall be entitled to rely conclusively on the accuracy of any certificate so issued.

6.1.5 Declarant's Obligations for Assessments

During the Declarant Control Period, Lots owned by Declarant and Approved Builders shall not be subject to Assessments. During the Declarant Control Period, Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, in any fiscal year between the actual operating expenses of the Association (exclusive or any allocation for capital reserves) and the annual and special assessments for such fiscal year, and Declarant may make "in kind" contributions of services or materials for the benefit of the Association. Declarant shall be entitled to a credit against any Assessments on Lots owned by Declarant in an amount equal to the amounts which Declarant has paid directly for Common Expenses, or has paid or contributed to the Association for the Association's payment of Common Expenses, or for in-kind contribution of services. After termination of the Declarant Control Period, Declarant shall pay assessments on its unsold Lots in the same manner as any other Owner, in accordance with the applicable rate of assessment under Section 6.5.

6.1.6 Deficit Funding

Declarant and/or its affiliated Builder (each, an "Approved Builder"), may, but shall not be obligated to, reduce the Annual Assessment for any fiscal year by payment of a subsidy (i.e., deficit funding). Any deficit funding subsidy may be treated as a contribution, an advance against future assessments due or a loan from Declarant or an Approved Builder. Any deficit funding subsidy and the characterization thereof shall be conspicuously disclosed as a line item in the income portion of the budget. In addition, Declarant or an Approved Builder may loan funds to the Association to cover one-time Common Expenses, to cover Association operational shortfalls, to fund Association contract requirements, to fund amenity or entrance monumentation construction, up-fitting, or maintenance, to include lighting, parking, furniture, irrigation or such other reasonable expenses, as determined in the sole discretion of Declarant or an Approved Builder, and any such loans and the debt service shall be disclosed in the budget as applicable. If characterized as a loan, Declarant or an Approved Builder may charge and collect interest on the outstanding principal balance of the loan at a rate not to exceed the greater of 8% per annum or 2 percentage points over the prime rate published by the Wall Street Journal on the date of that loan, the interest rate to be set forth in a Deficit Funding Loan Agreement executed on behalf of the Association. Payment of a subsidy in any year shall not obligate Declarant or an Approved Builder to continue payment of that subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

6.2 Budgeting and Allocating Association Expenses.

6.2.1 Preparation of the Annual Budget

6.2.1.1 Timing.

Not fewer than sixty (60) days prior to the commencement of each Fiscal Year, the Board shall adopt a proposed budget projecting the Association's Common Expenses for the ensuing Fiscal Year.

6.2.1.2 Components.

The proposed budget shall include, without limitation:

- All anticipated operating expenditures, including any amounts to be paid to managing agents, contractors, suppliers, and employees;
- Provision for Operating Reserves sufficient, in the Board's reasonable business judgment, to meet expected cash-flow requirements during the budget year; and
- An annual contribution to the Capital Replacement Reserve for the repair and replacement of capital assets to be maintained as a Common Expense.

In determining the contribution to the Capital Replacement Reserve, the Board shall consider (i) the number and nature of replaceable assets, (ii) their remaining useful lives, (iii) the estimated future cost of repair or replacement, and (iv) the amount required, when amortized over the expected life of each asset, to meet the projected funding need.

6.2.1.3 Sources of Funds.

For each line item of projected expense, the budget shall identify the anticipated source of funds, which may include:

- prior-year surplus, if any;
- income from user fees, interest, or other non-assessment revenues; and
- the amount to be produced through Assessments levied against Lots pursuant to Article 6.

6.2.1.4 Format; Good-Faith Standard.

The budget shall be prepared in such detail and on such forms as the Board deems appropriate, applying generally-accepted accounting principles to the extent practicable. Estimates shall be made in good faith and on the basis of the best information reasonably available to the Board when the budget is adopted.

6.2.2 Calculation of Annual Assessments

6.2.2.1 Equal Allocation.

Upon adoption of the annual budget, the Board shall determine the total amount to be raised through Annual Assessments and shall allocate that amount equally per Lot, subject to any discount for un-occupied Lots as provided in § 6.5.

6.2.2.2 Declarant Subsidy or Loan.

6.2.2.2(a) Optional Subsidy.

The Declarant may, but shall have no obligation to, reduce the Annual Assessment for any Fiscal Year by providing a cash subsidy.

6.2.2.2(b) Characterization.

Any such subsidy shall be characterized, at the Declarant's election, as (i) a non-refundable contribution, (ii) an advance against future Assessments otherwise payable by the Declarant, or (iii) a loan to the Association.

6.2.2.2(c) Disclosure.

The amount of any subsidy, loan, or advance— together with its characterization— shall be shown as a separate line-item in the income section of the adopted budget.

6.2.2.3 Declarant Loans for One-Time Common Expenses.

The Declarant may, in its sole discretion, lend funds to the Association to pay one-time Common Expenses or to satisfy cash-flow shortfalls. Any such loan and its repayment terms (including principal, interest, and amortization schedule) shall be disclosed in the budget. If designated as a loan:

- Interest may be charged at a rate not exceeding the lesser of (i) ten percent (10 %) per annum or (ii) two percentage points above the "prime rate" published in The Wall Street Journal on the date the loan is made.
- The loan terms shall be evidenced by a promissory note or other written instrument executed on behalf of the Association.

6.2.2.4 No Continuing Obligation.

The payment of any subsidy or the extension of any loan in a given Fiscal Year shall not obligate the Declarant to provide a similar subsidy or loan in any subsequent year, unless expressly agreed to in a written instrument executed by both the Association and the Declarant.

6.2.3 Notice of Budget and Assessment

Within thirty (30) days after the Board adopts a new or revised budget pursuant to§ 6.2.1, the Board shall deliver to each Owner:

- A written summary of the adopted budget; and
- Notice of the Annual Assessment amount applicable to the Owner's Lot.

The notice shall also specify the date, time, and place of the budget-ratification meeting, which shall be held not fewer than ten (10) nor more than sixty (60) days after the date the summary is mailed or otherwise delivered. The notice shall state that the meeting may proceed— and the budget may be ratified— regardless of whether a quorum is present.

6.2.4 Ratification of Budget

The proposed budget shall be deemed ratified unless, at the ratification meeting, Owners holding at least seventy-five percent (75 %) of all Lots subject to this Declaration vote to reject it. If the proposed budget (or any revision thereof) is rejected, the budget then in effect shall continue until a new budget is duly adopted and ratified.

6.2.5 Budget Revision

The Board may amend the budget and adjust the Annual Assessment at any time during the Fiscal Year, provided that any amendment is:

- noticed to the Owners, and
- submitted to the same ratification procedure described in § 6.2.3 and § 6.2.4.

6.3 Special Assessments

6.3.1 Purpose and Scope.

The Association may levy Special Assessments whenever the Board determines that funds are required to:

- defray Common Expenses that were not anticipated in the current budget; or
- pay Common Expenses that exceed the amounts budgeted pursuant to§ 6.2.

A Special Assessment may be imposed upon the entire Membership (or, where appropriate, upon a lesser number of Lots) in accordance with § 6.3.3.

6.3.2 Member Approval.

Except as expressly provided otherwise in this Declaration, a Special Assessment shall not be effective unless approved by:

- Members entitled to cast more than fifty percent (50 %) of the total votes allocated to the Lots that will be subject to the Special Assessment; and
- during the Declarant Control Period, the written consent of the Declarant.

6.3.3 Allocation.

Unless another method of allocation is specifically authorized by this Declaration or a Supplemental Declaration, each Special Assessment shall be levied equally per Lot subject to the assessment, except as otherwise provided in § 6.5.1.2.

6.3.4 Procedure.

The Board shall give notice of any proposed Special Assessment in the manner required by§ 6.2.3. The notice shall:

- state the total amount, purpose, and proposed allocation of the Special Assessment;
- identify the Lots to be assessed; and
- specify the date, time, and place of the meeting (or the deadline for written consents) at which Member approval will be sought.

Upon approval, the Board shall fix the Due Date(s) and provide Owners with written Assessment Notices in accordance with § 6.5.

6.4 Specific Assessments

6.4.1 Authority.

The Association, acting through the Board, may levy a Specific Assessment against any Lot to:

- Collect monetary fines imposed pursuant to § 5.4.2;
- Reimburse the Association for all costs (including interest, administrative fees, attorneys' fees, and other Costs of Enforcement) incurred to:

- correct, repair, replace, or remove any condition, Improvement, or activity on the Lot that violates the Governing Documents; or
- address or mitigate damage, expense, or loss caused by the conduct, act, or omission of the Owner, any Occupant, or such persons' agents, contractors, employees, licensees, invitees, or guests.

6.4.2 Due Process.

Before levying a Specific Assessment, the Board shall afford the affected Owner Written Notice and an opportunity for a Hearing in accordance with the procedures set forth in the Bylaws (and, if applicable, § 5.4.2).

6.4.3 Effect; Collection.

A duly levied Specific Assessment shall:

- become a personal obligation of the Owner;
- constitute a part of the Assessment Lien against the Lot pursuant to § 6.6; and
- be payable in such manner and at such times as the Board may determine, including in installments.

6.4.4 Allocation.

A Specific Assessment shall be levied only against the Lot(s) whose Owner, Occupant, or related parties gave rise to the charge, and shall not be levied against other Lots.

6.5 <u>Payment of Assessments</u>

6.5.1 Commencement; Partial-Rate Assessments Prior to First Conveyance

6.5.1.1 Date of Liability.

The duty of each Owner to pay Assessments shall attach on the date the applicable Lot becomes subject to this Declaration, provided the Board has adopted a budget establishing the amount of the Annual Assessment for the then-current Fiscal Year.

6.5.1.2 Pre-Conveyance Discount.

For any Lot that has not yet been conveyed for residential occupancy, all Annual and Special Assessments that are levied for Common Expenses shall be billed at twenty-five percent (25 %) of the full rate otherwise applicable. The discounted rate shall continue until the earlier of:

- the date a deed conveying the improved Lot for residential purposes is recorded; or
- such earlier date as the Declarant may elect by written notice to the Association.

6.5.1.3 Proration of First-Year Assessment.

The first Annual Assessment levied on any Lot— whether at the discounted or full rate— shall be prorated based upon the number of days remaining in the Fiscal Year as of the date Assessments commence for that Lot.

6.5.2 Delinquencies; Acceleration; Installments

6.5.2.1 Acceleration.

If any Assessment or other charge is not paid when due, the Board may declare the entire unpaid balance of that Owner's outstanding Assessments— whether or not then due— immediately due and payable in full.

6.5.2.2 Installment Arrangements.

In its sole discretion, the Board may agree to accept payment of past-due amounts in installments on such terms as the Board deems appropriate. Neither the Association nor any Owner is obligated to propose or accept an installment schedule.

6.5.2.3 Administrative Costs.

The Board may assess reasonable administrative fees and costs for establishing and monitoring any installment arrangement. Such costs shall not include attorneys' fees unless and until the Owner has first received the written notice and opportunity to cure required by the Act, and has failed to pay the outstanding balance within fifteen (15) days after the notice is mailed. Any notice given under this subsection shall include the name and telephone number of an Association representative with whom the Owner may discuss payment options.

6.6 Assessment Lien; Foreclosure; Collection Costs

6.6.1 Perfection and Priority of Lien

If any Assessment (or any installment thereof) remains unpaid for thirty (30) days after its Due Date, the Association may:

- Serve upon the delinquent Owner any written notice then required by the Act or other Applicable Law; and
- Record a Memorandum of Lien (or similarly-titled instrument) among the Land Records within the time and in the manner prescribed by the Act.

The lien shall secure payment of:

- all past-due Assessments;
- accrued interest;
- authorized late charges; and
- all Costs of Collection, including reasonable attorneys' fees and court costs, to the fullest extent permitted by the Act.

The Association's lien shall be superior to every other lien or encumbrance except:

- real-estate tax liens against the Lot;
- any lien or encumbrance recorded prior to this Declaration; and
- amounts unpaid on any first-priority Mortgage perfected before the Association's lien.

6.6.2 Foreclosure of Lien

The Association may foreclose its lien by judicial foreclosure or, if and to the extent permitted by the Act and other Applicable Law, by non-judicial (power-of-sale) foreclosure. A lien securing only fines and/or service or collection fees may be enforced solely by judicial foreclosure.

6.6.3 Acquisition of Lot by Association

The Association may bid at any foreclosure sale and, if successful, may acquire, hold, lease, mortgage, and convey the Lot. While title to a Lot is held by the Association following foreclosure:

1. The voting rights appurtenant to the Lot shall be automatically suspended;
2. No Assessments shall be levied against the Lot; and

3. The Common Expenses that would otherwise have been assessed to the Lot may be re-allocated among, and levied as a Common Expense against, all other Lots on a pro-rata basis.

The Association may, without waiving its lien, bring suit against an Owner personally to recover unpaid Assessments or other authorized charges and may pursue any remedy available under the Act, this Declaration, or other Applicable Law.

6.6.4 Effect of Sale or Transfer

Neither the sale nor other transfer of a Lot shall extinguish the Association's lien for Assessments that accrue after the date of transfer. A sale or transfer pursuant to foreclosure (or deed in lieu of foreclosure) under a first Mortgage shall, however, extinguish the Association's lien only as to Assessments (and related charges) that became due prior to the recording of the foreclosure deed.

The purchaser at such foreclosure, and any successor or assign, shall not be personally liable for Assessments that accrued before acquiring title. All amounts so extinguished shall be reclassified as Common Expenses and may be assessed pro-rata against all Lots (including the foreclosing Mortgagee's Lot) in accordance with§ 6.2.2.1 and the Act.

6.6.5 Foreclosure Administration Fee

Recognizing the significant administrative burden associated with Mortgage foreclosures, any Person who acquires a Lot by foreclosure (judicial or non-judicial) of a Mortgage, or by deed in lieu of foreclosure, shall pay a Foreclosure Administration Fee in the amount of Five Hundred Dollars (US $500.00), or such higher amount as may be established by Board resolution.

- The fee shall be due and payable at the time the foreclosure deed or deed in lieu is recorded among the Land Records.
- The Foreclosure Administration Fee shall constitute a Specific Assessment under § 6.4 and shall be in addition to any other Assessments or charges the Association is entitled to collect from the foreclosure purchaser.

6.7 <u>Exempt Property</u>

6.7.1 Automatic Exemptions

To the extent permitted by the Act and other Applicable Law, the following categories of property shall be fully exempt from Annual Assessments and Special Assessments:

- All Common Area;
- Publicly-dedicated or publicly-accepted streets, alleys, and rights-of-way; and
- Any portion of the Property that is owned by the Declarant and Approved Builders and, at the time of the assessment, constitutes part of the Area of Common Responsibility.

6.7.2 Discretionary Exemptions

Subject to the Act, the Declarant (during the Declarant Control Period) or the Board (thereafter) may, but shall have no obligation to, grant full or partial exemption, on such terms and for such duration as it deems appropriate, with respect to:

- Property owned by a governmental authority or public utility and used for public purposes; and/or
- Unimproved Lots (i.e., Lots on which no dwelling or other primary Improvement has been issued a certificate of occupancy or its functional equivalent).

6.7.3 Effect of Exemption.

Any property granted an exemption under§ 6.7.2 shall remain exempt only for so long as the conditions justifying the exemption continue to exist or until the Declarant or Board revokes the exemption by written notice recorded among the Land Records or delivered to the affected Owner.

6.8 Capitalization of the Association (Initiation Fee)

6.8.1 Authority to Levy; Amount

- Subject to, and only to the extent permitted by, the Act and other Applicable Law, the Association may levy a one-time Initiation (Capitalization) Fee each time legal title to a Lot is conveyed to a new Owner (other than the Declarant, a "Property Owner," or an Approved Builder).
- The amount of the Initiation Fee shall be established by Board resolution and may be equal to, less than, or greater than the then-current Annual (General) Assessment. The initial Initiation Fee shall be equal to the current Annual (General) Assessment.
- Any increase in the Initiation Fee that exceeds twenty percent (20 %) of the fee in effect for the preceding Fiscal Year shall be considered a Special Assessment and shall require Member approval in the manner prescribed for Special Assessments under the Act.

6.8.2 Collection and Treatment

- The Initiation Fee shall be collected from the purchaser at closing and remitted to the Association.
- The Initiation Fee shall:
    - constitute a Specific Assessment against the conveyed Lot;
    - be in addition to— and not in lieu of— the Annual Assessment or any other Assessment; and
    - not be deemed a prepayment or credit toward future Assessments.

6.8.3 Exempt Conveyances

The Initiation Fee shall not be imposed upon:

- A conveyance to the Declarant, to a Declarant-approved Builder, or to any Builder that the Declarant has, by written instrument, designated an Approved Builder;
- A conveyance to the Owner's spouse; or
- A conveyance by inheritance to an heir of a deceased Owner.

6.8.4 Foreclosure Exception

The Initiation Fee shall not be payable by a first Mortgagee (or its assignee) that acquires title to a Lot through foreclosure or deed in lieu of foreclosure; however, the fee shall be payable by any transferee obtaining title from such foreclosing Mortgagee.

6.8.5 Use of Proceeds

The Association may expend Initiation Fee proceeds for any purpose that, in the Board's reasonable business judgment, provides a direct benefit to the Community, including, without limitation, operating expenses, capital replacements or improvements, reserve funding, or any other expenditure authorized by this Declaration.

6.9 Transfer/ Closing Administration Fee

6.9.1 Authority to Impose Fee

In addition to (i) the Initiation (Capitalization) Fee authorized in § 6.8 and (ii) any estoppel-letter charges, lender-questionnaire fees, or other closing-document fees authorized under§ 6.1.4.5, the Association (or its duly engaged Managing Agent) may charge a Transfer or Closing Administration Fee in connection with any resale, refinance, or other voluntary transfer of title to a Lot.

6.9.2 Purpose and Scope

The fee may encompass the Association's actual and reasonable costs incurred to:

- update membership and Assessment records;
- verify the status of Assessments and other charges;
- prepare and deliver statutorily-required disclosures, estoppel certificates, or resale packages; and
- coordinate with closing agents regarding documentation to be reflected on a settlement statement (HUD-1 or successor form).

6.9.3 Establishment of Amount

1. The amount of the Transfer/ Closing Administration Fee shall be established from time to time by (i) the Association's written management agreement, or (ii) resolution of the Board.
2. Such amount shall be reasonable, uniform, and applied on a non-discriminatory basis, and shall not exceed the maximum permitted by the Act or other Applicable Law, but in no event shall the fee exceed Two Hundred Dollars (US $200.00) per transaction.

6.9.4 Collection

The fee shall be collected at closing from the transferring Owner or the closing agent (as determined by the Board or specified in the applicable management agreement).

6.9.5 Exemptions

The Transfer/ Closing Administration Fee shall not be charged in connection with the initial conveyance of a Lot by the Declarant.

6.9.6 Use of Proceeds

Proceeds of the fee may be used for any Association purpose related to record maintenance, compliance with disclosure statutes, or other administrative functions that benefit the Community.

ARTICLE 7 RESTRICTIONS

7.1 Framework for Regulation

The Governing Documents establish, as part of the general plan of development for the Property, a comprehensive system of covenants, easements, and restrictions (collectively, the "Restrictions"). Within that framework, the Declarant and the Association must retain flexibility to address changing conditions, needs, and community objectives. Accordingly, this Article confers and regulates rule-making authority for modifying, rescinding, limiting, or expanding the initial Restrictions set forth in Exhibit C. This Article does not govern rules concerning day-to-day operation or use of the Common Area that the Board may adopt under§ 5.1, nor administrative policies adopted by the Board to interpret or implement the Restrictions.

7.2 Rule Making Authority and Procedures

7.2.1 General Authority

Subject to the Act and to § 7.4 below, the Restrictions may be modified, rescinded, limited, or expanded in the following ways:

7.2.1.1 Unilateral Action by Declarant (During Declarant Control Period).

Until termination of the Declarant Control Period, the Declarant may record amendments to Exhibit C that add, modify, or rescind Restrictions.

7.2.1.2 Action by the Board.

- The Board, acting in good faith and in a reasonable, fair, and non-discriminatory manner, may adopt, amend, or repeal Restrictions.
- During the Declarant Control Period the Declarant's written consent is required for the effectiveness of any Board-adopted action.
- The Board shall provide written or published notice of the proposed action to the Declarant and all Owners at least ten (10) business days before the Board meeting at which the proposal will be considered, and shall afford Members a reasonable opportunity to be heard.

7.2.1.3 Action by the Members.

Members may modify, cancel, limit, create exceptions to, or expand the Restrictions at a duly-called meeting, with the approval of Owners holding at least fifty-one percent (51 %) of the total Class A votes. During the Declarant Control Period, the Declarant's written consent is also required.

7.2.1.4 Notice of Adoption; Effective Date.

Prior to the effective date of any action under § 7.2, the Board shall distribute or make available to each Owner a copy or summary of the new or revised Restrictions. The effective date shall be no earlier than thirty (30) days after such distribution.

7.2.1.5 Supremacy of Design Guidelines and Declaration.

No action under this Article may amend, repeal, or expand the Design Guidelines or any other provision of this Declaration (other than the initial Restrictions in Exhibit C). In the event of conflict between the Design Guidelines and the Restrictions, the Design Guidelines shall control.

7.3 Owners' Acknowledgement; Notice to Purchasers

ALL OWNERS ARE ADVISED THAT USE OF THEIR LOTS AND THE COMMON AREA IS SUBJECT TO, AND LIMITED BY, THE RESTRICTIONS, AS THE SAME MAY BE AMENDED, EXPANDED, OR OTHERWISE MODIFIED FROM TIME TO TIME. By accepting a deed, each Owner acknowledges that the use, enjoyment, and marketability of the Lot may be affected by such modifications. Prospective purchasers are on notice that amendments may be in effect; current copies of the Restrictions are available from the Association upon request.

7.4 Substantive Safeguards

Except as expressly provided in this Declaration or in the initial Restrictions:

7.4.1 Similar Treatment

Similarly situated Owners shall be treated similarly, although Restrictions may vary by Housing Type or by location within the Community.

7.4.2 Religious and Holiday Displays

Owners may display customary religious and holiday signs, symbols, and decorations within their dwellings. The Association may adopt reasonable time, place, and manner rules for displays visible from outside a dwelling.

7.4.3 Flags

No rule shall restrict the display on a Lot of (i) the flag of the United States or (ii) the official flag of the State, provided the flag is no larger than four feet by six feet (4′ × 6′) and is displayed in accordance with 4 U.S.C. § 1 et seq., as amended.

7.4.4 Political Signs

Rules may:

- Prohibit display of Political Signs more than forty-five (45) days before an election or more than seven (7) days after the election; and
- Regulate the size and number of such signs.

For purposes of this Section, a "Political Sign" is any sign intended to influence the outcome of an election or referendum.

7.4.5 Household Composition

Rules may require that all Occupants of a Lot constitute a single housekeeping unit and may limit the total number of Occupants based on dwelling size and fair use of the Common Area.

7.4.6 Activities Within Dwellings

No rule shall unreasonably regulate lawful activities conducted entirely within a dwelling. The Association may restrict activities that:

- create monetary costs for the Association or other Owners;
- pose a threat to health or safety;
- generate excessive noise or traffic;
- create unsightly exterior conditions; or
- otherwise cause unreasonable annoyance.

7.4.7 Allocation of Burdens and Benefits

Rules shall not reallocate Common Expenses or Common-Area use rights to the detriment of any Owner without such Owner's written consent, but this does not limit the Association's authority to:

- adopt generally applicable rules for Common-Area use;
- change the facilities or services available in the Common Area; or
- deny privileges to delinquent Owners or violators.

7.4.8 Leasing Restrictions

Except as provided herein, the leasing of Lots shall be prohibited.

7.4.8.1 General Prohibition

Except as expressly provided in this Section, the Leasing of Lots is prohibited.

7.4.8.2 Authorized Leasing; Permit Requirement

A Lot may be Leased only if at least one (1) of the following permits has been issued by the Board:

- Leasing Permit. Issued in accordance with§ 7.4.8.3 and subject to the Leasing Cap (thirty percent (30 %) of all Lots, unless adjusted pursuant to§ 2.1.30).
- Hardship Leasing Permit. Issued in the Board's discretion under§ 7.4.8.4.
- Association Lease. The Lot is Leased to, or by, the Association.

Permits are intended solely to ensure compliance with these Restrictions and applicable zoning; they are not a mechanism to approve or disapprove specific tenants.

7.4.8.3 Leasing Permits

Permits are Lot- and Owner-specific and non-transferable.

7.4.8.3(a) Issuance.

If an Owner applies for a Leasing Permit, satisfies all conditions herein, and the Leasing Cap is not exceeded, the Board shall issue the permit within fifteen (15) days after receiving a complete application.

7.4.8.3(b) Waiting List.

Owners denied a Leasing Permit due to a full Leasing Cap shall be placed on a waiting list. Issuance (or renewal) of a Hardship Leasing Permit does not affect an Owner's position on the waiting list.

7.4.8.3(c) Grounds for Denial or Revocation.

The Board may deny or revoke any Leasing Permit or Hardship Leasing Permit if the Owner:

- is delinquent in any Assessment or charge; or
- is in violation of the Declaration, Bylaws, or Association rules.

7.4.8.4 Hardship Leasing Permits

7.4.8.4(a) Application and Term.

An Owner who cannot meet the requirements for a Leasing Permit and who would suffer undue hardship if unable to Lease may apply for a Hardship Leasing Permit for a term not to exceed one (1) year, or such longer term as the Board may approve.

7.4.8.4(b) Discretionary Approval.

The Board has sole discretion to approve or deny a Hardship Leasing Permit, considering:

- The nature, degree, and anticipated duration of the hardship;
- The number of Hardship Permits already outstanding;
- The Owner's role in creating, and ability to cure, the hardship; and
- Whether the Owner previously received a Hardship Permit.

7.4.8.5 Expiration and Revocation of Permits

7.4.8.5(a) Automatic Termination.

- Any Leasing Permit or Hardship Leasing Permit automatically terminates upon a transfer of title to the Lot (other than to the Owner's spouse or former spouse).
- A Leasing Permit expires if the Lot is not Leased within one hundred twenty (120) days after the permit's issuance.

7.4.8.5(b) Board Revocation.

The Board may revoke any permit if the Owner becomes delinquent in Assessments or if the Owner, tenant, Occupant, or their guests violate the Governing Documents or applicable law.

7.4.8.6 Lease Requirements and Administration

7.4.8.6(a) Form and Term.

- Lots must be Leased in their entirety— no room or fractional leasing without prior written Board approval.
- All leases shall be in writing on a Board-approved form and have an initial term of at least six (6) months, unless the Board grants written approval of a shorter term.
- No subleasing or assignment without prior written Board approval.

7.4.8.6(b) Owner's Reporting Obligations.

Within seven (7) days after executing a lease, the Owner shall provide the Board:

- a copy of the fully executed lease;
- names, telephone numbers, e-mail addresses, and work addresses/phone numbers of all Occupants;
- the Owner's off-site contact information (street, phone, e-mail); and
- any lease-administration fee or additional information required by Board resolution.

7.4.8.6(c) Incorporation of Governing Documents.

Each lease is deemed to include the following covenants, whether or not expressly stated:

- Compliance. The Owner and lessee shall comply with the Declaration, Bylaws, and Association rules, and the Owner shall ensure compliance by all Occupants and guests.
- Association Remedies. If the Lot is Leased or occupied in violation of this Section—or if the lessee or Occupants violate the Governing Documents— the Board may, after notice and hearing:
    - levy fines against the Owner and/or lessee;
    - suspend voting or Common-Area use privileges of the Owner and Occupants;
    - suspend Association-provided services (including water) to the Lot; and/or
    - require eviction of the tenant.

The Owner delegates to the Association, acting through the Board, the power to enforce the lease and, if necessary, to pursue eviction as attorney-in-fact for the Owner. All costs of enforcement, including reasonable attorneys' fees and court costs, shall constitute a Specific Assessment against the Lot.

7.4.8.6(d) Assignment of Rents.

If the Owner is more than thirty (30) days delinquent in any Assessment or charge, the Owner automatically assigns to the Association the right to collect rents from the tenant up to the amount of the delinquency. Upon written demand by the Board, the tenant shall remit such rents to the Association, which payments shall offset the tenant's rent obligation to the Owner. Failure of the tenant to comply subjects the tenant to the same remedies as an Owner for non-payment of Assessments.

7.4.8.6(e) Use of Common Property.

For the lease term, the Owner transfers and assigns to the tenant every right of use and enjoyment that the Owner possesses in the Common Area (including recreational facilities).

7.4.8.7 Exemptions

This Section does not apply to:

- A first Mortgagee (or its affiliate) that acquires title through foreclosure or deed in lieu;
- The Declarant, for so long as it owns any Lot; or
- Lots leased by the Declarant, a Property Owner, or an Approved Builder as model homes or sales offices. Declarant, Property Owner, and any Owner leasing to Declarant may Lease without a permit.

7.4.8.8 Short-Term and Other Rental Restrictions

- No Owner shall enter into, advertise, or permit any lease, rental, license, or other occupancy agreement— covering all or part of a residence— for a term of less than six (6) consecutive months.
- No Owner shall accept compensation (nor advertise) for any occupancy of less than six (6) months, irrespective of whether a written agreement exists.
- This prohibition includes, without limitation, transient rentals arranged through "vacation rental by owner," Airbnb, VRBO, room-share, or similar platforms.
- The foregoing does not prohibit uncompensated, short-term guest visits by family or friends of the Owner.

7.4.9 Abridging of Existing Rights

No Rule or Restriction adopted after the date an Owner acquires title shall compel that Owner to remove, relocate, or dispose of any item of personal property that was lawfully situated on, or within, the Lot and in compliance with all Restrictions and Rules then in effect at the time of placement. This "grand-father" exemption:

- Applies only for so long as the Owner who placed (or lawfully maintained) the personal property retains title to the Lot; and
- Automatically terminates upon any transfer of title, whether voluntary or involuntary,, so that any successor Owner must comply with the Rules and Restrictions then in effect.

7.4.10 Reasonable Rights to Develop and Sell

7.4.10.1 Protection of Development Activities.

No Rule or other action of the Association or the Board shall unreasonably hinder, delay, or impair the Declarant's or any Builder authorized by the Declarant (collectively, "Declarant Parties") in the exercise of their reserved rights to plan, develop, construct, market, lease, and sell Lots or other portions of the Property. Without limiting the generality of the foregoing, the Association may not adopt or enforce any Rule that would prohibit or materially restrict a Declarant Party from:

- Maintaining construction trailers, field offices, model homes, sales or leasing centers, and related parking areas on Lots or Common Area owned or controlled by a Declarant Party;
- Erecting and maintaining signs, flags, lighting, and other promotional or directional devices in connection with sales or construction activities;

- Storing building materials, equipment, and debris necessary or incidental to on-going development or construction; or
- Using any completed dwelling (whether or not owned by a Declarant Party) as a model home, sales office, or temporary residence for personnel involved in the development or sale of Lots, subject to the Declarant's right to do so under Article 10.

7.4.10.2 Scope of Limitation.

The limitations in this Section restrict only the Board's or Association's authority to adopt or enforce Rules under§ 7.2. They do not limit the power to amend this Declaration in accordance with Article 17, provided any such amendment is consistent with the Act and does not unreasonably interfere with the reserved development rights of Declarant Parties.

ARTICLE 8 ARCHITECTURE AND LANDSCAPING

8.1 General Requirements for Construction, Improvements and Alterations

- Except as expressly provided herein, no structure, Improvement, or other thing of any kind shall be placed, erected, installed, or permitted to remain upon any Lot, and no site work or other activity shall be undertaken anywhere within the Property, unless the same:
  - fully complies with this ARTICLE, Article 9, and all other Governing Documents; and
  - as received all approvals, consents, and permits required under the Governing Documents and Applicable Law.
- For purposes of this Section, "site work or other activity" includes, without limitation: staking, clearing, excavation, grading, exterior alteration of existing Improvements, and the planting, installation, or removal of any landscaping.
- Work Not Requiring Prior Approval. The following activities may be undertaken without further approval, provided they comply with all Applicable Law and building codes:
  - Repainting the exterior of any structure in the identical colors that were previously approved;
  - Rebuilding or reconstructing any Improvement in accordance with previously approved plans and specifications; and
  - Interior work within enclosed portions of a Dwelling, including remodeling, painting, or redecorating, provided such work is not visible from outside the Dwelling.
  - Interior Elements Visible From Outside. Any modification to the interior of screened porches, patios, or similar portions of a Dwelling or Lot that is, or will become, visible from outside the structure shall require prior written approval in accordance with this Article and the Design Guidelines.
- Code Compliance. All construction, reconstruction, alteration, and repair on a Lot must comply with all Applicable Law, including every building code, ordinance, rule, or regulation in effect within the State.

8.1.1 Relationship to Flags, Political Signs, and Permitted Devices

8.1.1.1 Flags and Political Signs.

Nothing in this Article shall be construed to prohibit or regulate:

- the display of the flag of the United States or the official flag of the State (see§ 7.4.3), or
- the display of Political Signs (see§ 7.4.4),
- provided each such flag or sign is installed and maintained in strict conformity with§§ 7.4.3 and 7.4.4 and any Rules duly adopted thereunder.

8.1.1.2 Permitted Devices.

Similarly, this Article does not regulate or prohibit installation of Permitted Devices (as defined in Exhibit C) so long as each device complies with Exhibit C and any applicable Rules.

8.1.2 Grandfathering; Declarant & Association Activities

8.1.2.1 Existing Structures.

Structures in existence on the date this Declaration is recorded shall not be subject to the requirements of this Article unless and until they are thereafter replaced, altered, or modified.

8.1.2.2 Declarant and Association.

During the Declarant Control Period (§ 2.1.22), the Declarant, Approved Builders and the Association may conduct development, construction, sales, marketing, and Association-related activities on the Property free from the restrictions in this Article to the extent permitted by Article 10 and other applicable provisions of the Declaration.

8.2 <u>Design Review</u>

8.2.1 Review Authority of the Declarant

8.2.1.1 Acknowledgment of Declarant's Interests

- Each Owner, by acceptance of a deed or other instrument conveying any interest in a Lot, acknowledges that the Declarant has a substantial, legitimate interest in ensuring that all Improvements within the Community:
    - o enhance the Declarant's reputation as a community developer; and
    - o do not impair the Declarant's ability to market, sell, or lease property in, or in the vicinity of, the Community.
- Accordingly, no activity within the scope of this Article shall commence on any Lot unless and until the Declarant, or the Declarant's designated representative, has issued prior written approval for such activity. Approval may be granted, conditioned, or withheld in the Declarant's or its designee's sole and absolute discretion.

8.2.1.2 Standard of Review; No Fiduciary Duty

In evaluating any submission, the Declarant (or its designee) shall act solely in the Declarant's own interest and owes no duty—fiduciary or otherwise—to any Owner or other Person.

8.2.1.3 Duration of Declarant's Rights

The Declarant's rights under this Section shall remain in full force and effect for so long as the Declarant owns any portion of the Property or any real property that may be annexed pursuant to§ 3.2 and until a certificate of occupancy (or functional equivalent) has been issued for a Dwelling on every Lot, unless sooner terminated by a written instrument executed by the Declarant and recorded among the Land Records.

8.2.1.4 Designation or Delegation of Authority

- The Declarant may, in its sole discretion, designate one or more Persons, at any time and from time to time, to act on its behalf in reviewing applications hereunder.
- The Declarant may—but shall not be obligated to—delegate all or any portion of its reserved rights under this Article to the Design Review Committee ("DRC") appointed by the Board pursuant to § 8.2.2.2.
- Any delegation shall:
  - be in writing;
  - specify the exact scope of authority delegated; and
  - remain subject to the Declarant's continuing right to revoke the delegation at any time and to reassume jurisdiction over the delegated matters.
- So long as the Declarant retains any rights under this Article, the jurisdiction of the DRC or other reviewing body shall be strictly limited to the matters expressly delegated to it in writing by the Declarant.

8.2.2 Review Authority of the Design Review Committee ("DRC")

8.2.2.1 Transfer of Jurisdiction

Upon (i) the Declarant's written delegation pursuant to§ 8.2.1.4 or (ii) the expiration or earlier termination of all Declarant rights under this Article, the Association, acting through the DRC, shall assume exclusive jurisdiction over all design and aesthetic matters governed by this Article and the Design Guidelines. Until such time, the Association shall have no jurisdiction over design or aesthetic matters.

8.2.2.2 Composition and Administration

- When constituted, the DRC shall be comprised of not fewer than three (3) nor more than five (5) individuals, each serving at the pleasure of, and subject to removal or replacement in the sole discretion of, the Board.
- Members of the DRC need not be Members of the Association or representatives of Members and may, but are not required to, include architects, engineers, landscape architects, or other design professionals.
- The Board may authorize reasonable compensation for any professionals retained to assist the DRC, and may allocate such compensation in the Association's annual operating budget.

8.2.3 Fees; Professional Assistance; Construction Deposit

8.2.3.1 Reviewer Defined.

For purposes of this Article, the entity or Person having jurisdiction over a particular application—whether the Declarant, the DRC, or any other designee—is referred to as the "Reviewer."

8.2.3.2 Application and Review Fees.

- The Reviewer may establish and charge reasonable, uniform, and non-discriminatory fees for reviewing any submission under this Article only in the event an outside design professional or consultant is retained.
- The Reviewer may require that all such fees be paid in full prior to commencing its review.
- Review fees may include the reasonable costs of engaging architects, engineers, surveyors, attorneys, or other professionals to provide advice or perform technical review of the application.

8.2.3.3 Professional Assistance.

The Declarant and the Association may, in their respective discretion, retain such architects, engineers, consultants, or other persons as they deem necessary to assist in the review process. The Board may budget for and pay the compensation of such professionals as a Common Expense.

8.2.3.4 Intentionally Omitted.

8.3 Guidelines and Procedures.

8.3.1 Design Guidelines

8.3.1.1 Adoption.

The Declarant may, but is not obliged to, adopt initial Design Guidelines that:

- apply Community-wide, and/or
- vary by Housing Type, neighborhood, or phase.

8.3.1.2 Purpose.

The Design Guidelines are intended to assist Owners and Builders by highlighting matters that typically concern the Reviewer. They are advisory, not exhaustive; compliance with the Guidelines does not guarantee approval of any submission, and the Reviewer may consider any other factor it deems relevant.

8.3.2 Amendment of Design Guidelines

8.3.2.1 Declarant Control.

For so long as the Declarant retains any rights under§ 8.2.1, it alone may amend the Design Guidelines, even if the Declarant has delegated day-to-day review authority to the DRC, unless the Declarant also expressly delegates amendment authority.

8.3.2.2 After Declarant Control.

When the Declarant's right to amend terminates or is delegated, the DRC may amend the Design Guidelines with Board consent.

8.3.2.3 Limitations.

No amendment may:

- conflict with Applicable Law; or
- operate retroactively to require modification or removal of any Improvement that has already commenced construction pursuant to an approval (express or deemed).

8.3.2.4 Scope.

Amendments may expand, reduce, or delete existing provisions without limitation, and may make the Design Guidelines more or less restrictive.

8.3.3 Application & Review Procedures

Except where the Declaration or the Design Guidelines expressly provide otherwise, no activity within the scope of this Article may commence until the Owner receives written approval from the Reviewer under the following process:

- Submission Requirements.
    - An application must include detailed Plans showing: site layout; structural design; exterior elevations; exterior materials and colors; landscaping; drainage; exterior lighting; irrigation; and any other feature relevant to the proposed work.

- The Reviewer or the Design Guidelines may require supplemental information reasonably necessary for review.

- Standard of Review.
  - The Reviewer may consider any factor it deems relevant, including purely aesthetic matters and harmony with surrounding Improvements. Determinations are subjective and, if made in good faith and in accordance with these procedures, shall be final, conclusive, and binding.

- Timing & Decisions.
  - The Reviewer shall render a decision within thirty (30) days after receiving a complete application.
  - The Reviewer may:
    - approve (with or without conditions);
    - approve in part/ disapprove in part; or
    - disapprove.

- Notice of Decision.
  - Written notice of the decision will be mailed or otherwise delivered to the applicant within five (5) days after the decision.
  - If disapproved, the Reviewer may—but is not required to—state reasons or suggest revisions.
  - If the Reviewer fails to act within the thirty-day review period, the applicant may send a 15-day demand notice by certified mail. Failure to respond within that 15-day period shall result in deemed approval, provided no deemed approval may conflict with the Declaration or Design Guidelines absent a written variance (§ 8.5).

- Commencement & Completion.
  - Commence approved work within nine (9) months of approval (express or deemed) or the approval lapses.
  - Once commenced, diligently complete all work within one (1) year, unless:
    - a different period is specified in the approval, or
    - the Reviewer grants a written extension.
  - Failure to meet these milestones renders the work non-conforming and subject to enforcement.

- Pre-Approved Plans & Exemptions.
  - The Reviewer may:
    - pre-approve prototype Plans for specific Builders and waive some or all procedural requirements for construction in strict conformity with those Plans; and
    - exempt certain minor activities by resolution, provided they are undertaken in strict accordance with any conditions stated in that resolution.

8.3.4 Fences

8.3.4.1 General Rule.

All fences require prior written Reviewer approval before erection on any Lot. Declarant may erect any fencing, of any type and at any location, on any Lot it owns.

8.3.4.2 Set-Back.

No fence may be installed closer to a street right-of-way than the recorded building-setback line.

8.3.4.3 Materials & Height.

Permitted materials are wood, vinyl, and aluminum. The Reviewer may revise permitted materials by written policy.

8.3.4.4 Common Boundaries.

Where an approved fence exists on a common side boundary, no additional fence may be installed on that same line (i.e., no double-fencing).

8.3.4.5 Location.

Fences are not permitted in any front yard; they must tie into no further than the front corners of the Dwelling.

8.3.4.6 Maintenance & Repair.

Owners shall keep fences in good repair consistent with the Community-Wide Standard and shall promptly repair or replace any damaged fence.

8.3.4.7 Invisible Fencing.

Invisible pet fencing is permitted in rear yards; wiring must be buried at least six (6) inches inside all Lot lines. Owners remain responsible for pet control and any damage pets cause.

8.3.5 Green Energy Improvements

8.3.5.1 Permitted Subject to Approval.

Solar panels and other "Green Energy Improvements" may be installed on a Unit's roof or exterior after written Reviewer approval and in compliance with Applicable Law. The Owner must provide the Reviewer with photographs, specifications, proposed placement, color, and installer credentials.

8.3.5.2 Visibility & Placement.

Unless the Association determines that such restrictions would unreasonably impair the Improvement's function, Green Energy Improvements shall:

- not be visible from the right-of-way in front of the Unit;
- be flush-mounted on the far rear roof plane, positioned as low as practicable; and
- be as unobtrusive as reasonably possible.

8.3.5.3 Owner Responsibilities.

The Owner (and successors) shall:

- bear all installation, maintenance, repair, and replacement costs;
- be liable for damage to the Unit or adjacent property arising from the Improvement; and

- upon request, enter a license or other agreement in favor of the Declarant and/or Association confirming these obligations.

8.3.5.4 Association Maintenance.

If the Association must perform roof or exterior maintenance, the Owner shall, at its sole expense, temporarily remove and later reinstall the Green Energy Improvement when reasonably required. The Association assumes no responsibility for Green Energy Improvements installed by an Owner.

8.4 No Waiver of Future Approvals.

Each Owner expressly acknowledges and agrees that:

8.4.1 Changing Composition of Reviewer.

The individuals serving as the Reviewer (whether the Declarant, the DRC, or any other designee) will change over time, and judgments regarding aesthetics and the interpretation or application of the Design Guidelines may legitimately evolve with such changes.

8.4.2 After-the-Fact Objections.

Certain aesthetic or design defects may not be apparent until an Improvement is substantially or fully constructed. In such circumstances, the Reviewer, in its sole discretion, may determine not to compel alteration or removal of the completed Improvement; however, that decision shall not bind or limit the Reviewer when evaluating any subsequent or similar proposal.

8.4.3 No Precedent or Estoppel.

The approval, conditional approval, or absence of objection to any application, Plan, or other matter does not constitute a waiver, precedent, or estoppel that would obligate the Reviewer to grant, or refrain from denying, approval of any future or additional applications, Plans, or matters, even if similar or identical. The Reviewer shall remain free to approve, condition, or disapprove any such future submissions in its sole and independent discretion.

8.5 Variances

8.5.1 Authority.

The Reviewer may, in its sole discretion and pursuant to Rules duly adopted by the Board, grant written variances from the Design Guidelines or from the procedural requirements of this Article when, and only when, it determines that special circumstances—such as unique topography, existing vegetation, natural or man-made obstructions, or other bona-fide aesthetic or environmental considerations—justify the variance.

8.5.2 Conditions & Limitations.

A variance shall be valid only if it:

- is set forth in a written instrument executed by the Reviewer;
- does not conflict with, or purport to amend, any provision of this Declaration or Applicable Law; and
- is specific to the circumstances presented, such that it does not obligate the Reviewer to grant similar variances in any future case.

8.5.3 No Automatic Hardship.

For avoidance of doubt, the following shall not, in and of themselves, constitute "hardship" warranting a variance:

- an applicant's inability to secure governmental permits or approvals;
- conditions or requirements imposed by any governmental authority; or
- the financial terms or availability of any construction or permanent financing.

8.5.4 Non-Precedential Effect.

The grant of a variance shall not operate to limit, restrict, or prevent the Reviewer from denying any other request for a variance in different circumstances, nor shall any prior variance create a binding precedent.

8.6 Limitation of Liability

8.6.1 Aesthetic Purpose Only.

The standards and procedures set forth in this Article are intended solely to preserve and enhance the Community's overall aesthetics. They do not impose, and shall not be construed as imposing, any duty—contractual, fiduciary, or otherwise—on the Reviewer, the Association, the Board, the DRC, any Approved Builder, or any committee or individual member thereof (collectively, the "Protected Parties") toward any Owner, Occupant, contractor, lender, or other Person.

8.6.2 Scope of Review.

Review and approval (or disapproval) of any submittal under this Article may be based exclusively on aesthetic considerations. The Protected Parties:

- assume no responsibility for the structural integrity, adequacy, or safety of any Improvement;
- do not warrant or confirm compliance with building codes, zoning ordinances, or other Applicable Law; and
- make no representation that all Dwellings or Improvements will be (i) of comparable quality, value, or size, (ii) of similar design, or (iii) aesthetically pleasing or otherwise acceptable to any Owner or third party.

8.6.3 No Liability for Construction-Related Matters.

The Protected Parties shall have no liability whatsoever for:

1. subsurface or soil conditions, drainage, or any other site work;
2. errors or deficiencies in Plans reviewed or approved;
3. the acts, omissions, financial condition, or workmanship of any contractor, subcontractor, consultant, employee, or agent—whether or not identified, approved, or promoted by the Declarant or the Association; or
4. personal injury, property damage, or economic loss arising from, or related to, the design, construction, modification, or use of any Improvement on any Lot.

8.6.4 Indemnification.

In all matters arising under or relating to this Article, the Board, the DRC, Approved Builders, and the members of each shall be defended and indemnified by the Association to the fullest extent permitted in the Bylaws and the State Nonprofit Act, except in cases of the Person's own willful misconduct or bad faith.

8.7 Certificate of Compliance

8.7.1 Right to Request.

Any Owner may submit a written request to the Reviewer for a Certificate of Compliance confirming that, based on the Association's records and any inspection the Reviewer deems appropriate, no uncured violation of this Article or the Design Guidelines exists with respect to the Owner's Lot as of the certificate's date.

8.7.2 Time for Response.

Within thirty (30) days after the Association receives a proper written request (and any required fee), the Reviewer shall issue or deny the Certificate.

8.7.3 Administrative Fee.

The Association may charge a reasonable administrative fee—established by Board resolution—to defray the costs of processing and issuing the Certificate.

8.7.4 Effect.

Issuance of a Certificate of Compliance conclusively binds the Association: The Association may not thereafter institute any enforcement action against the Lot for any condition or Improvement of which the Association had actual or constructive notice on or before the certificate's date. This limitation does not apply to:

- violations arising or discovered after the certificate date; or
- matters intentionally concealed or misrepresented by the Owner in connection with the request.

ARTICLE 9 MAINTENANCE AND REPAIR OF LOTS

9.1 Maintenance by Owners

Except to the extent that responsibility is expressly assumed by the Association pursuant to § 5.2 or by a recorded Supplemental Declaration specific to the Lot, each Owner shall, at the Owner's sole cost and expense, maintain the following in a manner consistent with the Governing Documents, the Community-Wide Standard, and all Applicable Law:

1. The Owner's Lot. This obligation encompasses the Dwelling, all other Improvements, and all lawn, landscape, hardscape, and other exterior features located on or within the Lot.
2. Perimeter Landscaping Adjacent to the Lot. All turf, trees, shrubs, ground cover, and other landscaping situated within that portion of any contiguous Common Area or public right-of-way lying between the Lot boundary and any wall, fence, pavement, or curb that is located on such Common Area or right-of-way within fifteen (15) feet of the Lot boundary.
   a. An Owner shall not remove, replace, or materially alter any tree, shrub, or similar vegetation in the foregoing areas without prior written approval pursuant to Article 8.
   b. Failure to satisfy these obligations shall constitute a violation of the Governing Documents and shall be subject to enforcement under§ 5.4 and Article 13.

9.2 Responsibility for Repair, Replacement, and Insurance

9.2.1 Scope of "Maintenance."

Unless the Governing Documents or a recorded instrument expressly allocate such duties to the Association, an Owner's obligation to "maintain" property shall include, without limitation, the duty to repair and replace Improvements, landscaping, and other elements as necessary to keep the Lot in a condition that satisfies the Community-Wide Standard.

9.2.2 Property Insurance.

Each Owner shall, at the Owner's sole cost, maintain property insurance on all insurable Improvements located on the Owner's Lot in an amount not less than the full current replacement cost, subject only to a reasonable deductible.

9.2.3 Casualty Damage or Destruction.

9.2.3.1 Repair/ Reconstruction.

If any Improvement on a Lot is damaged or destroyed, the Owner shall, within one hundred eighty (180) days after the date of loss, complete repair or reconstruction in a manner that is:

- consistent with the original construction; or
- in accordance with alternative plans and specifications duly approved under Article 8.

9.2.3.2 Clearing Option.

In lieu of reconstruction, the Owner may elect to clear the Lot and restore it to a neat, safe, and landscaped condition that meets the Community-Wide Standard, subject to prior approval under Article 8.

9.2.3.3 Costs in Excess of Insurance.

The Owner shall bear and promptly pay all costs and expenses not covered by insurance proceeds.

9.2.4 Personal Property.

The Association and the Declarant assume no duty or liability for the maintenance, protection, or safekeeping of any personal property belonging to an Owner, Occupant, family member, guest, invitee, or tenant, and shall not be responsible for any loss of or damage to such personal property, except to the limited extent such loss or damage is directly caused by the reckless or willful misconduct of the Association, the Declarant, or their respective agents or employees.

9.2.5 No Association / Declarant Liability for Owner Work.

The Association and the Declarant shall have no responsibility for, and no liability arising from, an Owner's failure to maintain, repair, or insure Improvements; nor for the adequacy of any Owner-obtained insurance.

ARTICLE 10 ADDITIONAL RIGHTS RESERVED TO DECLARANT

10.1 Withdrawal of Property

10.1.1 Unilateral Right of Declarant.

During the Declarant Control Period, the Declarant may,, by recording an amendment to this Declaration, withdraw from the Community any portion of the Property that has not been improved with structures (with the consent of Approved Builders for so long as Approved Builders own any portion of the Property).

10.1.2 Consent Requirements.

10.1.2.1 Owner of Withdrawn Land.

If the fee-simple owner of the land proposed for withdrawal is other than the Declarant, that Owner's written joinder or consent must be included in the amendment.

10.1.2.2 Common Area.

If any part of the land to be withdrawn constitutes Common Area, the Association's written consent (and the consent of Approved Builders for so long as Approved Builders own any portion of the Property) is also required.

10.1.2.3 No Other Consents.

Except as set forth in subsections (a) and (b), no further approval or consent of any Owner, Mortgagee, or other Person shall be required.

10.1.3 Effect of Withdrawal.

Upon recordation of the amendment:
• the withdrawn land shall no longer be subject to this Declaration or the other Governing Documents; and
• neither the Association nor the Owners shall have any further rights, obligations, or interests with respect to such land.

10.1.3.1 Limitation.

This right of withdrawal applies only to land that is unimproved as of the amendment's recordation date; any portion of the Property containing a completed structure or an Improvement under active construction may not be withdrawn without the approval required for an amendment under Article 17.

10.2 Right to Veto Changes in Standards

For the entire duration of the Declarant Control Period, the Declarant shall possess an absolute right to veto—in its sole and unfettered discretion—any proposed amendment, modification, or repeal of:

- the Restrictions (including any Rules adopted under Article 7); and/or
- the Design Guidelines (as defined in § 2.1.23).

A proposed change subject to this Section shall be null and void unless and until the Declarant provides its written consent to such change, which consent may be granted, conditioned, or withheld in the Declarant's sole judgment.

10.3 Development and Sales Activities of the Declarant

During the Declarant Control Period, the Declarant retains the following rights, together with the right to authorize one or more Builders, Approved Builders or other designees ("Declarant Parties") to exercise them on the Declarant's behalf:

- Marketing, Sales, and Construction Facilities.
    - The Declarant Parties may locate, construct, maintain, and operate, on any portion of the Common Area or on Lots owned by the Declarant, such facilities, Improvements, and activities as the Declarant, in its sole discretion, deems reasonably necessary, useful, or incidental to the development, construction, marketing, leasing, or sale of Lots or other portions of the Community.
    - Permitted facilities and activities expressly include, without limitation:
        - business or administrative offices;
        - construction trailers and field offices;
        - sales or leasing offices;

        - model homes or model Lots;
        - storage areas for materials and equipment; and
        - signage, flags, lighting, and related marketing installations.

- Easements and Cost-Free Use.
    - The Declarant Parties shall have non-exclusive easements over, across, and upon the Common Area for vehicular and pedestrian access to and use of the facilities described above.
    - Such use shall be without charge or fee of any kind to the Declarant Parties.
- Priority and Temporary Restrictions.
    - The Declarant Parties may, in their discretion, restrict or regulate Association, Member, and public access to any portion of the Common Area being used for development, construction, sales, or marketing purposes, for so long as such use continues.
- Improvements to Common Area.
    - The Declarant Parties, and their employees, agents, and contractors, shall have a perpetual easement across the Common Area to enter, access, and perform such grading, installation, construction, or other work on the Common Area as the Declarant deems advisable for the orderly development, improvement, or marketing of the Community.
- Duration; Termination.
    - All rights granted in this Section shall automatically terminate upon the earlier of:
        - the expiration of the Declarant Control Period; or
        - the Declarant's written recordation of an instrument voluntarily relinquishing such rights in whole or in part.

10.4 <u>Control of and Changes in Development Plan</u>

10.4.1 Reserved Development Authority.

The Declarant expressly reserves, and shall at all times retain, the unilateral right, in its sole and absolute discretion, to revise, modify, re-phase, reconfigure, expand, contract, or otherwise alter any aspect of the master development plan for the Community and for any Additional Property that may hereafter be subjected to this Declaration. Such authority includes, without limitation, the right to:

- adjust Lot lines, densities, and building envelopes;
- change street layouts, access points, or circulation patterns;
- redesign or relocate Common Area, recreational amenities, or open-space tracts;
- substitute or re-allocate land uses (residential, commercial, mixed-use, civic, or otherwise); and
- modify utility corridors, drainage patterns, and infrastructure systems.

10.4.2 No Reliance or Warranty.

- No statement, depiction, or description contained in this Declaration, any Supplemental Declaration, the Design Guidelines, the Master Plan, marketing materials, or any other document or communication shall be construed as a covenant, warranty, or representation by the Declarant, the Association, or any affiliate as to:

- o the final or continued existence, nature, size, capacity, location, or availability of any service, utility, amenity, Improvement, or land use within or adjacent to the Community; or
- o the manner in which the Community will be administered or operated, except as expressly set forth in the Governing Documents.

- All prospective Owners acknowledge that the Community is a dynamic, evolving development and that changes may occur over time in response to market conditions, governmental requirements, environmental factors, or the Declarant's business judgment.

10.4.3 No Vested Rights Conferred.

Nothing in the Governing Documents confers or shall be deemed to confer any vested right or entitlement on any Owner, the Association, or any third party to require the Declarant to:

- complete any particular Improvement, service, or amenity;
- adhere to any specific timetable; or
- maintain any particular land use, density, or development scheme—all of which remain subject to Declarant's reserved rights under this Article and Applicable Law.

10.4.4 Consistency with Applicable Law.

All modifications under this Section shall comply with Applicable Law and any required approvals of governmental authorities having jurisdiction.

10.5 <u>Additional Covenants</u>

No Person may record any declaration of covenants, conditions, restrictions, condominium instruments, or similar encumbrances affecting any portion of the Property unless the Declarant has first given its express written consent.

10.5.1 Requirement of Declarant Consent.

Prior written consent must be evidenced by a written instrument signed by the Declarant (or its duly authorized designee) and recorded among the Land Records.

10.5.2 Invalidity of Unauthorized Instruments.

Any document recorded in violation of this Section shall be null, void, and of no force or effect from its inception, unless and until the Declarant subsequently ratifies the instrument by a written consent that is likewise recorded.

10.5.3 Scope.

This restriction applies to any instrument—however styled—that purports to impose, modify, or interpret covenants, conditions, restrictions, easements, or condominium regimes affecting all or any portion of the Property.

10.6 <u>Right to Transfer or Assign Declarant Rights</u>

10.6.1 Permitted Transfers.

The Declarant may, at any time and from time to time, transfer,convey, or assign, in whole or in part, any of its special rights, reservations, exemptions, privileges, and obligations under this Declaration or the Bylaws to one or more Persons ("Transferee").

10.6.2 Form and Recordation.

10.6.2.1 Writing Required.

Any such transfer or assignment shall be memorialized in a written instrument executed by both the Declarant and the Transferee.

10.6.2.2 Recordation.

The instrument shall be recorded among the Land Records to be effective and to constitute notice to all Persons.

10.6.3 Effect of Assignment.

- Upon recordation, the Transferee shall automatically succeed to the Declarant rights and obligations expressly conveyed and shall be entitled to exercise and enjoy those rights to the same extent as if originally named as Declarant.
- Unless expressly provided otherwise in the assignment instrument, the Declarant shall be relieved of further responsibility with respect to the rights and obligations so assigned but shall retain all Declarant rights not expressly transferred.

10.6.4 Multiple Declarants.

If Declarant rights are assigned to more than one Transferee, the assignment instrument shall specify the particular rights and geographic areas, if any, subject to each assignment; otherwise, each Transferee shall hold the transferred rights non-exclusively and concurrently with the assigning Declarant.

10.7 <u>Exclusive Rights to Use Community Name and Marks</u>

10.7.1 Declarant's Proprietary Interest.

The name of the Community, together with all derivations, trade names, trademarks, service marks, logos, designs, and other identifying words or symbols associated with the Community (collectively, the "Community Marks"), constitute proprietary property of the Declarant.

10.7.2 Restriction on Use.

No Person—other than the Declarant, its duly authorized agents, and any Builders specifically approved by the Declarant—may use the Community Marks in any electronic, printed, broadcast, digital, or other promotional, advertising, or marketing medium or material without the Declarant's prior written consent, which the Declarant may grant, condition, or withhold in its sole discretion.

10.7.3 Enforcement.

Any unauthorized use of the Community Marks shall constitute a violation of this Declaration and may be enjoined by the Declarant and/or the Association. In addition to injunctive relief, the Declarant shall be entitled to recover all damages, profits, and costs (including reasonable attorneys' fees) resulting from any unauthorized use.

10.8 Right to Convert Lot to Common Area or Public Right-of Way

10.8.1 General Authority.

The Declarant reserves the unilateral right, at any time and from time to time while it is the Owner of a Lot, to convert that Lot (in whole or in part):

- to Common Area to be owned by the Association;
- to public right-of-way; or
- to a combination of Common Area and public right-of-way.

10.8.2 Purpose of Right-of-Way Conversion.

The Declarant may convert a Lot to public right-of-way for any lawful purpose, including, without limitation, to provide permanent vehicular or pedestrian access to adjacent real property, whether or not such adjacent property is or ever becomes subject to this Declaration.

10.8.3 Effect of Conversion to Common Area.

Upon the Declarant's conveyance of a Lot (or portion thereof) to the Association by deed or other recorded instrument designating the real estate as Common Area, such real estate shall automatically cease to constitute a "Lot" and shall thereafter be held, administered, and maintained by the Association as Common Area subject to Article 5.

10.8.4 Effect of Conversion to Public Right-of-Way.

Upon the Declarant's recordation of a subdivision plat, deed of dedication, or other instrument establishing a public right-of-way over, or dedicating to a governmental authority, any portion of a Lot owned by the Declarant:

- the dedicated land shall immediately cease to be part of the Lot and shall thereafter be treated in the same manner as any other property within the Community that has been dedicated to, and accepted by, the public; and
- any remaining portion of the original Lot that is not included in the dedication shall continue to constitute a Lot, unless and until otherwise modified in accordance with this Declaration.

10.8.5 Recording Requirements.

Each conversion under this Section shall be evidenced by an instrument or plat recorded among the Land Records, which instrument or plat shall describe the real estate being converted and its new status (Common Area, right-of-way, or both).

10.8.6 No Owner or Association Consent Required.

The rights granted in this Section may be exercised unilaterally by the Declarant without the consent or joinder of the Association, any Owner, or any Mortgagee, except that if the Declarant does not hold title to the Lot proposed for conversion, the current Owner's joinder shall be required.

10.9 Right to Notice of Design or Construction-Related Claims

10.9.1 Mandatory Pre-Inspection Notice.

No Person—including any Owner, Occupant, or their agents—may engage or permit any consultant, engineer, home inspector, or other expert ("Consultant") to enter the Property for the purpose of inspecting, testing, or evaluating the design, construction, or condition of any Improvement in connection with, or in contemplation of, any actual or potential claim, demand, or litigation against the Declarant, a Builder, or any design- or construction-related party, unless and until:

- the Declarant and each Builder or contractor that participated in the design or construction of the Improvement in question have been given prior written notice of the proposed inspection; and
- the Declarant and such Builder(s) have been afforded a reasonable opportunity to confer with the requesting Owner regarding the concerns identified and to conduct their own inspection pursuant to the access rights reserved in § 11.9.

10.9.2 Contents of Notice.

The written notice shall, at a minimum, identify:

- the Lot or Improvement to be inspected;
- the nature of the alleged defect or concern prompting the inspection;
- the name, profession, and qualifications of the proposed Consultant; and
- the proposed date(s) and scope of inspection or testing activities.

10.9.3 Opportunity to Inspect and Confer.

Upon receipt of the notice, the Declarant and the involved Builder(s) shall have a period of ten (10) days—or such shorter period as the parties may mutually agree, or as required by exigent circumstances—to schedule a meeting and, if desired, conduct their own inspection of the subject Improvement or condition.

10.9.4 Non-Compliance.

Any inspection or testing performed in violation of this Section shall be unauthorized. Evidence obtained during such unauthorized inspection may, in the Declarant's or Builder's discretion, be deemed inadmissible in any subsequent dispute resolution proceeding, and the Person engaging the Consultant shall be responsible for all costs, damages, and liabilities arising from the unauthorized entry.

10.9.5 Supplementary to § 11.9.

The rights and obligations set forth in this Section are in addition to, and not in limitation of, the inspection and correction rights reserved in § 11.9 and any similar provisions of Applicable Law.

ARTICLE 11 EASEMENTS

11.1 Easements in the Common Area

11.1.1 General Grant.

Subject to the limitations below, each Owner—and the Declarant—possesses a perpetual, non-exclusive easement of use, access, and enjoyment over, across, and within the Common Area.

11.1.2 Conditions and Limitations.

The foregoing easement is expressly subject to:

- Governing Documents and Other Covenants. All provisions of this Declaration, every Supplemental Declaration, the Bylaws, the Restrictions, the Design Guidelines, and any other recorded covenants or easements affecting the Common Area.

11.1.2.1 Title Exceptions.

Any restrictions, reservations, easements, dedications, licenses, or other limitations set forth in the deed or other instrument by which the Common Area was conveyed to, or is held by, the Association.

11.1.2.2 Declarant's Development Rights (see § 10.3).

The right of the Declarant and its designees—including Builders approved by the Declarant—to use, occupy, and control portions of the Common Area for development, construction, marketing, and sales activities.

11.1.2.3 Board Authority.

The Board's power to:

- Adopt Rules governing the use, hours of operation, and conduct within the Common Area, including reasonable limits on the number of guests an Owner may bring;
- Suspend Common-Area recreational privileges pursuant to § 5.4 for violations of the Governing Documents or for delinquent Assessments;
- Dedicate, convey, or transfer all or part of the Common Area to a governmental or quasi-governmental entity, subject to § 16.3; and
- Mortgage, pledge, or otherwise encumber any real or personal property of the Association as security for indebtedness, subject to Board and Member approvals required under § 16.3.

11.1.3 Extension of Rights to Others.

- An Owner may extend the Owner's easement rights to the Owner's family members residing in the Dwelling, tenants, and social invitees, all subject to the Rules and the Governing Documents.
- Leasing. During the term of any Lease, the leasing Owner shall be deemed to have automatically assigned all rights of access and enjoyment in the Common Area to the lessee, and shall have no personal right to use the Common Area except as a guest of another Owner.

11.2 <u>Easements of Encroachment</u>

11.2.1 Encroachments Resulting from Construction or Movement.

The Declarant hereby reserves, for itself and for the benefit of every Lot, a perpetual, non-exclusive, reciprocal appurtenant easement permitting minor encroachments—and the ongoing maintenance, repair, and use of such encroachments—across common boundary lines in the following circumstances:

- Unintentional Placement, Settling, or Shifting.
  - If, as a result of the original construction, subsequent reconstruction, or natural settling or shifting of Improvements, any portion of a foundation, building, roof overhang, eave, balcony, stoop, porch, deck, driveway, walkway, wall, or other Improvement is located up to three (3) feet beyond the Lot's record boundary line (measured perpendicular to that boundary at any point), then an easement for the encroachment shall exist.
- Fences Near Boundary Lines.
  - Likewise, an easement for encroachment—and for access necessary to install, maintain, repair, or replace any fence—is reserved for any fence that is constructed on, or within one (1) foot of, a Lot's boundary line, whether the encroachment extends onto adjoining Common Area, right-of-way, or another Lot.

11.2.2 Limitations.

11.2.2.1 Maximum Distance.

The easement extends only to the minimum distance reasonably necessary to accommodate the encroachment, but in no event more than three (3) feet into the adjoining property.

11.2.2.2 No Easement for Intentional Misplacement.

No easement shall arise if the encroachment results from the willful or knowing misconduct of, or undertaken with the consent of, the Owner (or any predecessor-in-title) claiming the benefit of the encroachment. In such case, the encroaching Owner shall, at its sole cost, promptly remove the encroachment or otherwise correct the condition to the satisfaction of the affected Owner or the Association, as applicable.

11.2.3 Runs with the Land.

All easements created by this Section are appurtenant to, and shall run with, the title to the respective Lots, Common Area, or rights-of-way benefited and burdened thereby, and shall automatically transfer to successors-in-title without the necessity of further documentation.

11.3 Easements for Utilities and Other Infrastructure

11.3.1 Installation and Maintenance

The Declarant hereby reserves, for itself, the Association, and each public or private utility provider, perpetual, non-exclusive easements to install, operate, inspect, maintain, repair, relocate, and replace lines, pipes, conduits, cables, facilities, and related equipment for:

- domestic water, storm-water drainage, reclaimed-water or spray-irrigation systems;
- electricity, natural gas, telephone, broadband, cable television, data, or other communications systems;
- street-lighting, traffic-control, security, and similar infrastructure; and
- sidewalks, walkways, multi-use paths, and trails;

Over, under, across, and through the following portions of the Property (but not through the enclosed portion of any structure):

- a ten-foot (10') strip located along the full length of the front and rear Lot boundary lines;
- a five-foot (5') strip located along each side Lot boundary line;
- any area identified on any recorded Plat or Supplemental Declaration as "Utility Easement," "Private Storm Drainage Easement," "Private Storm Drainage Easement and BMP Easement," or a designation of similar import; and
- any other portion of the Property as may be reasonably necessary to accomplish the purposes stated above.

11.3.2 Specific Easements by Declarant

The Declarant further reserves the unilateral, non-exclusive right and power to grant, relocate, or modify specific utility or infrastructure easements—in such locations, widths, and configurations as the Declarant, in its sole discretion, deems appropriate—for the orderly development, subdivision, and/or integration of the Property or any Additional Property.

- Advance Notice.

  - Prior to recording any such easement that will burden a Lot owned by a Person other than the Declarant, the Declarant shall provide the Lot Owner written notice identifying the proposed easement and its location.

- Owner's Consent.
  - The location of the easement shall be subject to the written approval of the burdened Owner, which approval shall not be unreasonably withheld, delayed, or conditioned.

11.3.3 Minimal Interference; Restoration

All activities undertaken pursuant to the easements described in § 11.3.1 and § 11.3.2 shall:

- be performed in a manner that reasonably minimizes interference with the use and quiet enjoyment of the property burdened by the easement;
- exclude entry into, or alteration of, the enclosed portions of any Dwelling without the Owner's prior written consent;
- avoid unreasonable interference with the normal use of any Lot; and
- require that, upon completion of the work, the Person exercising the easement promptly restore the affected area, to the extent reasonably practicable, to the condition that existed immediately prior to commencement of the work (or to such other condition as the affected Owner and the Person exercising the easement may mutually agree).

Except in case of bona-fide emergency, entry onto any Lot pursuant to these easements shall occur only after reasonable prior notice to the Owner or Occupant.

11.4 Easements to Serve Additional Property

11.4.1 General Grant.

The Declarant hereby reserves, for itself and for its successors, assigns, Affiliates, duly authorized agents, contractors, and Mortgagees (collectively, "Declarant Parties"), a perpetual, non-exclusive easement over, upon, across, and under all Common Area for any and all purposes reasonably necessary or desirable, in the Declarant's judgment, to facilitate the enjoyment, use, access, development, construction, marketing, or sale of any "Additional Property," whether or not such Additional Property is, or will become, subject to this Declaration.

11.4.2 Scope of Easement.

The easement rights reserved in this Section specifically include, without limitation, the right to:

- ingress, egress, and transportation of personnel, vehicles, equipment, and materials;
- grade, clear, excavate, or fill as reasonably necessary for roadways or infrastructure;
- install, connect, relocate, maintain, and repair utilities, drainage facilities, and other infrastructure; and
- undertake any other activities that, in the Declarant's sole discretion, are incidental or ancillary to the orderly development and integration of the Additional Property with the Community.

11.4.3 Restoration and Repair.

The Declarant Parties shall be responsible for any physical damage they cause to the Common Area in the exercise of the foregoing easement and shall promptly repair or restore the affected portions of the Common Area to a condition substantially similar to that existing immediately prior to the damage (or such other condition as the Association may reasonably approve).

11.4.4 Cost-Sharing for Permanent Roadway Access.

If the Declarant or its successor exercises this easement to create permanent road access to Additional Property that does not become subject to this Declaration, the Declarant (or such successor/assign) shall enter into a reasonable written agreement with the Association to contribute an equitable share of the costs the Association incurs to maintain, repair, or replace any portion of the Common Area roadway or related improvements that provide such access.

11.4.5 No Owner Consent Required.

The easement rights granted in this Section may be exercised without the consent, joinder, or approval of the Association, any Owner, or any Mortgagee, except that (i) such rights may not be exercised so as to unreasonably interfere with the use of any Dwelling, and (ii) the Declarant Parties shall provide reasonable advance written notice to the Association before commencing any material work within the Common Area, except in an emergency.

11.4.6 Duration.

The easement created by this Section shall survive the Declarant Control Period and run with the land in perpetuity, unless released or modified by a written instrument executed by the Declarant (or its successor) and recorded among the Land Records.

11.5 Easements for Maintenance, Emergency and Enforcement

11.5.1 Grant of Easement to the Association

The Declarant hereby grants, and each Owner by acceptance of a deed further grants, to the Association, its Board, managing agent, employees, contractors, and other designees (collectively, "Association Parties") a perpetual, non-exclusive easement over, across, and upon the Property, including every Lot, to the extent reasonably necessary for the Association to:

- perform the maintenance, repair, replacement, and operational responsibilities assigned to it in § 5.2 or in any Supplemental Declaration;
- inspect for compliance with the Governing Documents; and
- enforce the provisions of the Governing Documents.

11.5.2 Emergency, Security, and Safety Entry

The Association Parties, together with all police, fire, emergency-medical, rescue, and other public-safety personnel, may enter upon any portion of the Property, including the Lots (excluding the interior of enclosed Dwellings unless required by law or the imminent threat of loss of life or severe property damage), at any time and without prior notice when, in their good-faith judgment, an emergency exists involving an imminent threat to health, safety, or property.

11.5.3 Non-Emergency Entry

In non-emergency situations, entry onto a Lot shall:

- occur only during reasonable daylight hours; and
- follow reasonable advance notice to the affected Owner or Occupant, except where the Owner has waived notice or where immediate entry is reasonably necessary to prevent damage to Common Area or another Lot.

11.5.4 Least Intrusive Means; Restoration

All work undertaken pursuant to this easement shall be performed using reasonable efforts to minimize disruption and intrusion. Upon completing any work, the Association shall restore the affected area, to the extent reasonably practicable, to the condition that existed immediately before entry, unless the work itself requires a different finished condition.

11.5.5 No Liability for Exercise of Easement

The Association Parties and public-safety personnel shall incur no liability to any Owner, Occupant, or other Person for entering a Lot or other portion of the Property in good-faith reliance on the authority conferred by this Section, except for acts of willful misconduct or gross negligence.

11.5.6 Costs of Work on Lots

All costs incurred by the Association in exercising this easement to perform maintenance, repair, replacement, or enforcement on a Lot that is the obligation of an Owner—together with any related administrative fees—shall be a Specific Assessment against that Lot under § 6.4, collectible in the same manner as other Assessments.

11.6 Landscaping and Signage Easements

11.6.1 Grant and Scope of Easement.

The Declarant hereby reserves, for itself, the Association, and their respective designees, employees, agents, and contractors (collectively, "Landscape Parties"), perpetual, non-exclusive easements over:

- all street and roadway rights-of-way located within the Property; and
- any portion of a Lot or tract expressly identified on a recorded Plat or Supplemental Declaration as a "Landscaping Easement," "Signage Easement," "Landscape Buffer," or designation of similar import (each, a "Landscaping and Signage Easement Area"), for the installation, operation, inspection, maintenance, repair, replacement, and removal of:
    - neighborhood entrance monuments, decorative or information signage, and related foundations;
    - bollards, fencing, columns, walls, lighting, and associated electrical service;
    - irrigation, drainage, and landscape lighting systems; and
    - turf, trees, shrubs, flowers, and other landscaping materials and improvements.

11.6.2 No Obligation Implied.

Nothing in this Section obligates the Declarant or the Association to construct, install, or maintain any Improvement within a Landscaping and Signage Easement Area; the decision to do so shall remain within their respective discretion.

11.6.3 Owner Restrictions.

Except for Improvements installed by, or expressly approved in writing by, the Association (or, during the Declarant Control Period, the Declarant), no Owner or Occupant may place or maintain any fence, wall, structure, driveway, walkway, planting, swing set, play equipment, woodpile, dog run, or other temporary or permanent object within a Landscaping and Signage Easement Area.

11.6.4 Restoration.

Any Landscape Party exercising rights under this easement shall perform all work in a manner reasonably calculated to minimize disruption and shall restore the affected area as nearly as practicable to its prior condition upon completion.

11.6.5 Enforcement.

Any unauthorized encroachment into or alteration of a Landscaping and Signage Easement Area shall constitute a violation of the Governing Documents and shall be subject to enforcement, including removal of the unauthorized Improvement at the Owner's expense and the levy of Specific Assessments under § 6.4.

11.7 Easements for Storm Water Collection, Retention and Irrigation Systems

11.7.1 Grant of Easement.

The Declarant hereby reserves, for itself, its successors, assigns, and designees, and grants to the Association, together with its successors, assigns, and designees, a perpetual, non-exclusive easement to enter upon:

- any portion of the Common Area; and
- any utility, drainage, or other easement area shown on any recorded Plat, for the purposes described in § 11.7.2.

11.7.2 Permitted Purposes.

The easement may be exercised to:

- Install, operate, maintain, repair, relocate, and replace pumps, force mains, pipes, culverts, channels, inlets, outlets, spray heads, sprinklers, control wiring, conduits, and any related equipment or facilities necessary to:
    - collect, convey, or treat storm-water runoff; and/or
    - transport and discharge treated effluent through a spray-irrigation or reuse-water system.
- Utilize any portion of the Common Area for the application or discharge of treated effluent through spray irrigation or other lawful reuse methods.
- Construct, maintain, repair, or replace ponds, lakes, detention or retention basins, berms, embankments, weirs, risers, headwalls, or any other structures or equipment used to retain, store, or manage storm-water runoff or treated effluent.
- Landscape, mow, dredge, re-grade, clear debris, and otherwise maintain such areas and facilities in a condition consistent with the Community-Wide Standard.

11.7.3 Restoration Obligation.

The Person exercising rights under this easement shall conduct all work so as to minimize disruption to the Property and shall, promptly upon completion, restore the affected area to substantially the condition that existed immediately prior to the work, or to such other condition as the Association and the affected Owner may reasonably agree.

11.7.4 No Entry into Enclosed Structures.

This easement does not authorize entry into, or work within, the enclosed portion of any Dwelling or other principal structure without the Owner's prior written consent, except as otherwise provided by Applicable Law in an emergency.

11.7.5 Runs with the Land.

The easement rights granted and reserved in this Section run with and bind the Property in perpetuity and shall inure to the benefit of, and be enforceable by, the Declarant, the Association, and their respective successors and assigns.

11.8 Easements for Maintenance of Water Bodies

11.8.1 Grant of Easement.

The Declarant hereby reserves, for itself, its successors, assigns, and designees, and grants to the Association and its successors, assigns, and designees, a perpetual, non-exclusive easement for ingress, egress, and work over:

- all detention or retention ponds, lakes, streams, wetlands, and other water bodies located within the Property; and
- the portions of the Common Area and any Lots (excluding the enclosed portions of Dwellings) lying within twenty-five (25) feet of the shoreline or boundary of such water bodies and wetlands.

11.8.2 Permitted Activities.

The easement may be exercised to perform any inspection, maintenance, repair, restoration, replacement, or improvement that the Board (or, during the Declarant Control Period, the Declarant) deems necessary or desirable, including without limitation:

- shoreline stabilization and erosion control;
- maintenance, repair, or replacement of bulkheads, retaining walls, spillways, or control structures;
- management of water quality, including aeration, chemical or biological treatments, and algae control;
- dredging, silt or sediment removal, and debris cleanup;
- inspection, maintenance, or breaching of dams or embankments; and
- removal or pruning of dead, diseased, or invasive trees, shrubs, or other vegetation.

11.8.3 Restoration and Liability.

Any Person exercising this easement shall promptly repair or restore, at its expense, any damage to landscaping, turf, pavement, or other Improvements caused by the intentional exercise of the easement.

11.8.4 No Assumption of Dam or Flood Liability.

Nothing in this Section shall be interpreted to impose on the Declarant, the Association, or any other Person a duty to maintain, operate, or insure any dam, lake, pond, or water body, nor to create liability for flooding, inundation, or other conditions arising from weather events, force majeure, or natural occurrences, except to the extent such damage is proximately caused by the willful or grossly negligent acts or omissions of the party against whom liability is asserted.

11.8.5 Nature and Duration.

The easements granted herein are appurtenant and perpetual, shall run with the land, and shall be binding upon and inure to the benefit of the Declarant, the Association, and their respective successors, assigns, employees, agents, and contractors.

11.9 Easement to Inspect and Right to Correct

11.9.1 Grant of Easement and Reserved Right.

The Declarant hereby reserves for itself, its successors, assigns, and designees, and grants to all Builders and their respective designees, a perpetual, non-exclusive easement of access over, upon, and throughout the Property—including all Lots and Common Area—for the limited purposes set forth in this Section.

11.9.2 Permitted Activities.

The easement may be exercised to:

- inspect, monitor, and test any Improvement, structure, or condition on the Property;
- redesign, repair, replace, or otherwise correct any Improvement or condition the exercising party reasonably believes to be defective, unsafe, non-compliant with the Governing Documents, or otherwise in need of remediation; and
- perform any related or incidental activities reasonably necessary to accomplish the foregoing objectives.

11.9.3 Conditions of Entry.

11.9.3.1 Notice.

Except in an emergency, entry onto a Lot shall occur only after the Owner has received reasonable prior written or verbal notice specifying the purpose and anticipated timeframe of entry.

11.9.3.2 Dwelling Interiors.

No entry into the enclosed portion of any Dwelling shall occur without the Owner's prior consent, unless entry is required on an emergency basis to prevent or mitigate immediate threat of significant personal injury or substantial property damage.

11.9.3.3 Hours; Manner of Work.

Non-emergency work shall be conducted during reasonable daylight hours and in a manner designed to minimize disruption to Occupants.

11.9.4 Restoration Obligation.

The party exercising this easement shall promptly repair and restore, at its sole cost, any portion of the Property damaged as a direct result of its activities to substantially the condition that existed immediately prior to the exercise of the easement, or to such other condition as the affected Owner and the exercising party may mutually agree.

11.9.5 No Waiver of Other Rights.

The rights granted and reserved herein are in addition to, and not in limitation of, any inspection, maintenance, enforcement, or self-help rights afforded to the Declarant or the Association under other provisions of the Governing Documents or Applicable Law.

11.10 Easement for Governmental and Essential Service Providers

11.10.1 Grant of Easement.

The Declarant hereby establishes and reserves, for the benefit of all federal, state, county, and municipal governmental entities and their personnel, agents, contractors, and designees—together with any private entities lawfully providing essential public services—a perpetual, non-exclusive easement of ingress, egress, and access over, across, and within the Property (including Common Area and, as reasonably necessary, the Lots).

11.10.2 Permitted Purposes.

The easement may be exercised for any activity reasonably related to the protection of public health, safety, or welfare, including, without limitation:

- law-enforcement, fire-fighting, rescue, and emergency-medical response;
- animal-control operations;
- inspection, maintenance, or repair of public utilities or infrastructure;
- refuse, recycling, or yard-waste collection and disposal; and
- delivery and collection of U.S. mail or private courier and package services.

11.10.3 Scope and Limitations.

- The easement may be exercised twenty-four (24) hours per day, seven (7) days per week, without prior notice when such entry is in furtherance of official duties.
- This easement does not convey any ownership interest in the Property and may not be used to expand or create additional facilities without the Association's written consent, except where such expansion is mandated by Applicable Law.
- The exercise of the easement shall, to the extent reasonably practicable, be conducted so as to minimize disruption to Owners and Occupants and to avoid unnecessary damage to landscaping or Improvements.

11.10.4 Restoration.

Any governmental agency or service provider that materially disturbs or damages the Property in exercising this easement shall promptly restore the affected area, at its expense, to substantially the condition that existed immediately prior to the disturbance, ordinary wear and tear excepted.

11.10.5 Runs with the Land.

The easement rights granted herein run with and bind the Property in perpetuity and shall inure to the benefit of all governmental and permitted service entities, their respective successors and assigns, and the public.

11.11 <u>Easement for Lot Maintenance</u>

11.11.1 Creation of Easement.

The Declarant and each Property Owner hereby reserve and establish, for the reciprocal benefit of every Lot and its Owners, a perpetual, appurtenant, non-exclusive easement ("Lot-to-Lot Maintenance Easement") over a strip of land extending up to five (5) feet on either side of every shared Lot boundary line.

11.11.2 Purpose and Use.

The Lot-to-Lot Maintenance Easement may be exercised solely for the temporary entry upon, and use of, the adjacent Lot as reasonably necessary to inspect, construct, maintain, repair, replace, or restore any Improvement, landscaping, or other feature located on the easement-holder's own Lot that is situated on or near the common boundary line.

11.11.3 Conditions of Entry.

11.11.3.1 Notice.

Except in an emergency, the Owner (or such Owner's contractors, agents, or employees) intending to use the easement shall provide the adjacent Lot Owner reasonable advance notice of the anticipated entry, the nature of the work, and the expected duration.

11.11.3.2 Reasonable Times & Manner.

Entry shall occur during reasonable daylight hours and the work shall be performed diligently and in a manner that minimizes disruption to the burdened Owner.

11.11.3.3 Duration.

Use of the easement is limited to the period reasonably necessary to complete the maintenance, repair, or replacement activity, after which the easement area shall be vacated.

11.11.4 Restoration and Liability.

The Owner (and its contractors or agents) exercising this easement shall:

- be liable for any damage to structures, landscaping, or other Improvements on the burdened Lot that results from the work or from the exercise of the easement; and
- promptly repair, restore, or replace the damaged property to substantially the condition that existed immediately prior to entry, at the exercising Owner's sole cost.

11.11.5 Independence from Association Duties.

This Lot-to-Lot Maintenance Easement is independent of, and does not diminish, expand, or otherwise affect the maintenance responsibilities of the Association or of any other Person as set forth in the Governing Documents.

11.11.6 Run with the Land.

The Lot-to-Lot Maintenance Easement is appurtenant to the benefited and burdened Lots, shall run with the title to such Lots, and shall inure to the benefit of, and be binding upon, each present and future Owner.

ARTICLE 12 PARTY WALLS AND OTHER SHARED STRUCTURES

12.1 General Rules of Law

12.1.1 Definition of "Party Structure."

Any wall, fence, driveway, or similar improvement constructed as part of the original development of two (2) adjoining Lots and serving or separating those Lots shall constitute a "Party Structure."

12.1.2 Governing Law.

Except as modified by this Article, the common-law principles applicable to party walls and to liability for property damage arising from negligence or willful acts or omissions shall apply to all Party Structures.

12.1.3 Dispute Resolution.

Any dispute relating to a Party Structure—including disputes concerning maintenance responsibilities, repair standards, or damage allocation—shall be resolved in accordance with Article 14.

12.2 Maintenance, Damage, and Destruction

Except where a Supplemental Declaration, separate covenant, or written agreement—and except where this Declaration—assigns or imposes responsibility otherwise, the following shall apply:

- Routine Maintenance
  - Fences.
    - Each Owner whose Lot is separated by a fence constituting a Party Structure shall maintain the side of the fence that faces such Owner's Lot.
  - Other Party Structures.
    - Each Owner shall maintain so much of any Party Structure as lies on or immediately adjacent to that Owner's Lot.
- Repair and Replacement Affecting Both Sides.
  - When repair or replacement of a Party Structure benefits or affects both Lots, the Owners of both Lots shall share the cost equally.
  - Either Owner may undertake the work; within thirty (30) days after receiving written documentation of the total cost, the non-performing Owner shall reimburse the performing Owner one-half (½) of the reasonable cost incurred.
- Damage Caused by One Lot.
  - If maintenance, repair, or replacement of a Party Structure becomes necessary solely because of the acts or omissions of the Owner, Occupants, guests, or invitees of one Lot, that Owner shall bear the full cost of such work.
- Conversion of Individually Constructed Fences.
  - If an Owner constructs a fence on the common boundary line and the adjacent Owner later attaches additional fencing or otherwise relies upon that fence to enclose any portion of the adjacent Lot, the fence shall thereafter be deemed a Party Fence for purposes of maintenance, repair, and replacement cost-sharing.
  - This provision does not transfer ownership of, or the right to remove, the original fence to the adjacent Owner.
- Association's Self-Help.
  - If an Owner fails to perform required maintenance or repair to a Party Structure within ten (10) days after written notice from the Association, the Association may:
    - perform or contract for the necessary work; and
    - assess all costs incurred, together with any permitted administrative fees, as a Specific Assessment against the defaulting Owner and the Owner's Lot.
- Easement & Appurtenance.
  - The right of any Owner to obtain contribution from an adjoining Owner under this Section is appurtenant to the land and shall run with title to the affected Lots, binding all successors-in-title.

ARTICLE 13 DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

13.1 Agreement to Resolve Disputes Without Litigation

13.1.1 Bound Parties & General Covenant

Declarant, the Association (including its officers, directors, and committee members), all Persons subject to this Declaration, and any Person that voluntarily agrees to be bound (collectively, "Bound Parties") covenant to pursue the alternative-dispute-resolution procedures in § 13.2 before initiating litigation over a Claim (defined below). Filing suit prior to completing those procedures constitutes a breach of this Declaration.

13.1.2 Definition of "Claim"

A "Claim" means any claim, grievance, or dispute—whether sounding in contract, tort, statute, or equity—arising out of or relating to:

- Interpretation, application, or enforcement of the Governing Documents;
- Rights, obligations, or duties of any Bound Party under the Governing Documents; or
- Design or construction of Improvements within the Property (but excluding matters of aesthetic judgment under Article 8).

The following are not "Claims," unless all parties expressly agree to use the§ 13.2 procedures:

- Association suits to collect Assessments or other sums;
- Association suits for temporary restraining orders, emergency equitable relief, or post-hearing enforcement after the Association has complied with Bylaw notice-and-hearing procedures;
- Suits that omit both the Declarant and the Association and assert claims independent of the Governing Documents;
- Suits in which an indispensable party is not a Bound Party; and
- Suits where the applicable statute of limitations will expire within 180 days after the § 13.2.1 Notice, unless the Respondent agrees in writing to toll the limitations period for the time reasonably necessary to complete ADR.

13.2 Alternative-Dispute-Resolution (ADR) Procedures

13.2.1 Step 1 – Written Notice of Claim

The Bound Party asserting a Claim ("Claimant") shall deliver a written Notice of Claim to each Respondent and to the Board setting forth:

- Nature of the Claim (facts, Persons involved, Respondent's role);
- Legal or contractual basis (specific Governing-Document or statutory provisions);
- Requested remedy or proposed resolution; and
- Request to confer in person to explore settlement.

13.2.2 Step 2 – Good-Faith Negotiation

The Claimant and Respondent shall meet and confer in person within a reasonable time to attempt to resolve the Claim. Upon written request (with a copy of the Notice), the Board may designate a neutral facilitator to assist the parties.

13.2.3 Step 3 – Mediation

- If the Claim is not resolved within thirty (30) days after the Notice (or any longer period agreed in writing), the Claimant shall have thirty (30) additional days to submit the Claim to mediation:
  - with a mediator or service designated by the Association (if the Association is not a party); or
  - with any reputable ADR provider located in the County.
- Failure to submit the Claim to mediation (or to appear at a scheduled mediation) constitutes a waiver of the Claim.
- If mediation does not resolve the Claim within thirty (30) days after submission (or any longer period deemed reasonable by the mediator), the mediator shall issue a Notice of Impasse, after which any party may pursue litigation or administrative remedies.
- Cost Allocation.
  - Each party bears its own attorney fees/costs and shares the mediator's fee equally.

13.2.4 Step 4 – Settlement & Enforcement

Any negotiated or mediated settlement shall be reduced to a written agreement signed by all parties. A party that must commence legal action solely to enforce the settlement, and who prevails, shall be entitled to recover all reasonable enforcement costs, including attorneys' fees and court costs, from the non-complying party (or, if multiple, from them in equal shares).

13.3 Limitations on Association-Initiated Litigation

The Association shall not file any judicial or administrative action unless approved by Members holding at least seventy-five percent (75 %) of all Class A votes, except that no such vote is required for:

- Actions initiated during the Declarant Control Period;
- Actions to enforce the Governing Documents, including Assessment collection or lien foreclosure;
- Actions to contest ad valorem taxes or condemnations;
- Actions against contractors, vendors, or suppliers arising from contractual relationships; or
- Actions necessary to defend claims against the Association or to assert counterclaims.

If a Claim or litigation is asserted against the Declarant, the Association shall assess all Members (other than the Declarant) for 100 % of the Association's costs, including attorneys' fees, incurred in connection with such Claim or litigation; Annual (General) Assessments shall not be used for that purpose.

Amendment Safeguard. This§ 13.3 may be amended only by the affirmative vote of Members holding at least seventy-five percent (75%) of all Class A votes, the same percentage required to authorize Association litigation under this Section.

13.4 Effect of Failure to Comply with ADR

A Bound Party that initiates litigation without first complying with the ADR procedures of this Article shall be subject to a stay or dismissal of such action upon motion of any Respondent and may be liable for all costs and attorneys' fees incurred by Respondents to obtain such stay or dismissal.

13.5 Severability

If any provision of this Article is held invalid or unenforceable, the remaining provisions shall remain in full force and effect, and the invalid or unenforceable provision shall be deemed replaced by a valid provision that most closely effectuates the parties' intent.

ARTICLE 14 MORTGAGEE PROVISIONS

Applies to both the Declaration and the Bylaws; capitalized terms have the meanings given in Article 2.

14.1 Notices to Eligible Mortgage Holders

Each Eligible Mortgage Holder is entitled to timely, written notice of:

- Condemnation or Casualty Loss.
  - Any condemnation or casualty loss affecting (i) a material portion of the Property or (ii) any Lot encumbered by that Eligible Mortgage.
- Assessment Delinquency or Other Default.
  - Any delinquency in the payment of Assessments or other charges against a Lot subject to that Eligible Mortgage that remains uncured for sixty (60) days, or any other violation of the Governing Documents relating to that Lot or its Owner/Occupant that remains uncured for sixty (60) days.
- Insurance Matters.
  - Any lapse, cancellation, or material modification of any Association insurance policy.
- Actions Requiring Mortgagee Consent.
  - Any proposed action that, under the Governing Documents, requires the approval of a specified percentage of Eligible Mortgage Holders.

14.2 No Priority Over First Mortgagees

Nothing in the Governing Documents grants any Owner or other Person priority over the rights of a first Mortgagee with respect to the distribution of insurance proceeds or condemnation awards attributable to damage or taking of the Common Area.

14.3 Owner's Duty to Identify Mortgagee

Upon the Association's written request, each Owner shall promptly provide the name and mailing address of every Mortgagee that holds a lien against the Owner's Lot.

14.4 Failure of Mortgagee to Respond

If the Board delivers a written request for consent or response to any Mortgagee by certified or registered mail, return-receipt requested, and the Mortgagee fails to respond within sixty (60) days after the mailing date, the Mortgagee shall be deemed to have approved and consented to the requested action.

14.5 Board Authority to Conform to Secondary-Market Requirements

Should Fannie Mae, Freddie Mac, the U.S. Department of Housing and Urban Development, the U.S. Department of Veterans Affairs, or any similar secondary-market or governmental entity eliminate or relax requirements that originally necessitated any provision of this Article, the Board may, without Member or Mortgagee approval, record an amendment to this Article to conform it to such revised requirements.

14.6 Preservation of Voting Thresholds

Nothing herein shall be construed to reduce or alter the Member-voting or Mortgagee-consent percentages otherwise required by this Declaration, the Bylaws, or Applicable Law for any action addressed in this Article.

ARTICLE 15 ADDITIONAL RELATIONSHIPS AND DISCLOSURES

Capitalized terms have the meanings assigned in Article 2. Nothing herein creates or implies any duty or liability beyond that expressly stated.

15.1 View Impairment

15.1.1 No Guarantee of View or Light.

Neither the Declarant, any Declarant Affiliate, nor the Association warrants or represents that any existing or future view, vista, or corridor of light or air across Lots or Common Area will remain unobstructed or unimpaired.

15.1.2 Landscaping & Vegetation.

- Except to the extent necessary to maintain the Community-Wide Standard or as may be required by separate recorded covenants or governmental approvals, the Declarant, Declarant Affiliates, and the Association have no obligation to prune, thin, relocate, or remove trees, shrubs, or other vegetation for the purpose of preserving or enhancing any Owner's or Occupant's view or access to light and air.
- The Association, with respect to the Common Area, may plant additional trees or landscaping and may construct, alter, or remove Improvements from time to time, subject to Applicable Law and the Governing Documents—even if such actions may impair or alter an Owner's or Occupant's view.

15.1.3 No Easement for Views, Light, or Air.

No express or implied easements or rights are granted or shall be deemed to exist for the preservation of any particular view, vista, or for the free passage of light or air over any portion of the Property.

15.2 Stormwater Facilities & Adjoining Lots

15.2.1 Location of Facilities.

Certain Lots abut Common Area that contains lakes, ponds, storm-water detention or retention basins, or other water-management facilities (collectively, "Storm-Water Facilities").

15.2.2 Owner Limitations.

Owners and Occupants of Lots adjoining such Common Area shall not, without prior written approval from the Association:

- erect fences or walls;
- attach docks, piers, or similar structures;
- construct retaining walls or other Improvements;

- anchor, launch, moor, or store boats, watercraft, or floating devices; or
- landscape, clear, grade, or otherwise disturb vegetation within:
  - o the portion of the Common Area between the Lot boundary and the water's edge, or
  - o any non-disturbance or buffer area designated on the Plat or in any recorded instrument.

15.2.3 Enforcement.

Any violation of this Section is a breach of the Governing Documents and is subject to enforcement under § 5.4 and Article 13, including removal or restoration at the violating Owner's expense and the levy of Specific Assessments.

ARTICLE 16 CHANGES IN THE COMMON AREA

16.1 Condemnation (Eminent Domain)

16.1.1 Notice of Taking.

If any portion of the Common Area is taken or conveyed in lieu of taking by a governmental or quasi-governmental authority exercising the power of eminent domain, the Association shall provide written notice to all Owners before disbursement of any condemnation proceeds.

16.1.2 Disposition of Award.

16.1.2.1 Improved Common Area.

If the condemned area contained Improvements:

- The Association shall, to the extent feasible, restore or replace the Improvements on the remaining Common Area, unless, within sixty (60) days after the taking, both (i) the Declarant (during the Declarant Control Period) and (ii) Members holding at least seventy-five percent (75 %) of the total Class A votes consent in writing to a different disposition of the proceeds.
- Restoration shall follow plans and specifications approved by the Board, and the provisions of § 5.3.3 (regarding use of insurance proceeds for restoration) shall apply to condemnation proceeds.

16.1.2.2 Unimproved or Partially Improved Common Area / Surplus Funds.

If:

- the condemned area contained no Improvements,
- the Association and Members duly elect not to restore or replace Improvements, or
- net proceeds remain after completion of restoration,

then the condemnation award (or the remaining balance) shall be treated as proceeds from a sale of Common Area under § 16.3.

16.2 Prohibition on Partition

Except as expressly permitted by this Declaration, the Common Area shall remain undivided, and no Person may seek partition of any portion of the Common Area without the written consent of every Owner and Mortgagee. This restriction does not impair the Board's authority to:

- acquire or dispose of tangible personal property; or

- acquire or dispose of real property (whether or not already subject to this Declaration), subject to the approvals required by § 16.3.

16.3 Mortgaging, Conveyance, or Dedication of Common Area

16.3.1 Member & Declarant Approval.

The Association may dedicate, convey, lease, mortgage, pledge, or otherwise encumber any portion of the Common Area only upon:

- the written approval of Members holding at least eighty percent (80 %) of the total Class A votes; and
- the written consent of the Declarant for so long as the Declarant Control Period remains in effect.

16.3.2 Safeguards.

- No such transfer or encumbrance may deprive any Lot of reasonable vehicular and pedestrian access, structural support, or utility service.
- Proceeds from any permitted sale, lease, or financing of Common Area shall constitute an asset of the Association to be used for any lawful Association purpose as the Board determines.

16.4 Easements Through the Common Area

The Board may, without Owner consent, grant, modify, or relocate non-exclusive easements, leases, licenses, or concessions over, under, across, or through the Common Area when, in the Board's reasonable judgment, such action:

- serves the best interests of the Community;
- does not materially and adversely affect the use, safety, or enjoyment of the Common Area by the Owners as a whole; and
- complies with the Governing Documents and Applicable Law.

ARTICLE 17 AMENDMENT OF DECLARATION

17.1 Amendment By Declarant

17.1.1 Unilateral Right During Declarant Control Period.

Until the Declarant Control Period terminates, the Declarant may unilaterally amend this Declaration for any purpose and in any manner, it deems appropriate, subject to the limitation below.

17.1.2 Limitations.

A unilateral amendment under this Section may not materially and adversely affect:

- the allocation of voting rights among Lots;
- the allocation of Assessments among Lots; or
- the title to, or boundaries of, any Lot,

unless the Owner(s) of the Lot(s) so affected have provided prior written consent to the amendment.

17.2 Amendment By Members

Except as otherwise expressly provided in this Declaration:

- Required Vote.
  - This Declaration may be amended only by the affirmative vote, written consent, or any combination thereof, of Members holding at least sixty-seven percent (67 %) of the total Class A votes in the Association, and—during the Declarant Control Period—by the written consent of the Declarant.
- Higher Thresholds Control.
  - If any specific provision of this Declaration requires a greater percentage of Member or Mortgagee approval for a particular amendment, the higher percentage controls for that amendment.

17.3 Validity; Effective Date; Challenges

17.3.1 Protection of Declarant Rights.

No amendment may remove, revoke, or modify any right or privilege of the Declarant (or the Declarant's assignee) without the Declarant's prior written consent. This protection applies so long as the Declarant owns any portion of the Property.

17.3.2 Presumption of Authority.

An Owner's execution of an amendment (or written consent thereto) shall be conclusively presumed valid, and no inconsistent provision in any Mortgage, deed of trust, or contract shall impair the effectiveness of the Owner's consent.

17.3.3 Recording & Effective Date.

An amendment shall become effective upon recordation in the Land Records (or on any later effective date stated in the amendment).

17.3.4 Statute of Repose for Procedural Challenges.

Any challenge to the validity of a duly recorded amendment—whether on procedural or substantive grounds—must be commenced within one (1) year after the amendment is recorded; thereafter, the amendment shall be conclusively presumed to have been validly adopted.

17.3.5 Changes in Circumstances.

Changes in market conditions, economic circumstances, technology, or other conditions shall not, of themselves, operate to amend or invalidate any provision of this Declaration.

ARTICLE 18 TERMINATION OF DECLARATION

18.1 Termination Procedure

18.1.1 Super-Majority Approval.

This Declaration may be terminated in its entirety only by the recordation of a written Termination Agreement executed by:

- Owners holding not less than eighty percent (80 %) of the total Lots then subject to this Declaration (each Lot constituting one vote, regardless of class or Assessments status); and

- the Declarant, for so long as the Declarant Control Period has not expired or been surrendered.

18.1.2 Form and Recordation.

The Termination Agreement shall:

- identify the Property to be released from the Declaration;
- be executed and acknowledged by the requisite Owners (and the Declarant, if applicable); and
- be recorded among the Land Records, whereupon the Declaration shall cease to be of further force or effect as to the Property (or such portion thereof) described in the agreement.

18.2 Preservation of Easement Rights

No termination effected pursuant to this Article shall extinguish, impair, or modify any easement or property right created by this Declaration without the express written consent of the holder of such easement or right. All such easements and rights shall continue in full force and effect in accordance with their terms, notwithstanding termination of the remainder of the Declaration.

18.3 Effect of Termination

Upon proper termination:

- Dissolution or Conversion.
  - The Association shall take such steps as are required by the State Nonprofit Act either to dissolve or to adopt a new purpose and name; and
- Distribution of Assets.
  - After paying or providing for all known debts and liabilities, the Association shall convey or distribute the remaining Common Area and assets in accordance with the Termination Agreement and Applicable Law.

ARTICLE 19 GENERAL PROVISIONS

19.1 Enforcement

The Association, the Declarant, and each Owner possess the right to seek judicial, equitable, or administrative relief to enforce the Governing Documents.
The Association's enforcement tools include—but are not limited to—the powers and remedies set forth in § 5.4 and elsewhere in the Governing Documents.

19.2 Consent or Approval

Where the Governing Documents require a party's "consent" or "approval," such consent or approval—unless another standard is expressly stated—may be granted, conditioned, or withheld in the sole discretion of the Person whose consent or approval is required.

19.3 Discretion and Determinations

Any reference in the Governing Documents to a Person's "discretion," "sole discretion," or right to "determine" a matter confers an absolute right to decide, act, or refrain from acting. Unless the Governing Documents expressly provide otherwise, the Person exercising such discretion is not required to act reasonably or to provide justification for the decision or inaction.

19.4 Rules of Construction & Interpretation

Except as otherwise expressly provided:

- "includes" or "including" means "including without limitation."
- "may" is permissive, not mandatory.
- Cross-references to Articles, Sections, or Exhibits refer to provisions of this Declaration, and all Exhibits are incorporated herein by reference.
- Section and Article headings are for convenience only and shall not affect the meaning or interpretation of any provision.

19.5 Severability

If any provision of this Declaration is held invalid or unenforceable, such holding shall not affect the validity or enforceability of the remaining provisions. In lieu of any invalid or unenforceable term, there shall be deemed substituted a valid provision that most nearly accomplishes the original intent of the invalid provision.

19.6 Security Disclaimer

NOTICE REGARDING SAFETY & SECURITY

ALL OWNERS, OCCUPANTS, GUESTS, LICENSEES, AND INVITEES ACKNOWLEDGE THAT THE PROPERTY OWNER, DECLARANT, ANY APPROVED BUILDER, THE ASSOCIATION, AND THE BOARD OF DIRECTORS ARE NOT INSURERS OR GUARANTORS OF SAFETY OR SECURITY. NO REPRESENTATION OR WARRANTY IS MADE, EXPRESS OR IMPLIED, THAT:

- ANY SECURITY OR SAFETY MEASURES WILL BE IMPLEMENTED;
- ANY SUCH MEASURES, IF IMPLEMENTED, WILL NOT BE COMPROMISED OR CIRCUMVENTED; OR
- ANY SUCH MEASURES WILL, IN ALL CIRCUMSTANCES, PROVIDE THE DETECTION OR PROTECTION FOR WHICH THEY ARE DESIGNED.

EACH OWNER, OCCUPANT, GUEST, LICENSEE, AND INVITEE ASSUMES ALL RISKS OF PERSONAL INJURY, DEATH, AND PROPERTY LOSS OR DAMAGE RESULTING FROM CRIMINAL ACTS, FIRE, WEATHER, OR OTHER HAZARDS. NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE OR LIMIT LIABILITY FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PROPERTY OWNER, DECLARANT, APPROVED BUILDER, THE ASSOCIATION, OR THE BOARD OF DIRECTORS.

[SIGNATURE FOLLOWS ON THE NEXT PAGE]

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the Effective Date.

DECLARANT:

TMC Claybank LLC,
a South Carolina limited liability company

By: ______________________________(SEAL)
Michael Roth, Manager

____
Witness No.1

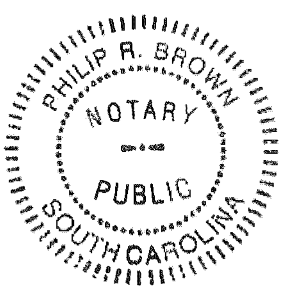
____
WitnessNo. 2 / Notary Public

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) **ACKNOWLEDGEMENT**

The foregoing instrument was acknowledged before me this 5th day of August, 2026, by Michael Roth, as Manager of TMC Claybank LLC, a South Carolina limited liability company, on behalf of the Declarant.

____
Notary Public, South Carolina
Print Name: Philip R. Brown
My Commission Expires: 8/31/31

AFFIX NOTORIAL SEAL



CONSENT AND SUBORDINATION
OF
THOMASVILLE NATIONAL BANK

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the undersigned, **Thomasville National Bank** ("Bank") does hereby consent and agree to execution and recordation of the forgoing **DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR CLAYBANK FARMS** ("Declaration") to which this Consent and Subordination is attached and agrees that from and after the recordation of the Declaration, the Community shall be subject to all of the terms and provisions of the Declaration and to the jurisdiction of the Association (as defined in the Declaration), its, bylaws, rules, and regulations. Bank further agrees to subordinate all liens, encumbrances, security interests and mortgages, including, without limitation, the mortgage recorded in Mortgage Book 7125 at Page 382 ("Liens") with respect to the Community, or any portion thereof, to the Declaration and any amendments thereto. Bank agrees that neither the Declaration nor any amendments thereto shall be affected by the Bank's exercise or enforcement of its rights or remedies under the terms of the Liens but shall remain an encumbrance upon and enforceable against the Community and the owners of property within the Community.

THOMASVILLE NATIONAL BANK

By: [signature]
Name: JOSH CONE
Title: SENIOR VICE PRESIDENT

[signature]
Witness No. 1

Sophie Bryant
Witness No. 2 / Notary Public

State of Georgia

Countyof Thomas

I, Sophie Bryant, a notary public for the county and state aforesaid, do hereby certify that Josh Cone either personally known to me or proven by satisfactory evidence, came before me this day and acknowledged that (s)he is the SVP of **Thomasville National Bank**, a banking institution, and that (s)he, as Vice President, being authorized to do so, voluntarily executed the foregoing on behalf of the corporation for the purposes therein stated.

WITNESS my hand and official stamp or seal this the 5 day of August, 2026.

Sophie Bryant
Notary Public
Name: Sophie Bryant
My Commission Expires: 12-13-2026

[Notary Stamp/Seal]

SOPHIE BRYANT
NOTARY
PUBLIC
EXP. DEC. 13, 2026
THOMAS COUNTY, GA

CONSENT AND SUBORDINATION
OF
EASTWOOD CONSTRUCTION PARTNERS, LLC DBA EASTWOOD HOMES

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the undersigned, **Eastwood Construction Partners, LLC DBA Eastwood Homes** ("Bank") does hereby consent and agree to execution and recordation of the forgoing **DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR CLAYBANK FARMS** ("Declaration") to which this Consent and Subordination is attached and agrees that from and after the recordation of the Declaration, the Community shall be subject to all of the terms and provisions of the Declaration and to the jurisdiction of the Association (as defined in the Declaration), its bylaws, rules, and regulations. Bank further agrees to subordinate all liens, encumbrances, security interests and mortgages, including, without limitation, the mortgage recorded in Book 7150 at Page 530 ("Liens") with respect to the Community, or any portion thereof, to the Declaration and any amendments thereto. Bank agrees that neither the Declaration nor any amendments thereto shall be affected by the Bank's exercise or enforcement of its rights or remedies under the terms of the Liens but shall remain an encumbrance upon and enforceable against the Community and the owners of property within the Community.

EASTWOOD CONSTRUCTION PARTNERS, LLC DBA EASTWOOD HOMES

By: ______________________
Printed Name: Dion Matheney
Its: Vice President

______________________ Witness No. 1

Susan D Huffman
Witness No. 2 / Notary Public

State of South Carolina County of Spartanburg

I, Susan D Huffman, a notary public for the county and state aforesaid, do hereby certify that Dion Matheney either personally known to me or proven by satisfactory evidence, came before me this day and acknowledged that (s)he is the Vice President of Eastwood Construction Partners, LLC DBA Eastwood Homes, and that (s)he, as Vice President, being authorized to do so, voluntarily executed the foregoing on behalf of the corporation for the purposes therein stated.

WITNESS my hand and official stamp or seal this the 11th day of August, 2026.

Susan D Huffman
Notary Public
Name: Susan D Huffman
My Commission Expires: 5/17/2034

[Notary Stamp/Seal]

TABLE OF EXHIBITS

EXHIBIT	SUBJECT MATTER
A	Property Description
B	Additional Property Description
C	Restrictions
D	Bylaws

EXHIBIT A: PROPERTY DESCRIPTION

All those certain pieces, parcels, or lots of land lying and being in Spartanburg County, South Carolina, and more particularly described as follows:

Lots 1 through 32 (inclusive), Common Area 0.01 Acres, Common Area 19.01 Acres, Common Area 0.79 Acres, and Private Stormwater Detention Area 0.97 Acres as shown on the plat entitled "Claybank Farms Single-Family Detached Development TMS# 3-04-00-018.00 Cowpens, 29330 Spartanburg County, South Carolina" prepared by Freeland & Associates, Inc. dated March 4, 2026 as recorded in Plat Book 189 Page 907 in the Registry of Spartanburg County, South Carolina ("Plat"). Reference is hereby made to said Plat for a more complete and accurate metes and bounds description thereof.

EXHIBIT B: ADDITIONAL PROPERTY DESCRIPTION

Any or all property that abuts or has the ability to connect to the Property,, as defined in Exhibit A, within a one-half mile radius.

Note to clerk and title examiners:
This Declaration is not intended to create an encumbrance on title to the property described on this **Exhibit B**. Such title may be encumbered only with the consent of the Declarant by filing a Supplemental Declaration in accordance with Article 3.

EXHIBIT C: RESTRICTIONS

Applies until amended, modified, repealed, or limited in accordance with Article 7 of the Declaration. Capitalized terms are defined in Article 2 unless otherwise indicated.

- Permitted Purposes
  - The Property may be used only for residential, recreational, and related purposes consistent with the Declaration and any Supplemental Declarations. Ancillary uses may include:
    - an information and/or sales center for a broker engaged by the Declarant;
    - offices for any professional management company;
    - business offices for the Declarant and the Association; and
    - public facilities.
- Restricted Activities
  - Unless the Board gives prior written approval (and subject to any conditions it imposes), the following are prohibited within the Property:
    - *Parking & Storage of Vehicles*
      - Parking on streets/alleys except in Board-designated on-street spaces (which may be limited to one side of the street).
      - Parking or storing more than two (2) vehicles outside an enclosed garage.
      - Parking or storing commercial vehicles, equipment, RVs, mobile homes, golf carts, boats, trailers, stored or inoperable vehicles outside enclosed garages—except temporarily for loading, unloading, service, or delivery.
        - Commercial vehicle means any truck or van with commercial writing or a vehicle primarily designed/used for a commercial purpose; it excludes passenger cars bearing decals or lettering not exceeding one (1) square foot and official government vehicles.
    - *Animals & Pets*
      - No livestock or exotic animals. No roosters allowed.
      - Household pets (dogs, cats, or other usual indoor pets such as parakeets, fish, hamsters, or gerbils) limited to five (5) per Lot unless Applicable Law imposes a lower limit.
      - Prohibited Animals include (without limitation): wolves, foxes, coyotes, hyenas, dingoes, jackals; large cats (lions, tigers, leopards, jaguars, pumas, panthers, mountain lions, cheetahs, cougars, bobcats, lynxes); ferrets, weasels, minks, badgers, wolverines, skunks, mongooses; and the following dog breeds (or mixes): cane corso, dogo argentino, any Mastiff or Bull-Mastiff, rottweiler, pit bull, doberman pinscher, rhodesian ridgeback, chow, bandog, kuvasz, caucasian ovcharka, wolf-dog hybrids. The Board may amend this list by majority vote (with retroactive effect).
      - Pets must be secured within fenced areas or leashed; no roaming, nuisance noise, or unsanitary conditions. Repeat violations may be fined up to $25 per incident.
      - Dog houses must be placed at the rear of the Dwelling, not visible from the street.

- Pets must be registered, licensed, and inoculated as required by Applicable Law.

- *Nuisances & Hazardous Activities*
  - Emitting foul odors, excessive noise, or other disturbances;
  - Violating Applicable Law (Board enforcement discretionary);
  - Creating untidy, unhealthy, or unsanitary exterior conditions;
  - Engaging in noxious, offensive, or hazardous conduct;
  - Outdoor burning of trash or debris;
  - Audible use of horns, loudspeakers, bells, etc. (security alarms excepted);
  - Discharging fireworks or firearms;
  - Dumping debris or pollutants;
  - Leaving rubbish outside approved containers or visible from the street;
  - Altering or obstructing drainage;
  - Installing drainage pipes in swales except at driveways.
- *Lot Configuration & Garages*
  - Subdividing, recombining, or adjusting Lot lines without required approvals (Declarant consent during the Declarant Control Period; Board consent thereafter).
  - Converting garages to living space or using garages so that intended parking capacity is lost.
- *Timeshares & Similar Programs*
  - Operation of timeshare, fraction-sharing, residence-club, vacation-club, destination-club, or similar rotating-occupancy programs is prohibited, except that the Declarant (and its assigns) may operate such programs on Lots it owns.
- *Fuel Storage*
  - On-site storage of gasoline or other fuels is prohibited, other than:
    - household quantities reasonably necessary for emergency generators, lawn equipment, grills, or fireplace use; and
    - Association storage for maintenance equipment.
      - (Underground tanks approved under Article 8 are exempt.)
- *Sales & Events*
  - Yard/garage/moving/rummage sales or similar events are prohibited, except on community-wide dates designated by the Board.
- *Exterior Lighting*
  - Exterior lighting visible from the street is limited to:
    - original builder fixtures;
    - one (1) approved decorative post light;
    - pathway/landscape lighting;
    - community street lights;
    - seasonal lighting (November – December);
    - façade lighting as approved by the DRB.
- *Water Bodies*
  - Swimming, fishing, or boating in lakes, ponds, or streams within the Property is prohibited unless expressly permitted by Board rules.

- *Home Occupations*

        - Business, trade, or similar activity may occur within a Lot only if:
            - The activity is invisible from outside the Dwelling (no visible evidence by sight, sound, or smell);
            - The activity complies with zoning and other laws;
            - No door-to-door solicitation occurs;
            - Traffic and parking are not appreciably greater than typical residential use; and
            - The activity remains compatible with residential character and is not hazardous or offensive.
        - *Leasing (as defined in § 2.1.29 and regulated by § 7.4.8) does not constitute a "business" or "trade" for purposes of this subsection.*
    - o *Exterior Modifications Subject to Article 8*
        - No construction, erection, installation, placement, or exterior modification of any Improvement may occur except in strict compliance with Article 8. Items requiring approval include, without limitation, signage, flags (except as authorized by § 7.4.3 & § 7.4.4), play equipment, clotheslines, garbage cans (unless screened), woodpiles, above-ground pools, mailboxes, hedges, walls, dog runs, animal pens, and fences.
        - Permitted Devices (as defined in Exhibit C and referenced therein) such as certain small satellite dishes and broadcast antennas are allowed subject to location and screening requirements in the Design Guidelines.
- Prohibited Conditions
    - o The following conditions are prohibited:
        - Noxious or Dangerous Conditions.
            - Any plant, animal, device, or condition that is noxious, dangerous, unsightly, or unpleasant so as to diminish enjoyment of the Property.
        - Dilapidated Exterior Items.
            - Rusty, dilapidated, or poorly maintained structures or equipment on any Lot.
        - Unauthorized Wells/Irrigation.
            - Installation or use of sprinkler, irrigation, or well systems drawing from ground or surface water, except by the Declarant, its designees, or the Association.
            - Vegetative Encroachment.
                - o Tree limbs or vegetation hanging over any street or alley lower than thirteen feet, six inches (13' 6").
- Leasing Restrictions
    - o Leasing is defined in § 2.1.29 and is generally regulated by *§* 7.4.8. The following additional limitations supplement and, where not inconsistent, control.
    - o Minimum Term.
        - No lease may be for a term shorter than six (6) consecutive months.
    - o Advertising & Compensation.
        - Owners may not advertise or accept payment for any occupancy < 6 months. Casual, uncompensated overnight guests are permitted.
    - o Written Lease & Disclosure.
        - Every lease must be in writing, delivered to the Board within ten (10) days of execution, and must incorporate by reference the Governing Documents. Leases

shall authorize the Association to enforce compliance (including eviction) at the Owner's expense.

- Multiple-Lot Leasing.
  - Except as stated below, no Owner (together with related Persons/entities) may lease more than one (1) Lot at any time. Exemptions:
    - Lots leased to the Declarant or a Declarant-approved Builder for model or sales use (and any continuation with the same Owner if not renewed by Declarant/Builder);
    - Lots leased by an institutional lender following foreclosure.

- Enforcement
  - Any violation of these Restrictions is a violation of the Governing Documents and may be enforced by the Association pursuant to § 5.4 (Compliance & Enforcement) and Article 13.
- Hierarchy
  - If a conflict arises between this Exhibit C and the main body of the Declaration or any Supplemental Declaration, the hierarchy set forth in § 1.2 of the Declaration controls.

EXHIBIT D: BYLAWS

BYLAWS
OF
CLAYBANK FARMS

ARTICLE 1 NAME, PRINCIPAL OFFICE, AND DEFINITIONS

1.1 Name

The name of the corporation is Claybank Farms Owners Association, Inc. (the "Association").

1.2 Principal Office

The principal office of the Association shall be located in the County, in the State. The Board of Directors ("Board") may establish such additional or successor offices, whether within or outside the State, as the Board deems advisable for the conduct of Association business.

1.3 Definitions

1.3.1 General Usage.

Words not otherwise defined in these Bylaws have their normal, commonly understood meanings.

1.3.2 Cross-Reference to Declaration.

Each capitalized term used but not defined in these Bylaws shall have the meaning assigned in the Declaration of Covenants, Conditions & Restrictions for Claybank Farms (as amended, the "Declaration").

1.3.3 Majority.

The term "majority," when used with respect to votes, Owners, Directors, or any other class or group, means more than fifty percent (50 %) of the total eligible number in that class or group.

1.3.4 Additional Defined Term.

1.3.4.1 "State Nonprofit Act."

South Carolina Nonprofit Corporation Act, as it may be amended from time to time, together with any successor statute governing domestic nonprofit corporations in the State.

ARTICLE 2 MEMBERSHIP: MEETINGS, QUORUM, VOTING, PROXIES

2.1 Membership

The Association shall have two (2) classes of membership — Class A and Class B — as set forth in the Declaration. All provisions of the Declaration that address membership, voting rights, conversion, and termination of the Class B Membership are incorporated herein by this reference.

2.2 Place and Form of Member Meetings

2.2.1 Physical Location.

Unless the Board specifies otherwise, meetings of the Members shall be held at the Association's principal office in the County or at another suitable place the Board designates.

2.2.2 Virtual or Hybrid Location.

The Board may determine that a meeting be held wholly or partially by means of remote communication (e.g., telephone, video, internet platform) that complies with the State Non-Profit Act. Members participating remotely shall be deemed present in person for quorum and voting purposes.

2.3 Annual Meetings

2.3.1 Organizational Meeting.

The first Member meeting (regular or special) shall be held within one (1) year of the Association's incorporation.

2.3.2 Subsequent Annual Meetings.

Regular annual meetings shall be held during the third quarter of each Fiscal Year at a date/time/place (physical, virtual, or hybrid) set by the Board.

2.4 Special Meetings

1. The President may call special meetings at any time.
2. The President shall call a special meeting (i) upon Board resolution or (ii) upon receipt of a written petition from Members holding at least ten percent (10 %) of the Class A votes.

2.5 Notice of Meetings

2.5.1 Permitted Delivery Methods

Notice may be provided by any method reasonably calculated to give actual notice, including:

- Electronic transmission to any e-mail address, SMS/text number, or other electronic identifier on record;
- Posting to a secure Association website or mobile application with a push or e-mail alert;
- Physical posting in a prominent Common-Area location together with an electronic alert; or
- U.S. Mail or private carrier.

2.5.2 Member Consent & Opt-Out

By accepting title to a Lot, each Member consents to electronic notice. A Member may opt out by written request; thereafter, the Association will provide notices by first-class mail until the Member revokes the opt-out in writing.

2.5.3 Recipients

Unless a Member has supplied an alternate electronic or mailing address, notice shall be delivered to the street address of the Lot as shown in the Association's records.

2.5.4 Content & Timing

Notices must state the date, time, and place or remote-meeting link (and, if required by Applicable Law, the purpose) and be sent not fewer than ten (10) nor more than sixty (60) days before the meeting (thirty (30) days if mailed other than first-class or registered). Notice is deemed delivered (i) when mailed, (ii) when transmitted electronically with a confirmation log, or (iii) when posted electronically with alert as described above.

2.5.5 Adjourned Meetings

If a meeting is adjourned and the new date/time/place (or electronic link) is announced prior to adjournment, no additional notice is required unless Applicable Law mandates otherwise or a new record date must be fixed, in which event notice shall be sent to Members of record as of the new date

2.6 Waiver of Notice

A Member may waive notice in writing or electronically before or after the meeting. Attendance without objection waives any defect in notice except when the Member appears solely to object to lack of notice.

2.7 Adjournment for Lack of Quorum

If a quorum (§ 2.10) is lacking, a majority of Members present may adjourn to a date/time within five (5)–thirty (30) days. At the reconvened meeting, the Members present constitute a quorum if the new quorum equals one-half of the original quorum requirement.

2.8 Voting Rights

Voting rights are governed by the Declaration and incorporated herein. When meetings are held wholly or partly by remote communication, the Association shall implement reasonable verification and security measures to ensure that each electronic voter is the Member or proxy holder entitled to cast the vote.

2.9 Proxies (Electronic or Written)

A proxy:

- must identify the Lot;
- must be signed or authenticated electronically or in writing by the Member or attorney-in-fact;
- must be dated and filed (physically or electronically) with the Secretary before the meeting;
- is presumed to cover all votes the Member may cast unless it states otherwise;
- is revocable and terminates on the earlier of transfer of title, Secretary's receipt of revocation, death/incompetence of the Member, or eleven (11) months after its date (unless a shorter period is stated).

In case of conflicting proxies covering the same vote, the proxy most recently dated controls; proxies dated the same day are both invalid.

2.10 Quorum

Unless the Declaration or these Bylaws provide otherwise, Members holding thirty percent (30 %) of the total Class A votes present in person, by remote communication, or by proxy constitute a quorum.

2.11 Conduct of Meetings

The President presides; the Secretary (or designee) records minutes. Minutes may be prepared using digital, audio, video, or AI-assisted transcription tools, subject to Board review and approval, and shall be stored electronically as part of the Association's permanent records.

2.12 Action Without a Meeting — Unanimous Electronic Consents

Any action that could be taken at a Member meeting may be undertaken without a meeting if every Member entitled to vote electronically or in writing signs or otherwise electronically consents to the action within sixty (60) days. Consents shall be filed electronically or physically with the minutes and have the same force as a unanimous vote.

2.13 Action by Electronic or Paper Ballot

The Board may submit any matter to the Members by electronic or paper ballot without calling a meeting. An action is deemed approved when:

- the number of ballots timely returned equals or exceeds the quorum that would have been required at a meeting; and
- the number of approvals equals or exceeds the votes that would have been required to approve the matter at a meeting with that quorum.

Delivery, authentication, and tabulation may be accomplished through a secure online voting system or third-party service designated by the Board.

2.14 Virtual or Hybrid Meetings

The Board may authorize Member meetings to be conducted entirely or partially by remote communication. Participation by such means shall be deemed presence in person. The Association must (i) verify the identity of each remote participant and (ii) afford each participant a reasonable opportunity to vote and to participate contemporaneously.

2.15 Electronic Proxies

A proxy may be delivered by e-mail, facsimile, electronic signature service, Association portal, or other reliable electronic means approved by the Board. Electronic authentication satisfying the State Nonprofit Act and UETA constitutes a valid signature.

2.16 Digital Records &A.I.-Assisted Minutes

2.16.1 Electronic Recordkeeping.

The Association may create, transmit, sign, store, and reproduce corporate records electronically. Electronic copies maintained in a manner that reasonably guards against unauthorized alteration shall be deemed original records.

2.16.2 AI Tools for Minutes.

The Secretary may utilize automated transcription or artificial-intelligence applications to create draft minutes. Final minutes must be reviewed, corrected if necessary, and approved by the Board at the next regular Board meeting (or by unanimous consent) to become official.

2.17 Authentication of Electronic Signatures & Votes

Any electronic signature, proxy, ballot, or consent executed or transmitted pursuant to this Article is valid, binding, and enforceable if the Association adopts commercially reasonable security procedures to verify the signatory's identity and to maintain record integrity, in accordance with the E-SIGN Act, UETA, and the State Nonprofit Act.

ARTICLE 3 BOARD OF DIRECTORS: SELECTION, MEETINGS, POWERS

3.1 Governing Body; Qualifications

The Association's affairs are governed by a Board of Directors (the "Board"). Each director holds one (1) vote. Except for directors appointed by the Class B Member, directors must be Owners. No more than one (1) individual from any Lot may serve on the Board simultaneously.

If a Member is not a natural person, any officer, director, partner, trustee, or other representative designated in writing by that Member may serve as a director (unless the Member designates otherwise). No such Member may have more than one representative on the Board at the same time except with respect to seats filled by Class B appointment.

3.2 Number of Directors

The Board consists of three (3) directors unless increased or decreased (not below three) by amendment of these Bylaws.

3.3 Selection & Term of Directors

3.3.1 Initial Board

The organizational documents name an initial Board of three (3) directors who serve until their successors are elected or appointed under § 3.3.2 or § 3.3.3.

3.3.2 Directors During the Declarant Control Period

During the Declarant Control Period, the Class B Member may appoint, remove, and replace any director at its sole discretion.

3.3.3 Directors After the Declarant Control Period

Within ninety (90) days after the Declarant Control Period ends, the President shall call an election at which the Class A Members shall elect three (3) directors. Two (2) of those directors serve until the second annual meeting following the six-month anniversary of their election; one (1) director serves until the first annual meeting following that anniversary, as determined by lot or mutual agreement.

Thereafter, Class A Members elect directors to two-year, staggered terms; directors serve until their successors are elected. Directors may serve an unlimited number of consecutive terms.
The following diagram illustrates the concept of transition of control of the Board of Directors.

TRANSITION OF CONTROL OF BOARD OF DIRECTORS	
Initial Board	**90 Days After Termination of Declarant Control Period**
Class B	Class A
Class B	Class A
Class B	Class A

3.4 Nomination and Election Procedures

3.4.1 Nomination Committee

At least thirty (30) days before each Class A director election, the Board shall appoint a Nominating Committee consisting of a chair (a sitting director) and at least three (3) Class A Members or their representatives. The committee serves for one (1) year or until a successor committee is appointed. Committee member names will appear in the election notice.

The Committee shall nominate at least as many candidates as there are positions to be filled, using reasonable efforts to reflect the diversity of the community. Floor nominations and write-in candidates are permitted.

3.4.2 Election Mechanics

Voting is by written or electronic ballot. Each Class A Member may cast all votes allocated to its Lot(s) for each open seat (cumulative voting is permitted). Candidates receiving the highest number of votes equal to the seats available win.

3.5 Removal of Directors and Vacancies

3.5.1 Removal by Members.

Directors elected by Class A Members may be removed, with or without cause, by a majority of the Class A votes. The meeting notice must state that removal is on the agenda. A successor is elected by the Class A Members to serve the remainder of the term.

3.5.2 Automatic Removal.

A director elected by Class A Members who (i) accrues three (3) consecutive unexcused absences from Board meetings or (ii) becomes more than thirty (30) days delinquent in Assessments (or is the representative of a delinquent Owner) may be removed by a majority of the remaining directors; the Board may appoint a successor until the next annual meeting.

3.5.3 Other Vacancies.

Upon the death, incapacity, resignation, or disqualification of a Class A director, the Board may appoint a replacement to serve until the next annual meeting, when the Class A Members shall elect a successor for the balance of the term.

3.5.4 Class B Seats.

This§ 3.5 does not apply to Class B appointees; vacancies in Class B seats are filled by the Class B Member.

3.6 Organizational Meetings

The Board's organizational meeting occurs immediately following each annual Member meeting; no additional notice is required.

3.7 Regular & Special Board Meetings

3.7.1 Regular Meetings.

The Board shall hold at least two (2) regular meetings each Fiscal Year, with no fewer than one (1) meeting in each half-year. The Board shall establish a schedule of regular meetings; additional regular meetings may be set by Board resolution.

3.7.2 Special Meetings.

The President, any Vice-President, or any two (2) directors may call a special meeting by delivering notice under§ 3.8.

3.8 Notice of Board Meetings; Waiver

3.8.1 Form of Notice.

Notice shall specify the date, time, and place (or remote-communication link) and, for special meetings, the business to be transacted. Notice may be given by:

- personal delivery;
- first-class mail or private carrier;
- telephone, including voice or text;
- e-mail or other electronic transmission to the director's address of record; or
- any Association portal or communications platform that provides individualized delivery and archiving.

3.8.2 Timing.

Notices sent by first-class mail must be deposited at least five (5) business days before the meeting. Notice delivered by personal delivery, telephone, or electronic transmission must be sent at least seventy-two (72) hours before the meeting.

3.8.3 Waiver.

Attendance or participation without objection constitutes waiver of defective notice. A written or electronic waiver signed at any time also waives notice.

3.9 Remote Participation

Directors and committee members may participate and vote in any meeting by video conference, teleconference, or other interactive remote technology that allows all participants to hear one another simultaneously; such participation counts as presence in person.

3.10 Quorum & Voting

A majority of the number of directors then in office constitutes a quorum. An act of the majority of directors present at a meeting with a quorum is an act of the Board, except as otherwise provided in the Declaration or these Bylaws. If quorum is present initially, business may continue despite director departures so long as any action is approved by at least a majority of the number required for quorum.

3.11 Open Meetings & Executive Session

3.11.1 Open Meetings.

All Board meetings are open to Members; non-director attendees may speak only if the Board so authorizes.

3.11.2 Executive Session.

The Board may adjourn to executive session to discuss personnel matters, pending or threatened litigation, contract negotiations, or other sensitive issues. The general subject of any executive session shall first be announced in open session.

3.12 Action Without Meeting (Electronic Consent)

Any Board action may be taken without a meeting if written or electronic consents describing the action are signed or authenticated by the minimum number of directors that would be required to authorize or take the action at a meeting (unless Applicable Law requires unanimity). Consents shall be filed with the minutes and are effective on the date when the requisite threshold is reached or such later date as specified in the consent.

3.13 Minutes & Digital Recordkeeping

3.13.1 Minutes.

The Secretary (or designee) shall keep minutes for all meetings. Minutes may be drafted or transcribed using digital recording, AI-based transcription, or other technology, subject to subsequent Board review, correction, and approval.

3.13.2 Electronic Storage.

Approved minutes, resolutions, and all other corporate records may be stored and maintained in electronic form (PDF, database, or other secure digital format) in accordance with the Association's record-retention policy and the State Non-Profit Act.

3.14 Powers of the Board

The Board possesses all powers and duties necessary to operate the Association, except those reserved to the Members by the Governing Documents or Applicable Law. Board interpretations of the Governing Documents shall be upheld if reasonable.

3.15 Enumerated Duties (non-exclusive)

The Board's responsibilities include, without limitation, to:

- Adopt the annual budget and establish each Owner's share of Assessments;
- Levy, collect, and enforce Assessments;
- Operate, maintain, and repair the Area of Common Responsibility in accordance with the Community-Wide Standard;
- Hire and dismiss employees and contractors;
- Deposit, invest, and disburse Association funds;
- Adopt, amend, and repeal Restrictions and Rules pursuant to the Declaration;
- Open financial accounts and designate authorized signatories;
- Maintain, repair, replace, and improve Common Area Improvements;
- Enforce the Governing Documents;
- Procure insurance and fidelity bonds and handle claims;
- Pay all Association obligations;
- Keep books and records and make them available as required;
- Grant easements to utility providers consistent with the Declaration;
- Indemnify directors, officers, and committee members as required; and
- Facilitate dispute resolution among Members as contemplated by the Declaration.

ARTICLE4 OFFICERS

4.1 Offices Created; Eligibility

The Association shall have the following primary officers:

- President (chief executive officer)
- Vice-President
- Secretary
- Treasurer

The President and Secretary must be members of the Board. Other officers may, but need not, be directors. The Board may create and fill such additional offices (e.g., one or more Assistant Secretaries or Assistant Treasurers) as it deems advisable.

One individual may hold multiple offices except that the same person may not simultaneously serve as President and Secretary.

4.2 Election; Term

Officers are elected by the Board at the organizational meeting held immediately after each annual Member meeting (or by electronic consent under § 3.12). Officers serve until their successors are elected or until earlier resignation, removal, or disqualification.

4.3 Resignation, Removal & Vacancies

4.3.1 Resignation.

An officer may resign at any time by delivering written or electronic notice to the Board, the President, or the Secretary. The resignation is effective on receipt (or on any later date specified in the notice).

4.3.2 Removal.

The Board may remove any officer with or without cause whenever the Board determines that removal serves the Association's best interests.

4.3.3 Vacancies.

The Board shall fill any officer vacancy for the unexpired portion of the term at any regular or special meeting or by electronic consent.

4.4 General Powers & Duties

Each officer shall have the authority, responsibility, and duties that normally pertain to the office and any additional powers or duties the Board may assign. Without limiting the generality of the foregoing:

- President (Chief Executive Officer).
  - Presides at Member and Board meetings; has general supervision, subject to Board oversight, of Association affairs; executes documents on the Association's behalf; and serves as primary liaison with management, legal counsel, and governmental entities.
- Vice-President.
  - Performs the President's duties when the President is absent or unable to act and carries out other functions delegated by the Board or President.
- Secretary.

    - Keeps minutes of meetings (which may be created and stored electronically, including via AI-assisted transcription subject to Board approval), maintains the corporate records and seal, and issues notices as required by the Governing Documents or Applicable Law.
- Treasurer.
    - Acts as chief financial officer; oversees custody and disbursement of Association funds; ensures that accurate books of account are kept; and, under the Board's direction, prepares the annual budget (delegation to a finance committee or managing agent is permitted).

4.5 Delegation & Technology

4.5.1 Delegation.

An officer may, with Board approval, delegate all or a portion of the officer's duties to a committee, employee, or managing agent while retaining ultimate responsibility.

4.5.2 Electronic Execution.

The President, Treasurer, Secretary, or any other officer authorized by Board resolution may execute contracts and other instruments on behalf of the Association using electronic signatures or secure digital-signature platforms consistent with§ 2.17.

ARTICLE 5 COMMITTEES

5.1 Establishment; Scope

5.1.1 Authority to Create.

The Board may, by resolution adopted at any meeting or by electronic consent, establish standing or ad-hoc committees as it deems appropriate to advance the Association's purposes or to advise the Board.

5.1.2 Charter & Duration.

Each committee shall function under a written charter or resolution that specifies:

- the committee's name and purpose;
- its powers and duties (advisory or decision-making);
- the number, qualifications, and manner of appointment and removal of members;
- any term limits or duration; and
- reporting requirements to the Board.

5.1.3 Authority.

Unless the charter expressly grants decision-making authority, a committee shall be advisory only. A committee may not bind the Association contractually or expend funds except to the extent authorized in its charter or a separate Board vote.

5.2 Composition &Meetings

5.2.1 Membership.

Committee members need not be directors. The Board may appoint and remove committee members at will; the President may make interim appointments subject to later Board ratification.

5.2.2 Chairperson.

Unless otherwise stated in its charter, a committee shall elect its own chairperson to preside at meetings and act as liaison to the Board.

5.2.3 Meetings & Quorum.

A majority of the committee members then-serving constitutes a quorum. Committees may meet in person or by remote communication (video, audio, or comparable technology) so long as all participants can hear one another simultaneously.

5.2.4 Record-Keeping.

Each committee shall maintain minutes or summaries of its actions, which may be prepared and stored electronically (including via AI-assisted tools) and provided to the Board at its next regular meeting.

5.3 Executive Committees

The Board may delegate all or part of its authority to a Management, Executive, Covenants, Design Review, Finance, or other special committee as permitted by the State Non-Profit Act and the Governing Documents; however, no committee may:

- approve or recommend to Members action that the Governing Documents or Applicable Law require to be approved by Members;
- fill vacancies on the Board;
- amend these Bylaws or the Declaration;
- approve a plan of merger, consolidation, or dissolution; or
- take any action prohibited to committees under the State Non-Profit Act.

5.4 Removal & Dissolution

The Board may amend any committee charter, remove any committee member, or dissolve any committee at any time, with or without cause.

5.5 Compensation & Reimbursement

Unless expressly authorized by the Board, committee members shall serve without compensation but may be reimbursed for reasonable expenses incurred in the course of committee service, subject to Board-adopted reimbursement policies.

5.6 Appointment of Design Review Committee

The creation and composition of the Design Review Committee (DRC), and the delegation of architectural authority to the DRC, are governed by Article 8 of the Declaration. In the event of a conflict between this Article and the Declaration regarding the DRC, the Declaration controls.

ARTICLE 6 STANDARDS OF CONDUCT; LIABILITY AND INDEMNIFICATION

6.1 Standards for Directors and Officers

6.1.1 Fiduciary Standard.

Directors and officers shall exercise their powers in a reasonable, fair, and non-discriminatory manner, follow the procedures in the Governing Documents, and act as fiduciaries of the Association.

6.1.2 Statutory Standard.

In discharging their duties, directors and officers shall act:

- In good faith;
- In a manner the individual reasonably believes to be in the best interest of the Association; and
- With the care an ordinarily prudent person in a like position would exercise under similar circumstances, all as required by the State Nonprofit Act.

6.1.3 Right to Rely.

A director or officer may rely on information, opinions, reports, or statements—including financial statements and other financial data—prepared or presented by officers, employees, committees, legal counsel, accountants, or other professionals to the extent authorized by the State Nonprofit Act.

6.2 Limitation of Liability

6.2.1 Business-Judgment Rule.

No director or officer shall be personally liable to the Association, any Member, or any other Person for actions taken or not taken if the individual satisfies the standards in § 6.1 or is otherwise protected by the business-judgment rule, including when the director or officer:

- acts within the expressed or reasonably implied authority of the Governing Documents;
- makes informed decisions necessary for the Association's continued operation;
- acts on a disinterested basis, disclosing and avoiding participation in matters involving a material conflict of interest; and
- acts non-fraudulently and without reckless indifference.

6.2.2 Errors of Judgment; Contracts.

The Association's officers, directors, and committee members shall not be liable for mistakes of judgment, negligence, or other acts or omissions made in good-faith discharge of their duties, except for their own willful misconduct or bad faith. They shall incur no personal liability with respect to any contract or commitment made on the Association's behalf in good faith (notwithstanding their simultaneous status as Members).

6.3 Indemnification

6.3.1 Mandatory Indemnity.

To the fullest extent permitted by Applicable Law, the Association shall indemnify and hold harmless every present or former officer, director, or committee member (each, an "Indemnitee") against all liabilities and reasonable expenses, including attorneys' fees, incurred in any threatened or completed action, suit, or proceeding (civil, criminal, administrative, or investigative) because the individual is or was serving the Association in such capacity, except to the extent the claim:

- is brought by or in the right of the Association (although the Association may reimburse reasonable expenses if the Indemnitee meets the statutory standard of conduct); or
- results in a final adjudication that the Indemnitee engaged in:
  - misappropriation of an Association business opportunity;
  - intentional misconduct or knowing violation of law;
  - an unlawful distribution; or
  - receipt of an improper personal benefit.

6.3.2 Non-Exclusivity.

The indemnification provided herein is not exclusive of any other rights to which an Indemnitee may be entitled under the Articles, the Declaration, statutes, or common law.

6.3.3 Insurance.

As a Common Expense, the Association shall maintain general liability and directors-and-officers (D&O) liability insurance in such coverage amounts as the Board deems reasonably available and appropriate to support these indemnification obligations.

6.4 Advancement of Expenses

The Board may, consistent with the State Nonprofit Act, advance funds to an Indemnitee for reasonable expenses (including attorneys' fees) expected to be incurred in a proceeding arising from service to the Association, provided the Indemnitee delivers the statutory written affirmation and undertaking to repay if it is ultimately determined that the Indemnitee did not meet the applicable standard of conduct.

6.5 Applicability

The protections in this Article apply equally to any director, officer, or committee member even if the individual is no longer serving when the proceeding is commenced, and inure to the benefit of the individual's heirs, executors, and administrators.

ARTICLE 7 MANAGEMENT AND ACCOUNTING

7.1 Compensation of Directors and Officers

7.1.1 No Compensation Without Member Approval.

Directors and officers shall serve without compensation for acting in such capacities unless Members holding a majority of the total Class A votes approve compensation at a duly-called Member meeting.

7.1.2 Reimbursement of Expenses.

Any director or officer may be reimbursed for reasonable expenses incurred on the Association's behalf with approval from a majority of disinterested directors.

7.1.3 Related-Party Transactions.

Nothing herein prohibits the Association from compensating a director, officer, or an affiliated entity for professional services or materials supplied in a capacity other than as a director or officer, provided that:

- the financial interest is fully disclosed to the Board in advance; and
- the contract is approved by a majority of disinterested directors.

7.2 Class B Member's Right to Disapprove

7.2.1 Scope of Right

For so long as the Class B Membership exists, the Class B Member may disapprove any action, policy, or program of the Association, the Board, or any committee that, in the Class B Member's sole judgment:

- impairs the Declarant's or Builders' rights;
- interferes with development or construction; or
- diminishes the level of Association services.

7.2.2 Notice to Class B Member

The Class B Member shall receive written or electronic notice of every meeting (or written-consent action) of the Association, Board, or any committee. Except for regularly scheduled Board meetings, the notice shall reasonably describe the agenda.

7.2.3 Opportunity to Comment

The Class B Member may attend meetings (in person or remotely) and comment on any prospective action that could trigger the right of disapproval. No such action becomes effective until the Class B Member has had this opportunity.

7.2.4 Exercise of Veto

The Class B Member may exercise the veto by delivering written or electronic notice within ten (10) days after the meeting (or, for actions by written consent, within ten (10) days after receiving notice of the proposed action). The veto blocks implementation but does not obligate the Board to take affirmative alternative action. The veto shall not be used to reduce budgeted service levels or prevent expenditures required by Applicable Law.

7.3 Managing Agent

7.3.1 Retention & Delegation.

The Board may employ a professional management agent at compensation it deems appropriate. The Board may delegate to the managing agent such powers and duties as are prudent, except policy-making authority or ultimate responsibility for duties reserved to the Board under§ 3.15. Declarant or its Affiliates may serve as managing agent.

7.3.2 Inter-Meeting Authority.

The Board may delegate to a director the interim authority to act on the Board's behalf in managing-agent matters between Board meetings.

7.3.3 Declarant-Period Contract Protections.

Any management agreement executed during the Declarant Control Period must permit the Association to terminate, with or without cause and without penalty, on not more than ninety (90) days' written notice after the Declarant Control Period ends.

7.3.4 No Undisclosed Compensation.

The managing agent shall not accept commissions, rebates, or anything of value from vendors or contractors unless fully disclosed to and approved by the Board for the Association's benefit.

7.4 Accounts &Reports

7.4.1 Accounting Standards

Unless the Board adopts a different standard by resolution:

- The Association shall use cash or accrual accounting consistent with GAAP.
- Internal controls and record-keeping shall conform to generally accepted accounting principles.
- Association cash accounts shall not be commingled with any other Person's funds.

7.4.2 Quarterly Reports

Beginning with the quarter in which the first Lot is conveyed, the Treasurer (or managing agent) shall prepare, at minimum, the following quarterly electronic financial reports:

- Income Statement (accrual basis);
- Statement of Cash Receipts & Disbursements;
- Variance Report (actual vs. budget);
- Balance Sheet; and
- Delinquency Report (Assessments 15+ days past due).

Reports may be delivered digitally (e-mail, secure portal) and made available for download by Members and Mortgagees entitled to review them.

7.4.3 Annual Report

Upon any Member's request, the Association shall provide (electronically or in hard copy at the Member's expense) an annual financial report within one hundred twenty (120) days after fiscal year-end. The Board shall determine whether to prepare the report on an audited, reviewed, or compiled basis.

7.5 Borrowing

The Association may borrow funds for any lawful purpose. However, if the proposed borrowing will finance discretionary capital improvements and the aggregate new debt incurred in the preceding twelve (12) months would exceed twenty percent (20 %) of the Association's annual gross budgeted expenses, the borrowing must be approved by Members in the same manner required for Special Assessments under§ 6.3 (particularly § 6.3.2) of the Declaration. During the Declarant Control Period, no Mortgage lien may be placed on the Common Area without the Member-consent requirements stated in § 16.3 of the Declaration and approval of Members holding not less than fifty-one percent (51 %) of the Class A votes.

7.6 Right to Contract and Affiliate Agreements

The Association may contract with any Person to perform Association functions. This includes entering into shared or common-management agreements with other associations or entities, inside or outside the Community,, if approved by a majority of the entire Board.

7.7 Digital & Cloud-Based Financial Systems

The Board may adopt and utilize cloud-based accounting platforms, electronic payment processors, and other financial-technology solutions for billing, collections, banking, and financial reporting, provided such systems employ commercially reasonable security protocols and comply with Applicable Law.

ARTICLE 8 AGREEMENTS, CONTRACTS, DEEDS, LEASES, CHECKS AND OTHER INSTRUMENTS

8.1 Execution Authority.

Unless the Board adopts a different authorization by resolution, every agreement, contract, deed, lease, check, endorsement, transfer, or other instrument binding the Association shall be executed by any two (2) officers of the Association.

8.2 Board Delegation.

The Board may, by written resolution, delegate signature authority for specified categories of instruments (e.g., routine operating checks, management contracts, government filings) to:

- a single officer;
- the Association's managing agent; or
- other employees or agents,
- subject to any monetary thresholds or conditions the Board imposes.

8.3 Electronic Execution.

The Association may execute, deliver, and store documents electronically, including by means of digital or electronic signature platforms, facsimile, or encrypted-e-mail, provided the method complies with Applicable Law and any policies the Board adopts for authentication and record retention.

8.4 Record Keeping.

All fully-executed instruments, whether originally in paper or electronic form, shall be maintained in the Association's official records, which may be stored securely in digital repositories approved by the Board.

ARTICLE 9 ENFORCEMENT PROCEDURES

The Association may impose sanctions and exercise all other enforcement remedies authorized in the Governing Documents and the Act. Before the Board (or Covenants Committee) imposes a monetary charge or takes any action affecting one or more specific Owners, it shall afford the affected Owner ("Respondent") the due-process protections required by the Act and this Article.

9.1 Notice of Alleged Violation or Proposed Action

9.1.1 Contents.

The written Notice shall:

1. describe the alleged violation or default;
2. state the proposed sanction or action and any reasonable opportunity to cure (if applicable);
3. advise the Respondent of the right to a hearing and the deadline for requesting it (no fewer than the minimum number of days required by the Act); and
4. provide the Association contact information for submitting the hearing request.

9.1.2 Delivery.

Notice shall be delivered in accordance with § 10.5 at least fourteen (14) days before any scheduled hearing, or such longer period as the Act or other Applicable Law may require.

9.2 Hearing

9.2.1 Request & Scheduling.

If the Respondent timely requests a hearing, the Board—or, if established, the Covenants Committee—shall schedule a hearing at a reasonable date, time, and place, which may be conducted in person or via interactive remote technology.

9.2.2 Procedure.

The Respondent may appear (in person or remotely), present evidence and witnesses, and be represented by counsel at Respondent's expense.

9.2.3 Decision.

A written decision stating the sanction (if any) and effective date shall be delivered to the Respondent within seven (7) days after the hearing, or such other period as the Act prescribes.

9.3 Appeal

Where the initial hearing body is the Covenants Committee, the Respondent may appeal to the Board by delivering written or electronic notice of appeal within ten (10) days after notice of the committee's decision. The Board shall review the record or, in its discretion, hold a de novo hearing and issue a final determination. The original sanction is stayed during a timely appeal unless the violation presents an imminent threat to health or safety.

9.4 Emergency Action

When a violation presents an immediate threat to health, safety, or property, the Association may take prompt corrective or protective action (including towing, self-help, or seeking injunctive relief) before providing Notice or a hearing. The Respondent shall receive Notice and an opportunity for a post-action hearing as soon as practicable.

9.5 Electronic Case Files & AI-Assisted Records

9.5.1 Electronic Records.

Notices, correspondence, evidence, and decisions may be created, transmitted, signed, and stored electronically in compliance with the Act, the State Non-Profit Act, and the Association's document-retention policy.

9.5.2 AI Tools.

The Association may utilize digital recording or AI-assisted transcription and summarization tools to create the official record of hearings, subject to Board review and certification.

9.6 Cumulative Remedies

The remedies in this Article supplement, and do not limit, any rights or remedies available under the Governing Documents, the Act, or other Applicable Law.

ARTICLE 10 MISCELLANEOUS

10.1 Fiscal Year

The Association's fiscal year is the calendar year, unless the Board adopts a different fiscal year by resolution.

10.2 Parliamentary Rules

Unless the Board adopts alternate procedural rules, the current edition of Robert's Rules of Order governs the conduct of Member, Board, and committee meetings to the extent not inconsistent with Applicable Law or the Governing Documents.

10.3 Conflict Hierarchy

If a conflict exists among Applicable Law, the Articles, the Declaration, and these Bylaws, the order of control is: (i) Applicable Law; (ii) the Declaration; (iii) the Articles; (iv) these Bylaws.

10.4 Books, Records &Inspection

10.4.1 Member & Mortgagee Inspection

At any reasonable time, and for a purpose reasonably related to the requester's interest in a Lot, the Association shall make available for inspection and copying—by any Member, by any holder/insurer/guarantor of a first Mortgage, or by their duly-designated representatives—the Governing Documents, membership register, books of account, minutes, and other records the Act requires to be open for inspection. Inspection may occur at the Association's office or via a secure digital portal designated by the Board.

10.4.2 Rules for Inspection

The Board may adopt reasonable rules regulating:

1. advance notice to the record custodian;
2. inspection hours or appointment procedures; and
3. charges to defray the direct cost of reproduction or electronic download.

10.4.3 Director Inspection

Every director has the absolute right, at any reasonable time, to inspect and copy all Association books, records, and property.

10.5 Notices

10.5.1 Permitted Forms of Notice

Unless a different method is expressly required by the Declaration, these Bylaws, or Applicable Law, any notice, demand, bill, statement, or other communication may be delivered by:

1. Personal delivery;
2. U.S. Mail (first-class, certified, or registered), or private carrier;
3. E-mail, text/SMS, or other electronic transmission to the address or number on file with the Secretary; or

4. Posting to a secure Association web portal or mobile application to which the intended recipient has agreed to receive Association communications.

10.5.2 Delivery Addresses

Notices shall be delivered as follows:

- To a Member
  - to the e-mail address, mobile number, or physical address designated in writing to the Secretary (or, absent such designation, to the street address of the Member's Lot);
- To the Association / Board / committee
  - to the Association's principal office address, e-mail address, or portal designated for official communications;
- To the Declarant
  - to the Declarant's address of record with the State Corporation Commission (or successor agency) or such other address the Declarant designates by written notice.

10.5.3 Effective Date of Notice

Notice is deemed delivered:

1. By U.S. Mail – upon deposit, correctly addressed, with required postage prepaid;
2. By personal delivery or private carrier– upon actual delivery;
3. By electronic transmission or portal posting – upon successful transmission or posting, as evidenced by electronic confirmation or server log.

10.6 Amendment of Bylaws

10.6.1 By Declarant

Until the Declarant Control Period terminates, the Declarant may unilaterally amend these Bylaws, subject to the Class B veto right (if any).

10.6.2 By Members

After the Declarant Control Period, or earlier to the extent not amended by the Declarant, these Bylaws may be amended only by Members holding at least sixty-seven percent (67 %) of the total Class A votes, together with Declarant consent while the Declarant Control Period remains in effect. A clause requiring a higher vote may be amended only by at least that same higher percentage.

10.6.3 Validity & Effective Date

Amendments are effective upon recordation (or on any later date specified in the amendment). A challenge to an amendment must be commenced within six (6) months after recordation or is thereafter barred. No amendment may remove or modify any Declarant right or privilege without the Declarant's written consent.

If HUD, the VA, or any other governmental/secondary-market agency requests advance notice or a veto right during the Declarant Control Period, the Association shall comply with such request as a condition to recordation.

10.7 Digital &Electronic Practices

10.7.1 Electronic Records.

The Association may create, sign, store, and transmit all corporate records, including minutes and financial data, in electronic form.

10.7.2 AI & Automated Tools.

The Association may use artificial-intelligence or automated transcription tools to record, draft, and summarize minutes or other records, subject to Board review and approval.

10.7.3 Retention.

Electronic records maintained pursuant to Board-adopted policies and reasonable security measures constitute the Association's official books and records.