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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
SLATER MILL

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STATE OF GEORGIA
COUNTY OF DOUGLAS

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SLATER MILL**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this 6th day of March, 2006, by ARCANUM INVESTMENT PROPERTIES, LLC, a Georgia limited liability company (hereinafter referred to as "Declarant").

Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference. Declarant intends by this Declaration to impose upon the Property (as defined herein) mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of real property within the Property. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Property as are now or hereafter subjected to this Declaration.

Declarant hereby declares that all of the property described in Exhibit "A" and any additional property which is hereafter subjected to this Declaration by Supplemental Declaration (as defined herein) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration. This Declaration shall be binding on all parties having any right, title, or interest in the Property or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

1. NAME.

The name of the property is Slater Mill, which is a residential property owners' development.

THIS DECLARATION DOES NOT AND IS NOT INTENDED TO CREATE A CONDOMINIUM REGIME SUBJECT TO THE GEORGIA CONDOMINIUM ACT, O.C.G.A. § 44-3-70, ET SEQ.

THIS DECLARATION DOES NOT AND IS NOT INTENDED TO SUBMIT THE PROPERTY TO THE TERMS OF THE GEORGIA PROPERTY OWNERS' ASSOCIATION ACT, O.C.G.A. § 44-3-220, ET SEQ.

2. DEFINITIONS.

Generally, terms used in this Declaration shall have their normal, generally accepted meanings. Unless the context otherwise requires, certain terms used in this Declaration shall be defined as follows:

(a) Architectural Control Committee or ACC means the committee established to exercise the architectural review powers set forth in Paragraph 10 hereof.

(b) Articles or Articles of Incorporation mean the Articles of Incorporation of Slater Mill Community Association, Inc., filed with the Secretary of State of the State of Georgia.

(c) Association means Slater Mill Community Association, Inc., a Georgia nonprofit corporation, its successors or assigns.

(d) Association Legal Instruments mean this Declaration and all exhibits hereto, including the Association's Bylaws, and the plats, all as may be supplemented or amended.

(e) Board or Board of Directors means the elected body responsible for management and operation of the Association.

(f) Builder shall mean any Person which purchases one or more Lots for the purpose of constructing improvements thereon for later sale to consumers, or purchases parcels of land within the Properties for further subdivision, development and/or resale in the ordinary course of such Person's business.

(g) Bylaws mean the Bylaws of Slater Mill Community Association, Inc., attached to this Declaration as Exhibit "C" and incorporated herein by this reference.

(h) Class "B" Control Period shall refer to the period of time during which the Class "B" Member is entitled to appoint the members of the Board of Directors, as provided in Article III, Section 2 of the Bylaws.

(i) Common Expenses mean the expenses anticipated or actually incurred by the Association in maintaining, repairing, replacing, and operating the Common Property and otherwise for the benefit of all Lots.

(j) Common Property shall mean all real and personal property which the Association now or hereafter owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners of Slater Mill, including easements held by the Declarant for such purpose.

(k) Community-Wide Standard means the standard of conduct, maintenance, or other activity generally prevailing in the Property. Such standard may be more specifically determined by the Declarant, the Board or the ACC.

(l) Declarant means Arcanum Investment Properties, LLC, a Georgia limited liability company, and such of its successors-in-title who shall: (i) acquire, from a predecessor "Declarant," and for the purpose of development or sale, all or any portion of the real property described in Exhibit "A" or in Exhibit "B" hereof, and (ii) be designated as the "Declarant" in the deed of transfer by which such successor-in-title shall so acquire its interest in such real property, or by written assignment of Declarant rights in an instrument recorded in the county land records.

(m) Effective Date means the date that this Declaration is recorded in the Douglas County, Georgia land records.

(n) Electronic Record means information created, transmitted, received, or stored by electronic means and retrievable in human perceivable form.

(o) Electronic Signature means a signature created, transmitted received, or stored by electronic means and includes but is not limited to a secure electronic signature.

(p) Eligible Mortgage Holder means a holder of a first mortgage secured by a Lot who has requested in writing notice of certain items as set forth herein.

(q) Lot means a portion of the Property intended for ownership and use as a single-family dwelling site as permitted in this Declaration and as shown on the plats for the Property, or amendments or supplements thereto, recorded in the Douglas County, Georgia land records.

(r) Mortgage means any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of an obligation, including, but not limited to, a transfer or conveyance of fee title for such purpose.

(s) Mortgagee or Mortgage Holder means the holder of any Mortgage.

(t) Occupant means any Person occupying all or any portion of a dwelling on a Lot as his or her principal or primary residence for any period of time, regardless of whether such Person is a tenant or the Owner of such property.

(u) Owner means the record title holder of a Lot, but shall not include a Mortgage Holder.

(v) Person means any individual, corporation, firm, association, partnership, trust, or other legal entity.

(w) Property means that real estate which is submitted to the provisions of this Declaration, as described in Exhibit "A" attached hereto and incorporated herein by reference. The Property is a residential property owners' development.

(x) Secure Electronic Signature means an electronic or digital method executed or adopted by a party with the intent to be bound by our to authenticate a record, which is unique to the person using it, is capable of verification, is under the sole control of the person using it, and is linked to data in such a manner that if the data are changed, the electronic signature is invalidated.

(y) Supplemental Declaration shall mean an amendment or supplement to this Declaration filed pursuant to Paragraph 18 which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

3. LOCATION, PROPERTY DESCRIPTION, AND PLATS.

The Property subject to this Declaration is located in Land Lots 53, 54 and 80 of the 1st District, 5th Section, City of Douglasville, Douglas County, Georgia, being more particularly described in Exhibit "A" attached to this Declaration, which exhibit is specifically incorporated herein by this reference. A plat relating to the Property has been filed on a plat located at in Plat Book 32, Pages 167-169, Douglas County, Georgia records. The plat of survey is incorporated herein by reference as fully as if the same were set forth in their entirety herein.

4. ASSOCIATION MEMBERSHIP AND VOTING RIGHTS.

(a) Membership. Every Owner shall be deemed to have a membership in the Association. This is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot owned. In the event of multiple Owners of a Lot, votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Lot owned.

(b) Voting. The Association shall have two classes of membership, Class "A" and Class "B."

(i) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall be entitled to one equal vote for each Lot in which they hold the interest required for membership under Paragraph 4(a) hereof; there shall be only one vote per Lot. In any situation where a Member is entitled personally to exercise the vote for his Lot and there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting. In the absence of such advice, the Lot vote shall be suspended if more than one Person seeks to exercise it.

(ii) Class "B". The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve, or withhold approval of, actions proposed under this Declaration and the Bylaws, are specified elsewhere in the Declaration and the Bylaws. The Class "B" Member shall be entitled to appoint and remove all directors and officers of the Association during the Class "B" Control Period, as specified in Article III, Section 2, of the Bylaws. After termination of the Class "B" Control Period, the Class "B" Member shall have a right to disapprove actions of the Board of Directors and committees as provided in Article III, Section 3, of the Bylaws.

The Class "B" membership shall terminate and shall automatically convert to Class "A" membership for each Lot owned by the Declarant, upon the earlier of:

- (1) The expiration of the Class "B" Control Period, pursuant to Article III of the Bylaws; or
- (2) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

5. ALLOCATION OF LIABILITY FOR COMMON EXPENSES.

(a) Except as provided below, or elsewhere in the Association's Legal Instruments, the amount of all Common Expenses shall be assessed against all the Lots equally.

(b) Notwithstanding the above, the Board of Directors shall have the power to make specific special assessments pursuant to this Paragraph in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Paragraph shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to do so in the future.

(i) Except for expenses incurred for maintenance and repair of items which are the Association's maintenance responsibility hereunder, any Common Expenses benefiting less than all of the Lots or significantly disproportionately benefiting all Lots may be specially assessed equitably among all of the Lots which are benefited according to the benefit received.

(ii) Any Common Expenses occasioned by the conduct of less than all of those entitled to occupy all of the Lots or by the licensees or invitees of any such Lot or Lots may be specially assessed against such Lot(s), including attorney's fees incurred by the Association in enforcing the Declaration, Bylaws or Association rules.

For purposes of this subparagraph, nonuse shall constitute a benefit to less than all Lots or a significant disproportionate benefit among all Lots only when such nonuse results in an identifiable, calculable reduction in cost to the Association.

6. COMMON PROPERTY.

Common Property shall include the gated entry way to Slater Mill, the private streets and sign monuments, a swimming pool, tennis courts, and all detention/retention pond areas. Such property shall be accepted by the Association and thereafter shall be maintained by the Association at its expense. In the event additional phases are added to the terms of this Declaration through a Supplemental Declaration, said Supplemental Declaration shall specify whether Common Property is included in that phase, and amend this Paragraph accordingly.

The Association agrees that the Common Property, including all improvements thereon, shall be conveyed in its "where is, as is" condition and without recourse, and Declarant disclaims and makes no representations, warranties or other agreements express or implied with respect thereto, including without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and representations or warranties regarding the conditions, design, construction, accuracy, completeness, adequacy of the size or capacity in relation to utilization or the future economic performance or operations of the Common Property. No claim shall be made by the Association or any Owner relating to the condition, operation, or completeness of the Common Property or for incidental or consequential damages arising therefrom. Declarant will transfer and assign to the Association, without recourse, all warranties which it receives from manufacturers and suppliers relating to any of the Common Property which exist and are assignable.

7. ASSOCIATION'S RIGHTS AND RESTRICTIONS.

The Association shall have the right and authority, in addition to and not in limitation of all other rights it may have:

(a) to make and to enforce reasonable rules and regulations governing the use of the Property, including the Lots;

(b) to enforce use restrictions, other Declaration and Bylaws provisions, and rules and regulations by imposing reasonable monetary fines, exercising self-help powers, and suspending use and voting privileges and services paid for as a Common Expense, as provided herein. These powers, however, shall not limit any other legal means of enforcing the use restrictions or Association rules and regulations by either the Association or, in an appropriate case, by an aggrieved Owner;

(c) to grant permits, licenses, utility easements, and other easements, permits or licenses across property owned by it, as necessary for the proper maintenance or operation of the Property as may be reasonably necessary to or desirable for the ongoing development and operation of the Property;

(d) to control, manage, operate, maintain, replace and, in the Association's discretion, alter or improve all portions of the Property for which the Association is assigned maintenance responsibility under this Declaration;

(e) to enter into Lots for maintenance, emergency, security, or safety purposes, or otherwise to discharge or exercise its powers or responsibilities hereunder, which right may be exercised by the Association, its officers, agents, employees, managers, and all police officers, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or Occupant of the Lot. For purposes hereof, any water or other utility leak, fire, strong foul odor, obvious insect infestation or sounds indicating that a person or animal might be injured or sick and require immediate medical attention shall be considered emergencies justifying immediate entry into a dwelling. No Person exercising the rights granted in this subparagraph shall be liable for trespass, damages, or in any other manner by virtue of exercising such rights, and failure to exercise any such rights or to exercise such rights in a timely manner shall not create liability to any such Person, it being agreed that no such duty exists; and

(f) to acquire, lease, hold, and dispose of tangible and intangible personal property and real property.

8. ASSESSMENTS.

(a) Purpose of Assessment. The Association shall have the power to levy assessments as provided herein. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of Lots, as may be authorized by the Board.

(b) Creation of the Lien and Personal Obligation For Assessments. Each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges; (ii) special assessments, to be established and collected as hereinafter provided; and (iii) specific special assessments levied by the Board hereunder against any particular Lot, including, but not limited to, reasonable fines imposed hereunder and assessments levied under Paragraph 16 hereunder. The initial annual assessment for the year in which this Declaration is filed shall be \$595, with an initiation fee of \$495.

All such assessments, together with charges, interest, costs, and reasonable attorney's fees actually incurred, and if the Board so elects, rents, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each assessment is made. Such amounts shall also be the personal

obligation of the Person who was the Owner of such Lot at the time when the assessment fell due. Each Owner and his or her grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. The Association, in the Board's discretion, may, but shall not be obligated to, record a notice of such lien in the Douglas County, Georgia records evidencing the lien created under this Declaration.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board. No Owner may exempt himself or herself from liability, or otherwise withhold payment of assessments, for any reason whatsoever, including, but not limited to, nonuse of the Common Property, the Association's failure to provide services or perform its obligations required hereunder, or inconvenience or discomfort arising from the Association's performance of its duties.

Such lien shall be prior and superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

(c) Delinquent Assessments. All assessments and related charges not paid on or before the due date shall be delinquent, and the Owner shall be in default.

(i) If the annual assessment, or any part thereof, is not paid in full by the tenth (10th) day of the month in which it is due or if any other charge is not paid within ten (10) days of the due date, a late charge equal to ten percent (10%) of the amount not paid, or such higher amounts as may be authorized by the Board and Georgia law, may be imposed without further notice or warning to the delinquent Owner, and interest at the rate of ten percent (10%) per annum or such higher rate as permitted under Georgia law shall accrue from the due date.

(ii) If part payment of assessments and related charges is made, the amount received may be applied by the Board, in respective order, to costs and attorney's fees, late charges, interest, delinquent assessments, and current assessments. Late charges may be assessed on delinquencies which are created by the application of current payments to outstanding delinquent assessments or charges.

(iii) If the Board authorizes payment of assessments in installments, and assessments, fines or other charges, or any part thereof, due from an Owner remain delinquent and unpaid for more than ten (10) days from the date due, then the Board may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment and of any special assessment if the Owner fails to pay all amounts currently due within thirty (30) days of the date of written notice. Upon acceleration, that Owner shall thereby lose the privilege of paying the annual assessment in monthly installments for that fiscal year, unless reinstated in the Board's discretion.

(iv) If assessments, fines or other charges, or any part thereof, remain unpaid more than thirty (30) days after the assessment payments first become delinquent, the Association, acting through the Board, may institute suit to collect all amounts due pursuant to the provisions of the Declaration, the Bylaws, and Georgia law, including reasonable attorney's fees actually incurred, and suspend the Owner's and Occupant's right to use the Common Property (provided, however, the Board may not deny ingress or egress to or from the Lot).

(d) Computation of Operating Budget and Assessment. Prior to the beginning of each fiscal year, the Board shall prepare a budget covering the estimated costs of operating the Property during the coming year, and the Board shall establish the annual assessment or installments for the coming year. The Board shall cause the budget and notice of the assessment(s) to be delivered to each member at least thirty (30) days prior to the due date for such assessments. The budget and the assessment shall become effective unless disapproved at a duly called Association annual meeting by a vote of a majority of the total Association membership; however, if a quorum is not obtained at the annual meeting, the budget shall become effective even though a vote to disapprove the budget could not be called at this meeting.

If the membership disapproves the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then, until a budget is determined as provided herein, the budget in effect for the current year shall continue for the succeeding year. However, the Board may propose a new or adjusted budget at any time during the year by causing the proposed budget and assessment to be delivered to the members at least thirty (30) days prior to the proposed effective date thereof. Unless a special meeting is requested by the members, as provided in the Bylaws for special meetings, the new or adjusted budget and assessment shall take effect without a meeting of the members.

(e) Special Assessments. In addition to the annual assessment provided for in subparagraph (b) above and assessments authorized under Paragraphs 5(b) hereof, the Board may at any time levy a special assessment against all Owners, notice of which shall be sent to all Owners. However, prior to becoming effective, any special assessment which would cause the total of special assessments levied against any Lot in one calendar year to exceed two hundred (\$200.00) dollars first shall be approved by the affirmative vote of at least two-thirds (2/3) of eligible Owners present or represented by proxy at a special or annual meeting of the members, notice of which shall specify that purpose.

(f) Capital Budget and Contribution. The Board may prepare an annual or multi-year capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by equal annual assessments over the period of the budget. The capital contribution required, if any, shall be fixed by the Board and included within the budget and assessment as provided in subparagraph (d) above. The Declarant, during the Declarant Control Period, shall name no obligation to budget or provide for capital reserves.

(g) Statement of Account. Any Owner, Mortgagee, or a Person having executed a contract for the purchase of a Lot, or a lender considering a loan to be secured by a Lot, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines, or other charges against such Lot. The Association shall respond in writing within five (5) business days of receipt of the request for a statement; provided, however, the Association may require the payment of a fee, not exceeding ten (\$10.00) dollars or such higher amount as determined by the Board, as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Lot as of the date specified therein. The Association may require an additional fee not to exceed \$50.00 if the Association provides a copy of the Declaration and Bylaws to any such Person in connection with a closing or otherwise upon request.

(h) Surplus Funds and Common Profits. Common profits from whatever source shall be applied to the payment of Common Expenses. Any surplus funds remaining after the application of such common profits to the payment of Common Expenses shall, at the Board's option, either be distributed equally to the Owners or credited to the next assessment chargeable to the Owners, or added to the Association's reserve account.

(i) Declarant's Obligation for the Payment of Assessments. So long as the Declarant owns any Lots in the Community or seven (7) years from the date of recording of this Declaration, whichever comes first, on an annual basis, the Declarant may elect, but shall not be obligated, to reduce the assessment for any fiscal year by paying a subsidy on such terms and under such circumstances as the Declarant in its sole discretion may decide. The payment of a subsidy shall under no circumstances obligate the Declarant to continue payment of a subsidy in the future. The Declarant's option to subsidize the assessment may be satisfied in the form of cash, or by "in kind" contributions of services or materials, or a combination of these.

(j) Date of Commencement of Assessments. Assessments shall commence as to a Lot on the earlier of (a) the first day of the month following the occupancy of the Lot for residential purposes, or (b) the first day of the month a builder, developer or person intending to construct and/or occupy a residence on the Lot purchases a Lot from Declarant for the purpose of construction of a residence and resale of the Lot and residence. The Declarant or a builder or developer who purchases a Lot for the purpose of construction of a residence and resale of the Lot and residence shall not be responsible for the payment of any type of assessment except as provided herein; provided, however, assessments shall commence on Lots containing occupied residences that are owned by Declarant or any builder or developer on the first day of the month following the occupancy of the residence located on the Lot. Assessments shall be due and payable in a manner and on the schedule that the Board of Directors provides. Lots which have not been conveyed as provided above shall not be subject to assessment. The first annual common assessment shall be adjusted according to the number of months then remaining in that fiscal year.

9. INSURANCE.

(a) Individual Lot Owner Insurance. Each Owner shall carry blanket all-risk casualty insurance, if reasonably available, or if not reasonably available, fire and extended coverage, on his or her Lot and structures constructed. Each Owner further covenants and agrees that, in the event of damage and destruction of structures on his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved by the Association or Architectural Control Committee, unless a determination not to rebuild is made and agreed upon in writing by Association. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds. If the structure is totally destroyed and a determination is made not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state, including, but not limited to sodding the lot, in which it existed prior to the beginning of construction within ninety (90) days of the destruction or as otherwise approved by the Association, and thereafter the Owner shall continue to maintain the Lot in a neat and attractive condition consistent with the Community-Wide Standard.

(b) Association Liability and Directors' and Officers' Liability Insurance. The Board shall obtain a public liability policy applicable to any Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents in their capacities as such, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million (\$1,000,000.00) Dollars.