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STATE OF NORTH CAROLINA
COUNTY OF CUMBERLAND

**DECLARATION CREATING UNIT
OWNERSHIP
CLIFFDALE COTTAGES
CONDOMINIUM
[N.C.G.S. 47C]**

THIS DECLARATION OF CONDOMINIUM FOR CLIFFDALE COTTAGES CONDOMINIUM [N.C.G.S. 47C] is made this 25th day of August, 2011 (the hereinafter referred to as the "Declaration"), by Cliffdale Cottages Holdings, LLC, a North Carolina limited liability company, (hereinafter referred to as the "Declarant").

WITNESSETH

WHEREAS, Declarant owns, in fee simple absolute, the property more particularly described on Exhibit "A" attached hereto and made a part hereof consisting of a total of 13.333 acres more or less and shown and more fully described on the Plat (hereinafter referred to as the "Property"); and

WHEREAS, the Declarant herein desires to immediately submit the Property to the Act by the recording of this DECLARATION CREATING UNIT OWNERSHIP - CLIFFDALE COTTAGES CONDOMINIUM [N.C.G.S. 47C] and the Plat(s) and Plan(s), as more fully described hereinafter, all in the office of the Cumberland County Register of Deeds; and

NOW THEREFORE, Declarant, pursuant to the Act, hereby declares that the Property and all Improvements (hereinafter more fully defined), now existing or constructed hereafter on said Property, shall be owned, held, used, transferred, and conveyed subject to the terms and provisions of this Declaration, which Declaration shall run with the Property and the Improvements situated thereon and be binding on all parties having any right, title, or interest therein, their heirs, successors, and assigns.

1. DEFINITIONS. Unless the context clearly indicates otherwise, the following capitalized words and phrases shall have the indicated meanings when used in this Declaration or any amendment hereto:

“Act” means the North Carolina Condominium Act (Chapter 47C of the North Carolina General Statutes), as amended from time to time, or any corresponding provisions of succeeding law.

“Allocated Common Element Interest” or “Allocated Common Element Interests” mean(s) the undivided interests in the Common Elements allocated to each Unit in Cliffdale Cottages Condominium, as set forth on Exhibit “B” attached hereto and incorporated herein by reference. The Allocated Common Element Interests shall be expressed as a fraction and the aggregate total for all of the Units in Cliffdale Cottages Condominium, at any one time, shall equal one (1).

“Allocated Garage Common Element Interest” or “Allocated Garage Common Element Interest(s)” means the undivided interests in the Garage Common Elements allocated to each Garage Unit in Cliffdale Cottages Condominium as set forth on Exhibit “C” attached hereto and incorporated herein by reference. The Allocated Garage Common Element Interest(s) shall be expressed as a fraction and the aggregate total for all Garage Units in Cliffdale Cottages Condominium, at any one time shall, equal one (1).

“Amenities” means the Swimming Pool and Related Facilities constructed on the Property for the common use of the Owners of Units in Cliffdale Cottages Condominium.

“Annual Assessments” means the assessments described in Section 9.4 hereof and include both the Association Assessment (inclusive of the Annual Unit Assessment and the Annual Garage Unit Assessment, as applicable).

“Association Approved Budget” means the budget approved by the Association pursuant to Section 9.4.2 hereof.

“Association Articles” means the Articles of Incorporation for Cliffdale Cottages Condominium Unit Owners Association, Inc. A true copy of the Association Articles is attached hereto as Exhibit “D”.

“Association Assessment” means an owner’s share of the Common Expenses (inclusive of “Garage Common Expenses”, if applicable), or other charges from time to time assessed against an Owner (inclusive of Garage Unit Owners where applicable) by the Association pursuant to the terms of this Declaration and the Act; including, but not limited to the Annual Assessments, the Special Assessments, and other assessments authorized by Article 9 hereof. Association Assessments shall include but shall not be limited to Common Expenses for all Units and the Garage Common Expenses for all Garage Units, however only the Garage Unit Owners shall be assessed for the Garage Common Expenses. For those Owners who are also Garage Unit Owners, the Association Assessment, consisting of the aggregate of the Association Unit Assessment and the Association Garage Unit Assessment, shall be assessed against both the Unit and the Garage Unit as a single lump-sum amount. To avoid the foreclosure and sale of a Garage Unit to a Person who is not an Owner of a Unit in Cliffdale Cottages Condominium, there shall be no separate assessment of the Unit and Garage Unit by the Association for those Owners of Units who also own Garage Units. Rather, the Association Unit Assessment and the

Association Garage Unit Assessment shall be added together and assessed against the Unit and the Garage Unit as a single sum for those Unit Owners who also own Garage Units.

“Association” means Cliffdale Cottages Condominium Unit Owners Association Inc., a nonprofit North Carolina corporation its successors and assigns formed for purposes of managing, regulating and operating the Common Elements and the Garage Common Elements.

“Association Board” or “Association Executive Board” means the Board of Directors for the Association.

“Association Bylaws” means the Bylaws of Cliffdale Cottages Condominium Unit Owners Association, Inc. A true copy of the Association Bylaws is attached hereto as Exhibit “E”.

“Association Garage Unit Assessment” means the prorata portion of the Common Expense Liability divided equally among and assessed uniformly by the Association against all of the Garage Units in Cliffdale Cottages Condominium.

“Association Rules & Regulations” means the rules and regulations governing Cliffdale Cottages Condominium as adopted by the Association Board from time to time.

“Association Surplus Funds” means funds collected by the Association pursuant to this Declaration or otherwise which are not needed to pay current Common Expenses, Garage Common Expenses or reserves provided for in this Declaration.

“Association Unit Assessment” means the prorata portion of the Common Expense Liability divided equally among and assessed uniformly by the Association against all of the Units in Cliffdale Cottages Condominium, exclusive of the Annual Garage Unit Assessments.

“Building” or “Buildings” means any structure or structures constructed on the Property and included in Cliffdale Cottages Condominium within which Units or Garage Units are situated.

“Certificate of Completion” means that certain Certificate of Completion for Cliffdale Cottages Condominium executed by Gregory J. Tierney, Professional Engineer, the original of which is attached hereto and marked as Exhibit “F”.

“Cliffdale Cottages Condominium” means the condominium established by this Declaration and the Plat(s) and Plan(s).

“Common Elements” means all real property within Cliffdale Cottages Condominium (excluding the Units and the Garage Units), including but not limited to, the Limited Common Elements, the Garage Common Elements and the Limited Garage Common Elements as hereinafter defined), the easements granted for the common use and enjoyment of the Owners, which are not otherwise dedicated to a governmental entity or serving fewer than all of the Units and Garage Units, and generally including all property and rights owned by, leased, or licensed

to the Association for the common use and enjoyment of the Unit Owners. Common Elements are more specifically described in Section 5.1 hereof.

“Common Expense Liability” means the pro rata liability for Common Expenses allocated to each Unit in accordance with the Allocated Common Element Interests as set forth on Exhibit “B”, attached hereto and incorporated herein by reference and as otherwise determined in accordance with this Declaration, but specifically excluding the Garage Common Expenses.

“Common Expenses” means all expenditures lawfully made or incurred by or on behalf of the Association and as otherwise described in Section 9.2 hereof but specifically excluding the Garage Common Expenses.

“Condominium Documents” means this Declaration, the Association Articles, the Association Bylaws, the Plat(s) and Plan(s) and the Act.

“County” means the county or counties in which the Property is located.

“Declarant” means Cliffdale Cottages Holdings, LLC, its successors and assigns.

“Declarant Control Period” means, subject to the provisions of the Act with respect to the Declarant’s control of the Association the period commencing on the date of recordation of this Declaration with the Cumberland County Registry and continuing until the earlier of: (a) January 2, 2015; (b) the Declarant or its successors no longer owns any of the Property; or (c) the date the Declarant owns title to twenty-five percent (25%) or less of the total number of Units in Cliffdale Cottages Condominium.

“Declaration” means this document and all subsequent amendments, if any.

“Development Rights” means all rights of control and/or approval granted to Declarant, under this Declaration, including, but not limited to, the rights granted under Article 7 hereof.

“Family Members” means the spouse, parents, parents-in-law, brothers, sisters, children, and grandchildren of the designated individual.

“Foreclosure” means, without limitation, the judicial foreclosure of a Mortgage or the conveyance of a Unit by a deed in lieu of foreclosure of a Mortgage encumbering a Unit.

“Garage Common Elements” means that portion of the Buildings, which are common to any Garage Units, including but not limited to the footings, slabs, walls, roofs and structural components of the Buildings within which the twenty-four (24) separately identifiable and separately numbered Garage Units are situated. Garage Common Elements, while separately defined, shall be managed and operated by the Association in the same manner and to the same extent as the Association manages and operates the Common Elements; provided, however, only the Garage Unit Owners shall have liability or responsibility for dues and assessments attributed

to the Garage Units, Garage Common Elements and Limited Garage Common Elements. Garage Common Elements are more specifically defined in Section 5.3 hereof.

"Garage Common Expenses" means all expenditures lawfully made or incurred by or on behalf of the Association in connection with the Garage Common Elements. Garage Common Expenses shall be assessed by the Association only against the Garage Unit Owners and the Garage Units. Expenses related or pertaining to the Garage Units shall be the obligation only of the Garage Unit Owners.

"Garage Common Expense Liability" means the pro rata liability for Garage Common Expenses allocated to each Garage Unit as set forth on Exhibit "C", attached hereto and incorporated herein by reference and as otherwise determined in accordance with this Declaration, but specifically excluding the Common Expense Liability.

"Garage Unit" or "Garage Units" means those twenty-four (24) separately identified single car garages identified by Garage Unit Numbers GU-1 through GU-24 shown and more fully described on the Plat(s) and Plan(s), said Garage Units being situated below grade under the following finished first floor Units:

Garage Units GU-1, GU-2 and GU-3 are located underneath the first floor Unit 1-16;

Garage Units GU-4, GU-5 and GU-6 are located underneath first floor Unit 1-14;

Garage Units GU-7, GU-8 and GU-9 are located underneath first floor Unit 1-12;

Garage Units GU-10, GU-11 and GU-12 are located underneath first floor Unit 1-10;

Garage Units GU-13, GU-14 and GU-15 are located underneath first floor Unit 1-8;

Garage Units GU-16, GU-17 and GU-18 are located underneath first floor Unit 1-6;

Garage Units GU-19, GU-20 and GU-21 are located underneath first floor Unit 1-4; and

Garage Units GU-22, GU-23 and GU-24 are located underneath first floor Unit 1-2.

With the exception of any Garage Units still owned by the Original Developer of Cliffdale Cottages Condominium which have not been sold to third parties, Garage Units shall only be owned by Owners of Units in Cliffdale Cottages Condominium. Accordingly in the event any deed, other instrument or document purports to convey or transfer title to a Garage Unit to any Person not owning, or simultaneously acquiring, a Unit in Cliffdale Cottages Condominium, then in such event, such purported conveyance or transfer of a Garage Unit shall be null and void. Nothing contained herein shall render an Owner of a Unit and a Garage Unit from marketing their Unit and Garage Unit separately; however an Owner cannot, under any circumstances, sell his, her or its Unit and retain ownership of his, her or its Garage Unit. Accordingly in the event an Owner elects to separately market their Unit and Garage Unit, if the Garage Unit sells and closes prior to the sale and closing of the Owner's Unit, then in such event,

the Unit and Garage Unit may be sold to two (2) separate purchasers provided the purchaser of the Garage Unit owns a Unit in Cliffdale Cottages Condominium. Otherwise the Unit and Garage Unit must be sold at the same time and conveyed to the same purchaser. As to any Garage Unit still owned by the original developer of Cliffdale Cottages Condominium, the said original developer shall only sell any such remaining Garage Unit to an Owner of a Unit in Cliffdale Cottages Condominium.

"Garage Unit Assessment" or "Garage Unit Assessment(s)" means the prorata portion of the Garage Common Expense Liability spread equally among each of the Garage Units. The Garage Unit Assessment shall be calculated separate and apart from the Common Element Expense Liability and shall be assessed by the Association as part of the Annual Assessment against both the Unit(s) and Garage Unit(s) but only to those Owners of Units who are also Garage Unit Owners.

"Garage Unit Owner" means the record owner, whether one or more Persons, of fee simple title to any Unit in Cliffdale Cottages Condominium who also owns a Garage Unit, and will include the Declarant for so long as it owns one or more Units and one or more Garage Units. No Person may be a Garage Unit Owner in Cliffdale Cottages Condominium unless such Person is also an Owner of a Unit in Cliffdale Cottages Condominium.

"Governmental Mortgagee" refers to the Federal Housing Administration, the Department of Housing and Urban Development, the U.S. Department of Veterans Affairs, and any similar related entity.

"Improvements" means any structure of any type or kind, including, but not limited to buildings, outbuildings, parking areas, swimming pool, gazebo, mailboxes, loading areas, screening walls, retaining walls, decorative walls, fences, hedges, mass plantings, lawns, sidewalks, poles, signs, utility lines and facilities, dumpster pads and related components, inclusive of the Units, the Common Elements, the Garage Units, the Garage Common Elements, the Limited Common Elements, the Limited Garage Common Elements and any related components.

"Initial Sale" means the date of the first conveyance of a Unit or a Unit and a Garage Unit to an Owner other than the Declarant or a Person succeeding to Declarant's rights.

"Law" shall mean any local, state or federal rules, regulations or laws which may apply to the condominium or any Person who maintains an interest in the condominium or a Unit or a Garage Unit, including, but not limited to, the Zoning Entity's ordinances, codes, and regulations.

"Limited Common Element" or "Limited Common Elements" means a portion of the Common Elements allocated by this Declaration or the Plat(s) and Plan(s) for the exclusive use of one or more, but fewer than all, of the Units and as more specifically described in Section 5.2 hereof.

"Limited Garage Common Elements" or "Limited Garage Common Elements" means a portion of the Garage Common Elements allocated by this Declaration for the exclusive use of one (1) or more but fewer than all of the Garage Units and as more specifically described in Section 5.4 hereof.

"Majority in Interest" means, with respect to any referenced group of Owners, a combination of any of those Owners who, in the aggregate, own more than fifty percent (50%) of the Allocated Common Element Interests owned by all of that referenced group of Owners. For purposes of this Declaration, if the matter involves solely the Units, then in such event, the term Majority in Interest shall mean and refer to the aggregate total of the Unit Owners, (including those Unit Owners who also own Garage Units) which in the aggregate own more than fifty percent (50%) of the Allocated Common Element Interests. If the matter involves solely the Garage Units, then in such event, the term Majority in Interest shall mean and refer to the aggregate total of the Garage Unit Owners, which in the aggregate own more than fifty percent (50%) of the Allocated Garage Common Element Interests.

"Member" means every Person who holds membership in the Association.

"Mortgage" means a mortgage, deed of trust, installment land sales contract, security agreement or other similar security instrument granting, creating, or conveying a lien upon a Unit or Garage Unit.

"Mortgagee" means the holder, insurer or guarantor of a Mortgage.

"Occupants" means any individual(s) in possession of a Unit or Garage Unit, including Owners, Family Members, lessees, guests and invitees of such individual(s) and Family Members, guests and invitees of such lessees.

"Original Developer" means Elmwood Partners, LLC.

"Owner" or "Unit Owner" means the record owner, whether one or more Persons, of a fee simple title to any Unit, except those having an interest merely as security for the performance of an obligation, and will include Declarant for so long as it owns one or more Units. If an Owner or Owners also owns a Garage Unit, the term Unit Owner or Owner may also include Garage Unit Owner where the context so requires. Notwithstanding the immediately preceding sentence, ownership of a Garage Unit cannot be separated from Unit Ownership. Accordingly, no person, firm, corporation, company or other entity shall be allowed to own a Garage Unit unless such person, firm, corporation, company or other entity also owns a Unit.

"Permitted Encumbrances" means those encumbrances of record in the office of the Register of Deeds for Cumberland County, North Carolina affecting title to the Property including but not limited to those encumbrances set forth on Exhibit "G" attached hereto and made a part hereof.

"Person" means an individual, a trust, an estate, or a domestic corporation, a foreign corporation, a professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association, or other entity.

"Plan(s)" means the "As Built" Plan(s) of the Units and Garage Units, within Cliffdale Cottages Condominium, prepared by Gregory J. Tierney, P.E., Investigative Engineering, dated 04/29/2011, bearing Project Number 9175.00, which are a part of the Plat(s) and Plan(s) filed in Condominium File 0008 at Page(s) 0086 through 0126 in the office of the Cumberland County Register of Deeds.

"Plat(s)" means the plat(s) of Survey of the Property, prepared by Daniel V. Partin, P.L.S., dated February 1, 2009, ~~2011~~, bearing Job Number 8000, which are a part of the Plat(s) and Plan(s) filed in Condominium File 0008, at Page(s) 0086 through 0126 in the office of the Cumberland County Register of Deeds.

"Plat(s) and Plan(s)" means both the Plat(s) and the Plan(s) referenced above.

"Property" means the Property more fully described on Exhibit "A" attached hereto.

"Private Streets" means any streets designated as private on the Plat(s). The Private Streets have not been accepted for maintenance by the Zoning Entity. Maintenance of the Private Streets shall be the responsibility of the Association unless and until such time as they shall be accepted by the Zoning Entity.

"Project" means the complete development situated on the entire 13.333 acres of land as shown and more fully described on the Plat(s) including all Improvements now or hereafter constructed thereon.

"Public Offering Statement" means the statement described in Section 47C-4-103 of the Act.

"Special Assessments" means the assessments described in Section 9.5 hereof.

"Storage Room" or "Storage Rooms" means the closets situated in the Buildings, near the entry doors into the Units. The Storage Rooms shall be governed by the provisions of Section 6.1.3 hereof.

"Swimming Pool and Related Facilities" means the swimming pool, clubhouse, gazebo and any other improvement related thereto situated on the Property.

"Unit" means a: (i) single residential dwelling constructed within a Building, (other than Common Elements, Garage Units and Garage Common Elements), designated for separate ownership or occupancy. There are fifty-six (56) first floor Units, identified by Unit Numbers 1-1 through 1-56 (hereinafter referred to as the "First Floor Units") and fifty-six (56) second floor Units, identified by Unit Numbers 2-1 through 2-56 (hereinafter referred to as the "Second Floor

Units”), all as more shown and fully described on the Plat(s) and Plan(s). If an Owner also owns a Garage Unit, then the term Unit may also include Garage Unit where the context so requires.

“Unit Assessment” or “Unit Assessment(s)” means the prorata portion of the Common Expense Liability spread equally among each of the Units. The Unit Assessment shall be calculated separate and apart from the Garage Common Expense Liability and shall be assessed by the Association, as part of the Annual Assessment, against the Units, but not against the Garage Units.

“Unit Owner” or “Owner” means the record owner, whether one or more Persons, of a fee simple title to any Unit, except those having an interest merely as security for the performance of an obligation, and will include Declarant for so long as it owns one or more Units. If an Owner or Owners also owns a Garage Unit, the term Unit Owner or Owner may also include Garage Unit Owner where the context so requires. Notwithstanding the immediately preceding sentence, ownership of a Garage Unit cannot be separated from Unit Ownership. Accordingly, no person, firm, corporation, company or other entity shall be allowed to own a Garage Unit unless such person, firm, corporation, company or other entity also owns a Unit.

“Unsold Unit” means any Unit which has not, at any time, been the subject of an Initial Sale by the original developer.

“Unsold Garage Unit” means any Garage Unit which has not at any time, been the subject of an Initial Sale by the original developer.

“Zoning Entity” means the governmental entity having zoning jurisdiction over the Property as of the date of determination.

Except as specifically provided to the contrary above, or in any section of this Declaration, the defined terms above and any term defined elsewhere in this Declaration shall be construed in a manner consistent with the comparable definitions included in the Act.

2. GENERAL

2.1. Submission to Act. Declarant submits the Property and Improvements to the provisions of the Act. The Property and Improvements will be administered in accordance with the provisions of the Condominium Documents and the Act. The Act contemplates that certain of its provisions may be superseded by provisions of Association Articles, Association Bylaws, this Declaration, or other agreement of the Members. It is the intent of the Declarant that in the event of a conflict among the Condominium Documents and the Act, the Condominium Documents (other than the Act) shall control and supersede the Act where permitted by law.

2.2. Condominium. The name of the condominium shall be “Cliffdale Cottages Condominium”. Declarant hereby establishes one hundred twelve (112) Units and twenty-four (24) Garage Units within the Property and designates all such Units and Garage Units for separate ownership subject to the terms and provisions hereof. Reference is made to this Declaration and the Plat(s) and Plan(s) for a separate description of the boundaries of each Unit

and each Garage Unit, identified by number. There are no Limited Common Elements or Limited Garage Common Elements with the exception of the Limited Common Elements, and Limited Garage Common Elements described in G.S. 47C-2-102(2) & (4), or as may be described in this Declaration or as may be shown on the Plat(s) and Plan(s).

3. UNITS

3.1. Identification. Identification information for each Unit is set out in Exhibit "B" attached hereto and incorporated herein by reference and includes: (i) its designation number with a separate street address; and (ii) the Allocated Common Element Interest appurtenant to the Unit. The precise location of each Unit in Cliffdale Cottages Condominium is shown on the Plat(s) and Plan(s). Any Common Elements located within a Unit shall not, however, be considered a part of the Unit.

3.2. Unit Boundaries. The boundaries of each Unit, both as to vertical and horizontal planes are shown on the Plat(s) and Plan(s).

3.2.1. The space making up a Unit shall be bounded as follows:

The vertical boundaries of each Unit shall consist of the face of the unfinished wood studs around the perimeter of each Unit to which sheetrock has been or may be attached. The lower boundary of each Unit shall be the horizontal plane of the top surface of the finished flooring of such Unit and the upper boundary shall be the horizontal plane constituting the finished ceiling at its highest point above the lower boundary of such Unit. The boundaries of each Unit are more particularly shown and described on the Plat(s) and Plan(s). All lath, furring, wallboard, plasterboard, plaster, sheetrock, light fixtures, plumbing fixtures, appliances, whether installed or moveable, cabinets, panelling, tiles, wallpaper, paint, finished flooring, floor coverings, carpet, interior trim work, interior wall partitions, interior doors, and other similar improvements, shall constitute a part of each Unit.

3.3. Interior Alterations of Units. Except as may otherwise be provided in the Condominium Documents, each Owner shall have the right, exercisable at any time and from time to time, to install, at that Owner's sole cost and expense, those decorations, fixtures, and coverings (including, without limitation, painting, finishing, wall papering, carpeting, pictures, mirrors, shelving, and lighting fixtures) on the surfaces of the walls, ceilings, and floors that face the interior of that Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, and to alter or remove interior walls, in whole or in part, in order to change that Unit's layout, or to improve the Unit, provided that no such installation, alteration, removal, or change shall impair the structural integrity of that Unit or any other Unit or violate any Law. The Association reserves the right to regulate the exterior appearance of the window coverings and treatments installed on all Unit windows.

3.4. Association Access. The Association or its designee shall have the right of access to any Unit during reasonable hours of the day and, in the event of emergencies, at any time: (i) to make inspections, repairs, replacements, or improvements to the Common Elements appurtenant to a Unit; (ii) to remedy conditions of the Unit itself which could result in damage to

other portions of the Building of which the Unit is a part; (iii) to abate any violation of Law or applicable Association Rules & Regulations; or (iv) to otherwise perform its obligations under this Declaration.

4. GARAGE UNITS.

4.1. Identification. Identification information for each Garage Unit is set out in Exhibit "C" attached hereto and incorporated herein by reference and includes: (i) its designation number; and (ii) the Allocated Garage Common Element Interest appurtenant to that Garage Unit. Any Garage Common Elements located within a Garage Unit shall not, however, be considered a part of that Garage Unit.

4.2. Garage Unit Boundaries. The boundaries of each Garage Unit, both as to vertical and horizontal planes are shown on the Plat(s) and Plan(s).

4.2.1. The vertical boundaries of each Garage Unit shall consist of the face of the unfinished wood or metal studs to which sheetrock has been or may be attached or unfinished brick, block or concrete walls, as the case may be, to which paint or other wall covering has been or may be applied. The lower boundary of each Garage Unit shall be the horizontal plane of the top surface of the finished slab floor of such Unit and the upper boundary shall be the horizontal plane constituting the finished ceiling at its highest point above the lower boundary of such Garage Unit. In the event the ceiling of a Garage Unit is not finished, then in such event, the upper boundary shall be the horizontal plane that is eight (8) feet above the lower boundary, unless otherwise shown on the Plat(s) and Plan(s). To the extent of any variation of the upper boundary as described in this Declaration and the upper boundary as shown on the Plat(s) and Plan(s), the upper boundary shown on the Plat(s) and Plan(s) shall control. The boundaries of each Garage Unit are more particularly shown and described on the Plat(s) and Plan(s). All lath, furring, wallboard, plasterboard, plaster, sheetrock, light fixtures, paint, concrete floor slab, interior wall partitions, interior doors, light fixtures and other similar improvements, shall constitute a part of each Garage Unit.

4.3. Interior Alterations of Garage Units. Except as may otherwise be provided in the Condominium Documents, each Garage Unit Owner shall have the right, exercisable at any time and from time to time, to install, at that Garage Unit Owner's sole cost and expense, those decorations, fixtures, and coverings (including, without limitation, painting, finishing, wall papering, carpeting, pictures, mirrors, shelving, and lighting fixtures) on the surfaces of the walls, ceilings, and floors that face the interior of that Owner's Garage Unit and to a depth of two inches behind such surfaces for the purposes of installing nails, screws, bolts and the like, and to alter or remove interior walls, in whole or in part, in order to change that Garage Unit's layout, or to improve the Garage Unit, provided that no such installation, alteration, removal, or change shall impair the structural integrity of that Garage Unit or of the Building of which it is a part or violate any Law.

4.4. Association Access. The Association or its designee shall have the right of access to any Garage Unit during reasonable hours of the day and, in the event of emergencies, at any time: (i) to make inspections, repairs, replacements, or improvements to the Garage Common

Elements appurtenant to a Garage Unit; (ii) to remedy conditions of the Garage Unit itself which could result in damage to other portions of the Building of which the Garage Unit is a part; (iii) to abate any violation of Law or applicable Association Rules & Regulations; or (iv) to otherwise perform its obligations under this Declaration.

5. COMMON ELEMENTS / GARAGE COMMON ELEMENTS / LIMITED COMMON ELEMENTS / LIMITED GARAGE COMMON ELEMENTS.

5.1. Common Elements. The "Common Elements" consist of all other parts of the Property, exclusive of the Units, the Garage Units, Limited Common Elements and Limited Garage Common Elements, and include, but shall not be limited to, the following:

(i) Easements for access, maintenance; repair, reconstruction; or replacements of the Buildings, equipment, installations, and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety, and use by Cliffdale Cottages Condominium.

(ii) The compartments or installations of central services such as power, light, gas, hot and cold water pumps and lines, sanitary and storm water systems, and the like serving the Units and the Garage Units.

(iii) All facilities located under the ground unless serving a Unit or Garage Unit or otherwise defined by this Declaration or the Plat(s) and Plan(s) as part of the Units, Garage Units, Limited Common Elements or Limited Garage Common Elements as the case may be.

(iv) At the ground level and extending from such ground level upwards, all of the area not included in the Units or Garage Units, Limited Common Elements or Limited Garage Common Elements or shown on the Plat(s) and Plan(s) as Common Elements. Such Common Elements shall include, but shall not be limited to, Storage Rooms, sidewalks, stairways and steps outside the Buildings, and walkways.

(v) Central and appurtenant installations for services such as electricity, telephone, water, stairs, lobby, fire protection, garbage and sewage disposal, and for other services for common use in Cliffdale Cottages Condominium.

(vi) Any Improvements (e.g., fences, retaining walls and the like) located on Common Elements as the case may be.

(vii) All areas and facilities shown on the Plat(s) and Plan(s) including, without limitation, easements, storm drainage facilities, water and sewer lines located outside any Zoning Entity utility easement or publicly dedicated right-of-way, private streets, drives, parking areas (subject to allocation of parking spaces by the Declarant or the Association Board), lawn areas, fields, trees, shrubbery, and other landscaping, conduits, storm drains, detention basins, water lines and sewer lines located outside public street rights of way and City of Fayetteville utility easements, utility lines and lighting in the Common Elements and Garage Common Elements.

(viii) All those areas designated as Common Elements on the Plat(s) and Plan(s).

(ix) All other elements of Cliffdale Cottages Condominium rationally of common use or necessity for its existence, upkeep and safety shall be Common Elements, except the Limited Common Elements and Limited Garage Common Elements which shall be and shall remain Limited Common Elements and Limited Garage Elements as those terms are defined herein;

5.2. Limited Common Elements. The Limited Common Elements are those designated as such on the Plat(s) and Plan(s) and such others as are agreed upon to be reserved for the exclusive use of one or more, but less than all, of the Unit Owners. All Limited Common Elements are reserved for the exclusive use of the Owner(s) of the Units, which they serve or to which they are declared herein or by appropriate designation on the Plat(s) and Plan(s) to be appurtenant. Limited Common Elements shall be maintained by the Unit Owner(s) who have the exclusive use thereof and failure to so maintain such Limited Common Elements may result in assessments against any such Owner(s). The Limited Common Elements shall include, but shall not be limited to: (i) common plumbing, vent and waste lines serving both adjacent Units; (ii) patios, decks and porch slabs, stairwells and stairways within any Building; (iii) front yards and rear yards so designated as Limited Common Elements on the Plat(s) and Plan(s); and (iv) privacy fences on or enclosing Limited Common Elements.

5.3. Garage Common Elements. The Garage Common Elements are those portions of the Buildings in which the twenty-four (24) Garage Units are situated, which are common to all Garage Units, including but not limited to the footings, slabs, walls, roofs and structural components of such Buildings. Garage Common Elements, while separately defined, shall be managed and operated by the Association in the same manner and to the same extent as the Association manages and operates the Common Elements. Notwithstanding the foregoing, only the Garage Unit Owners shall have liability or responsibility for dues and assessments attributed to the Garage Units, which dues and assessments shall be uniform as to each Garage Unit.

5.4. Limited Garage Common Elements. The Limited Garage Common Elements are those designated as such herein and on the Plat(s) and Plan(s) and such others as are agreed upon to be reserved for the exclusive use of one or more, but less than all, of the Garage Unit Owners. All Limited Garage Common Elements are reserved for the exclusive use of the Garage Unit Owners, which they serve or to which they are declared to be appurtenant by appropriate designation herein or on the Plat(s) and Plan(s). Limited Garage Common Elements shall be maintained by the Garage Unit Owner(s) who have the exclusive use thereof and failure to so maintain may result in assessments against any such Garage Unit Owner(s). The Limited Garage Common Elements shall include, but shall not be limited to: (i) electrical, plumbing, vent and waste lines serving both adjacent Garage Units; (ii) sidewalks and steps for ingress and egress to Garage Units, (iii) side entry doors providing pedestrian access into the Garage Units and (iv) the garage doors.

5.5. Title to the Common Elements. Every Owner of a Unit in Cliffdale Cottages Condominium shall own an undivided interest in the Common Elements of Cliffdale Cottages Condominium and shall have a right and easement of enjoyment in such Common Elements (the "Owners' Common Element Easement"). The Owners Common Element Easement in the Common Elements shall be appurtenant to and shall pass with the title to every Unit in Cliffdale Cottages Condominium.

5.6. Title to the Garage Common Elements. Any Owner of a Unit in Cliffdale Cottages Condominium, who also owns a Garage Unit, shall own an undivided interest in the Garage Common Elements of Cliffdale Cottages Condominium and shall have a right and easement of enjoyment in the Garage Common Elements (the "Garage Unit Owners Easement"). The Garage Unit Owners Easement shall be appurtenant to and shall pass with the title to every Garage Unit in Cliffdale Cottages Condominium. Only Owners of Units in Cliffdale Cottages Condominium may own a Garage Unit. Accordingly any deed or other instrument purporting to transfer a Garage Unit to any Person shall be null and void unless the Grantee named in any such deed or other instrument also owns or simultaneously acquires a Unit in Cliffdale Cottages Condominium.

5.7. Transfer of Common Elements. The Common Elements shall remain undivided, and no Unit Owner or any other Person shall bring, or shall have the right to bring any action for partition or division thereof, except as is expressly permitted pursuant to the terms of this Declaration and/or the Association Bylaws, as applicable. Further, any conveyance, encumbrance, judicial sale, or other transfer (whether voluntary or involuntary) of any individual interest in the Common Elements will be void unless the Unit to which such interest is allocated is also transferred.

5.8. Transfer of Garage Common Elements. The Garage Common Elements shall remain undivided, and no Garage Unit Owner or any other Person shall bring or shall have the right to bring any action for partition or division thereof, except as is expressly permitted pursuant to the terms of this Declaration and/or the Association Bylaws. Further, any conveyance, encumbrance, judicial sale, or other transfer (whether voluntary or involuntary) of any individual interest in the Garage Common Elements will be void unless the Garage Unit to which such interest is allocated is also transferred and the transfer of such Garage Unit is to an Owner of a Unit in Cliffdale Cottages Condominium.

5.9. Common Element Parking Areas/Parking Spaces. Each Owner and its guests, in common with the other Owners and their guests, shall be entitled to the non-exclusive use of the automobile parking space(s), if any, located within the Common Elements, together with the right of ingress and egress in and to those parking space(s), to the extent any such parking spaces serving the Common Elements are not already being used at that time by another Owner or the guests and invitees of such other Owner. For purposes of this section, parking spaces shall not include the Garage Units. Only the Garage Unit Owners or their designees shall have a right to use and park in the Garage Units. The Declarant, during the Declarant Control Period, reserves unto itself and thereafter unto the Association, the right to assign parking spaces for each Unit.

5.10. Garage Common Element Parking Areas/Parking Spaces. Only the Garage Unit Owners or their designees shall be allowed to park in the Garage Units.

5.11. Owners' Common Element Easement. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Elements including specifically an easement for access, ingress and egress from and to public and private streets, common parking, and walkways. The Owners' Common Element Easement shall be appurtenant to and shall pass with the title to every Unit. The Owners' Common Element Easement and an Owner's undivided interest in the Common Elements are subject to the following:

5.11.1. Subject to all applicable governmental ordinances, the Association's right to dedicate or transfer all or any part of the Common Elements to any public agency, authority, utility, or non-profit corporation. No such dedication or transfer shall be effective unless an instrument signed by eighty percent (80%) of the Allocated Common Element Interests agreeing to the dedication or transfer, has been recorded in the Cumberland County Registry. Any dedication or transfer shall be made subject to that portion of the Owners' Common Element Easement, providing for access, ingress and egress to public streets and walkways serving Cliffdale Cottages Condominium.

5.11.2. The Association's right, in accordance with the Condominium Documents, to borrow money for the purpose of improving the Common Elements and to mortgage the Common Elements to secure those borrowings; provided the mortgage is subordinate to the Owners' Common Element Easement, as applicable. Notwithstanding the foregoing, the Association may only mortgage the Common Elements for matters pertaining to or affecting the Common Elements. Similarly the Association may only mortgage the Garage Common Elements for matters pertaining to or affecting the Garage Common Elements.

5.11.3. The Association's right to suspend the voting rights and the right to use any Common Elements (and the Garage Common Elements, if and as applicably) by any Owner, his family, guests, etc., for any period during which any assessment against his Unit (inclusive of his Garage Unit, if and as applicable) remains unpaid. The right to use the Common Elements may also be suspended for a period, not to exceed one hundred twenty (120) days, for the infraction of the Association Rules & Regulations; provided; however, that if the infraction is continuing in nature, the suspension may be enforced until such infraction is cured.

5.11.4. The Association's right to impose and enforce the Association Rules & Regulations which may restrict the use and enjoyment of the Common Elements.

5.11.5. The Association and Declarant shall have the authority to grant and/or establish upon, over, under and across the Common Elements, further easements (including, but not limited to those provided in this Declaration) as are required for the convenient use and enjoyment of the Property.

5.11.6. The right of the Declarant and all other Unit Owners to the same non-exclusive right and easement.

5.11.7. Applicable provisions of Chapter 47C of the North Carolina General Statutes.

5.11.8. The terms and provisions of the Condominium Documents.

5.12. Garage Unit Owners' Easement of Enjoyment-Garage Common Elements.
Every Garage Unit Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Garage Common Elements. The Garage Unit Owners' Easement shall be appurtenant to and shall pass with the title to every Garage Unit. The Garage Unit Owners' Easement is subject to the following:

5.12.1. Subject to all applicable governmental ordinances, the Association's right to dedicate or transfer all or any part of the Garage Common Elements to any public agency, authority, utility, or non-profit corporation. No such dedication or transfer shall be effective unless an instrument signed by eighty percent (80%) of the Allocated Garage Common Element Interests agreeing to the dedication or transfer has been recorded in the Cumberland County Registry. Any dedication or transfer shall be made subject to that portion of the Garage Unit Owner's Easement, as applicable, providing for ingress, egress and regress to public streets and walkways serving Cliffdale Cottages Condominium.

5.12.2. The Association's right, in accordance with the Condominium Documents, to borrow money for the purpose of improving the Garage Common Elements, and to mortgage those properties to secure those borrowings; provided the mortgage is subordinate to the Garage Unit Owners Easement.

5.12.3. The Association's right to suspend the voting rights and to suspend the right to use any Garage Common Elements by any Garage Unit Owner, his family, guests, etc., for any period during which any assessment against his Unit (which as to Garage Unit Owners shall include the Unit and the Garage Unit) remains unpaid. The right to use the Garage Common Elements may also be suspended for a period, not to exceed one hundred twenty (120) days, for the infraction of the Association Rules & Regulations; provided; however, that if the infraction is continuing in nature, the suspension may be enforced until such infraction is cured.

5.12.4. The Association's right to impose and enforce the Association Rules & Regulations which may restrict the use and enjoyment of the Garage Common Elements.

5.12.5. The Association and Declarant shall have the authority to grant and/or establish upon, over, under and across the Garage Common Elements, further easements (including, but not limited to those provided in this Declaration) as are required for the convenient use and enjoyment of the Property.

5.12.6. The right of the Declarant and all other Garage Unit Owners to the same non-exclusive right and easement.

5.12.7. Applicable provisions of Chapter 47C of the North Carolina General Statutes.

5.12.8. The terms and provisions of the Condominium Documents.

6. USE OF COMMON ELEMENTS AND GARAGE COMMON ELEMENTS

6.1. Common Elements and Garage Common Elements.

6.1.1. Delegation of Use. Any Owner (including a Garage Unit Owner) may delegate, in accordance with the Condominium Documents, his right of enjoyment to the Common Elements and/or the Garage Common Elements, as the case may be, to Family Members, Occupants and guests who reside at or otherwise occupy his Unit.

6.1.2. Private Streets. Private streets located on the Property shall be the sole responsibility of the Association. In no case shall the City of Fayetteville or the State of North Carolina be responsible for maintaining any private street. Such streets shall be maintained in good condition and no obstruction shall be erected or permitted to remain on such streets. The cost of maintaining such streets is a Common Expense.

6.1.3. Storage Rooms. Some Buildings are improved with Storage Rooms near the stair cases serving the Units and the front entry doors to the Units:

Unless converted to Limited Common Elements in accordance with Section 7.1(c) hereafter, the Storage Rooms are a part of the Common Elements and shall be available for use by the Owners, their tenants and invitees in the following order of priority:

- (a) First, to the Owners of Units within the Building in which the Storage Room is located;
- (b) Second, to the Owner of the Unit closest in proximity to the Storage Room;
- (c) Third, to other Owners of Units in Cliffdale Cottages Condominium.

Nothing contained herein shall be intended to alter or modify the Owners' present usage of the Storage Room provided no Storage Room is being used by anyone who does not own or lease a Unit in Cliffdale Cottages Condominium. In no event shall a Person not owning or leasing a Unit in Cliffdale Cottages Condominium be entitled to use a Storage Room within Cliffdale Cottages Condominium.

7. DEVELOPMENT RIGHTS.

7.1. Special Declarant Rights Reserved By Declarant. Unless a longer period shall be specified, the Declarant reserves the following Special Declarant Rights until December 31, 2025 for the Property: (a) January 2, 2015; (b) to add, remove and alter Common Elements and Garage Common Elements to, from and of Cliffdale Cottages Condominium at anytime and from time to

time; or (c) to convert the Storage Rooms from Common Elements to Limited Common Elements and to declare the same an appurtenance to a specific Unit; (d) to amend this Declaration, the Association Articles, the Association Bylaws, the Plat(s) and Plan(s) and any document establishing Cliffdale Cottages Condominium to correct any error in the same or to otherwise bring Cliffdale Cottages Condominium into compliance with the Act; [NOTE: It is expressly intended that the provisions of Sub-Sections 7.1(a, b, c and d) shall survive the period of Declarant Control and may be exercised by the Declarant or any successor declarant which by valid assignment succeeds to the rights and obligations of the original Declarant.] (e) subject to the provisions of N.C.G.S. 47C-3-103 and the terms of the Association Bylaws; (f) to appoint and remove any Association Board member during the Declarant Control Period; and (g) to regulate, restrict and designate property as Common Elements and Garage Common Elements; and (h) such other rights as are described in N.C.G.S. 47C-1-103(11). Declarant, in its sole discretion, and from time to time during the Declarant Control Period, may exercise any or all of the Development Rights, with the exception of Sub-Sections 7.1(a, b, c and d) hereof, which shall survive the Declarant Control Period herein unless otherwise prohibited by law.

7.2. Declaration. The Declarant may, from time to time, delegate any or all of its Development Rights to such agents as it may nominate and on such terms as it chooses.

8. MEMBERSHIP AND VOTING RIGHTS.

8.1. Ownership of a Unit shall be the sole qualification for membership in the Association and every Owner of a Unit or a Unit and a Garage Unit, shall be a Member of the Association. With regards to the Units, each Unit shall have a vote in the Association equal to its Allocated Common Element Interest. As to issues affecting a Garage Unit, each Garage Unit shall have a vote in the Association equal to its Allocated Garage Common Element Interest. Such vote arising out of the Allocated Garage Common Element Interest may be cast only on issues pertaining to the Garage Units. Such vote does not entitle a Garage Unit Owner to two (2) votes with regards to votes affecting only the Units.

8.2. The right of any Member to vote may be suspended by the Association Board for just cause pursuant to the Association Rules & Regulations.

8.3. Members shall be entitled to exercise the vote for each Unit or Garage Unit owned. When more than one Person holds an interest in any one Unit or Garage Unit, all such Persons shall be Members. The vote of that Unit, however, shall be exercised as provided in the Association Bylaws. Fractional voting of a Unit's or Garage Unit's vote however is and shall be expressly prohibited. The Association Board may make reasonable rules relating to the proof of ownership of a Unit or a Garage Unit. With respect to the Units, Membership in the Association shall be appurtenant to and may not be separated from ownership of the Units. With respect to the Garage Units, given only Unit Owners can own Garage Units, membership in the Association shall similarly be appurtenant to and may not be separated from ownership of a Unit.

9. COVENANT FOR ASSESSMENTS.

9.1. Lien of Assessments.

9.1.1. Each Owner of a Unit (including a Garage Unit, if applicable) by acceptance of a deed therefor (whether or not it shall be so expressed in such deed) is deemed to covenant and agree to pay to the Association, all of the assessments as provided for in this Declaration. In addition to the Annual Assessments and the Special Assessments, the Association shall have the authority, through the Association Board, to establish, fix and levy an individual assessment on any Unit (inclusive of a Garage Unit, if applicable), to secure the liability of that Owner to the Association for such assessments.

9.1.2. The Association Assessments shall be set on a calendar year basis (the "Annual Assessment Period") and may be collected on a monthly, quarterly, semi-annual or annual basis as determined by the Association Board. Such assessments shall be charged to each Owner of a Unit (including any Owner who is also a Garage Unit Owner). Special Assessments shall also be charged to each Owner of a Unit (including those Owners who own Garage Units). Association Assessments, together with interest thereon and the costs of collection (including reasonable attorney fees), shall be a lien on the applicable Unit (inclusive of the Garage Unit as the case may be), from the due date for the assessment, continuing until paid in full, as well as the personal obligation of the person who was the Owner of the Unit (inclusive of the Garage Unit) at the time when such assessment became due. While any unpaid amounts shall remain a lien on the applicable Unit (inclusive of the Garage Unit as applicable), the personal obligation shall not pass to that Owner's successors in title unless expressly assumed by the successor.

9.1.3. No Owner shall be exempted from liability for the payment of Association Assessments by waiving the use or enjoyment of any or all of the Common Elements or by abandoning its Unit. Similarly no Garage Unit Owner shall be exempt from liability for the payment of Association Assessments applicable to Garage Units by abandoning its Garage Unit. No Owner, including Garage Unit Owners, as applicable, shall be entitled to a diminution or abatement in the Association Assessments for any inconvenience or discomfort arising from: (i) the failure or interruption of any utility or other services; (ii) the making of repairs or improvements to the Common Elements or the Garage Common Elements; or (iii) any action taken by the Association Board or the officers of the Association to comply with the Law.

9.1.4. All Units dedicated to and accepted by a local public authority shall be exempt from Association Assessments.

9.2. Purpose of Association Assessments. The Association Assessments shall be used exclusively for funding all Common Expenses including as applicable, Garage Common Expenses. "Common Expenses" shall include but shall not be limited to, taxes, assessments, and governmental liens assessed against the Common Elements, inclusive of the Garage Common Elements, liability insurance, utility charges and expenses for services provided to the Common Elements, (inclusive of the Garage Common Elements) Association operational costs, management fees, improvement and maintenance costs (including those for the Common Elements, Garage Common Elements, Private Streets, landscaped areas of rights-of-way, storm drains, stormwater retention ponds, detention basins and any easements granted to the Association), costs, expenses, damages, repairs and liabilities reasonably incurred by the Association in fulfilling the purposes of this Declaration, other expenses agreed by the Members

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to be "Common Expenses", and reserves for any of the foregoing purposes. For purposes of this section only, Common Expenses and Garage Common Expenses may be used interchangeably to the extent necessary to give the broadest interpretation to the term Common Expenses.

9.3. Notice/Due Dates. Written notice of a Special Assessment or a change in the Annual Assessment shall be sent to every Owner subject thereto at least fifteen (15) days in advance of its due date. The due date for an assessment shall be established by the Association Board, in the case of an Annual Assessment, or by the majority vote of the Owners, in the case of a Special Assessment. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid. A reasonable charge may be assessed by the Association for the issuance of these certificates. These certificates shall be conclusive evidence of payment of any assessment as to third parties acting in reliance on the statement.

9.4. Annual Assessments.

9.4.1. The Annual Assessments shall commence under this Declaration immediately upon its recordation and shall be in an amount equal to the annual assessment currently being paid by each Owner pursuant to any prior declarations recorded against the Property purporting to establish a condominium regime on such Property.

9.4.2. On or before January 1st of each year hereafter, the Association Board shall adopt a proposed budget. This proposed budget shall include all anticipated revenues (including revenues from Annual Assessments to be charged in the next Annual Assessment Period), the anticipated Common Expenses and Garage Common Expenses for the Association and any surplus or deficit in the Annual Assessments from the prior years. Within thirty (30) days after adoption of any proposed budgets, the Association Board shall send each Owner a copy of their proposed budgets and notice of a scheduled meeting of Owners to consider their ratification. The date of those meetings shall be not less than fourteen (14) nor more than thirty (30) days following the date of the notice of the meetings. The proposed budgets shall be deemed ratified unless a Majority in Interest of all of the Owners reject the proposed budget. There shall be no requirement that a quorum be present at the meetings. The approved budget shall be the basis for calculating the Annual Assessments to be charged for each Unit (inclusive of Garage Units) for the upcoming Annual Assessment Period. Upon adoption of the approved budget, the Association Board shall calculate the amount of the Annual Assessment for each Owner of a Unit (including those Owners who own Garage Units) and send a notice of that amount to each Owner as required under this Declaration. The failure or delay of the Association Board to prepare or adopt a budget or to determine the Common Expense Liability (including the Garage Common Expense Liability) for any assessment period shall not be deemed a waiver, modification or release of the Owners' obligation to pay assessments. In such event, the Annual Assessments that were computed on the basis of the Common Expense Liability and the Common Garage Expense Liability for the last assessment period shall continue to be the Annual Assessment payable by the Owners (including Garage Unit Owners) until a new budget is approved for the Association.

9.5. Special Assessments. In addition to the Annual Assessments, the Association may, from time to time, levy a special assessment (the "Special Assessment") for the purpose of defraying in whole or in part the cost of any unexpected expense of the Association. A Special Assessment shall require the assent of the Owner(s) holding not less than sixty-seven percent (67%) of the Allocated Common Element Interests or the Allocated Garage Common Element Interests, as applicable. An Owner's pro rata share of each Special Assessment shall equal its Allocated Common Element Interest if levied by the Association if such Special Assessment pertains to the Common Elements. A Garage Unit Owner's prorata share of each Special Assessment shall equal its Allocated Garage Common Element Interest if such Special Assessment pertains to the Garage Common Elements. Accordingly if the Special Assessment pertains solely to the Garage Units, then in that event, the Special Assessment shall be assessed only against the Garage Units and collected only from the Garage Unit Owners based upon the Allocated Garage Common Element Interest.

9.6. Fines. The Association Board may impose fines against any Unit and Garage Unit, as the case may be, for a failure to comply with this Declaration or any Association Rules & Regulations. These fines shall be treated as a Special Assessment otherwise due to the Association from that Owner. Fines shall be paid not later than thirty (30) days after notice of the assessment is given to the offending Owner. These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled. Any fine paid by the offending Owner shall nevertheless be deducted from or offset against any damages that the Association may otherwise be entitled to recover by law from that Owner.

9.7. Uniform Rate of Association Assessment. The Common Expense Liability allocated to each Unit (exclusive of Garage Units) shall be determined by a fraction, the numerator of which is one (1) and the denominator of which is one hundred twelve (112) representing the total number of Units in Cliffdale Cottages Condominium (exclusive of the Garage Units), such fraction being equal to the Allocated Common Element Interest set forth on Exhibit "B" attached hereto. Such Common Expense Liability allocated to each Unit, (exclusive of Garage Units), shall be the same as the Annual Unit Assessment. Annual Unit Assessments must be fixed at a uniform rate in accordance with the Allocated Common Element Interest applicable to each Unit.

The Garage Common Expense Liability allocated to each Garage Unit shall equal a fraction, the numerator of which is one (1) and the denominator of which is twenty-four (24) representing the total number of Garage Units in Cliffdale Cottages Condominium (exclusive of the Units); such fraction being equal to the Allocated Garage Common Element Interests set forth on Exhibit "C" attached hereto. The Garage Common Expense Liability allocated to each Garage Unit shall be the same as the Annual Garage Unit Assessment. Annual Garage Unit Assessments must be fixed at a uniform rate in accordance with the Allocated Garage Common Element Interest applicable to each Garage Unit.

Accordingly, the Annual Assessment for Units with Garage Units shall be the aggregate total of the Annual Unit Assessments and the Annual Garage Unit Assessments. For those Unit Owners who also have Garage Units, the Annual Assessment consisting of both the Annual Unit

Assessment and the Annual Garage Unit Assessment, shall be levied as a single lump-sum against the Unit and Garage Unit. In the event a Unit Owner who also owns a Garage Unit shall fail to pay an assessment whether in whole or in part and whether that of an Annual Assessment or a Special Assessment, the Association shall place a lien against both the Unit and Garage Unit, foreclose the lien and sell both the Unit and the Garage Unit together at public auction in accordance with applicable law. To do otherwise could result in the foreclosure and sale of a Garage Unit to a Person who is not the Owner of a Unit in Cliffdale Cottages Condominium.

Special Assessments shall similarly be taxed in a uniform manner against all of the Units and Garage Units, as the case may be, and shall be assessed and collected in the same manner as Annual Assessments except for the manner in which they are paid. The Association, in its discretion, may require Special Assessments be paid as a single lump-sum payment rather than spread over time, if, in the discretion of the Association Board, the circumstances, so require and such requirement will not cause an undue hardship on an Owner.

9.8. Non-Payment of Assessment Remedies of the Association. Any Association Assessments which are not paid when due shall be delinquent. The Association shall have the option to declare the entire outstanding balance of any Association Assessment immediately due and payable if any installment thereof becomes delinquent. If the Association Assessment is not paid within thirty (30) days after the due date, then such assessments may incur a late charge set by the Association Board and shall bear interest from the date of delinquency at the greater of the rate set by the Association Board or twelve percent (12%) per annum. The Association may bring an action at law against the responsible Owner (including responsible Garage Unit Owners) and/or foreclose the lien against the applicable Unit inclusive of the Garage Unit. Interest, costs, and reasonable attorney fees of any such action shall be added to the amount of the delinquent assessment. Each Owner, by the acceptance of a deed to a Unit and Garage Unit as applicable, expressly vests in the Association its agents or assigns, the right and power to bring all actions against the Owner, personally, for the collection of all debts due by it to the Association and to enforce the lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or a deed of trust lien on real property. Each Owner also expressly grants to the Association a power of sale in connection with foreclosure of a lien for assessments, whether Annual Assessments or Special Assessments. The lien provided for in this Article shall be in favor of the Association, acting on behalf of the Owners, which shall have the power and the right to bid in at foreclosure and to acquire and hold, lease, mortgage and convey the foreclosed Unit, including the foreclosed Garage Unit. No Owner, whether of a Unit, or a Unit and a Garage Unit may waive or otherwise escape liability for assessments by non-use of the Common Elements or the Garage Common Elements or abandonment of his Unit or Garage Unit as the case may be.

9.9. Subordination of the Lien. The lien of the Association inclusive of any Special Assessment shall be subordinate to the lien of any Mortgage on a Unit (including a Garage Unit). Provided the Association is given prior written notice of the sale or transfer of a Unit (inclusive of a Garage Unit) by Foreclosure, such Foreclosure shall extinguish the lien of the delinquent Association Assessments for that Unit (inclusive of a Garage Unit). Otherwise, the sale or transfer of a Unit and/or a Garage Unit shall not release or otherwise affect the lien of delinquent

assessments owed to the Association; provided, that no Owner shall be liable for the payment of any part of any assessment assessed by the Association against its Unit or Garage Unit subsequent to a sale, transfer, or other conveyance by it of that Unit and Garage Unit. In no event, however, shall any sale or transfer, whether pursuant to a Foreclosure or not, relieve the prior Owner from personal liability for the delinquent Association Assessments or relieve the Unit (including a Garage Unit) from liability for any such assessment becoming due subsequent to such sale, transfer or other conveyance, from the lien therefore.

9.10. Surplus Funds. Surplus Funds of the Association shall be either distributed to the Owners, pro rata, in accordance with their respective Allocated Common Element Interests, and Allocated Garage Common Elements as applicable or be used as a credit against each Owner's future Association Assessments, as determined by the Association Board.

10. PARTY WALL.

10.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of a Unit or Garage Unit as the case may be, and placed on the dividing line between the Units or Garage Units as applicable and all reconstruction or extensions of such walls shall constitute party walls. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support, in-below ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply.

10.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners or Garage Unit Owners, as applicable, who make use of the wall in proportion to such use.

10.3. Destruction by Fire or other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner (including a Garage Unit Owner) who has used the wall may restore it. If other Owners or Garage Unit Owners make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use; subject, however, to the right of any Owners or Garage Unit Owners, as the case may be, to call for a larger contribution from the others under any rule of law regarding liability for negligence or willful acts or omissions.

10.4. Construction or Reconstruction. The Owner or Garage Unit Owner, as applicable, may construct or reconstruct a party wall subject to and within the limitations of architectural control and other limitations of this Declaration and the Act with the right to go upon the adjoining Unit or Garage Unit to the extent reasonably necessary to perform the construction or reconstruction. The construction or reconstruction shall be done expeditiously. Upon completion of the construction or reconstruction, the Owner or Garage Unit Owner, as the case may be, shall restore, to the extent reasonably practicable, the adjoining Unit or Garage Unit, as applicable, to as near the same condition which existed on or before the commencement of the construction or reconstruction.

10.5. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner or Garage Unit Owner, who, by his negligence or willful act, causes the party wall to be exposed

to the elements shall bear the whole cost of furnishing the necessary protection against those elements.

10.6. The Right to Contribution Runs with the Land. The right of any Owner or Garage Unit Owner to contribution from any other Owner or Garage Unit Owner under this Article shall be appurtenant to the Unit or Garage Unit, as applicable, and shall pass to the Unit Owners' or Garage Unit Owners', as the case may be, successors in title.

10.7. Contribution Certification by Adjoining Unit Owner. If any Owner desires to sell his Unit, he may, in order to assure a prospective purchaser that no adjoining Owner(s) has a right of contribution as provided in this Article, request that the adjoining Owner(s) provide a certification that no right of contribution exists. It shall be the duty of each adjoining Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining Owner claims a right of contribution, the certification shall contain a recital of the amount claimed. In the event an adjoining Owner refuses or neglects to provide such certification, it shall be deemed a waiver of the right of the party failing to provide such certification to proceed against such Owner or his successors for any contributions which may have accrued to that date.

10.8. Contribution Certification by Adjoining Garage Unit Owner. If any Garage Unit Owner desires to sell his Garage Unit, he may, in order to assure a prospective purchaser that no adjoining Garage Unit Owner(s) has a right of contribution as provided in this Article, request that the adjoining Garage Unit Owner(s) provide a certification that no right of contribution exists. It shall be the duty of each adjoining Garage Unit Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining Garage Unit Owner claims a right of contribution, the certification shall contain a recital of the amount claimed. In the event an adjoining Garage Unit Owner refuses or neglects to provide such certification, it shall be deemed a waiver of the right of the party failing to provide such certification to proceed against such Garage Unit Owner or his successors for any contributions which may have accrued to that date.

11. INSURANCE/CONDEMNATION.

11.1. Association Coverage.

11.1.1 The Association Board shall obtain and maintain, to the extent available, casualty insurance (ISO special for or its equivalent) for the Buildings, Common Elements, Garage Common Elements, Limited Common Elements and the Limited Garage Common Elements covering the interest of the Association, the Association Board, and all Owners, Garage Unit Owners and their mortgagees and trustees of those mortgagees, as their interests may appear. Such coverage shall: (a) be in an amount equal to 100% of replacement value, (b) have a commercially reasonable deductible not in excess of \$10,000.00; and (c) afford protection against loss or damage by fire or other hazards covered by the standard extended coverage endorsement and such other risks as from time to time customarily shall be covered with respect to buildings of similar construction, location and use, including, without limitation, vandalism and malicious mischief. This coverage shall not, however, include any improvements or

betterments installed by an Owner or Garage Unit Owner, as the case may be, or any of the personal property belonging to an Owner whether or not located inside a Unit or inside a Garage Unit as applicable. Such insurance shall not be required to provide coverage for any vehicle in any Garage Unit which may be damaged by fire or other casualty.

11.1.2. To the extent obtainable, the Association Board shall also obtain and maintain (in amounts to be determined by the Association Board): (1) fidelity insurance covering all members of the Association Board, officers, agents, managers or employees of the Association who handle funds of the Association; (2) workmen's compensation insurance; (3) commercial general liability insurance covering all damage or injury caused by the Association any of its agents, or Owners (as a group) and all liabilities associated with the ownership of the Common Elements and Garage Common Elements; and (4) such other insurance coverages as it deems desirable and necessary. The commercial general liability insurance shall not, however, cover the liability of an Owner arising from an occurrence within its own Unit or Garage Unit as applicable.

11.1.3. The proceeds of all policies of physical damage insurance shall be payable to the Association to be applied for the purpose of repairing, restoring, or rebuilding the Units or Garage Units as the case may be, as well as the Common Elements, Limited Common Elements, Garage Common Elements and Limited Garage Common Elements unless otherwise determined by the Owners and Garage Unit Owners, as provided below, and the Association Board shall arrange for such repair or work. If the insurance proceeds are insufficient to cover the cost of such work, the balance of the cost will be assessed among all Owners in proportion to their respective interests in the Common Elements if the damage is to the Common Elements. If the damage is to the Garage Common Elements, the same shall be assessed just to the Owners of the Garage Units.

11.1.4. All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Owners or Garage Unit Owners, as applicable, or of any invalidity arising from any acts of the insured or any Owners or Garage Unit Owners and shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the named insured, including all mortgagees secured by Units or Garage Units.

11.2. Owner's Coverage. Each Owner (including any Owner owning a Garage Unit), at its own expense, shall carry full replacement cost, all risk property damage and hazard/casualty insurance for all property and improvements located within its Unit or Garage Unit, as the case may be, not covered by the insurance referenced in Section 11.1, and commercial general liability insurance in an amount reasonably determined, from time to time, by the Association Board. The insurance shall be with a company, in an amount, and in a form which is acceptable to the Association Board and shall include a loss payable clause listing the Association as an additional insured. Each Owner (including Garage Unit Owners) shall satisfy the Association Board that at all times it carries the required insurance.

11.3. Repair/Reconstruction of Building.

11.3.1. In the event of damage to or destruction of a Building as a result of fire or other casualty, the Association Board shall arrange for the prompt repair, replacement, and restoration of the Building and any damaged Units or Garage Units (including the same or comparable fixtures and equipment installed by the original builder of the Units and Garage Units, but not including any wall, ceiling, floor, or other decorations or coverings, or any furniture, furnishings, fixtures or equipment installed by Owners in the Units or Garage Units as the case may be). The Association Board or the insurance trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. The cost of repair, replacement, and restoration in excess of the insurance proceeds, if any, shall constitute a Common Expense, as to the Units (inclusive of the Garage Units, whether such Garage Unit was damaged or not) and the Association Board may assess all the Owners for such deficit as a Special Assessment. The cost of repair, replacement, and restoration in excess of the insurance proceeds, if any, as to the Garage Units shall constitute a Garage Common Expense, as to the Garage Units and the Association Board may assess all the Garage Unit Owners for such deficit as a Special Assessment. Such Assessment for the repair of damage to a Garage Unit shall be levied against both the Unit and Garage Unit owned by the affected Owner, whether the Unit was damaged or not.

11.3.2. Notwithstanding the preceding to the contrary, such repair or replacement shall not be undertaken if: (i) Cliffdale Cottages Condominium is terminated as provided under the Condominium Documents; (ii) repair/replacement would be prohibited by Law; or (iii) if eighty percent (80%) or more of the Owners, where the damage effects only the Units, or eighty percent (80%) of the Garage Unit Owners where the damage effects only the Garage Units (including all of the Owners or Garage Unit Owners of the damaged Units and/or Limited Common Elements) vote not to repair/replace the damage. In the event the damage is not repaired/replaced, the insurance proceeds shall be used/distributed in accordance with the requirements of the Act.

11.3.3. Each Owner shall nevertheless be liable for the expense of any maintenance, repair, or replacement rendered necessary by its act, neglect, or carelessness, to the extent that such expense is not met by the proceeds of insurance carried by the Association Board. Such liability shall include any increase in fire insurance carried by the Association Board. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a Unit or its appurtenances. This Sub-Section shall not, however, be construed so as to modify any waiver by insurance companies of rights of subrogation.

11.4. Ownership/Proceeds. All contracts of insurance purchased by the Association shall be for the benefit of the Association, the Owners, and their respective mortgagees and such mortgagees trustees, if any, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee. The sole duty of the Association, as insurance trustee, shall be to receive any proceeds as are paid and to hold them in trust for the purposes stated in this Declaration. The proceeds received by the insurance trustee shall be distributed to or for the benefit of the appropriate beneficiary(ies) as required by the Condominium Documents.

11.5. Premiums. Premiums for contracts of insurance purchased by the Association shall be paid by the Association and shall be included in Common Expenses and Garage Common Expenses, as applicable.

11.6. Prohibited Acts. No Owner (including a Garage Unit Owner) shall do or keep anything on the Property which shall cause an increase in the premiums for or the cancellation of any insurance maintained by the Association.

12. CONDEMNATION.

12.1. Condemnation Affecting Common Elements. In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Association. Unless eighty percent (80%) or more of the Allocated Common Element Interests of all Units (with the written approval of the applicable Mortgagees) object to the repair and restoration of such Common Elements, the Association Board shall arrange for the repair and restoration of such Common Elements and shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that a valid objection is made to repair/restoration of such Common Elements, or if the award exceeds the costs of such repair or restoration, the Association Board shall disburse the net proceeds among all Owners in proportion to their respective Allocated Common Element Interests. As used in this Section, the words "promptly approve" shall mean no more than sixty (60) days from the date of such taking.

12.2. Condemnation Affecting Garage Common Elements. In the event of a taking in condemnation or by eminent domain of part or all of the Garage Common Elements, the award made for such taking shall be payable to the Association. Unless eighty percent (80%) or more of the Allocated Garage Common Element Interests of all Garage Units (with the written approval of the applicable Mortgagees) object to the repair and restoration of such Garage Common Elements, the Association Board shall arrange for the repair and restoration of such Garage Common Elements and shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that a valid objection is made to repair/restoration of such Garage Common Elements, or if the award exceeds the costs of such repair or restoration, the Association Board shall disburse the net proceeds among all Garage Unit Owners in proportion to their respective Allocated Garage Common Element Interests. As used in this Section, the words "promptly approve" shall mean no more than sixty (60) days from the date of such taking.

13. EASEMENTS.

13.1. Easements. A non-exclusive, perpetual easement is granted to the Association and its designees to enter in or to cross over the Common Elements, Limited Common Elements, Garage Common Elements and Limited Garage Common Elements, the Units and Garage Units to the extent reasonably necessary to perform their obligations under this Declaration or the Act. Every Unit and Garage Unit shall be subject to an easement for entry by the Association and its designees for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Unit or Garage Unit and that endangers any improvement or portion of the

Common Elements, Limited Common Elements, the Garage Common Elements or Limited Garage Common Elements. In addition to those easements described in the following Sub-Sections, the Declarant (during the Declarant Control Period) and the Association thereafter, shall have the right to subject the Property to easements which either of said associations reasonably deem beneficial to the development and/or operation of Cliffdale Cottages Condominium and shall include, without limitation, the previously recorded easements benefiting the Property, as set out in Exhibit "H" attached hereto and incorporated herein by reference. The cost of maintaining these easements shall be a Common Expense of the Association.

13.2. Utility Easements. The Declarant reserves unto itself and the Association, a perpetual, nonexclusive alienable, and releasable easement and right, on, over and under the Property to erect, maintain, and use poles, wires, cables, conduits, lines, drainage ways, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water drainage, cablevision, or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required to serve the Units (including the Garage Units) of Cliffdale Cottages Condominium. Notwithstanding the foregoing, no sewers, electrical lines, water lines, or other utility equipment or facilities may be installed or relocated in the Common Elements or the Garage Common Elements, except as approved by the Declarant during the Declarant Control Period or, after the end of the Declarant Control Period by the Association. Should any utility furnishing a service covered by this general easement request a specific easement by separate recordable document, Declarant or, after the end of the Declarant Control Period, the Association will have the right and authority to grant such easement. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation to maintain reasonable standards of health, safety, and appearance. Such rights may be exercised by any licensee of the Declarant. This reservation shall not create any obligation on the part of the Declarant to provide or maintain any such utility or service. Whenever possible, utilities within the Property, whether located within the Common Elements or the Garage Common Elements, shall be installed and maintained underground. The easements provided for in this Article shall in no way affect other recorded easements appurtenant to the Property.

13.3. Temporary Construction Access and Disturbance Easement. A non-exclusive easement over through and to the Common Elements, the Limited Common Elements, the Garage Common Elements and the Limited Garage Common Elements is reserved and established in favor of Declarant and the Association, as applicable, for purposes of ingress, egress, regress, conduct of construction activity, storage of construction materials and the necessary disturbance of land for construction of any Unit or Garage Unit as the case may be. This easement shall be used only as and when necessary to facilitate the construction at any time of a Unit or Garage Unit by the Declarant or the Association, as well as the extension of driveways, sidewalks, underground drainage and utility conduit and hookups to any dwelling structure in Cliffdale Cottages Condominium.

13.4. Repair, Maintenance and Reconstruction Easement. The Association shall have a perpetual, non-exclusive access easement over the Common Elements, Limited Common

Elements, Garage Common Elements and Limited Garage Common Elements, the Units and the Garage Units to the extent reasonably necessary to perform repairs, maintenance or reconstruction obligations under this Declaration or the Act. The repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the Association shall restore, to the extent reasonably practical, the Unit and adjoining Units or Garage Unit and adjoining Garage Units, as the case may be, to as near the same condition as that which existed prior to the commencement of the work. Should the Association fail to restore the Units or Garage Units as required, the Owner may, at the Association's expense, complete the required restoration.

13.5. Easement for Minor Encroachments. All Units, the Common Elements and Garage Common Elements shall be subject to a perpetual, non-exclusive easement for the encroachment of the initial Improvements constructed to the extent that such initial Improvements actually encroach. These authorized encroachments shall include, but not be limited to, such items as overhanging eaves, roofs, gutters, downspouts, exterior storage rooms, bay windows, stoops, decks, patios, porches, steps and walls. In the event a Building is partially or totally destroyed and then rebuilt, the Owners of the Units or Garage Units (including any Limited Common Elements and Limited Garage Common Elements appurtenant thereto) so affected agree that minor encroachments of part of the adjacent Units, Garage Units, Common Elements, Garage Common Elements, Limited Common Elements or Limited Garage Common Elements, as the case may be, due to construction, shall be permitted and that a valid easement for such encroachment and the maintenance thereof shall exist for so long as is necessary.

13.6. Drainage Easement. For a period of twenty (20) years from the date of this Declaration, the Declarant reserves unto itself, the Association a non-exclusive easement over and under the Property to maintain and to correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give the Association thirty (30) days' advance written notice of Declarant's intent each time it plans to exercise its rights pursuant to this Section 13.6.

13.7. Governmental Easements. Declarant reserves a perpetual, non-exclusive easement for the benefit of the appropriate governmental entity over the Common Elements and Garage Common Elements, existing now or in the future, for the setting, removal, and reading of water meters, the maintenance and replacement of water, sewage, and drainage facilities and the collection of garbage. An easement is also granted to all police, fire protection, garbage, mail delivery, ambulance and all similar persons to enter upon Cliffdale Cottages Condominium streets, the Common Elements the Limited Common Elements, the Garage Common Elements and the Limited Garage Common Elements in the performance of their duties.

14. LAND USE REGULATIONS.

14.1. Uses. Notwithstanding the uses otherwise permitted by the Zoning Entity's applicable zoning code and unless otherwise permitted by this Declaration, use of each Unit shall

be strictly limited to those purposes permitted under the applicable zoning for the Property and those other purposes expressly permitted by this Declaration.

14.2. Animals. Except as permitted by the Association Rules & Regulations, no animals, livestock or poultry of any kind shall be raised, bred or kept in the Units or Garage Units, the Common Elements or the Garage Common Elements, except for domestic animals generally recognized as pets such as dogs and cats.

14.3. Garbage. All garbage, trash, or rubbish shall be regularly removed from the Units or Garage Units as applicable and shall not be allowed to unreasonably accumulate in any Unit or Garage Unit or on any Common Element or Garage Common Element.

14.4. Leasing. No Unit, or portion thereof, shall be leased for transient or hotel purposes. An Owner may nevertheless lease the entire Unit; provided that each lease must be in writing, must be for a period of not less than six (6) months, and must provide that it is subject to this Declaration, the Association Bylaws and the Association Rules & Regulations, that any failure by a tenant to comply with such shall be a default under the lease; the Owner shall, upon request, promptly provide the Association with copies of any and all leases entered into by the Owner. In no event, however, shall a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased or subleased. A Garage Unit may be leased to a tenant or subtenant leasing a Unit within Cliffdale Cottages Condominium, or to an Owner of a Unit in Cliffdale Cottages Condominium but may not be leased, subleased or assigned to any Person not having an interest in a Unit in Cliffdale Cottages Condominium whether such interest arises by ownership or leasehold. Any lease of a Garage Unit shall end on the same day as the lease for the Unit ends irrespective of any different date that may be contained in a Garage Unit lease.

14.5. Business/Obnoxious Activity. No business activity of any kind nor any unreasonably obnoxious or offensive activity shall be conducted on the Property, nor shall anything be done which may be or become a nuisance or unreasonable annoyance to the Property or the Owners. The Property shall not be used in any way or for any purpose which may endanger the health or unreasonably disturb an Owner or his Occupants.

14.6. Subdivision/Recombination. Except as otherwise provided in this Declaration, neither Units nor Garage Units may be subdivided nor combined where otherwise prohibited by the Law and, in any event, without the Declarant's approval during the Declarant Control period and thereafter, Association Board's prior written approval.

15. MAINTENANCE.

15.1. Common Elements and Garage Common Elements.

(a) By the Association. The management, replacement, maintenance, repair, alteration and improvement of the Common Elements and the Garage Common Elements shall be the responsibility of the Association, and, subject to the provisions of Section 9.2 hereof, the cost thereof being a Common Expense as to the Common Elements and a Garage Common Expense as to the Garage Common Elements. All damage caused by or for the Association shall

be repaired by the Association, and the cost thereof shall be a Common Expense or a Garage Common Expense as applicable.

(b) By the Unit Owner. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his intentional acts or failure to act, or the intentional acts or failure to act of any occupant or invitee of his Unit. Such payment shall be made upon demand made by the Association.

(c) By the Garage Unit Owner. Each Garage Unit Owner shall pay all costs to repair and replace all portions of the Garage Common Elements that may become damaged or destroyed by reason of his intentional acts or failure to act, or the intentional acts or failure to act of any occupant or invitee of his Garage Unit. Such payment shall be made upon demand made by the Association.

15.2. Common Expense Associated with Limited Common Elements or Benefiting Less than all Units.

(a) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Unit or Units, in equal shares, to which such Limited Common Element was allocated at the time the expense was incurred, provided, however, that routine maintenance and repair to external surfaces located within Limited Common Elements done in conjunction with routine maintenance and repair to the Building as a whole, such as painting of the entire structure, may be born as a Common Expense, at the discretion of the Association Board.

(b) In addition, the Association may assess any Common Expense benefiting less than all of the Units against the Units benefited in proportion to their Common Expense Liability.

15.3. Garage Common Expense Associated with Limited Garage Common Elements or Benefiting Less than all Garage Units.

(a) Any Garage Common Expense associated with the maintenance, repair, or replacement of a Limited Garage Common Element shall be assessed against the Garage Unit or Garage Units, in equal shares, to which such Limited Garage Common Element was allocated at the time the expense was incurred, provided, however, that routine maintenance and repair to external surfaces located within Limited Garage Common Elements done in conjunction with routine maintenance and repair to the Buildings in which the Garage Units are situated as a whole, such as painting of the entire structure, may be born as a Garage Common Expense, at the discretion of the Association Board.

(b) In addition, the Association may assess any Garage Common Expense benefiting less than all of the Garage Units against the Garage Units benefited in proportion to their Garage Common Expense Liability.

15.4. Units and Garage Units. Each Unit Owner and Garage Unit Owner, as the case may be, shall maintain his Unit or his Unit and Garage Unit, as applicable, at all times in a good and clean condition, and repair and replace, at his expense, all portions of his Unit or Garage Unit, as the case may be; shall perform his responsibilities in such manner as not to unreasonably disturb other occupants; shall promptly report to the Association Board, or its agent, any defect or need for repairs the responsibility for which is not covered by the proceeds of insurance carried by the Association, and shall pay all costs to repair and replace any portion of another Unit or Garage Unit that has become damaged or destroyed by reason of his own acts or omissions, or the acts or omissions of any occupant of his Unit or Garage Unit. Such payment shall be made upon demand by the Unit Owners or Garage Unit Owners, as applicable, of such other Unit or other Garage Unit. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

15.5. The following items of maintenance and repair shall be performed by the Association and be a Common Expense:

- (a) Annual Termite Inspection;
 - (b) Asphalt Parking Area Maintenance and Repair;
 - (c) Common Element and Garage Common Element Lighting;
 - (d) Common Element and Garage Common Element Planting and Shrubs;
 - (e) Exterior Building Surfaces;
 - (f) Comprehensive Lawn Maintenance;
 - (g) Repair and Replacement of gutters and downspouts;
 - (h) Insurance for Common Elements and Garage Common Elements, including Building exteriors, property and liability insurance;
 - (i) Mail boxes;
 - (j) Exterior of Common Elements and Garage Common Elements;
 - (k) Pest Control in Common Elements and Garage Common Elements;
 - (l) Roof Repair and Replacement on Buildings;
 - (m) Shrub and Tree Removal;
 - (n) Private Sidewalks, Driveways, Parking Areas and curbs and gutters along private streets, private street themselves, trash disposal including repair and maintenance of the trash compactor.
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15.6. Governmental Regulations. Each Owner shall comply with all laws, ordinances, governmental building codes, health regulations, zoning restrictions and the like applicable to its Units, Common Elements and Garage Common Elements. In the event of any conflict between any provisions of such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

15.7. Additional Restrictions. The Declarant (during the Declarant Control Period) and thereafter, the Association or the Association Board shall have the power to formulate, amend, publish and enforce other reasonable rules and regulations concerning the Property.

15.8. Use of Common Elements and Garage Common Elements. The Common Elements and Garage Common Elements shall be used only for the furnishing of the services and facilities and for the other uses for which they are reasonably intended and which are incident to the use and occupancy of the Units and the Garage Units as applicable. No Owner may construct, install, place, store or otherwise maintain any improvements or personal property on or within the Common Elements or Garage Common Elements.

15.9. Limited Liability. In no event shall the Zoning Entity be responsible for failing to provide any emergency or regular fire, police or other public service when such failure is due to lack of access to such areas due to inadequate design or construction, blocking of access routes, inadequate maintenance, or any other factor within the control of the Declarant, the Association, Owners or Occupants. In no case shall the City of Fayetteville or the State of North Carolina be responsible for maintaining any Private Street. Such responsibility shall rest with the Association.

15.10. Waiver. Notwithstanding anything above to the contrary, the Declarant (during the Declarant Control Period), and thereafter, the Association Board shall have the right, in the exercise of their reasonable discretion, to waive one or more violations of the requirements of this Article. No waiver shall be effective unless in writing and nevertheless shall not operate as a waiver of any other requirement respecting the Unit or Garage Unit in question or any other Units or Garage Units subject to this Declaration. No waiver shall be effective if it shall cause the Unit or Garage Unit, as applicable, or structures thereon to be in non-conformance with any Law.

16. MORTGAGES/MORTGAGEES.

16.1. Notice. An Owner shall notify the Association Board of the name and address of the Mortgagee for each Mortgage on its Unit or Garage Unit as the case may be and upon request shall file a conformed copy of the Mortgage(s) with the Association Board. Upon a Mortgagee's written request (an "Eligible Mortgagee"), the Association Board shall promptly provide written notice to the Eligible Mortgagee of: (a) any unpaid Assessments due from, or any other default by, the Owner of the mortgaged Unit or Garage Unit; (b) any condemnation or casualty loss that affects a material portion of the Building or the mortgaged Unit or Garage Unit as applicable; (c) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (d) any proposed action that required the consent of the holders of mortgages

on Units and Garage Units as applicable. Upon the happening of a default under the terms of their mortgage or other liens which would permit the holder to declare the entire principal sum due, notice of the intention of the holder to do so shall be given to the Association Board, but the failure to give such notice shall not prevent the holder from instituting a Foreclosure action. The Foreclosure of a Mortgage will extinguish the lien for any unpaid Assessments that are payable before the Foreclosure sale.

16.2. Mortgage Approval.

16.2.1. Notwithstanding anything in Article 11 to the contrary, in the event of damage to one or more Buildings resulting from an insurable hazard or condemnation, the following actions shall require the written approval of not less than a Majority in Interest of the affected Eligible Mortgagees: (i) a repair or restoration of the damage other than in accordance with the original plans and specifications for the Units or Garage Units; (ii) a termination of Cliffdale Cottages Condominium rather than a repair or restoration of the damage; or (iii) a reallocation of the Allocated Common Element Interests.

16.2.2. Any amendments to this Declaration which materially amend or add to the provisions of this Declaration relating to: (i) voting, (ii) assessments, assessment liens, or the subordination of such liens (iii) reserves for maintenance or the repair or replacement of Common Elements or Garage Common Elements, (iv) insurance or fidelity bonds, (v) rights to the use of the Common Elements and Garage Common Elements, (vi) responsibility for repair and maintenance of Cliffdale Cottages Condominium, (vii) the expansion or contraction of, or the addition, annexation or withdrawal of property to or from, Cliffdale Cottages Condominium, or (viii) changes to the boundaries of any Unit or Garage Unit, shall require the written approval of not less than a Majority in Interest of the affected Eligible Mortgagees.

17. ARCHITECTURAL COMMITTEE/ARCHITECTURAL CONTROL.

17.1. Members. The Architectural Committee for Cliffdale Cottages Condominium shall consist of three (3) or more Owners designated by the Association Board.

17.2. Powers. The Architectural Committee for Cliffdale Cottages Condominium shall have the right to refuse to approve any plans and specifications for Improvements proposed to be constructed (the "Plans & Specifications") which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld. The Architectural Committee for Cliffdale Cottages Condominium shall not have the right to disapprove Plans & Specifications based upon the number of bedrooms within the proposed Units so long as there are not more than three (3) bedrooms in any proposed Unit. In approving or disapproving Plans & Specifications, the Architectural Committee shall consider the purpose of the Declaration as discussed in the Recitals, including the suitability of the proposed Improvements and material to be used in those Improvements, the site upon which the Improvements are proposed to be erected, and the effect of the Improvements on adjacent or neighboring property. There is specifically reserved, unto the Architectural Committee for Cliffdale Cottages Condominium, the right of entry and inspection upon any Cliffdale Cottages Condominium Unit or Garage Unit for the purpose of determining whether there exists any

construction of any Improvements which violates the terms of any approval by the Architectural Committee for Cliffdale Cottages Condominium or the terms of the Declaration or of any other applicable covenants, conditions and restrictions. The Architectural Committee for Cliffdale Cottages Condominium or the Association Board, as applicable, are specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy. In the event it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement, or to remove any unapproved Improvements, the prevailing party shall be entitled to recovery of all court costs and expenses (including reasonable attorney's fees).

17.3. Approval of Plans & Specs. No Improvement shall be commenced, erected, or maintained upon the Property, nor shall an Improvement be repaired or rebuilt after destruction by any hazard until completed Plans & Specifications showing the nature, kind, space, height, materials, color and location of the Improvement shall have been submitted to and approved in writing by the Architectural Committee for Cliffdale Cottages Condominium. Unless otherwise approved by the Association, all roofs, exterior siding, fixtures and painting shall be replaced with a like or comparable material to that originally installed both in terms of quality and color. A failure to approve or disapprove completed Plans & Specifications within forty-five (45) days after they have been submitted shall be deemed to be an approval of those Plans & Specifications. Neither the Association, the Association Board, the Declarant, the Architectural Committee for Cliffdale Cottages Condominium or any officer, employee, director or members thereof shall be liable for damages to any persons by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval, disapproval or failure to approve any Plans & Specifications. Every person who submits Plans & Specifications for approval agrees, by submission of such Plans & Specifications, that it will not bring any action or suit to recover any such damages.

18. DEFAULT/REMEDIES.

18.1. Default. Failure of the Association Board, the Owner, Garage Unit Owner or Occupant to comply with the terms of the Condominium Documents or any Association Rules & Regulations, amended from time to time, shall be a default and grounds for suspension of privileges and benefits provided by the Association or an action to recover sums due, damages and/or injunctive relief, by the Association Board (on behalf of the Association or one or more of the Owners) or by an Owner on its own behalf as the case may be. In the case of flagrant or repeated violations by an Owner, that Owner may be required, by the Association Board, to provide sufficient surety or sureties for its future compliance.

18.2. Remedies. In the event of any default in and/or breach of any of the terms, conditions and provisions of the Condominium Documents or the Association Rules & Regulations (either actual or threatened), the aggrieved party shall have the right to specific performance and/or injunction in addition to any and all other rights and remedies at law or in equity. In any proceeding arising because of an alleged default by an Owner, or by the Association Board, the prevailing party shall be entitled to recover the costs of the proceedings, including, but not limited to, reasonable attorneys' fees. The rights and remedies provided by this Declaration are distinct and cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. No delay or omission of a party

to exercise any right or power arising from another's default shall impair any such right or power, or shall such delay or omission be construed as a waiver of any such default or the acquiescence therein. The rights and remedies provided in this Declaration are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

19. TERMINATION.

19.1. Cliffdale Cottages Condominium may be terminated in accordance with the provisions of N.C.G.S. 47C-2-118.

20. MISCELLANEOUS.

20.1. Anti-Discrimination. No action in the enforcement or interpretation of this Declaration shall at any time be taken by the Declarant, the Association or the Association Board, which in any manner would unfairly discriminate against any Owner in favor of any of the other Owners.

20.2. Waiver. The Association or the Association Board shall have the right in the exercise of their reasonable discretion, to waive one or more violations of the requirements of this Declaration. No waiver shall be effective unless in writing and nevertheless shall not operate as a waiver of any other requirement respecting the Unit or Garage Unit in question or any other Units or Garage Units subject to this Declaration. No waiver shall be effective if it shall cause the Unit or Garage Unit to be in non-conformance with any applicable Law.

20.3. Enforcement. The Declarant (during the Declarant Control Period), the Association or any Owner shall have the right to enforce, by a proceeding at law or in equity, the terms of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein shall in no event be deemed a waiver of the right to do so thereafter. The court may award the prevailing party its reasonable attorneys' fees and costs incurred in such enforcement action.

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

20.5. Amendment Pertaining to Unit. Except as specifically otherwise provided in the Condominium Documents, this Declaration may be amended by a vote of Owners holding not less than sixty-seven percent (67%) of all of the Allocated Common Element Interests if the amendment affects the Units, the Common Elements or the Limited Common Elements. If an amendment is properly adopted, the Board shall, within thirty (30) days cause the amendment to be recorded with the Cumberland County Registry. All amendments shall be effective from the date of recordation in the office of the Cumberland County Register of Deeds. Notwithstanding the above provisions to the contrary, during the Declarant Control Period, for an amendment, to be effective, it must also obtain the Declarant's written approval. No amendment shall affect the

use of a Unit or a Garage Unit which was approved pursuant to the terms of this Declaration prior to the effective date of the Amendment.

20.6. Amendment Pertaining to Garage Unit. Except as specifically otherwise provided in the Condominium Documents, this Declaration may be amended by a vote of Owners holding not less than sixty-seven percent (67%) of all of the Allocated Common Element Interests if the amendment affects the Garage Units, the Garage Common Elements or the Limited Garage Common Elements. If an amendment is properly adopted, the Board shall, within thirty (30) days cause the amendment to be recorded with the Cumberland County Registry. All amendments shall be effective from the date of recordation in the office of the Cumberland County Register of Deeds. Notwithstanding the above provisions to the contrary, during the Declarant Control Period, for an amendment, to be effective, it must also obtain the Declarant's written approval. No amendment shall affect the use of a Garage Unit which was approved pursuant to the terms of this Declaration prior to the effective date of the Amendment.

20.7. Disputes. In the event of any dispute concerning a provision of this Declaration, such dispute shall be settled by legal proceedings or the parties may, by mutual agreement, submit the dispute to a committee appointed by the Association. Once submitted, the parties agree to be bound by the decision of that committee.

20.8. Voting. Voting by Members of the Association shall be in accordance with Article 8 of this Declaration and the applicable provisions set forth in the Association Bylaws as applicable.

20.9. Owner Addresses. Each Owner, including any Garage Unit Owner, agrees to keep the Association informed of his address at any time and any notice sent or delivered to that address shall be sufficient. Each new Owner agrees to provide the Association with evidence of his ownership for preparation of an Owner roster and the roster as so completed shall be sufficient evidence as to the ownership of each Unit or Garage Unit.

20.10. Notice. All notices under this Declaration shall be in writing. Unless delivered personally, all notices shall either be delivered by a nationally recognized overnight express delivery service or be given by certified mail, postage prepaid, return receipt requested, addressed to the addresses maintained pursuant to Article 8 hereof or, if none, to the address noted on the most recent Cumberland County tax records for the Owner of the Unit or Garage Unit Owner unless otherwise required by law.

20.11. Gender and Grammar. All words and phrases in this Declaration shall be construed to include the singular or plural number, and the masculine, feminine, or neuter gender, as the context requires.

20.12. Owner Responsibility. Notwithstanding anything in this Declaration to the contrary, an Owner (including Garage Unit Owners) shall be responsible for any and all violations of this Declarations by its employees, agents, tenants, guests and invitees. When a party to this Declaration consists of more than one individual or entity, such party's liability shall be joint and several.

20.13. Construction. This Declaration shall be construed in accordance with the laws of the State of North Carolina without giving effect to its conflicts of laws principles. In the event of a conflict between the provisions of this Declaration and the provisions of the Association Articles or the Association Bylaws, the provisions of this Declaration shall control.

20.14. Exhibits. All Exhibits and Schedules, if any, attached to or referenced in this Declaration and the Plat(s) and Plan(s) are incorporated by reference and made a part of this Declaration.

IN WITNESS WHEREOF, the undersigned have executed, sealed and delivered this Declaration in its Company name, as the act of such Company, on the date first above written.

DECLARANT:

CLIFFDALE COTTAGES HOLDINGS, LLC
A North Carolina Limited Liability Company

By: [Signature]
James K. Pendergrass, Jr.
Manager/Member

STATE OF NORTH CAROLINA, COUNTY OF WAKE

I, Bernard Richards, Jr., a Notary Public of the County and State aforesaid, certify that James K. Pendergrass, Jr. personally came before me this day and acknowledged that he is the Manager/Member of Cliffdale Cottages Holdings, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the limited liability company, he signed the foregoing instrument in its name on its behalf as its act and deed.

Witness my hand and official stamp or seal, this 25th day of August, 2011.



[Signature]
Notary Public
Bernard Richards, Jr.
Print Name
My Commission expires: 6-27-2016

(N.P. SEAL)

8707
0645

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EXHIBIT "A"
Legal Description

BEING all of that certain real property containing approximately 13.333 acres (580,770 square feet), more or less, and being more particularly shown and described on that certain plat of survey entitled "Recombination Survey, Property of Cliffdale Cottages Holdings, LLC" prepared by Daniel V. Partin, P.L.S. (L-3218), dated February 20, 2009, bearing Job No. 8000, same being recorded in Plat Book 00128, Page 0168, Cumberland County Registry.

EXHIBIT "B"
Allocated Common Element Interests
Cliffdale Cottages Condominium

First Floor Units				Second Floor Units			
Unit No.	Allocated Common Element Interest	Unit No.	Allocated Common Element Interest	Unit No.	Allocated Common Element Interest	Unit No.	Allocated Common Element Interest
1-1	1/112	1-29	1/112	2-1	1/112	2-29	1/112
1-2	1/112	1-30	1/112	2-2	1/112	2-30	1/112
1-3	1/112	1-31	1/112	2-3	1/112	2-31	1/112
1-4	1/112	1-32	1/112	2-4	1/112	2-32	1/112
1-5	1/112	1-33	1/112	2-5	1/112	2-33	1/112
1-6	1/112	1-34	1/112	2-6	1/112	2-34	1/112
1-7	1/112	1-35	1/112	2-7	1/112	2-35	1/112
1-8	1/112	1-36	1/112	2-8	1/112	2-36	1/112
1-9	1/112	1-37	1/112	2-9	1/112	2-37	1/112
1-10	1/112	1-38	1/112	2-10	1/112	2-38	1/112
1-11	1/112	1-39	1/112	2-11	1/112	2-39	1/112
1-12	1/112	1-40	1/112	2-12	1/112	2-40	1/112
1-13	1/112	1-41	1/112	2-13	1/112	2-41	1/112
1-14	1/112	1-42	1/112	2-14	1/112	2-42	1/112
1-15	1/112	1-43	1/112	2-15	1/112	2-43	1/112
1-16	1/112	1-44	1/112	2-16	1/112	2-44	1/112
1-17	1/112	1-45	1/112	2-17	1/112	2-45	1/112
1-18	1/112	1-46	1/112	2-18	1/112	2-46	1/112
1-19	1/112	1-47	1/112	2-19	1/112	2-47	1/112
1-20	1/112	1-48	1/112	2-20	1/112	2-48	1/112
1-21	1/112	1-49	1/112	2-21	1/112	2-49	1/112
1-22	1/112	1-50	1/112	2-22	1/112	2-50	1/112
1-23	1/112	1-51	1/112	2-23	1/112	2-51	1/112
1-24	1/112	1-52	1/112	2-24	1/112	2-52	1/112
1-25	1/112	1-53	1/112	2-25	1/112	2-53	1/112
1-26	1/112	1-54	1/112	2-26	1/112	2-54	1/112
1-27	1/112	1-55	1/112	2-27	1/112	2-55	1/112
1-28	1/112	1-56	1/112	2-28	1/112	2-56	1/112
						TOTAL 1	

8707
0647

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EXHIBIT "C"
Allocated Garage Common Element Interests
Cliffdale Cottages Condominium

<u>Garage Unit</u>	<u>Allocated Garage Common Element Interest</u>
GU-1	1/24
GU-2	1/24
GU-3	1/24
GU-4	1/24
GU-5	1/24
GU-6	1/24
GU-7	1/24
GU-8	1/24
GU-9	1/24
GU-10	1/24
GU-11	1/24
GU-12	1/24
GU-13	1/24
GU-14	1/24
GU-15	1/24
GU-16	1/24
GU-17	1/24
GU-18	1/24
GU-19	1/24
GU-20	1/24
GU-21	1/24
GU-22	1/24
GU-23	1/24
GU-24	1/24
TOTAL	1