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**MASTER DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS AND RIGHTS FOR ROBERT S. JERVAY PLACE**

**THIS DOCUMENT
PREPARED BY AND
AFTER RECORDING
RETURN TO:**

RETURNED TO

**MURCHISON, TAYLOR
& GIBSON, PLLC
16 North Fifth Avenue
Wilmington, NC 28401**

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**MASTER DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS AND RIGHTS FOR ROBERT S. JERVAY PLACE**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS AND RIGHTS FOR ROBERT S. JERVAY PLACE (this "Declaration") is made and entered into on this 30th day of October, 2002, by **TELESIS NORTH CAROLINA CORPORATION**, a Delaware corporation ("Declarant"). The **HOUSING AUTHORITY OF THE CITY OF WILMINGTON, NORTH CAROLINA** also joins herein as more particularly set forth below.

RECITALS:

A. Declarant is the holder of certain easement rights in, and is the owner of certain improvements constructed or to be constructed upon, that certain real property located in the City of Wilmington, New Hanover County, North Carolina, being more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Development Tract"). The Housing Authority of the City of Wilmington, North Carolina, a public body and a body corporate and politic (the "Authority"), is the fee owner of the Development Tract and consents to and joins in this Declaration as set forth in the Joinder, Subordination, Guaranty and Grant of Easement attached hereto and made a part hereof.

B. Declarant and the Authority caused an initial Plat of Subdivision of the Jervay Place Neighborhood Subdivision to be recorded against a certain portion of the Development Tract (such portion being defined below as the "Premises") with the Office of the Register of Deeds of New Hanover County, North Carolina on July 30, 2002, in Plat Book 42 at Page 326 (the "Plat of Subdivision"), and pursuant to the Plat of Subdivision the Premises initially consist of certain Residential Lots (as hereinafter defined).

C. In order to establish a uniform scheme of development for the Premises, Declarant and the Authority desire to establish, for their own benefit and for the mutual benefit of all future owners, tenants and occupants of the Premises or any part thereof, certain easements and rights in, over, under, upon and along the Premises and certain mutually beneficial restrictions and obligations with respect to the use, conduct and maintenance thereof.

D. Declarant and the Authority desire to subject the Premises to the covenants, conditions, restrictions, easements and rights set forth in this Declaration, each and all of which is and are for the benefit of the Premises and of each owner, tenant and/or occupant of each Residential Unit and shall inure to the benefit of and shall pass with the Premises and each and every portion thereof.

E. In connection with the covenants, conditions, restrictions, easements and rights hereby created, Declarant will establish the Association (as hereinafter defined), which shall be

responsible, pursuant hereto, for the operation, maintenance, repair, replacement and renewal of the Common Area Lots, the Community Center Lot and certain other portions of the Premises from time to time.

NOW, THEREFORE, Declarant and the Authority hereby declare that the Premises, together with such additions thereto as may hereafter be made in accordance with the terms of this Declaration, are and shall be transferred, held, sold, conveyed and accepted subject to this Declaration. Declarant and the Authority do hereby further declare that the following easements, covenants, restrictions, rights, conditions, burdens, uses, privileges, charges and liens shall: (1) exist at all times hereafter among all parties having or acquiring any right, title or interest in or to any portion of the Premises, (2) be binding upon and inure to the benefit of each owner of each Residential Lot, Residential Unit, Common Area Lot and Community Center Lot (as hereinafter defined) and (3) run with the land subjected to this Declaration, to be held, sold and conveyed subject to this Declaration.

ARTICLE 1

DEFINITIONS

1.1 **“Assessment”** shall mean any assessment levied by the Association against Residential Unit Owners hereunder, including, without limitation, Association Assessments (as defined in Article 7 herein), Special Assessments (as defined in Article 7 herein) and Neighborhood Assessments (as defined in this Article 1).

1.2 **“Association”** shall mean and refer to a North Carolina non-profit corporation to be known by the name of “Jervay Place Residents Association, Inc.,” or such other name or names as Declarant shall designate. All Residential Unit Owners shall be members of the Association, all as more particularly described in this Declaration.

1.3 **“Board”** shall mean the Board of Directors of the Association as constituted, at any time or from time to time, in accordance with the applicable provisions of this Declaration.

1.4 **“By-Laws”** shall mean the By-Laws of the Association, a copy of which is attached hereto as Exhibit D and by this reference made a part hereof.

1.5 **“City”** shall mean the City of Wilmington, North Carolina, a North Carolina municipal corporation.

1.6 **“Common Area Lot”** shall mean any Lots which may be designated as a “Common Area Lot” in a Supplemental Declaration or Supplemental Plat. The maintenance, repair, improvement, use, enjoyment, and operation of all of the Common Area Lots shall be in accordance with the terms and provisions of this Declaration.

1.7 **“Community Center Lot”** shall mean the Lot or Lots which may be designated by Declarant as the “Community Center Lot” in a Supplemental Declaration or Supplemental Plat.

The maintenance, repair, improvement, use, enjoyment and operation of the Community Center Lot shall be in accordance with the terms and provisions of this Declaration.

1.8 **“Declarant”** shall mean Telesis North Carolina Corporation, a Delaware corporation, and its successors and assigns; provided, however, that any rights specifically reserved herein to Declarant shall not inure to the benefit of its successors and assigns unless specifically assigned in a recorded instrument or conveyed by operation of law (as contemplated in Section 12.13 herein). Where this Declaration provides for any act to be undertaken by Declarant, such act shall be deemed to include any action taken directly by or at the direction of Telesis North Carolina Corporation, and its successors and assigns as aforesaid. The rights of the Declarant herein contained shall be exercised solely by Telesis North Carolina Corporation and those designated successors and assigns to which Declarant specifically assigns such right as aforesaid.

1.9 **“Declaration”** shall mean this Master Declaration of Covenants, Conditions, Restrictions, Easements and Rights for Robert S. Jervay Place.

1.10 **“Duplex Unit”** shall mean a residential housing unit included within a duplex building, each of which shall consist of a group of rooms which are designed or intended for exclusive use as living quarters and which shall include a single complete kitchen and complete bath and toilet facilities permanently installed. Each duplex building constructed by Declarant on the Premises shall be deemed to include two (2) Duplex Units (as more particularly provided in Section 9.10 herein).

1.11 **“Jervay Place”** shall mean the project developed on the Premises by the Authority and Declarant.

1.12 **“Landscape Plan”** shall mean that certain Landscape Plan for Jervay Place prepared by FMK Architects, and the term “Landscape Plan” as used herein shall be deemed to refer to any amendments thereto which may be subsequently approved by the City.

1.13 **“Limited Common Area Lot”** shall mean any Lot which may be designated by Declarant as a “Limited Common Area Lot” in a Supplemental Declaration and/or a Supplemental Plat and which primarily benefits one or more, but less than all, Neighborhoods. The maintenance, repair, improvement, use, enjoyment, and operation of the Limited Common Area Lots (if any) shall be in accordance with the terms and provisions of this Declaration.

1.14 **“Lot”** shall mean and refer to a platted lot of record shown on the Plat of Subdivision.

1.15 **“Member”** shall mean and refer to any person or entity that holds membership in the Association, as more specifically described in Section 3.1 of this Declaration.

1.16 **“Municipal Laws”** shall mean the duly enacted ordinances and regulations of the City of Wilmington as the same affect the use and development of the Premises.

1.17 **“Neighborhood”** shall mean a group of Lots and/or Residential Units designated as a separate Neighborhood pursuant to Article 4 herein for purposes of sharing the benefits of Limited Common Area Lots and/or receiving other benefits or services from the Association which are not provided to all Residential Units, and/or for the purpose of electing one or more Directors to the Board. A Neighborhood may be comprised of more than one housing type. A Neighborhood may also include noncontiguous parcels of property. If the Association provides benefits or services to less than all Residential Units within a particular Neighborhood, then the benefited Units shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 12.4 and/or Section 12.11 herein.

1.18 **“Neighborhood Assessments”** shall mean assessments levied against the Residential Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses.

1.19 **“Neighborhood Association”** shall mean an association or other owners association, if any, having jurisdiction over any Neighborhood concurrent with (but subject to) the jurisdiction of the Association. Nothing in this Declaration shall require the creation of any Neighborhood Associations.

1.20 **“Neighborhood Expenses”** shall mean the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Residential Unit Owners and/or Occupants within a particular Neighborhood or Neighborhoods, which may include reasonable reserves for various purposes and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s).

1.21 **“Occupant”** shall mean any person or persons other than the Residential Unit Owner in possession of a Residential Unit.

1.22 **“Planned Community Act”** shall mean the North Carolina Planned Community Act, N.C.G.S. §47F-1-101 et seq., as same may be amended from time to time.

1.23 **“Plat of Subdivision”** shall mean the Plat of the Jervay Place Neighborhood Subdivision recorded in the Office of the Register of Deeds of New Hanover County, North Carolina on July 30, 2002, in Plat Book 42 at Page 326 (as same may be supplemented from time to time by Supplemental Plats).

1.24 **“Premises”** shall mean that certain portion of the Development Tract which is described in Exhibit B attached hereto and which is being initially subjected to this Declaration, together with any Additional Property (as defined below) which is subsequently subjected to this

Declaration pursuant to the terms and conditions hereof. Declarant may from time to time subject to the provisions of this Declaration all or any portion of the property within the Development Tract which is not being initially subjected to this Declaration (the "Additional Property") by recording in the public registry of New Hanover County, North Carolina a Supplemental Declaration describing the Additional Property to be subjected, whereupon such Additional Property so subjected shall be deemed part of the Premises for all purposes hereunder. A Supplemental Declaration recorded for the purpose of bringing any or all of the Additional Property under the coverage of this Declaration shall not require the consent of any person or entity except Declarant.

1.25 **"Private Lot Maintenance Areas"** shall mean: (i) landscaped areas of Residential Lots that are not enclosed by fencing, as depicted on the Landscape Plan (if any); and (ii) fencing enclosing yards on Residential Lots. Except as otherwise provided herein, the Private Lot Maintenance Areas may be maintained by the Association notwithstanding their location on Lots owned by others.

1.26 **"Residential Lot"** shall mean each of the Lots designated on Exhibit C attached hereto, together with any additional Lots which may be designated as "Residential Lots" in a Supplemental Declaration. The Residential Lots are intended to be improved or are currently improved with buildings containing Single Family Units, Duplex Units and Townhouse Units.

1.27 **"Residential Unit"** shall mean a residential housing unit which includes a single complete kitchen and complete bath and toilet facilities permanently installed. The term "Residential Unit" shall include, without limitation, a Single-Family Unit, a Duplex Unit, a Townhouse Unit and/or any other residential housing unit which satisfies this definition (including, without limitation, stacked flats and apartment units), as the context requires.

1.28 **"Residential Unit Owner"** shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to a Residential Unit, excluding those having such interest merely as security for the performance of an obligation or residing in a Residential Unit as a tenant. Notwithstanding the foregoing to the contrary, if the Authority, as the record owner of fee simple title to a Residential Unit, has leased such Residential Unit to a ground lessee pursuant to a recorded ground lease, then the ground lessee of record of such Residential Unit shall be deemed the Residential Unit Owner for all purposes under this Declaration (including, without limitation, the payment of assessments and the exercise of voting rights hereunder).

1.29 **"Single Family Unit"** shall mean a detached residential housing unit consisting of a group of rooms which are designed or intended for the exclusive use as living quarters for one family and which is located on a single Residential Lot.

1.30 **"Stormwater Management Facility"** shall mean any storm sewer service line or portion thereof located on a Common Area Lot, or stormwater retention and/or detention pond installed and/or constructed on a Common Area Lot to be owned and maintained by the Association. The term "Stormwater Management Facility" shall not include any facilities for the management of stormwater which have been dedicated to the City.

1.31 **“Supplemental Declaration”** shall mean an instrument recorded pursuant to this Declaration which subjects Additional Property to this Declaration, designates Neighborhoods, and/or creates or imposes additional easements, restrictions and obligations on the land described in such instrument. The term shall also refer to an instrument Declarant records pursuant to Article 4 herein which designates Voting Groups.

1.32 **“Supplemental Plat”** shall mean a plat recorded by Declarant pursuant to this Declaration which describes certain Additional Property to be subjected to this Declaration; designates the types, numbers, size and/or specifications of Residential Units located or to be located on such Additional Property; designates Common Area Lots, Limited Common Area Lots, Stormwater Management Facilities and/or Water Facilities located or to be located on such Additional Property; and/or otherwise allocates and creates or imposes additional easements, restrictions and obligations on the land described on such plat.

1.33 **“Townhouse Unit”** shall mean an attached Residential Unit consisting of one or more rooms which are designed or intended for the exclusive use as living quarters for one family, even though such Townhouse Unit shares a common exterior wall, roof or other structural or common component (including access) with one or more other Townhouse Units.

1.34 **“Transfer Date”** shall mean that date which is the first to occur of (i) ten (10) years after the date of the transfer of the first Residential Unit to a Residential Unit Owner (other than Declarant, New Dawson Limited Partnership or the Authority); (ii) the date on which fee simple title to seventy-five percent (75%) of all Residential Units which are or may be permitted to be built upon the Development Tract has been transferred to Residential Unit Owners (other than Declarant, New Dawson Limited Partnership or the Authority); and (iii) such earlier date as Declarant may elect in its sole discretion. The period beginning on the date hereof and ending on the Transfer Date shall be deemed to be the period of Declarant control referenced in N.C.G.S. § 47F-3-103(d).

1.35 **“Voting Group”** shall mean one or more Neighborhoods, the Members of which vote on a common slate for election of Board members, as more particularly described in Article 4 herein or, if the context so indicates, the group of Members whose Residential Units are included in such Neighborhoods.

1.36 **“Water Facility”** shall mean any water service line or portion thereof located on a Common Area Lot or the Community Center Lot to be owned and maintained by the Association. The term “Water Facility” shall not include any facilities for the provision and management of water which have been dedicated to the City.

ARTICLE 2

GENERAL PURPOSES

2.1 **Purposes of this Declaration.** The Premises are made subject to this Declaration in order to insure proper use, appropriate development and improvement of the Premises and every part thereof; to protect each Residential Unit Owner from the improper use of surrounding Residential Units; to encourage attractive improvements on each Residential Lot with appropriate locations thereof; to assure and establish a uniform scheme of development for the Premises; to prevent haphazard and inharmonious improvements; to insure desired high standards of maintenance for the benefit and convenience of all Residential Unit Owners; to protect and preserve the open space features of the Premises; and in general to provide adequately for a high-quality residential subdivision.

2.2 **Purposes of the Association.** In order to implement the general purposes of this Declaration, the Association is being created with responsibility for, among other things, maintenance, repair and preservation of all of the Common Area Lots and the Private Lot Maintenance Areas, enforcement of the restrictions contained in this Declaration and the levying and collection of assessments to fund all of its responsibilities, all in accordance with the terms of this Declaration.

ARTICLE 3

THE ASSOCIATION (AND OTHER ASSOCIATIONS GENERALLY)

3.1 **Membership in the Association.** Every Residential Unit Owner shall be a Member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation (but may include ground lessees of record as contemplated in Section 1.28 herein). Membership shall be appurtenant to and may not be separated from ownership of each Residential Unit; provided, however, if such Residential Unit is subject to a ground lease of record which grants membership rights to a ground lessee under Section 1.28 herein, the membership of such ground lessee shall be appurtenant to and may not be separated from the interest of the ground lessee of record of such Residential Unit. If the Residential Unit Owner shall be more than one person, all such persons shall be Members, but the voting rights in the Association attributable to such Residential Unit Owner shall be exercised in the manner hereinafter provided. If the Residential Unit Owner shall be a land trust, corporation, partnership or other legal entity, then the one individual who shall be entitled to exercise the rights and privileges (such as, to vote and to be a Director on the Board), and who shall be responsible to bear the obligations associated with membership in the Association with respect to that Residential Unit shall be designated by the Residential Unit Owner thereof in writing to the Association. Such designation may be changed from time to time thereafter by notice in writing from the Residential Unit Owner to the Association delivered no later than ten (10) days prior to the effective date of such change. No Residential Unit Owner

shall have any right or power to disclaim, terminate or withdraw from such Residential Unit Owner's membership in the Association or any of the obligations as such Member, and no purported disclaimer, termination or withdrawal thereof or therefrom on the part of any such Residential Unit Owner shall be of any force or effect for any purpose.

3.2 **Voting Rights in the Association.** Members shall be all of the Residential Unit Owners. Residential Unit Owners shall be entitled to one (1) vote for each Residential Unit in which they hold the interest required for membership. When more than one person holds such interest in any Residential Unit, all such persons shall be Members, but the right to vote for such Residential Unit shall be exercised as they among themselves determine (subject to the requirements of the Planned Community Act), provided, however, that in no event shall more than one (1) vote be cast with respect to each Residential Unit.

3.3 **The Board.** The Association shall have a Board of directors (hereinafter individually a "Director" and collectively "Directors") determined as follows:

A. The first Board shall consist of three (3) Directors, all to be appointed by Declarant or its designee and each of which shall serve at the discretion of Declarant. Prior to the Transfer Date, such Directors need not be independent and need not be Members. Notwithstanding anything herein to the contrary, Declarant may voluntarily terminate its right to appoint Directors to the Board prior to the Transfer Date, and to fill vacancies pursuant to this Section prior to the Transfer Date, in which event the Members shall elect the Directors as contemplated in Section 3.3.B below and the Directors may fill vacancies occurring between meetings of the Members.

B. After the Transfer Date (or, if applicable, Declarant's relinquishment of its right to appoint Directors as provided in Section 3.3.A above), the Board shall consist of seven (7) Directors to be elected by the Members of the Association as provided in the By-laws and this Declaration. The elections of such Directors shall be taken at meetings to be held for such purpose at such intervals as are provided in the By-Laws. After the Transfer Date, at least a majority of the Directors on the Board shall be Members, and vacancies in the Board occurring between meetings of the Members may be filled by the majority vote of the remaining Directors then sitting on the Board.

Notwithstanding anything in this Section 3.3.B to the contrary, in the event Declarant has designated Neighborhoods prior to the Transfer Date as provided in Article 4 herein, then, after the Transfer Date (or, if earlier, after Declarant's relinquishment of its right to appoint Directors as provided in Section 3.3.A above), each Neighborhood so designated shall be entitled to elect at least one (1) Director (it being acknowledged that a Neighborhood may be entitled to elect more than one (1) Director as specified in the Supplemental Declaration creating, designating or redesignating such Neighborhood), with any remaining Directors being elected at large by a majority of all of the votes of the Members of the Association.

C. Notwithstanding anything in this Declaration to the contrary, the Residential Unit Owners, by a majority vote of all persons present and entitled to vote at

any meeting of the Residential Unit Owners at which a quorum is present, may remove any Director (other than a Director appointed by Declarant hereunder) with or without cause.

3.4 **Powers of the Association and the Board.** The Association shall have all of the powers enumerated in § 47F-3-102 of the Planned Community Act. Except as prohibited by the terms of this Declaration, the By-laws or the Planned Community Act, the Board may act in all instances on behalf of the Association. In the performance of their duties, officers and Directors shall discharge their duties in good faith and in accordance with applicable law. The Board may not act unilaterally on behalf of the Association to amend this Declaration (which amendments shall be made only in accordance with Section 12.3 herein), to terminate the planned community that is Jervay Place (which may be accomplished only in accordance with Section 12.3 herein), or to elect Directors or determine the qualifications, powers and duties, or terms of office of Directors (except as permitted hereunder with respect to the filling of vacancies on the Board). Nothing in this Section 3.4 shall be construed to limit the rights and powers reserved to Declarant hereunder.

3.5 **Officers of the Association.** The Association shall have such officers as shall be appropriate from time to time, who shall be elected by the Board and who shall manage and conduct the affairs of the Association under the direction of the Board. All officers of the Association shall be Directors on the Board. Except as expressly otherwise provided by the articles of incorporation of the Association or the By-Laws, all power and authority to act on behalf of the Association both pursuant to this Declaration and otherwise shall be vested in the Board from time to time and its officers under the direction of the Board, and shall not be subject to any requirement of approval on the part of the Members.

3.6 **Prohibition on Distributions to Members.** The Association, being a not-for-profit corporation, shall not distribute to the Members any sums in the nature of dividends.

3.7 **Agreements between the Association and Others.** Whenever possible, the Association shall perform its functions and carry out its duties by entering into agreements for the performance thereof with persons and business entities regularly engaged in the performance of generally similar functions and duties, which agreements shall be with such parties, for such length of time, at such rates of compensation and upon such other terms and provisions, all as the Board shall determine from time to time. Such persons or business entities may, but need not, be persons or business entities owning or otherwise directly or indirectly interested in the Premises or any part thereof. The Association itself shall also have power to perform its functions and carry out its duties.

3.8 **Rules and Regulations of the Association.** The Association, through the resolutions of the Board, shall have the right to adopt rules and regulations governing the Premises; provided, however, that no rule or regulation shall conflict with any provision of this Declaration or with any applicable law, ordinance or code.

3.9 **Books and Records of the Association.** The books and records to be kept by the Board shall be available for inspection by any Member or any representative of a Member duly

authorized in writing, at such reasonable time or times during the normal business hours as may be requested by the Member or its representative.

3.10 **Liability of the Directors and Officers of the Association**. Neither the Directors nor the officers of the Association shall be liable to the Residential Unit Owners or Occupants for any mistake of judgment or for any other acts or omissions of any nature whatsoever made by such individuals as such Directors and officers, except for any acts or omissions finally adjudged by a court of competent jurisdiction to constitute gross negligence or fraud. The Residential Unit Owners (including the Directors and the officers of the Association in their capacity as Residential Unit Owners) shall indemnify and hold harmless each of the Directors and each of the officers of the Association against all contractual and other liabilities to others arising out of contracts made by or other acts of the Board and officers of the Association on behalf of the Residential Unit Owners or arising out of their status as Directors or officers of the Association, unless any such contract or act shall have been finally adjudged by a court of competent jurisdiction to have been made fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, attorneys' fees, amounts of judgments paid and amounts paid or received in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other, in which any Director or officer of the Association may be involved by virtue of such persons being or having been such Director or officer; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of such person's duties as such Director or officer, or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for gross negligence or fraud in the performance of such person's duties as such Director or officer. It is also intended that the liability of each Residential Unit Owner arising out of any contract made by, or other acts of, the Board or officers of the Association, or out of the aforesaid indemnity in favor of the Directors or officers of the Association, shall be limited to an amount equal to the total liability thereunder divided by the percentage interests of the applicable Residential Unit for Association Assessments (as hereinafter provided). Every agreement made by the Board on behalf of the Residential Unit Owners shall be deemed to provide (whether or not so provided) that the Directors are acting only as agents for the Residential Unit Owners, and shall have no personal liability thereunder (except as Residential Owners) and that each Residential Unit Owner's liability thereunder shall be limited to an amount equal to the total liability thereunder divided by the percentage interest of the applicable Residential Unit for Association Assessments (as hereinafter provided).

ARTICLE 4

NEIGHBORHOODS AND VOTING GROUPS

4.1 **Creation of Neighborhoods**. In the event Declarant elects to designate Neighborhoods within Jervay Place for purposes of governance, maintenance and other purposes contemplated herein, the boundaries of Neighborhoods shall be defined by Declarant. In the

discretion of Declarant, Declarant may assign portions of the Premises to a specific Neighborhood (by name or other identifying designation) by Supplemental Declaration, which Neighborhood may be then-existing or newly created. So long as it has the right to subject additional property to this Declaration pursuant to Section 12.4 herein, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to redesignate Neighborhood boundaries. However, two or more existing Neighborhoods shall not be combined without the consent of Residential Unit Owners of a majority of the Residential Units in the affected Neighborhoods.

Any Neighborhood so created, designated or re-designated, acting either through a Neighborhood Committee elected as provided in the By-Laws or through a Neighborhood Association, if any, may request that the Association provide a higher level of service than which the Association generally provides to all Neighborhoods or may request that the Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Residential Unit Owners of a majority of the Residential Units within the Neighborhood, the Association shall provide the requested services, provided that the cost of such services, which may include reasonable administrative charges and property management fees in such amounts as the Board deems appropriate, shall be assessed against the Residential Units within such Neighborhood as a Neighborhood Assessment (although such charges shall be assessed at a uniform rate per Residential Unit to all Neighborhoods receiving the same service).

4.2 **Voting Groups**. If Declarant elects to designate Neighborhoods within the Premises, then, at any time prior to the Transfer Date, Declarant shall be entitled to designate, in Declarant's sole discretion, Voting Groups consisting of one or more Neighborhoods for the purpose of electing Directors to the Board. The Neighborhoods comprising each Voting Group shall be determined in Declarant's sole discretion. Voting Groups may be designated to ensure groups with dissimilar interests are represented on the Board and to avoid some Members being able to elect the entire Board due to the number of Residential Units in such Neighborhoods. Following the Transfer Date, the number of Voting Groups within Jervay Place shall not exceed the total number of Directors to be elected pursuant to the By-Laws.

The Members in the Neighborhoods within each Voting Group shall vote on a separate slate of candidates for election to the Board, and each Voting Group shall be entitled to elect the number of Directors specified in the By-Laws. Each Voting Group's election shall be held at a meeting of the Neighborhood or Neighborhood(s) constituting such Voting Group. Candidates for election as Director may be nominated by the Board, a nominating committee which the Board may appoint, or from the floor at any meeting at which such election is to be held.

The presence, in person or by proxy, or the filing of ballots by Members representing at least 25% of the total votes attributable to Residential Units in each Neighborhood represented in the Voting Group shall constitute a quorum at any such Voting Group meeting or election. In the event of a failure to obtain a quorum or vacancy in such positions for any Voting Group, the Board may appoint a Director to represent such Voting Group until a successor is elected.