VOL 144 PAGE 197

DECLARATION OF STEEPLECHASE OF MIDDLEBURY

A Planned Community

Premises:	Property at on Christian Road at Lockwood and Longmeadow Roads, Town of Middlebury, Connecticut
Name of Declarant:	Steeplechase of Middlebury, L.L.C. 100 Putnam Green Greenwich, Connecticut 06830
Date of this Declaration:	March 15th, 1996

Record and return to:

Andrew A. Glickson, Esq.
4 Berkeley Street
Norwalk, Connecticut 06850

DECLARATION OF STEEPLECHASE OF MIDDLEBURY

STEEPLECHASE OF MIDDLEBURY, L.L.C. (the "Declarant", which is further identified on the cover), hereby submits the "Initial Property" described on page 9 to the provisions of the Connecticut Common Interest Ownership Act, as of the date set forth on the cover, for the purpose of creating a common interest community known as "Steeplechase of Middlebury".

1. INTRODUCTORY PROVISIONS.

1.1 DEFINITIONS. The following words shall have the meanings set forth below, unless the context clearly requires otherwise. The terms are listed in alphabetical order. Terms appearing in upper-case letters within the text of this Declaration are defined in this Section.

(a) "Act" means the Common Interest Ownership Act set forth in Section 828 of the Connecticut General Statutes, as it may be amended from time to time.

(b) "Affordable Housing Agreement" means "Agreement, Steeplechase of Middlebury, L.L.C. and the Town of Middlebury", dated March 10, 1995, and recorded on March 15, 1995, in Volume 139 at Page 750. This DECLARATION is the "Declaration" contemplated by Section 4 of the Affordable Housing Agreement.

(c) "Affordable Residence" means a UNIT that is an "Affordable Residence" as defined in the AFFORDABLE HOUSING AGREEMENT, and which is subject to certain restrictions set forth therein regarding sale and occupancy. UNITS will be designated as Affordable Residences either in this DECLARATION or amendments thereto, or in the deed by which DECLARANT first conveys them.

(d) "Allocated Interests" of a UNIT means the UNIT'S percentage share of the ASSOCIATION'S COMMON EXPENSES (sometimes also called the UNIT'S "COMMON EXPENSE LIABILITY"); and the UNIT'S vote or votes in the ASSOCIATION.

(e) "Alteration" means an addition, new construction, alteration, demolition or removal.

(f) "Assessment" means a charge imposed by the ASSOCIATION on a UNIT to recover the UNIT'S share of COMMON EXPENSES, or to recover any

other sum owing to the ASSOCIATION by the UNIT or the affected UNIT OWNER. Assessments may be "REGULAR ASSESSMENTS", "SPECIAL ASSESSMENTS" or "UNIT CHARGES".

(g) "Association" means Steeplechase of Middlebury Homeowners Association, Inc., a Connecticut non-stock corporation that is the unit owners association for the COMMUNITY as described in the ACT.

(h) "By-Laws" means the ASSOCIATION'S by-laws, as they may be amended from time to time. The initial text of the By-Laws has been adopted by the ASSOCIATION'S incorporator in accordance with Section 33-431(b) of the General Statutes.

(i) "Care and Maintenance Covenant" means, "Care and Maintenance Covenant, Steeplechase of Middlebury, L.L.C. in favor of Town of Middlebury", dated March 10, 1995, and recorded on March 15, 1995, in Volume 139 at Page 747.

(j) "Certificate" means the ASSOCIATION'S Certificate of Incorporation, filed with the Secretary of the State of Connecticut on March 31, 1995, as it may be amended from time to time.

(k) "Common Elements" means all real property within the COMMUNITY that is owned or leased by the ASSOCIATION from time to time, other than UNITS.

(l) "Common Expense Liability" of a UNIT means its percentage share of COMMON EXPENSES.

(m) "Common Expenses" means all costs incurred in operating the ASSOCIATION and in fulfilling its responsibilities (comprising both actual expenditures and the incurring of financial liabilities), including without limitation the accumulation of reserves. However, unless the context clearly requires otherwise, references to the allocation of COMMON EXPENSES among the UNITS exclude UNIT EXPENSES, except to the extent that such UNIT EXPENSES prove uncollectible from the affected UNIT OWNERS and must be borne by the UNIT OWNERS in general.

(n) "Community" means Steeplechase of Middlebury, the planned community created by this instrument. Alternatively, as the context may require, such term is sometimes used synonymously with "PROPERTY".

(o) "Declarant" means Steeplechase of Middlebury, L.L.C., or any party that succeeds to all of the SPECIAL DECLARANT RIGHTS that exist at the time of such succession. There may be only one Declarant at a time.

(p) "Declaration" means this instrument, as it may be amended from time to time.

(q) "Development Rights" means certain of the SPECIAL DECLARANT RIGHTS reserved by the DECLARANT.

(r) "Director" means a member of the EXECUTIVE BOARD.

(s) "Eligible Mortgage" means a first mortgage of record covering one or more UNITS.

(t) "Eligible Mortgagee" means the holder of an ELIGIBLE MORTGAGE that has given notice to the ASSOCIATION of its request to be treated as an Eligible Mortgagee. Eligible Mortgagee also includes a party that has insured or guaranteed payment of an ELIGIBLE MORTGAGE as part of a business of insuring, guaranteeing or dealing in mortgages. References to the Eligible Mortgagee of a particular UNIT refer to the holder, insurer or guarantor of an ELIGIBLE MORTGAGE covering such UNIT, provided that the Eligible Mortgagee's rights with respect to a UNIT may only be exercised by one party at a time, and shall be exercised by the actual mortgagee unless it agrees otherwise.

(u) "Exclusive Use Area" means an area surrounding each UNIT that comprises a LIMITED COMMON ELEMENT of that UNIT.

(v) "Executive Board" means the board of directors of the ASSOCIATION, which is designated to act on behalf of the ASSOCIATION as described in the ACT.

(w) "Floor Area" of a UNIT is a measure of a UNIT'S area that is used to calculate its COMMON EXPENSE LIABILITY.

(x) "Future Development Area" means land that the DECLARANT may add to the COMMUNITY and the PROPERTY, in the exercise of DEVELOPMENT RIGHTS, together with such homes and/or other improvements as may then exist thereon. The Future Development Area is depicted on the SURVEY, and comprises "PHASE TWO" shown thereon (Parcels One and Two), excluding "Area 'Z'" shown on the SURVEY. Upon

the addition of any portion of the Future Development Area to the COMMUNITY, such portion shall cease to be considered part of the Future Development Area.

(y) "Governing Instruments" means this DECLARATION, the BY-LAWS, the RULES and the CERTIFICATE, as they may be amended from time to time.

(z) "Initial Property" means the real property that is submitted to the provisions of the ACT by the making and recording of this DECLARATION, consisting of the following:

(1) All those certain pieces or parcels of land, lying and being in the Town of Middlebury, County of New Haven and State of Connecticut, shown and designated on the SURVEY as "PHASE ONE" and "AREA 'Z'".

(2) All buildings and other improvements on the foregoing land.

(3) All easements and other rights appurtenant to the foregoing land.

(aa) "Limited Common Element" means a portion of the COMMON ELEMENTS that is allocated for the exclusive use of a particular UNIT.

(bb) "Notice and Comment" means the right of UNIT OWNERS to receive notice of a proposed action of the ASSOCIATION, and to comment thereon, as described in Paragraph 10.11.

(cc) "Notice and Hearing" means the right of a UNIT OWNER, DIRECTOR, OFFICER or individual to receive notice of a proposed action by the ASSOCIATION, and to be heard thereon, as described in Paragraph 10.11.

(dd) "Officer" means an officer of the ASSOCIATION.

(ee) "Overall Site" means the entire area that may, potentially, become part of the COMMUNITY by the exercise of DEVELOPMENT RIGHTS, and comprises the INITIAL PROPERTY, plus the FUTURE DEVELOPMENT AREA.

(ff) "Proper Maintenance" (and its variants, such as "properly maintain") mean and refer to such cleaning, repairs, replacements, additions, restorations of casualty damage, and other activities as are required:

(1) To prevent the existence of any unsightly, unsafe, disorderly, noisy or noxious condition (limited, in the case of a UNIT, to those conditions that may affect any other UNIT or the COMMON ELEMENTS). Conditions in or relating to a UNIT that are visible from another UNIT or from the COMMON ELEMENTS shall be deemed to affect such other UNIT or the COMMON ELEMENTS, as the case may be, but such other UNIT and/or the COMMON ELEMENTS may also be "affected" by the condition of or circumstances relating to the UNIT in question that is not visible outside the UNIT in question.

(2) To prevent damage to the structure or weatherproofing of any UNIT.

(3) To maintain the high quality and consistency of the PROPERTY'S appearance.

(4) To prevent the presence of vermin.

(5) Without limiting the generality of the foregoing, to comply with the GOVERNING INSTRUMENTS, the requirements of issuers of insurance maintained by or for the ASSOCIATION, and applicable governmental requirements.

(gg) "Property" means the real property in the COMMUNITY and subject to this DECLARATION from time to time, consisting of the following, provided that the Property shall cease to include any portion thereof that is conveyed by the ASSOCIATION to any party other than a UNIT OWNER:

(1) The INITIAL PROPERTY.

(2) Any land that is hereafter added to the COMMUNITY by the exercise of DEVELOPMENT RIGHTS.

(3) All buildings and other improvements on the foregoing land.

(4) All easements and other rights appurtenant to the foregoing land.

(5) Any real property that does not already comprise part of the COMMUNITY, but that the ASSOCIATION acquires with the intention of adding it to the COMMUNITY.

(hh) "Public Access Easement" means "Public Access Easement Agreement, Steeplechase of Middlebury, Middlebury, Connecticut", made by DECLARANT in favor of the TOWN, dated March 10, 1995, and recorded on March 15, 1995, in Volume 139 at Page 756.

(ii) "Public Offering Statement" means any public offering statement or similar offering document, however styled, that is issued in connection with the DECLARANT'S public offering and sale of UNITS, in Connecticut or elsewhere. Unless the context clearly requires otherwise, the term shall refer to all Public Offering Statements, as they may have been amended, that are current as of the time in question.

(jj) "Purchaser" means a party that acquires fee title to a UNIT from the DECLARANT, excluding (1) a party that is acting - legally or practically - as a nominee for the DECLARANT; or (2) a party that becomes the DECLARANT by reason of the simultaneous acquisition of the SPECIAL DECLARANT RIGHTS then existing.

(kk) "Regular Assessment" means an ASSESSMENT imposed on account of budgeted COMMON EXPENSES (excluding UNIT EXPENSES) reflected in the then-current budget. Regular Assessments are distinguished from SPECIAL ASSESSMENTS and from UNIT CHARGES.

(ll) "Rules" - sometimes also used in the singular - means rules that may be adopted by the EXECUTIVE BOARD from time to time, to govern certain detailed aspects of the ASSOCIATION'S operations and/or the use of the PROPERTY.

(mm) "Special Assessment" means an ASSESSMENT that is imposed to recover COMMON EXPENSES (excluding UNIT EXPENSES) that are extraordinary, unforeseen or otherwise not reflected in the ASSOCIATION'S then-current budget.

(nn) "Special Declarant Rights" means certain rights reserved by DECLARANT as described in Paragraph 4.3.

(oo) "Survey" means the survey of the COMMUNITY, entitled, "Survey of Property in Middlebury, Connecticut, prepared for Steeplechase of

Middlebury, L.L.C. in connection with the establishment of a Planned Community known as 'Steeplechase of Middlebury'", prepared by Kilmartin-Regan Associates Inc., dated March 12th, 1996, and filed with the Town Clerk of the TOWN simultaneously with the recording of this DECLARATION, as such Survey may be amended and/or supplemented from time to time. There are no "plans" for the COMMUNITY as described in the ACT, because all of the required information appears on the Survey.

(pp) "Town" means the Town of Middlebury, Connecticut, together with its agencies and instrumentalities.

(qq) "Turnover Date" means the date on which the period of DECLARANT control terminates, which date shall be the earlier of:

(1) The date that is 60 days after the DECLARANT has conveyed to PURCHASERS 60% (in number) of the maximum number of UNITS that may be included in the COMMUNITY; or,

(2) The fifth anniversary of the date on which the DECLARANT conveyed the first UNIT to a PURCHASER.

(rr) "Unit" means a physical portion of the COMMUNITY that is designated for separate ownership, the boundaries of which are described in Paragraph 3.3.

(ss) "Unit Charge" means an ASSESSMENT imposed on a UNIT to recover (1) UNIT EXPENSES attributable to such UNIT or to its owner; (2) fines levied against the affected UNIT OWNER; and (3) any other sum that is owed to the ASSOCIATION by a UNIT OWNER in distinction to UNIT OWNERS generally.

(tt) "Unit Expenses" means COMMON EXPENSES that are incurred by reason of a UNIT OWNER'S breach of the GOVERNING INSTRUMENTS, or by reason of services specially provided to a UNIT and not to UNITS generally.

(uu) "Unit Owner" means the owner of record of a UNIT. If record ownership of the UNIT is divided among two or more parties, the term refers collectively to all of them.

1.2 TITLE TO THE OVERALL SITE. DECLARANT believes, but does not hereby warrant, that it owns the OVERALL SITE free and clear of all encumbrances, other than the following:

(a) One or more mortgages from which UNITS will be released as they are conveyed to PURCHASERS.

(b) The AFFORDABLE HOUSING AGREEMENT. The AFFORDABLE HOUSING AGREEMENT imposes restrictions on the amount for which certain UNITS may be sold or that may be received by a UNIT OWNER upon the sale, condemnation or casualty loss to such UNITS or to the COMMUNITY, or on termination of the COMMUNITY, and for such purpose shall be deemed to have been incorporated herein by reference.

(c) The CARE AND MAINTENANCE COVENANT.

(d) The PUBLIC ACCESS EASEMENT.

(e) Caveat - Sewer Assessment recorded in Volume 74 at Page 469.

(f) One or more certificates relating to classification of the PROPERTY for purposes of real estate taxation, which will not affect PURCHASERS.

(g) Sewer Easement recorded in Volume 140 at Page 988.

(h) Matters shown on the SURVEY.

(i) Sewer Use Agreement between the TOWN and DECLARANT, dated June 8, 1995, and recorded on June 22, 1995, in Volume 140 at Page 945, which provides, among other things, as follows:

(1) The Agreement provides for construction of "Sewer Extensions" on the OVERALL SITE, consisting of mains and laterals intended to serve the UNITS, including all connections to the existing sanitary sewer trunk line but excluding the existing sanitary sewer trunk line.

(2) DECLARANT, the ASSOCIATION and/or the UNIT OWNERS shall be responsible for maintenance, repairs and replacements of the Sewer Extensions. The TOWN has no responsibility for maintenance of the Sewer Extensions.

(3) If the Sewer Extensions are not maintained, repaired and/or replaced, the TOWN has the right to perform such work and to charge the DECLARANT, the ASSOCIATION and/or the UNIT OWNERS for the cost thereof, and will have a lien against the UNITS, the COMMON ELEMENTS and the OVERALL SITE for the cost of such work.

(4) Assessments are imposed in connection with the extension of sanitary sewers throughout the OVERALL SITE.

(j) Electric Distribution Easement in favor of The Connecticut Light and Power Company, dated May 3, 1995, and recorded on May 18, 1995, in Volume 140 at Page 414, and also depicted on map filed in Map Volume 22 at Page 45.

(k) Easement in favor of Yankee Gas, dated June 5, 1995, and recorded on June 6, 1995, in Volume 140 at Page 647, and also depicted on map filed in Map Volume 22 at Page 48.

1.3 RESERVED EASEMENT FOR FUTURE DEVELOPMENT AREA. DECLARANT hereby reserves a permanent, non-exclusive easement, on, over, across, under and through the PROPERTY, as it may be augmented from time to time, as follows:

(a) Such easement is not a SPECIAL DECLARANT RIGHT, and each and every right reserved under this Paragraph 1.3 is intended to be separate from and in addition to the SPECIAL DECLARANT RIGHTS. Such easement is not limited in time, and shall survive termination of the COMMUNITY and termination of any other provision of this DECLARATION. This Paragraph 1.3 shall not be amended without the consent of every party adversely affected thereby.

(b) Such easement shall run with the land, in favor of the FUTURE DEVELOPMENT AREA, and in favor of each portion or parcel of the FUTURE DEVELOPMENT AREA, as it may be diminished from time to time by the addition of portions thereof to the COMMUNITY. Such easement may be utilized on a non-exclusive basis by the owner or owners of the FUTURE DEVELOPMENT AREA from time to time, by their agents, employees, guests, invitees and contractors, by governmental agencies and by providers of utility services.

(c) Such easement shall comprise:

(1) A right of pedestrian and vehicular access to and from public streets, including without limitation access by construction machinery and vehicles.

(2) The right to construct, connect to, maintain, replace and use underground utility lines and appurtenances of every description, together with associated manholes, pedestals and similar, above-ground appurtenances of such lines. Such right shall not be limited to the exercise of rights under easements that have already been granted separately from this DECLARATION.

(3) The right to maintain a sign, meeting requirements of the TOWN and located near each then-active entrance to the OVERALL SITE from Christian Road, advertising sales or other activities that are being, or are to be, conducted on the FUTURE DEVELOPMENT AREA.

(d) The exercise of such rights, other than placement of signs near the entrances to the OVERALL SITE, shall be confined to certain areas, as follows:

(1) Such rights shall be confined to established roadways and/or pathways reasonably designed to accommodate such rights.

(2) Where established roadways and/or pathways that are reasonably required to accommodate such rights do not yet exist (or where connections between the FUTURE DEVELOPMENT AREA and established roadways and/or pathways on the PROPERTY do not yet exist), but are intended to exist according to approved plans for the PROPERTY, then such rights shall be confined to the contemplated locations of such unbuilt roadways and/or pathways; such roadways and/or pathways, or portions thereof, may be constructed by and at the expense of any party exercising such rights.

(3) Where established roadways and/or pathways that are reasonably required to accommodate such rights are not otherwise contemplated, such rights may be exercised within such areas as are reasonably designated by the DECLARANT (before the TURNOVER DATE) after reasonable consultation with the ASSOCIATION, or by the ASSOCIATION (after the TURNOVER DATE). In any event, they shall not encroach on any UNIT.

(e) Any disturbance of the PROPERTY resulting from the exercise of such easement rights shall be repaired by the party exercising such rights, promptly after notice from the ASSOCIATION, any DIRECTOR or - before the TURNOVER DATE only - any UNIT OWNER. However, the preceding sentence shall not require the installation or repair of top paving course or curbing before the conclusion of active construction.

(f) Pedestrians and vehicles traversing roadways or pathways that are also used by the ASSOCIATION and/or the UNIT OWNERS, in the exercise of the foregoing easement rights, shall conform to speed limits and other RULES governing the use thereof that do not unreasonably interfere with the exercise of such easement rights.

(g) Utility lines and appurtenances installed pursuant to such easement shall conform to applicable requirements of governmental agencies and providers of utility services. If so permitted by any affected utility provider, the ASSOCIATION, at its sole expense, may relocate such lines and appurtenances from time to time to other locations within the PROPERTY, but in any event running within paved areas to the extent reasonably practicable, and not within any UNIT.

2. THE COMMUNITY.

2.1 NAME. The name of the COMMUNITY is "Steeplechase of Middlebury".

2.2 ASSOCIATION. The name of the ASSOCIATION is "Steeplechase of Middlebury Homeowners Association, Inc."

2.3 TYPE. The COMMUNITY is a "planned community" as described in the ACT.

3. UNITS AND LIMITED COMMON ELEMENTS.

3.1 NUMBER OF UNITS. The COMMUNITY now contains 6 UNITS. DECLARANT reserves the right to create as many as 69 additional UNITS, so that the COMMUNITY may ultimately contain a maximum of 75 UNITS.

3.2 IDENTIFICATION OF UNITS. Each UNIT is identified by an identifying number, which corresponds to its street address, and which is shown on the SURVEY.

3.3 BOUNDARIES OF UNITS.

(a) Each UNIT encompasses land and a building constructed thereon. As described in Paragraph 6.2, such building must be a single-family dwelling. As used in this Paragraph 3.3, the term "dwelling" refers to this building, including any garage, breezeway, balcony, deck and similar element that forms part of such building. In some cases, two such dwellings are physically connected.

(b) The boundaries of each UNIT are determined first by reference to the SURVEY, and then by reference to the dwelling itself. The UNIT boundaries that are depicted on the SURVEY are the approximate location and dimensions of the UNITS' vertical boundaries, and represent the dwelling's "footprint" as follows:

(1) The footprint includes the perimeter of the dwelling's foundation. This footprint includes, subject to the further provisions of this Paragraph 3.3(b), any garage, breezeway, balcony, deck and similar element that forms part of such building.

(2) If the dwelling contains a balcony, deck or similar feature (hereinafter simply called a "balcony") that overhangs the foundation but is supported by columns, walls or other elements (hereinafter called "columns"), the dwelling's footprint includes the projection at ground level of such balcony. If the columns rest on piers that extend beyond the boundaries of the projection of such balcony, then the dwelling's footprint also includes the approximate area occupied by such piers.

(3) If the dwelling contains any balcony or other element that is not supported by columns, but that overhangs the boundaries of the dwelling's foundation by more than 18 inches, the dwelling's footprint includes the projection at ground level of such overhang.

(c) Each UNIT includes all land, spaces, buildings and other improvements within the dwelling's footprint thus depicted on the SURVEY. Within such footprint, each UNIT extends indefinitely above and below the surface of the ground, and thus has no horizontal boundaries.

(d) Necessarily, the completed dwelling will extend beyond the footprint depicted on the SURVEY, because - even if the dwelling contains no balcony - its perimeter walls will extend beyond the footprint thus depicted.

There may, but need not, also be other building elements, including without limitation siding, windows, cornices, gutters, soffits, flues, balconies and the like (hereinafter collectively called "overhanging elements") that extend beyond the footprint, but by less than 18 inches. Each UNIT includes all such overhanging elements that are now or later become part of its dwelling, subject to Paragraph 3.3(g).

(e) Because the SURVEY must show the projection at ground level of any overhanging element that extends beyond a dwelling's footprint by more than 18 inches, a UNIT'S boundaries - as defined by the completed dwelling - do not extend anywhere more than 18 inches beyond the footprint depicted on the SURVEY.

(f) If two UNITS share a party wall or other building element, then the common boundary between such UNITS as depicted on the SURVEY is the center line of the party wall and/or the center line of the other shared building element.

(g) Notwithstanding approval of an ALTERATION by the EXECUTIVE BOARD in accordance with Paragraph 8.7, no ALTERATION of a dwelling may result in the creation of an overhanging element that extends beyond the dwelling's footprint - as then depicted on the SURVEY - by more than 18 inches, nor in the enlargement of the dwelling's footprint if it were drawn after such ALTERATION according to Paragraph 3.3(b), unless the UNIT'S vertical boundaries are first enlarged in accordance with Section 47-231(b) of the ACT.

3.4 RELOCATION OF BOUNDARIES. UNIT OWNERS may relocate boundaries between adjoining UNITS in accordance with Section 47-231(a) of the ACT, but only to conform the UNITS' boundaries as depicted on the SURVEY to the description set forth in Paragraph 3.3; however, by reason of the easement provisions set forth in Paragraph 7.8, such amendments are not required for the use or conveyance of such UNITS. The vertical boundaries of a UNIT may be relocated in accordance with Section 47-231(b) of the ACT. Any amendments to this DECLARATION and/or the SURVEY required by the foregoing changes shall be prepared to the EXECUTIVE BOARD'S approval, and recorded, at the sole expense of the affected UNIT OWNERS.

3.5 SUBDIVISION AND COMBINATION. UNITS may not be subdivided or combined.

3.6 COMMON ELEMENTS. The entire PROPERTY, other than the UNITS, comprises COMMON ELEMENTS. Except as thus provided, there is no real property that is not already COMMON ELEMENTS that must become COMMON ELEMENTS.

3.7 LIMITED COMMON ELEMENTS.

(a) Any water line, electric line, sanitary sewer lateral or other utility line or appurtenance thereof that is located within the COMMON ELEMENTS, that serves only one UNIT and that is not owned by the affected utility provider, shall be a LIMITED COMMON ELEMENT of that UNIT.

(b) Any driveway or walkway that is located within the COMMON ELEMENTS, and that is clearly designed to serve only one UNIT, or only two or more adjacent UNITS, shall be a LIMITED COMMON ELEMENT of the UNIT or UNITS served.

(c) The EXCLUSIVE USE AREA surrounding each UNIT, as depicted on the SURVEY, is a LIMITED COMMON ELEMENT of that UNIT.

(d) Except as described in this Paragraph 3.7, there is no real property, other than real property subject to DEVELOPMENT RIGHTS, that may be allocated subsequently as a LIMITED COMMON ELEMENT.

4. SPECIAL DECLARANT RIGHTS.

4.1 ADDITION OF LAND AND CREATION OF UNITS.

(a) As a DEVELOPMENT RIGHT, DECLARANT reserves the right to add all or portions of the FUTURE DEVELOPMENT AREA to the COMMUNITY. As a DEVELOPMENT RIGHT, DECLARANT further reserves the right to create UNITS and LIMITED COMMON ELEMENTS within the COMMON ELEMENTS, or within portions of the FUTURE DEVELOPMENT AREA at or after the time such portions are added to the COMMUNITY.

(b) The DEVELOPMENT RIGHTS described in this Paragraph 4.1 may be exercised from time to time with respect to all of the COMMON ELEMENTS and/or the FUTURE DEVELOPMENT AREA, or to portions thereof in any sequence. Such DEVELOPMENT RIGHTS to add property to the COMMUNITY may also be exercised with respect to unspecified real property, subject to the limitations set forth in Section 47-241 of the ACT.

(c) The DEVELOPMENT RIGHTS described in this Paragraph 4.1 need not be exercised, and exercise with respect to any portion or portions of the FUTURE DEVELOPMENT AREA, or any other land, will not require exercise with respect to any or all of the remainder of the FUTURE DEVELOPMENT AREA. Nothing in this DECLARATION shall be construed to require that the FUTURE DEVELOPMENT AREA or any portion thereof be put to any particular use, or restricted from any particular use, or that homes constructed thereon be added to the COMMUNITY.

(d) Except as may be provided in any amendment reflecting the exercise of this DEVELOPMENT RIGHT, the provisions of Section 3 (describing the boundaries of UNITS and LIMITED COMMON ELEMENTS, and describing the portions of the COMMON ELEMENTS that are LIMITED COMMON ELEMENTS) shall apply to any UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS that are added or created pursuant to this Paragraph.

(e) An EXCLUSIVE USE AREA shall be provided for each UNIT created pursuant to this Paragraph 4.1, approximately comparable in area to the EXCLUSIVE USE AREAS provided for the UNITS that already exist.

(f) The ALLOCATED INTERESTS of UNITS that are created pursuant to this Paragraph shall be determined as described in Section 5.

(g) DECLARANT does not reserve the right to withdraw any property from the COMMUNITY. No action shall be required to exclude any part of the FUTURE DEVELOPMENT AREA from the COMMUNITY, if it has never been added pursuant to this Paragraph 4.1.

(h) No part of the FUTURE DEVELOPMENT AREA shall comprise COMMON ELEMENTS before it is added to the COMMUNITY. In no event shall the ASSOCIATION be responsible for the maintenance of the FUTURE DEVELOPMENT AREA.

(i) Portions of the PROPERTY within which DECLARANT reserves the right to create UNITS and LIMITED COMMON ELEMENTS pursuant to this Paragraph 4.1 shall be considered COMMON ELEMENTS. However, unless and until DECLARANT surrenders or ceases to have the right to create further UNITS and/or LIMITED COMMON ELEMENTS within such portions of the PROPERTY pursuant to this Paragraph 4.1, DECLARANT shall be responsible for all expenses in connection therewith.

4.2 ADDITIONAL DEVELOPMENT RIGHTS RESERVED. DECLARANT also reserves the following DEVELOPMENT RIGHTS, which may be exercised, throughout the PROPERTY as it may be augmented from time to time, separately and in any order:

(a) The right to make ALTERATIONS of any sort within the UNITS owned by DECLARANT, or the COMMON ELEMENTS.

(b) The right to install anywhere on the PROPERTY (but not within any UNIT without the consent of such UNIT'S owner) additional utility installations serving one or more UNITS and/or the COMMON ELEMENTS.

(c) The right to grant to any provider of utility services or governmental entity any easement or other interest in any part of the PROPERTY (and to convey to such grantee improvements within such part of the PROPERTY), to the extent reasonably required to facilitate connection of the UNITS and/or COMMON ELEMENTS to utility services, or otherwise to facilitate development of the PROPERTY as contemplated by the PUBLIC OFFERING STATEMENT. No such grant shall affect or encumber a UNIT that is not owned by DECLARANT, without the consent of such UNIT'S owner.

4.3 SPECIAL DECLARANT RIGHTS. Anything else in this DECLARATION notwithstanding, DECLARANT hereby reserves the following SPECIAL DECLARANT RIGHTS to the maximum extent permitted by law, to be exercised anywhere on the PROPERTY:

(a) The right to exercise the DEVELOPMENT RIGHTS reserved in Paragraphs 4.1 and 4.2.

(b) The right to complete construction of the PROPERTY and sale of the UNITS, as contemplated by this DECLARATION and/or the PUBLIC OFFERING STATEMENT. Such work shall include the fulfillment of any warranty relating to such work. In connection with such work, DECLARANT'S rights shall include without limitation the right (1) to park construction machinery and store materials on the PROPERTY; and (2) to place trailers or temporary structures on the PROPERTY.

(c) The right to establish, maintain and relocate sales offices, management offices and model units from time to time within any or all UNITS then owned by DECLARANT and/or within any or all of the COMMON ELEMENTS.

(d) The right to erect, affix, maintain, remove, relocate and replace from time to time signs and displays advertising the COMMUNITY (or otherwise facilitating DECLARANT'S sale of dwelling units throughout the OVERALL SITE), at any location or locations on the PROPERTY, other than in UNITS not owned by DECLARANT and such UNITS' EXCLUSIVE USE AREAS.

(e) The right to use an easement throughout the COMMON ELEMENTS as described in Paragraph 4.4.

(f) The right to appoint or remove any OFFICER or DIRECTOR during any period of DECLARANT control, as described in Paragraph 10.3.

4.4 DECLARANT'S EASEMENT. DECLARANT, its employees, licensees, invitees and contractors shall have an easement in, on, over, across and through the entire PROPERTY for the purpose of exercising the SPECIAL DECLARANT RIGHTS reserved herein, and for the purpose of discharging its obligations under the ACT and the PUBLIC OFFERING STATEMENT. Neither the ASSOCIATION nor any UNIT OWNER shall interfere with the exercise of SPECIAL DECLARANT RIGHTS.

4.5 LIMITATIONS ON SPECIAL DECLARANT RIGHTS. In exercising its SPECIAL DECLARANT RIGHTS, DECLARANT shall comply with the following requirements:

(a) All activities in connection therewith shall be conducted carefully, in accordance with applicable governmental requirements, and with minimum practicable disturbance of the PROPERTY and the other UNIT OWNERS. DECLARANT shall repair damage to the PROPERTY caused by it, promptly upon notification from the ASSOCIATION, any DIRECTOR or - before the TURNOVER DATE only - any UNIT OWNER.

(b) UNITS and LIMITED COMMON ELEMENTS that are added or created in the exercise of the DEVELOPMENT RIGHTS reserved in Paragraph 4.1 shall be substantially complete (within the meaning of Section 47-220 of the ACT) at the time they are added or created, as the case may be, and shall be comparable to improvements then existing in the COMMUNITY, in terms of architectural style, quality of construction and structure type.

(c) The exercise of the DEVELOPMENT RIGHTS described in Paragraph 4.2 shall not materially disturb or interfere with the use of the

PROPERTY by the UNIT OWNERS other than DECLARANT, as contemplated herein or in the PUBLIC OFFERING STATEMENT.

4.6 DURATION OF SPECIAL DECLARANT RIGHTS. The duration of the period of DECLARANT control of the ASSOCIATION will be limited as described in Paragraph 10.3. Other SPECIAL DECLARANT RIGHTS may be exercised as long as DECLARANT owns any UNIT, or holds a mortgage covering any UNIT, or remains obligated under any warranty or other undertaking with respect to the physical condition of any part of the PROPERTY, or as long as any portion of the PROPERTY remains subject to unexercised DEVELOPMENT RIGHTS. However:

(a) DEVELOPMENT RIGHTS shall expire in all events seven years after this DECLARATION was recorded.

(b) Other SPECIAL DECLARANT RIGHTS shall expire in all events 15 years after this DECLARATION was recorded.

(c) SPECIAL DECLARANT RIGHTS may be surrendered earlier in whole or in part.

4.7 REMOVAL OF PERSONAL PROPERTY. DECLARANT reserves the right to remove from the COMMON ELEMENTS and from any UNIT theretofore owned by it all furniture, tools, equipment, supplies, signs and other personal property used by it in connection with the construction, maintenance, management and sale of the PROPERTY, whether or not the same have become fixtures, except to the extent that DECLARANT has specifically represented in the PUBLIC OFFERING STATEMENT that the same will be part of the PROPERTY, or has specifically agreed (in a contract covering its sale of a UNIT) that the same will remain as part of the UNIT.

5. ALLOCATED INTERESTS.

5.1 VOTING. Each UNIT may cast one vote on each matter requiring the vote of the UNIT OWNERS, whether under the ACT or otherwise in connection with the operation of the ASSOCIATION. Such vote shall be cast as a whole, without fractionation; if the UNIT OWNER is other than an single individual, such vote may be cast only by a representative designated in accordance with Paragraph 13.4. A requirement that a specified action be approved or authorized by a specified percentage or proportion of the UNIT OWNERS shall be considered a requirement that such action be approved or authorized by the requisite percentage or proportion of all of the votes then existing in the COMMUNITY.

5.2 CALCULATION OF FLOOR AREAS. The UNITS' respective FLOOR AREAS shall be determined as follows:

(a) The FLOOR AREA of each UNIT shall be determined according to the construction plans for such UNIT approved by the TOWN, notwithstanding any variation between the FLOOR AREA as thus determined, and the FLOOR AREA that could be determined by measuring the UNIT as built. The approximate sizes of the "footprints" of the UNITS now included in the COMMUNITY are shown on the SURVEY, and the approximate sizes of such UNITS - to the extent required to determine their "calculation factors" and COMMON EXPENSE LIABILITIES as described in Paragraph 5.3 - are set forth in Schedule A annexed hereto.

(b) The FLOOR AREA of a UNIT shall be calculated by measuring - on the approved plans - the square footage of all heated spaces (including but not limited to storage areas, closets and utility rooms) in the UNIT, from the respective midpoints of the walls separating such heated spaces from the outdoors or from unheated spaces, as the case may be. However:

(1) No garage or vehicle parking area within the UNIT, whether or not it is heated and/or used for other purposes (provided that ALTERATIONS of a permanent nature have not rendered it unusable for parking), shall be counted.

(2) Living space at "basement" level (that is, living space at a level lower than the level that is intended to serve as the lowest, principal floor of a UNIT) shall be counted only to the extent of 50% of its square footage.

(3) An attic, basement or other area that is convertible into living space shall not be counted, unless and until it is thus converted, and such areas that are not convertible shall not be counted.

(4) The area occupied by a stairway shall be counted only once, even if there is usable space at several landings or levels within such area.

(5) The height of a space shall not affect the calculation of its square footage, but the square footage of lofts and mezzanines shall be counted in addition to the square footage of the areas underlying them.

(c) The amendment to this DECLARATION that adds a UNIT to the COMMUNITY, in accordance with Section 47-229(a) of the ACT, shall set forth the UNIT'S approximate FLOOR AREA in the same manner as it is now set forth for the UNITS already included in the COMMUNITY. Promptly after the FLOOR AREA of any UNIT changes to an extent that would affect its calculation factor or COMMON EXPENSE LIABILITY as described in Paragraph 5.3, the ASSOCIATION shall record an amendment to this DECLARATION, setting forth the new, approximate FLOOR AREA.

(d) A UNIT'S FLOOR AREA shall be redetermined, in manner similar to that provided for the initial determination of such FLOOR AREA, upon substantial completion of any ALTERATION that results in an increase in its FLOOR AREA.

(e) The FLOOR AREA of a UNIT shall never be decreased by reason of ALTERATIONS, and shall not be decreased for any reason other than:

(1) The ASSOCIATION'S determination that the initial determination of such FLOOR AREA was substantially inaccurate and unfair.

(2) Elimination of such UNIT from the COMMUNITY.

(3) To reflect the effect of an amendment to this DECLARATION that changes the method of calculating FLOOR AREAS.

5.3 CALCULATION AND REALLOCATION OF COMMON EXPENSE LIABILITIES.

(a) The COMMON EXPENSE LIABILITY of a UNIT shall be calculated as follows:

(1) There shall be assigned to each UNIT a "calculation factor" that depends on its FLOOR AREA. If the UNIT'S FLOOR AREA is less than or equal to 1,500 square feet, then its calculation factor shall be 1. If a UNIT'S FLOOR AREA is greater than 1,500 square feet, then its calculation factor shall be 1.4.

(2) Each UNIT'S COMMON EXPENSE LIABILITY shall be expressed as a percentage that is equivalent to a fraction, the

numerator of which fraction is the UNIT'S calculation factor multiplied by 100, and the denominator of which is the aggregate calculation factor of all UNITS.

(b) The amendment to this DECLARATION, by which any UNIT is added to the COMMUNITY (or by which a change in the FLOOR AREA of any UNIT is reflected, if such change results in the recalculation of its COMMON EXPENSE LIABILITY), shall include a schedule that reallocates the COMMON EXPENSE LIABILITIES of all UNITS. However, for the sake of administrative convenience:

(1) With respect to UNITS that were part of the COMMUNITY before such amendment was recorded, whether or not their respective FLOOR AREAS have changed according to such amendment, the reallocated COMMON EXPENSE LIABILITIES shall not take effect until the first day of the second month that begins after the date on which this DECLARATION was thus amended. Until the reallocated COMMON EXPENSE LIABILITIES take effect, such UNITS shall be liable for the payment of ASSESSMENTS determined according to their respective COMMON EXPENSE LIABILITIES before such reallocation.

(2) UNITS that were added to the COMMUNITY by such amendment shall be liable for the payment of COMMON EXPENSES, from and after the date on which such amendment was recorded, and prorated appropriately if it was not recorded on the first day of a month. Such COMMON EXPENSES shall be calculated by applying, to the ASSOCIATION'S then-current budget, the COMMON EXPENSE LIABILITIES of the new UNITS.

(3) The result of the foregoing may be that, during the period between the recording of such amendment, and the end of the month next following the month in which such amendment was recorded, the ASSOCIATION will collect ASSESSMENTS on account of COMMON EXPENSES at a rate greater than its budget.

6. RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY.

6.1 USE OF COMMON ELEMENTS. Each part of the COMMON ELEMENTS shall be used for the purpose for which it is reasonably intended, subject to the further provisions of this DECLARATION, and subject to such reasonable RULES as the EXECUTIVE BOARD may establish from time to time. Subject as aforesaid, the

COMMON ELEMENTS shall be used solely by those persons entitled to occupy the UNITS, and their household servants, visitors and guests.

6.2 USE OF UNITS. No building or structure shall be erected, placed or permitted to remain within any UNIT, other than one, single-family dwelling and improvements ancillary to such dwelling for the use of its occupants. In addition to, and without limiting the effect of, other applicable requirements:

(a) A UNIT may be used only as a residence by a single household, together with its bona find household servants and guests. The household may include (1) the record owner or owners, or a tenant, as the case may be; (2) his or their spouses (or companions of comparable status), children, grandchildren, parents, grandparents, and spouse's (or companion's) children and parents; and/or (3) not more than two additional persons who are not related to any of the foregoing members of the household.

(b) A UNIT may also be used for the authorized residents' conduct of "home occupations" or other businesses of a sort commonly conducted in residences, to the extent (if any) permitted by the AFFORDABLE HOUSING AGREEMENT and the TOWN'S Zoning Regulations, provided that no such business (1) consists primarily of the sale or dispensation of tangible products that are kept at the UNIT; or (2) generates traffic by employees, clients, customers, delivery services and/or other visitors that the EXECUTIVE BOARD reasonably determines is excessive (according to standards set forth in RULES, or - after NOTICE AND HEARING - with respect to an individual UNIT), in view of the size, configuration and parking capacity of the COMMUNITY.

(c) Guests may not occupy a UNIT in the absence of members of the resident household. Bona fide household servants may work in the UNIT in exchange for lodging at the UNIT, but guests who are not bona fide servants may not pay the owner for lodging.

(d) No UNIT OWNER shall do, or suffer or permit to be done (by him or his tenants, employees, licensees, invitees or contractors), within his UNIT or elsewhere on the PROPERTY, anything that would (1) impair the safety or soundness of the PROPERTY; (2) result in the impairment or cancellation of insurance covering the PROPERTY, or a change in its rating for premium calculation purposes; (3) constitute a nuisance, or be disorderly, illegal or immoral; (4) result in the emanation from his UNIT of unreasonable noises, vibrations or odors; (5) be observable by his neighbors and

unreasonably annoying or offensive to them; or (6) interfere with the peaceful possession and proper use of other parts of the PROPERTY.

(e) Exterior antennae and similar apparatus shall be permitted only to the extent, if any, specifically authorized by RULE.

(f) Outbuildings (meaning storage sheds or other structures, whether or not attached to homes, that are not directly accessible from the interior of such homes) shall be permitted only to the extent, if any, specifically authorized by RULE.

(g) A UNIT OWNER may use attic space within his dwelling only for storage.

(h) Each UNIT shall be served by separately metered electrical, water and gas supplies.

(i) No garbage, trash, refuse or rubbish shall be deposited, dumped or kept on the PROPERTY, except in accordance with directions of the ASSOCIATION.

6.3 EXCLUSIVE USE AREAS. Except to the extent that construction is permitted by the ASSOCIATION as described in Paragraph 8.7, each UNIT'S EXCLUSIVE USE AREA shall be used solely for passive recreational purposes, for the enjoyment of those persons residing in or visiting the UNIT. Restrictions on the use of UNITS shall apply equally to EXCLUSIVE USE AREAS. Except as the ASSOCIATION may provide by RULE:

(a) Lawn furniture, wading pools, picnic tables and similar equipment may be placed temporarily within the EXCLUSIVE USE AREA, while the same are actively in use, but neither such equipment, nor statuary, ornaments or other items, shall be left or stored within the EXCLUSIVE USE AREA.

(b) The UNIT OWNER may plant trees, shrubs and flowers within the EXCLUSIVE USE AREA, provided that the UNIT OWNER shall be responsible for maintaining any such vegetation in a neat and orderly condition, unless the ASSOCIATION specifically assumes responsibility as described in Paragraph 8.2(d). No noxious or artificial vegetation shall be allowed. Small vegetable and herb gardens may be planted in the portion of the EXCLUSIVE USE AREA that lies to the rear of the dwelling unit. Fruits shall not be cultivated.

6.4 CHANGE IN GOVERNMENTAL REQUIREMENTS. Without the ASSOCIATION'S approval, no UNIT OWNER (other than DECLARANT while the DEVELOPMENT RIGHTS described in Paragraph 4.2 remain in effect) shall seek any change in or variance of any governmental requirement or restriction governing the use or appearance of the PROPERTY, nor any amendment of any governmental approval affecting the PROPERTY.

6.5 CONVEYANCE OF UNITS. UNITS may be sold, mortgaged and leased without restriction, provided that:

(a) A UNIT may not be sold, leased or mortgaged unless all past due ASSESSMENTS are paid at or before the time of conveyance. Leasing is subject to the additional provisions of Paragraph 6.7.

(b) UNITS may not be conveyed by time shares, nor may they be made part of any common interest community, other than the COMMUNITY established by this DECLARATION.

(c) Conveyance of AFFORDABLE RESIDENCES shall be subject to the further provisions of Paragraph 6.6.

6.6 AFFORDABLE RESIDENCES. Use, occupancy, rental and sale of the AFFORDABLE RESIDENCES, whether designated herein or later, shall be governed in all events by the AFFORDABLE HOUSING AGREEMENT, and - in the event of conflict between the AFFORDABLE HOUSING AGREEMENT and this DECLARATION, the AFFORDABLE HOUSING AGREEMENT shall control. The AFFORDABLE HOUSING AGREEMENT requires that income-eligible families who seek to rent or buy an AFFORDABLE RESIDENCE shall be selected on the basis of specified categories of priority. Such requirement shall apply only to the lease and/or initial sale of an AFFORDABLE RESIDENCE by DECLARANT, who shall be solely responsible for affording priority to the specified categories of persons. Such requirement shall not apply to the sale or leasing of AFFORDABLE RESIDENCES by UNIT OWNERS who are not DECLARANT.

6.7 LEASING.

(a) UNITS may not be used for transient occupancy. UNITS may be leased for a period of not less than six months.

(b) Any lease affecting a UNIT must be in writing, and must cover the entire UNIT. A copy of each lease must be provided to the ASSOCIATION when executed.

(c) The ASSOCIATION, acting in the name of the lessor thereunder (with notice to the ELIGIBLE MORTGAGEE, if any, of the affected UNIT) may, but need not, terminate any lease or sub-lease affecting any UNIT, and/or bring summary proceedings to evict the lessee thereunder, in the event of default by such lessee thereunder, or if the lessee fails to comply with the GOVERNING INSTRUMENTS.

(d) Leasing of AFFORDABLE RESIDENCES shall be subject to Paragraph 6.6.

6.8 SIGNS. Without the ASSOCIATION'S approval, no sign, lettering or advertisement shall be installed temporarily or permanently on the PROPERTY, including without limitation within any dwelling so as to be visible elsewhere on the PROPERTY, provided that:

(a) Signs may be installed pursuant to the easement reserved in Paragraph 1.3.

(b) DECLARANT may install signs in the exercise of the SPECIAL DECLARANT RIGHTS described in Paragraph 4.3.

(c) DECLARANT (or, after the TURNOVER DATE, the ASSOCIATION) may prescribe a permitted style of numbering and/or identification signs for the UNITS, and may install signs of a directory nature throughout the PROPERTY.

(d) The ASSOCIATION may allow types or classes of signs by RULE, subject to such conditions or limitations as may be set forth in any such RULE. However, unless the ASSOCIATION determines that the public safety clearly requires otherwise, the ASSOCIATION shall not be authorized - by RULE or individually - to permit signs or "shingles" identifying non-residential uses.

6.9 RESTRICTIONS ON PARKING. Except as the EXECUTIVE BOARD may allow by RULE:

(a) The only vehicles that may be parked on the PROPERTY, other than in fully-enclosed garages, are the following:

(1) Passenger automobiles, including thereby light-duty vans used principally for the carrying of passengers, provided that they are registered and in operating order.

(2) Construction or service vehicles conducting business at the PROPERTY, provided that they are registered and in operating order.

(3) Construction or service vehicles that are not required to be registered and that are conducting business at the PROPERTY.

(b) Vehicles shall not be repaired on the PROPERTY, except for brief emergency service.

6.10 RESTRICTIONS ON PETS. No animals may be kept on the PROPERTY, except that authorized residents may keep dogs, cats and other typical household pets that are not kept for any commercial purpose, and that do not cause a nuisance or unreasonable annoyance to other occupants of the PROPERTY. Pets may not roam unleashed. Pet owners shall clean up after their pets immediately. The EXECUTIVE BOARD may require the registration of pets, may order the removal from the PROPERTY of pets kept in violation of the foregoing restrictions, and may adopt further RULES limiting or prohibiting pets.

6.11 USE BY DECLARANT. Nothing in this Section 6 shall be construed to limit the exercise of SPECIAL DECLARANT RIGHTS.

7. EASEMENTS AND CONVEYANCES.

7.1 GENERAL EASEMENT TO UNIT OWNERS. As described in Section 47-235(b) of the ACT, the UNIT OWNERS - including thereby their guests and invitees - shall have an easement to use the COMMON ELEMENTS for the purposes reasonably intended. Without limiting the generality of the preceding sentence, each UNIT OWNER shall have an easement to connect his UNIT to utility services, and to construct and use a driveway connecting the UNIT to roadways on the PROPERTY, as contemplated by the approved plans for the COMMUNITY; in the case of any such driveway that is clearly intended to serve more than one UNIT, the affected UNIT OWNERS shall share a non-exclusive right to use such driveway. The foregoing easement shall be subject to:

(a) RULES established by the EXECUTIVE BOARD for the reasonable regulation of the use of the PROPERTY and the protection of other UNIT OWNERS.

(b) The power of the EXECUTIVE BOARD to designate, from time to time and on whatever temporary or seasonal basis is deemed appropriate, limited portions of the COMMON ELEMENTS (beyond the UNITS' respective

EXCLUSIVE USE AREAS) for the exclusive use of particular UNIT OWNERS as garden plots or landscaping areas. Any method by which such designations are made shall treat all of the UNIT OWNERS with substantial equality.

7.2 GENERAL EASEMENT TO THE ASSOCIATION. The ASSOCIATION shall have an easement throughout the PROPERTY, including but not limited to the UNITS and their EXCLUSIVE USE AREAS, for the purpose of exercising the powers and fulfilling the obligations conferred on it hereunder. To the extent that PROPER MAINTENANCE of a UNIT reasonably requires that the UNIT OWNER have access to an adjacent UNIT or its EXCLUSIVE USE AREA, the ASSOCIATION may authorize such UNIT OWNER'S access, on such conditions and subject to such limitations as the EXECUTIVE BOARD deems appropriate. If damage is inflicted on the UNIT or EXCLUSIVE USE AREA through which access is thus allowed, the UNIT OWNER responsible for such damage, or the ASSOCIATION if it is responsible, shall be liable for the prompt repair of such damage.

7.3 POWER TO GRANT LICENSES AND CONCESSIONS. The ASSOCIATION shall have the right to grant easements, leases, licenses and concessions, not exceeding one year in duration, through and over the COMMON ELEMENTS for any purposes reasonably necessary for the proper operation of the COMMUNITY.

7.4 CONVEYANCES AFFECTING THE COMMON ELEMENTS. Without limiting the power of the ASSOCIATION as described in Paragraph 7.3, portions of or interests in the COMMON ELEMENTS may be conveyed, or subjected to a security interest, if approved by (a) the UNIT OWNERS by 80% vote; and (b) before the TURNOVER DATE only, the PURCHASERS by 51% vote.

7.5 DECLARANT'S EASEMENT. DECLARANT has an easement as described in Paragraph 4.4.

7.6 FUTURE DEVELOPMENT AREA. Easements are reserved in favor of the FUTURE DEVELOPMENT AREA as described in Paragraph 1.3.

7.7 EXISTING EASEMENTS. The PROPERTY may be subject to additional easements as described in Paragraph 1.2. The "Sewer Use Agreement" described therein provides that the TOWN has the right to connect to the "Sewer Extensions" on the OVERALL SITE, to serve additional properties outside the OVERALL SITE, in such manner that will effectively impose no cost on the owners of the OVERALL SITE, and so as not unreasonably to affect sanitary sewage service on the OVERALL SITE; the ASSOCIATION and/or the DECLARANT may be required to

deliver temporary and/or permanent easements to the TOWN in connection with such extensions.

7.8 ENCROACHMENTS. To the extent that any portion of any roadway, parking area, fence, driveway, utility line or dwelling as originally constructed by DECLARANT encroaches, or - by reason of shifting, settlement or other movement - comes to encroach, on any UNIT or the COMMON ELEMENTS (or to the extent that the boundary separating two connected dwellings does not pass precisely through the center line of the wall or other building element shared by and separating such dwellings), there shall be a perpetual easement for the continued maintenance and use of such encroachment. The foregoing shall also apply to any reconstructions or replacements of any such roadway, driveway, parking area, utility line or dwelling, if constructed or restored in substantial conformance to the original. This Paragraph shall not be amended, and shall survive the termination of this DECLARATION.

7.9 SUPPORT. If two adjacent dwellings share a common wall, or other building element that provides support for both dwellings, the affected UNIT OWNERS shall be jointly responsible for the maintenance of the common wall or other building element. Each UNIT shall be entitled to support from the other UNIT in the manner contemplated by the original construction of such dwellings.

8. ALTERATION AND MAINTENANCE.

8.1 MAINTENANCE OF UNITS AND LIMITED COMMON ELEMENTS. Each UNIT OWNER shall PROPERLY MAINTAIN his UNIT and its LIMITED COMMON ELEMENTS, provided that the ASSOCIATION may elect:

(a) To perform on behalf of all UNIT OWNERS such maintenance (if any) as the EXECUTIVE BOARD deems appropriate from time to time that relates to any one or more of the following:

(1) Landscaping, or any elements thereof.

(2) Exterior painting or staining.

(3) Other exterior building or grounds maintenance, or any elements thereof.

(4) Removal of snow, ice and debris from driveways and/or walkways.

(b) To perform or arrange any one or more of the foregoing services on an optional basis, in which event - if the ASSOCIATION elects to pay for such services - the cost of the same that is fairly allocable to each UNIT shall be considered a UNIT EXPENSE of that UNIT.

8.2 MAINTENANCE OF COMMON ELEMENTS. The ASSOCIATION shall PROPERLY MAINTAIN the COMMON ELEMENTS, except that:

(a) Each UNIT OWNER shall PROPERLY MAINTAIN any utility lines and appurtenances that are LIMITED COMMON ELEMENTS of his UNIT.

(b) Each UNIT OWNER shall be responsible for removing snow, ice and debris from any driveway and walkway that are LIMITED COMMON ELEMENTS of his UNIT, to the extent that the ASSOCIATION does not do so as described in Paragraph 8.1(a). In the case of a driveway or walkway that is a LIMITED COMMON ELEMENT of two UNITS, the affected UNIT OWNERS shall share such responsibility.

(c) Each UNIT OWNER shall be responsible for landscape maintenance of his or her UNIT'S EXCLUSIVE USE AREA, to the extent that the ASSOCIATION does not perform such maintenance as described in Paragraph 8.1(a). As part of his or her UNIT'S EXCLUSIVE USE AREA, each UNIT OWNER shall similarly be responsible for landscape maintenance of the area - intended to comprise approximately a ten-foot strip - lying between such EXCLUSIVE USE AREA and the roadway "facing" such UNIT; in the case of corner UNITS, such UNIT may be considered to "face" more than one roadway. If the UNIT OWNER is thus required to perform such maintenance, the UNIT OWNER shall mow the grass within this area at least weekly, during the period April 20 through November 1 in each year, or during such other season as the EXECUTIVE BOARD may establish by RULE.

(d) Unless the EXECUTIVE BOARD specifically directs otherwise, even if the ASSOCIATION assumes responsibility for landscape maintenance within the UNITS' EXCLUSIVE USE AREAS, a UNIT OWNER who plants trees, shrubs or flowers within his or her UNIT'S EXCLUSIVE USE AREA shall be responsible for trimming or pruning them, and generally for maintaining them in a neat and orderly condition.

8.3 MAINTENANCE OF SANITARY SEWER LINES. For purposes of allocating responsibility among DECLARANT, the ASSOCIATION and the UNIT OWNERS with respect to maintenance, repair and replacement of the Sewer Extensions described in Paragraph 1.2(i):

(a) DECLARANT shall be responsible for such work on those portions of the Sewer Extensions that serve only UNITS or dwellings owned by DECLARANT, and on those portions of the Sewer Extensions that lie outside the PROPERTY.

(b) The ASSOCIATION shall be responsible for such work on the remaining portions of the Sewer Extensions that lie within the PROPERTY, except that each UNIT OWNER shall be responsible for any lateral that is a LIMITED COMMON ELEMENT of his or her UNIT.

8.4 RESTORATION. If a UNIT or its LIMITED COMMON ELEMENTS suffer damage by casualty or otherwise, the affected UNIT OWNER shall promptly restore them to the same condition and appearance as obtained before such damage.

8.5 ABATEMENT OF DEFAULT.

(a) The ASSOCIATION may perform on behalf of any UNIT OWNER any maintenance, restoration or other obligation that the UNIT OWNER is required hereunder, but has failed, to perform. The cost of any such action, plus a surcharge of 15% percent of the cost (reflecting the administrative costs and burden on the ASSOCIATION), shall be recovered, after NOTICE AND HEARING, by a UNIT CHARGE imposed on the affected UNIT.

(b) Unless the EXECUTIVE BOARD reasonably feels that an emergency requires otherwise, and except in the case of a UNIT OWNER'S default in PROPER MAINTENANCE of landscaping within his or her UNIT'S EXCLUSIVE USE AREA, any action taken under this Paragraph shall be taken after NOTICE AND HEARING, which may be combined with the foregoing hearing on the imposition of a UNIT CHARGE. No prior notice shall be required before the ASSOCIATION may mow grass that has not been mowed as and when required under Paragraph 8.2(c) (nor before the ASSOCIATION may remedy any other failure of PROPER MAINTENANCE with respect to landscaping within a UNIT'S EXCLUSIVE USE AREA).

(c) In any event, however, no items of construction shall be altered or demolished by the ASSOCIATION pursuant to this Paragraph, unless and until the ASSOCIATION has secured confirmation of its authority from a court of competent jurisdiction.

8.6 DAMAGE CAUSED BY DEFAULT. Each UNIT OWNER shall be responsible for the cost of repairing any damage caused to the other UNITS or to the COMMON ELEMENTS caused by his neglect, by his use of his own UNIT and

LIMITED COMMON ELEMENTS, by the condition in which he keeps them, or otherwise by his failure to comply with the ACT or the GOVERNING INSTRUMENTS. The ASSOCIATION may recover such costs by imposing a UNIT CHARGE against the offending UNIT OWNER'S UNIT, after NOTICE AND HEARING.

8.7 ALTERATIONS.

(a) A UNIT OWNER may construct, alter, demolish and remove improvements of every description within his UNIT, subject to the limitations on use set forth in Section 6. However, except by DECLARANT in exercise of its SPECIAL DECLARANT RIGHTS, no ALTERATION shall be undertaken without the EXECUTIVE BOARD'S prior consent, if it would affect the structure or change the exterior appearance of a UNIT. The EXECUTIVE BOARD'S consent is not required for ALTERATIONS that consist solely of vegetation, but any significant alteration of grades or contours requires consent.

(b) The EXECUTIVE BOARD may grant, withhold or condition its approval for any such ALTERATIONS as it sees fit, but shall not unreasonably withhold its approval. The EXECUTIVE BOARD may delegate its responsibilities under this Paragraph 8.7 to a committee that comprises one or more persons who are eligible to serve as DIRECTORS, provided that a majority of such persons shall be DIRECTORS. Decisions of such committee shall be subject to appeal as described in Paragraph 10.11.

9. FINANCES.

9.1 BUDGET. The ASSOCIATION shall be operated according to budgets adopted from time to time by the EXECUTIVE BOARD. A budget shall be adopted for each fiscal year of the ASSOCIATION. The ASSOCIATION'S fiscal year shall begin on July 1 in each year, or on such other date as the EXECUTIVE BOARD may establish by RULE. However, during any fiscal year or part thereof for which no budget has been adopted (or for which a budget was adopted but rejected by the UNIT OWNERS as described in Paragraph 9.2), the budget for the preceding fiscal year shall remain in effect until a new budget is adopted and ratified.

9.2 RATIFICATION. Within 30 days after adoption of any proposed budget, the EXECUTIVE BOARD shall provide a summary of the proposed budget to all of the UNIT OWNERS, and shall set a date for a meeting of the UNIT OWNERS to consider ratification of the budget, not less than 14 nor more than 30 days after

the mailing of such summary. Unless at that meeting the UNIT OWNERS present and voting (whether or not any quorum is present), by two-thirds vote, reject the budget, the budget shall be ratified.

9.3 BORROWING. The ASSOCIATION shall not borrow money for repayment in a subsequent fiscal year except to pay for capital projects. A "capital project" is a repair, a replacement, new construction, or an acquisition of real or personal property, not customarily considered a part of periodic maintenance, having a useful life of five years or more, and costing more than $5,000. The ASSOCIATION may make a pledge or assignment of future income as security for such borrowing, and for no other purpose. Extension of credit by a supplier until a reasonable period after completion of work or delivery of materials shall not constitute borrowing.

9.4 UNBUDGETED COMMON EXPENSES. The EXECUTIVE BOARD may vote to impose SPECIAL ASSESSMENTS for COMMON EXPENSES that are extraordinary, unforeseen or otherwise not reflected in the current budget. Any SPECIAL ASSESSMENT payable in a given fiscal year that - taken in combination with all other SPECIAL ASSESSMENTS payable during such fiscal year - represents more than 15% of the ASSOCIATION'S budget for such fiscal year shall also require ratification by the UNIT OWNERS in the manner described in Paragraph 9.2. This Paragraph shall not apply to COMMON EXPENSES that are incurred in (a) restoring the PROPERTY after damage thereto, if the PROPERTY is restored substantially to its condition before such damage; or (b) complying with governmental or insurers' requirements.

9.5 IMPOSITION OF ASSESSMENTS.

(a) REGULAR ASSESSMENTS and SPECIAL ASSESSMENTS shall be allocated among all of the UNITS, in proportion to their respective COMMON EXPENSE LIABILITIES. UNIT CHARGES shall be allocable only to the affected UNIT or UNITS. Interest, penalties and costs of collection with respect to a delinquent ASSESSMENT shall be added to and considered part of such ASSESSMENT.

(b) REGULAR ASSESSMENTS shall begin not earlier than the day on which DECLARANT conveys the first UNIT. The imposition and allocation of ASSESSMENTS after the addition of one or more UNITS to the COMMUNITY, or after a change in any UNIT'S COMMON EXPENSE LIABILITY, is described in Paragraph 5.3.

(c) REGULAR ASSESSMENTS shall be payable in advance, in equal installments on the first day of each month, provided that ASSESSMENTS with respect to the month in which they first begin shall be appropriately pro-rated and payable on the date of beginning. UNIT CHARGES that are imposed to recover UNIT EXPENSES of a predictable or recurring nature shall be similarly payable.

(d) The ASSOCIATION shall give notice to each UNIT OWNER as to the amount of such REGULAR ASSESSMENTS and recurring UNIT CHARGES against his UNIT on account of each fiscal year, not less than ten days before the first installment thereof becomes due. If such notice is not timely given, the monthly ASSESSMENT payable on account of the previous fiscal year shall continue to be payable until such notice is given, at which time any appropriate adjustment shall be made.

(e) SPECIAL ASSESSMENTS and non-recurring UNIT CHARGES shall be payable not less than ten days after the ASSOCIATION gives notice of such ASSESSMENT (or ten days after the UNIT OWNER is afforded any required opportunity to be heard thereon), as the EXECUTIVE BOARD may direct.

(f) No UNIT OWNER may assert a claim against the ASSOCIATION as a defense or set-off against payment of ASSESSMENTS.

9.6 DELINQUENT ASSESSMENTS.

(a) If any installment of a REGULAR ASSESSMENT is not paid within 30 days after the date due, then all REGULAR ASSESSMENTS imposed against the delinquent UNIT that would be payable on account of the remainder of the then-current fiscal year shall immediately become due and payable.

(b) ASSESSMENTS not paid within ten days after the date due shall bear interest from the date due at a rate established from time to time by RULE. If no rate is established, it shall be 14% per annum. Such interest, together with costs of collection (including but not limited to reasonable attorneys' fees) shall be added to and considered part of such ASSESSMENT, provided that the EXECUTIVE BOARD may establish by RULE the minimum amount or percentage to be added to any ASSESSMENT or installment thereof that is not paid within ten days after the date due.

(c) Payments made by a UNIT OWNER shall be applied first to amounts owed for interest and costs of collection with respect to delinquent ASSESSMENTS, and then to payment of such ASSESSMENTS, in each case starting with the amounts which first became due.

9.7 OBLIGATION TO PAY ASSESSMENTS. A UNIT OWNER shall be personally obligated to pay ASSESSMENTS becoming payable during his period of ownership, which personal obligation shall not pass to any successor in title unless such successor expressly assumes it. However, the foregoing shall not limit the requirement of Paragraph 6.5 that past due ASSESSMENTS be paid at or before conveyance, nor shall it limit the effectiveness of the ASSOCIATION'S lien for unpaid ASSESSMENTS.

9.8 LIEN. The ASSOCIATION shall have a lien against each UNIT to secure payment of ASSESSMENTS imposed against such UNIT, to the fullest extent permitted under Section 47-258 of the ACT.

9.9 WORKING CAPITAL FUND. The ASSOCIATION shall maintain a segregated Working Capital Fund consisting of (a) such contributions by the first purchaser of each UNIT as may be required under the PUBLIC OFFERING STATEMENT; and (b) such amounts as the EXECUTIVE BOARD deems appropriate to allocate as part of the ASSOCIATION'S budget. The Working Capital Fund may be used for any purpose in the EXECUTIVE BOARD'S discretion, provided that - during the period of DECLARANT control - it may not be used to defray any of DECLARANT'S expenses, reserve contributions or construction costs, nor to make up budget deficits.

9.10 RESERVE FUND. The ASSOCIATION shall maintain an adequate Reserve Fund, to provide funds sufficient to replace COMMON ELEMENTS that may be expected to require periodic replacement, and to provide maintenance that would recur at less than annual intervals. The Reserve Fund shall be funded from REGULAR ASSESSMENTS, but shall be segregated from the ASSOCIATION'S general and other special-purpose funds. The Reserve Fund may be used for capital projects, if approved by 75% of the UNIT OWNERS, and may be used in the EXECUTIVE BOARD'S discretion to pay costs of restoring casualty damage that are not covered by insurance, or to pay for repairs of an extraordinary or seldom-recurring nature. Earnings on invested reserve funds may be transferred to the ASSOCIATION'S general fund in the EXECUTIVE BOARD's discretion. However, principal may not thus be transferred, nor applied to payment of ordinary operating expenses, without the approval of 75% of the UNIT OWNERS.

9.11 INCOME TAXES. The EXECUTIVE BOARD shall make any elections required to minimize federal or state income taxes payable by the ASSOCIATION as an entity.

9.12 STATEMENTS OF ASSESSMENTS. The ASSOCIATION shall issue, upon ten business days' prior written request by any UNIT OWNER or ELIGIBLE MORTGAGEE, a statement as to the ASSESSMENTS, if any, imposed but not yet paid with respect to his or its UNIT. The information contained in such certificates shall bind the ASSOCIATION, the EXECUTIVE BOARD and every UNIT OWNER. The EXECUTIVE BOARD may by RULE impose a reasonable fee for issuing such statements.

9.13 FINANCIAL STATEMENTS.

(a) The EXECUTIVE BOARD shall render to the UNIT OWNERS an annual statement of the ASSOCIATION'S financial activities and condition, within 120 days after the close of each fiscal year.

(b) After the COMMUNITY contains more than 50 UNITS, such annual statement shall be prepared and audited by a certified public accountant; before such time, an audited statement shall be prepared at the request and at the sole expense of any ELIGIBLE MORTGAGEE that requests the same. The EXECUTIVE BOARD shall give timely advice to each UNIT OWNER as to the amount of any income, deduction or credit recognizable by him for Federal or state income tax purposes by reason of the ASSOCIATION'S activities.

(c) During the period of DECLARANT control, DECLARANT shall provide semi-annual statements in accordance with Section 47-245(l) of the ACT.

10. OPERATION OF THE ASSOCIATION.

10.1 EXECUTIVE BOARD. Except as provided in the ACT or the GOVERNING INSTRUMENTS, the EXECUTIVE BOARD may act in all instances on behalf of the ASSOCIATION. However, no individual DIRECTOR or OFFICER shall have the power to bind the ASSOCIATION, or to act on behalf of the ASSOCIATION in dealing with third parties, except as provided in the BY-LAWS or by resolution of the EXECUTIVE BOARD.

10.2 POWERS AND DUTIES. Subject to the provisions of the ACT and this DECLARATION, the EXECUTIVE BOARD shall have all powers and duties necessary for the administration of the affairs of the ASSOCIATION and the COMMUNITY, including but not limited to all of the powers enumerated in Section 47-244 of the ACT.

10.3 PERIOD OF DECLARANT CONTROL. There shall be a period of DECLARANT control of the ASSOCIATION, during which period DECLARANT, or persons designated by it, may appoint and remove the DIRECTORS and OFFICERS, subject to Paragraphs 10.4 and 10.5. The period of DECLARANT control shall end on the TURNOVER DATE.

10.4 SURRENDER OF APPOINTMENT POWER; RESTRICTED ACTIONS. DECLARANT may surrender its right to appoint and remove DIRECTORS and OFFICERS before termination of the period of DECLARANT control. In such event, however, for the duration of what otherwise would have been the period of DECLARANT control, the EXECUTIVE BOARD shall not take any of the following "Restricted Actions" without DECLARANT'S approval:

(a) Amending the BY-LAWS, or adopting, repealing or amending RULES.

(b) Undertaking any capital project.

(c) Establishing, augmenting or replenishing any working capital, reserve or similar fund, beyond those specifically required hereunder.

(d) Transferring principal from any such fund to the ASSOCIATION'S general fund.

(e) Pledging or assigning the ASSOCIATION'S future income.

(f) Compensating OFFICERS or DIRECTORS.

(g) Authorizing ALTERATIONS to the COMMON ELEMENTS, or to any UNIT if the EXECUTIVE BOARD'S approval is required under Paragraph 8.7.

(h) Materially changing the services to be provided or the nature of the expenditures undertaken by the ASSOCIATION.

(i) Imposing SPECIAL ASSESSMENTS or increasing REGULAR ASSESSMENTS if the same would require ratification by the UNIT OWNERS

as described in Paragraph 9.2, or approval by the ELIGIBLE MORTGAGEES as described in Paragraph 12.3.

10.5 RESTRICTED ACTIONS NOT REQUIRING DECLARANT'S APPROVAL. Notwithstanding Paragraph 10.4, DECLARANT'S approval shall not be required for any of the following:

(a) Restoration of the PROPERTY after casualty damage, substantially to its prior, undamaged condition, to the extent of the ASSOCIATION'S responsibility therefor.

(b) Actions taken to comply with applicable governmental or insurers' requirements.

10.6 PROFESSIONAL MANAGEMENT. The ASSOCIATION shall engage a professional managing agent to perform its tasks with respect to the maintenance and physical operation of the PROPERTY. Such managing agent may be DECLARANT or an entity that is under common control with DECLARANT.

10.7 LIABILITY. Neither DIRECTORS nor OFFICERS shall be liable to UNIT OWNERS for errors in judgment, negligence or otherwise in connection with their service as such, except for willful misconduct or bad faith.

10.8 INDEMNIFICATION. Except in cases of willful misconduct or bad faith, the ASSOCIATION shall indemnify the OFFICERS and DIRECTORS against liability and expense arising out of their service as such, to the fullest extent permitted by law.

10.9 COMPENSATION AND REIMBURSEMENT. DIRECTORS and OFFICERS shall be reimbursed by the ASSOCIATION for reasonable expenses actually incurred by them in pursuance of the ASSOCIATION'S business. If the UNIT OWNERS so approve, OFFICERS and DIRECTORS may be paid a fee for serving as such.

10.10 COOPERATION WITH SPECIAL DISTRICTS. If a special taxing district or similar entity is established to encompass the PROPERTY, pursuant to Chapter 105 of the General Statutes or otherwise, the ASSOCIATION may cooperate with such district in any way that the EXECUTIVE BOARD determines will be advantageous to the UNIT OWNERS. Such cooperation may include, but need not be limited to, performing services for the PROPERTY under contract from such district. To the extent that the EXECUTIVE BOARD determines that such district is satisfactorily performing (or causing the performance of) services

otherwise required to be provided by the ASSOCIATION hereunder, then the ASSOCIATION shall be relieved of responsibility for such services.

10.11 NOTICE AND COMMENT; NOTICE AND HEARING.

(a) Before the EXECUTIVE BOARD amends the BY-LAWS or RULES, or whenever the GOVERNING INSTRUMENTS otherwise require that an action be taken after "NOTICE AND COMMENT", or whenever the EXECUTIVE BOARD otherwise deems appropriate, the UNIT OWNERS shall have the right to receive notice of the proposed action, and the right to comment orally or in writing. The notice shall be given at least five days before the proposed action is to be taken. The right to NOTICE AND COMMENT does not entitle a UNIT OWNER to be heard at a formally constituted meeting.

(b) Whenever the PROJECT DOCUMENTS require that an action be taken after "NOTICE AND HEARING", the following procedure shall be observed:

(1) The party proposing to take the action - be it the EXECUTIVE BOARD or otherwise - shall give notice of the proposed action to all UNIT OWNERS whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action, and the date, time and place of the hearing. The notice shall be given at least ten days before such hearing.

(2) At the hearing, the affected UNIT OWNERS or their representatives shall have the right to give testimony orally and/or in writing, subject to such reasonable procedures as the party conducting the hearing may establish. Such evidence shall be considered in making the final decision, but shall not bind the decision makers.

(3) The affected person shall be notified of the decision in the same manner as notice of the hearing was given.

(4) The EXECUTIVE BOARD may from time to time constitute one or more committees, consisting in each case of one or more DIRECTORS, to conduct hearings and render decisions on proposed actions of the EXECUTIVE BOARD.

(c) Any person having a right to NOTICE AND HEARING (and any person aggrieved by an action that is described in Paragraph 8.7 or elsewhere in the GOVERNING INSTRUMENTS as being subject to appeal) shall, if the hearing is not held before the full EXECUTIVE BOARD, and/or if the decision in question is not made by the full EXECUTIVE BOARD, have the right to appeal the decision reached, by giving written notice to the EXECUTIVE BOARD within five days after notice of the decision is given to such affected person. The full EXECUTIVE BOARD shall then conduct a hearing and render a decision in the manner described above. For purposes of this subparagraph, a quorum of the full EXECUTIVE BOARD shall constitute the full EXECUTIVE BOARD.

10.12 REPRESENTATION OF UNIT OWNERS. The ASSOCIATION may represent any or all of the UNIT OWNERS in connection with matters generally affecting a significant number of UNITS, or assist the affected UNIT OWNERS in acting cooperatively in such regard. In no event, however, may the ASSOCIATION assert claims against DECLARANT on behalf of individual UNIT OWNERS in regard to their respective UNITS, nor shall the ASSOCIATION expend any funds in assisting such UNIT OWNERS in asserting such individual claims against DECLARANT. The foregoing shall not preclude the ASSOCIATION from asserting claims that it may have in its own right against DECLARANT, as provided in the ACT or otherwise.

11. INSURANCE AND CONDEMNATION.

11.1 INSURANCE COVERAGE TO BE MAINTAINED. The ASSOCIATION shall maintain the insurance coverage described in this Section, to the extent reasonably available. If any such coverage is not reasonably available, the ASSOCIATION shall promptly cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all UNIT OWNERS and ELIGIBLE MORTGAGEES. The ASSOCIATION shall be the named insured in all cases. The cost of all such coverage shall be a COMMON EXPENSE allocated among all of the UNIT OWNERS in proportion to their respective COMMON EXPENSE LIABILITIES.

11.2 HAZARD OR PROPERTY INSURANCE. If the COMMON ELEMENTS contain improvements or facilities that are commonly covered by hazard or property insurance, then the ASSOCIATION shall maintain property insurance covering the same, as follows:

(a) Such coverage shall insure against all risks of direct physical loss against which such coverage is commonly carried in projects similar to the

COMMUNITY. Such coverage may exclude portions of such improvements or facilities - such as land and foundations - that are normally excluded from such policies. Such coverage shall include fixtures and building service equipment that are considered part of the COMMON ELEMENTS, as well as associated personal property and supplies.

(b) Such insurance shall cover, by appropriate endorsement, 100% of the replacement cost of the improvements and facilities covered, except that personal property may be covered to the extent of 100% of actual cash value.

(c) The ASSOCIATION shall carry flood insurance if the PROPERTY lies within an area of special flood hazard, to such limits as may reasonably be determined by the EXECUTIVE BOARD from time to time.

(d) The EXECUTIVE BOARD shall determine reasonable deductibles for such coverage from time to time.

11.3 LIABILITY INSURANCE. The ASSOCIATION shall maintain commercial general liability insurance, including medical payments insurance, covering all occurrences against which such coverage is commonly carried in projects similar to the COMMUNITY for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the COMMON ELEMENTS, and the ASSOCIATION'S operations in general. The EXECUTIVE BOARD shall determine reasonable limits for such coverage from time to time, but the limit of coverage for any single occurrence shall be at least $1 million.

11.4 OTHER INSURANCE PROVISIONS. Insurance policies carried pursuant to Paragraphs 11.2 or 11.3 shall provide that:

(a) Each UNIT OWNER is an insured person under the policy with respect to liability arising out of his membership in the ASSOCIATION. However, it is not required hereunder that such insurance cover a UNIT OWNER'S liability arising out of occurrences within his own UNIT, or arising out of his own actual negligence or misconduct.

(b) The insurer waives its right to subrogation under the policy against any UNIT OWNER or member of his household.

(c) No act or omission by any UNIT OWNER, unless acting within the scope of his authority on behalf of the ASSOCIATION, will void the policy or be a condition to recovery under the policy.

(d) If, at the time of a loss under the policy, there is other insurance in the name of a UNIT OWNER covering the same risk covered by the policy, the ASSOCIATION'S policy provides primary insurance.

(e) The insurer will issue a certificate or memorandum of insurance to the ASSOCIATION and, on written request, to any UNIT OWNER and to any mortgagee of a UNIT.

(f) The insurer may not cancel, materially amend or refuse to renew the policy until 30 days after notice of the proposed cancellation, material amendment or refusal to renew has been mailed to the ASSOCIATION, to each UNIT OWNER, and to each mortgagee of a UNIT to whom a certificate or memorandum of insurance has been issued, at their respective last, known addresses.

11.5 FIDELITY INSURANCE. The ASSOCIATION shall maintain blanket fidelity insurance coverage for anyone who either handles or is responsible for funds that the ASSOCIATION holds or administers, whether or not such individual receives compensation for services. Such policy shall cover at least the maximum funds that will be in the custody of the ASSOCIATION or its managing agent at any time while the policy is in force.

11.6 OTHER INSURANCE COVERAGE. To the extent reasonably obtainable, the ASSOCIATION shall maintain the following, additional insurance:

(a) Directors and officers liability insurance, covering all of the DIRECTORS and OFFICERS to such limits as the EXECUTIVE BOARD may determine from time to time. However, during the period of DECLARANT control, such coverage may but need not be maintained to cover DIRECTORS and OFFICERS who are employees or principals of DECLARANT.

(b) Worker's compensation insurance as and to the extent required by law.

(c) Such other coverage as the EXECUTIVE BOARD deems appropriate from time to time.

11.7 INSURANCE ADJUSTMENT AND PAYMENT. Losses under the ASSOCIATION'S hazard insurance shall be adjusted and paid as set forth in Section 47-255(e) of the ACT. Any ELIGIBLE MORTGAGEE may, by notice to the ASSOCIATION, require that the ASSOCIATION name a bank doing business in Connecticut, or another entity that is reasonably acceptable to such ELIGIBLE

MORTGAGEE, to act as trustee for the purpose of receiving hazard insurance proceeds in excess of $25,000, and disbursing them for application in accordance with the ACT. Restoration of damaged COMMON ELEMENTS shall be governed by Section 47-255(h) of the ACT.

11.8 CONFORMITY OF INSURANCE TO LENDER REQUIREMENTS. At the request of any current or prospective ELIGIBLE MORTGAGEE, the ASSOCIATION shall conform its insurance coverage to the then-applicable requirements of FNMA or other recognized "secondary market" purchaser of mortgages, if it appears that such organization is otherwise ready and willing to purchase mortgages covering UNITS. In case of bona fide conflict between the requirements of two or more such organizations, the EXECUTIVE BOARD'S determination shall be conclusive.

11.9 CONDEMNATION. Condemnation shall be governed by Section 47-206 of the ACT. Any ELIGIBLE MORTGAGEE may, by notice to the ASSOCIATION, require that the ASSOCIATION name a bank doing business in Connecticut, or another entity that is reasonably acceptable to such ELIGIBLE MORTGAGEE, to act as trustee for the purpose of receiving condemnation proceeds payable to the ASSOCIATION in excess of $25,000, and disbursing them for application in accordance with the ACT.

11.10 UNIT OWNERS' HAZARD INSURANCE. Each UNIT OWNER shall deliver to the ASSOCIATION a certificate, evidencing that there is hazard insurance in force covering his UNIT that would - if required to be maintained by the ASSOCIATION - meet the requirements of Paragraph 11.2, except that personal property need not be covered. Each UNIT OWNER shall update and/or replace such certificate from time to time, as needed to assure the ASSOCIATION that casualty damage to the UNIT will be restored by the UNIT OWNER.

12. RIGHTS OF ELIGIBLE MORTGAGEES.

12.1 SPECIAL RIGHTS FOR ELIGIBLE MORTGAGEES. Anything to the contrary herein notwithstanding, ELIGIBLE MORTGAGEES shall have certain rights in their capacity as such. Any such right, whether or not it is described in this Section 12, is considered a "MORTGAGEE RIGHT". None of the EXECUTIVE BOARD, the ASSOCIATION or the UNIT OWNERS shall interfere with the exercise of MORTGAGEE RIGHTS. Without limiting the generality of the foregoing, rights of ELIGIBLE MORTGAGEES include the following:

(a) The right to require audited financial statements under circumstances described in Paragraph 9.13.

(b) The right to require the designation of insurance trustees under Paragraphs 11.7 and 11.9, and the right to require changes in the ASSOCIATION'S insurance coverage as described in Paragraph 11.8.

12.2 BOOKS AND RECORDS. ELIGIBLE MORTGAGEES shall have the right to examine the ASSOCIATION'S books and records, and to make copies of them, on the same basis as UNIT OWNERS. They shall have the right to attend meetings relating the COMMUNITY that UNIT OWNERS may attend.

12.3 INCREASES IN SPENDING. Any SPECIAL ASSESSMENT payable in a given fiscal year, or any increase in the ASSOCIATION'S budget for such fiscal year compared to the budget for the preceding fiscal year, that - taken in combination with all other SPECIAL ASSESSMENTS payable during such fiscal year, and the increase in the ASSOCIATION'S budget for such fiscal year compared to the preceding fiscal year - represents more than 25% of the ASSOCIATION'S budget for such given fiscal year shall require the approval of ELIGIBLE MORTGAGEES representing at least 51% of the votes afforded to the UNITS that are subject to mortgages held by ELIGIBLE MORTGAGEES. This Paragraph shall not apply to COMMON EXPENSES that are incurred in (a) restoring the PROPERTY after damage thereto, if the PROPERTY is restored substantially to its condition before such damage; or (b) complying with governmental or insurers' requirements.

12.4 AMENDMENTS OF A MATERIAL NATURE. Any amendment of the GOVERNING INSTRUMENTS, other than to reflect the exercise of DEVELOPMENT RIGHTS, shall require the approval of ELIGIBLE MORTGAGEES representing at least 51% of the votes afforded to the UNITS that are subject to mortgages held by ELIGIBLE MORTGAGEES, if such amendment affects provisions governing any one or more of the following "material issues":

(a) Voting rights.

(b) The ASSOCIATION'S lien securing unpaid ASSESSMENTS or the priority thereof.

(c) Reductions in reserves required for maintenance, repair and replacement of the COMMON ELEMENTS.

(d) Responsibility for maintenance and repairs.

(e) Reallocation of ALLOCATED INTERESTS, except as specifically contemplated by Paragraph 5.3.

(f) Reallocation of LIMITED COMMON ELEMENTS.

(g) Redefinition of UNIT boundaries; however, a relocation of the boundaries of one or more UNITS in accordance with Paragraph 3.4 shall require the consent of all ELIGIBLE MORTGAGEES affected thereby, but no others.

(h) Conversion of UNITS into COMMON ELEMENTS or vice versa.

(i) Expansion or contraction of the PROPERTY.

(j) Hazard or fidelity insurance requirements.

(k) Imposition of other or further restrictions on the leasing of UNITS.

(l) Imposition of other or further restrictions on a UNIT OWNER'S right to sell or transfer his UNIT.

(m) Any change in the requirement that the ASSOCIATION engage professional management.

(n) The manner of restoration or repair of the UNITS after damage or partial condemnation.

(o) Rights of ELIGIBLE MORTGAGEES.

12.5 TERMINATION OF LEGAL STATUS. Any withdrawal of any part of the PROPERTY from the ACT shall require the approval of ELIGIBLE MORTGAGEES representing at least 67% of the votes (51% of the votes, if the withdrawal follows substantial destruction or condemnation) afforded to the UNITS that are subject to mortgages held by ELIGIBLE MORTGAGEES.

12.6 NOTICES TO ELIGIBLE MORTGAGEES. Each ELIGIBLE MORTGAGEE shall be entitled to timely, written notice of the following:

(a) Any condemnation or casualty loss that affects either a material portion of the PROPERTY, or the UNIT covered by its mortgage.

(b) Any 60-day delinquency in the payment of ASSESSMENTS imposed on the UNIT covered by its mortgage.

(c) A lapse, cancellation or material modification of any insurance policy maintained by the ASSOCIATION, or the unavailability of coverage as described in Paragraph 11.1.

(d) Any proposed action that requires the approval or consent of a specified percentage of ELIGIBLE MORTGAGEES.

(e) Actions affecting tenanted UNITS as described in Paragraph 6.7.

12.7 IMPLIED APPROVAL. Any ELIGIBLE MORTGAGEE that does not give notice to the EXECUTIVE BOARD of its disapproval of a proposed action that requires the approval of any ELIGIBLE MORTGAGEE, or of any specified percentage of the ELIGIBLE MORTGAGEES, within 30 days after receiving notice of the same, shall be deemed to have approved.

13. MISCELLANEOUS.

13.1 AMENDMENT OF DECLARATION. Except as this DECLARATION may specifically provide, it may be amended as follows:

(a) This DECLARATION may be amended by DECLARANT to reflect the exercise of DEVELOPMENT RIGHTS as described in Section 4.

(b) This DECLARATION may be amended to reflect the relocation of UNIT boundaries, as described in Paragraph 3.4.

(c) Subject to the further provisions of this Paragraph 13.1, this DECLARATION may be amended by vote or agreement of UNIT OWNERS of UNITS to which at least 67% of the votes in the ASSOCIATION are allocated.

(d) Provisions creating or governing SPECIAL DECLARANT RIGHTS, or other rights that are conferred on DECLARANT in its capacity as such (as distinguished from its capacity as UNIT OWNER) may not be amended without DECLARANT'S consent.

(e) Certain provisions may not be amended without approval by ELIGIBLE MORTGAGEES, as described in Paragraph 12.4.

(f) An amendment that extends the date on which the DEVELOPMENT RIGHTS described in Paragraph 4.1 expire shall not be considered to "create"

a SPECIAL DECLARANT RIGHT; however, any such amendment shall require the vote or agreement of UNIT OWNERS of UNITS - excluding UNITS owned by DECLARANT or its nominees - to which at least 67% of the votes in the ASSOCIATION are allocated.

(g) A provision that states that it may not be amended shall not be amended without the agreement of all of the UNIT OWNERS.

(h) Paragraph 1.3 shall not be amended without the consent of every party adversely affected thereby.

(i) A designation of a UNIT as an AFFORDABLE RESIDENCE shall not be amended without the consent of the TOWN.

(j) A provision restricting the amendment of this DECLARATION shall not be amended without the vote or agreement of the UNIT OWNERS and/or other parties that would be required to effect the amendment covered by such provision.

13.2 TERMINATION OF THE COMMUNITY. Termination of the COMMUNITY shall be governed by Section 47-237 of the ACT, provided that:

(a) Termination may require the approval of ELIGIBLE MORTGAGEES as described in Paragraph 12.5.

(b) Before the DEVELOPMENT RIGHTS have expired, or been relinquished in their entirety by DECLARANT, termination of the COMMUNITY shall require the affirmative vote of all of the UNIT OWNERS and consent by DECLARANT.

13.3 AMENDMENT OF BY-LAWS. The BY-LAWS may be amended only by two-thirds' vote of the EXECUTIVE BOARD, after NOTICE AND COMMENT, or by vote of 67% of the UNIT OWNERS. However, no such amendment that would - if it were an amendment to this DECLARATION - require consent or approval by a greater percentage of UNIT OWNERS, by DECLARANT or by a specified percentage of the ELIGIBLE MORTGAGEES, shall be adopted without such consent or approval, as the case may be.

13.4 REPRESENTATIVES.

(a) Upon conveyance of a UNIT, the outgoing and incoming UNIT OWNERS shall deliver to the ASSOCIATION a "Notice of Transfer", advising

the ASSOCIATION of the date on which such conveyance occurred. In the Notice of Transfer, the incoming UNIT OWNER shall designate one or more adult individuals to act as representative on his behalf in matters affecting the ASSOCIATION, which designation may be changed from time to time by notice to the ASSOCIATION.

(b) Each such notice shall indicate the order of precedence in which such representatives are authorized to act, in the event that they purport to take conflicting actions. The actions that such a representative may take on behalf of the UNIT OWNER shall include without limitation the receipt of notices, and the casting of the vote appurtenant to the affected UNIT.

(c) All such designations shall be revocable at any time upon notice to the ASSOCIATION, provided that (if such revocation would result in there being no individual designated to act on behalf of the UNIT OWNER) such notice designates another representative to act hereunder.

(d) Such a representative may act on behalf of more than one UNIT OWNER simultaneously.

13.5 NOTICES.

(a) Except as this DECLARATION may specifically authorize otherwise, notices permitted or required under the GOVERNING INSTRUMENTS shall be written, and shall either be hand-delivered to a person of suitable age and discretion, or shall be mailed (postage pre-paid, by registered, certified or express mail, return receipt requested). However, the following notices may be given by ordinary mail:

(1) Notices of meetings of DIRECTORS or MEMBERS.

(2) Notices of ASSESSMENTS that are not specifically described as requiring NOTICE AND HEARING.

(3) Notices of the adoption of RULES or amendments to the BY-LAWS.

(4) Notices to ELIGIBLE MORTGAGEES.

(b) Notices shall be deemed given upon receipt, except that properly mailed notices (unless directed to DECLARANT or the ASSOCIATION) shall be deemed received upon first attempted delivery on a business day.

(c) Notices to DECLARANT shall be addressed to it at the address set forth above, or to such address as it may specify from time to time by notice to the ASSOCIATION. Notices to other UNIT OWNERS shall be addressed to them at the respective addresses set forth in the Notices of Transfer filed by them in accordance with Paragraph 13.4, or to such address as any may specify from time to time by notice to the ASSOCIATION.

(d) Each MEMBER shall be given prompt notice of any condemnation or other legal proceeding affecting the PROPERTY.

13.6 ENFORCEMENT. The GOVERNING INSTRUMENTS may be enforced by SPONSOR, by the ASSOCIATION, and by any UNIT OWNER, by any remedy recognizable at law or in equity. Damages shall not be considered an adequate remedy for violations of the GOVERNING INSTRUMENTS, other than violations consisting solely of the failure to pay ASSESSMENTS. Violations of the GOVERNING INSTRUMENTS may be enjoined. The prevailing party in any such litigation shall be entitled to reasonable attorney's fees and court costs at all trial and appellate levels.

13.7 EFFECT OF RECORDED INSTRUMENTS. Each UNIT OWNER, by acquiring a UNIT, shall be deemed to have agreed that nothing contained in any instrument heretofore or hereafter recorded (including without limitation any instrument described in Paragraph 1.2), purporting to restrict the use of the OVERALL SITE for the benefit of the TOWN or its agencies, shall be deemed to confer any right on any UNIT OWNER to restrict the use of any part of the OVERALL SITE that lies outside the PROPERTY.

13.8 NO WAIVER. No failure of the ASSOCIATION, or of any UNIT OWNER or ELIGIBLE MORTGAGEE, to insist upon the full or rigorous compliance with any provision of the GOVERNING INSTRUMENTS shall preclude such party from insisting upon the same thereafter.

13.9 INVALIDITY. The invalidity of any provision of this DECLARATION shall not impair or affect in any manner the validity, enforceability or effect of the remainder of this DECLARATION. If any provision is determined to be invalid, all of the other provisions of this DECLARATION shall continue in full force and effect as if such invalid provision had never been included herein.

13.10 CAPTIONS. Captions are inserted herein only for convenience, and shall not be considered in construing this DECLARATION.

13.11 GENDER. Male pronouns used herein shall be deemed to include the female or neuter, as the case may be. The singular shall be deemed to include the plural and vice versa, as the context may require.

IN WITNESS WHEREOF, DECLARANT has caused this DECLARATION to be made as of this 12th day of March, 1996.

WITNESSED BY:

STEEPLECHASE OF MIDDLEBURY, L.L.C.

by: _____
Eric Schwartz, Manager

STATE OF CONNECTICUT)
).SS: Greenwich
COUNTY OF FAIRFIELD)

On this, the 12th day of March, 1996, before me personally appeared Eric Schwartz, known to me known (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument in the capacity of Manager of STEEPLECHASE OF MIDDLEBURY, L.L.C., a limited liability company, and acknowledged that (s)he, being authorized so to do, executed the same on behalf of said limited liability company for the purposes therein contained.

In witness whereof, I hereunto set my hand.

_____
Notary Public
Commissioner of the Superior Court

JOYCE H. GROSSO
NOTARY PUBLIC
MY COMMISSION EXPIRES 8.31.97

SCHEDULE A: SCHEDULE OF UNITS AND COMMON EXPENSE LIABILITIES

UNIT	APPROX. FLOOR AREA (s.f.)	CALCULATION FACTOR	COMMON EXPENSE LIABILITY (%)
2 Caveson Court*	1,280	1	13.158
4 Caveson Court*	1,180	1	13.158
6 Caveson Court	1,730	1.4	18.421
8 Caveson Court	2,180	1.4	18.421
7 Pelham Way	2,180	1.4	18.421
10 Pelham Way	2,190	1.4	18.421
		Total	100.000

* UNITS so marked are declared to be AFFORDABLE RESIDENCES.

ARCHITECT'S CERTIFICATE OF COMPLETION

STEEPLECHASE OF MIDDLEBURY

This certificate is given with respect to the DECLARATION of Steeplechase of Middlebury, made by Steeplechase of Middlebury, L.L.C. and intended to be recorded simultaneously herewith on the land records of the TOWN of Middlebury.

I hereby certify, to the best of my knowledge and belief, that all structural components of the buildings containing the following UNITS are substantially completed in accordance with the SURVEY recorded with such DECLARATION:

2 Caveson Court
4 Caveson Court
6 Caveson Court
8 Caveson Court
7 Pelham Way
10 Pelham Way

This Certificate is made pursuant to the provisions of §47-220 of the Connecticut General Statutes, as of the 13 day of March, 1996.

TWO WITNESSES:

Atelier Associates Architects and Planners P.C.

by: _____

Registered Architect
Registration No. 19

Declaration 57

STATE OF CONNECTICUT)
)ss.:
COUNTY OF New Haven)

On this, the 13 day of March, 1996, before me personally appeared

known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument, and acknowledged that he executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand.

James R Nicolari
Cmr. of the Superior Court/Notary Public

JAMES R. NICOLARI
NOTARY PUBLIC
My Commission Expires Sept. 30, 2000

RECEIVED FOR RECORD March 13, 1996 AT 4:02 PM
RECORDED BY Diane H. Blair, TOWN CLERK

C:\WPDOCS\SCHWARTZ\STEEPLE\DECLAR6