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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR
THE MILLS OF CARTHAGE**

Rebecca Prem Gruppe
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THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR THE MILLS OF CARTHAGE ("Declaration") is made this 5th day of November, 2002, by POTTER HILL HOMES, LLC, an Ohio limited liability company (the "Declarant"), under the following circumstances:

A. Declarant has subdivided certain land in Carthage, Hamilton County, Ohio and is currently the owner of all of the Lots in the Mills of Carthage, more particularly described in Exhibit "A" attached hereto and made a part hereof, and also as shown on the Record Plat for The Mills of Carthage ("Record Plat"), recorded in Plat Book 368, Pages 46 & 47 (collectively, the "Property"). Declarant may, in the future, acquire or subject to a subdivision plat Additional Property (as hereinafter defined) and subject such Additional Property to this Declaration, as provided herein, at which time said Additional Property shall also become part of the Property as defined herein; and

B. Declarant desires that the Property be held, sold, used and conveyed subject to the covenants, conditions and restrictions contained in this Declaration; and

C. Declarant has formed The Mills of Carthage Homeowners' Association, Inc., an Ohio not-for-profit corporation (the "Association"), which shall be responsible for the maintenance, management and control of the Common Elements (as hereinafter defined) on the Property (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises and for the purpose of establishing and assuring a uniform plan for the development of the Property, and enhancing and protecting the value, desirability and attractiveness of the Property, Declarant hereby declares that the Property shall be held, sold, used and conveyed subject to this Declaration and the covenants, restrictions and liens provided herein, which shall run with the land and be binding upon all the Lot Owners:

SECTION 1
DEFINITIONS

The words in this Declaration which begin with capital letters, other than words which would be normally capitalized, unless the context otherwise requires, shall have the meanings set forth in this Section .

1.1 Additional Property. "Additional Property" means other real property in the vicinity of the Property which is owned and/or acquired by Declarant which may be annexed to The Mills of Carthage.

1.2 Annual Assessment. "Annual Assessment" means the charge established by Section 4.2 of this Declaration.

1.3 Annual Meeting. "Annual Meeting" means the annual meeting of the Members of the Association held within the fourth quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.

1.4 Annual Organizational Board Meeting. "Annual Organizational Board Meeting" means the annual organizational board meeting of the Board which shall take place within ten (10) days after each Annual Meeting of the Members.

1.5 Articles and Articles of Incorporation. "Articles" and "Articles of Incorporation" mean those articles, filed with the Secretary of State of Ohio, incorporating The Mills of Carthage Homeowners' Association, Inc., as a non-profit corporation under the provisions of Chapter 1702 of the Ohio Revised Code, as the same may be amended from time to time.

1.6 Assessments. "Assessments" means Annual Assessment, Special Assessment, Working Capital Assessment and Individual Assessment.

1.7 Association. "Association" means The Mills of Carthage Homeowners' Association, Inc., an Ohio not-for-profit corporation, which owns, operates and maintains the Common Elements, and any successor organization which owns, operates and maintains the Common Elements.

1.8 Board or Trustee(s). "Board" or "Trustee(s)" means the Board of Trustees of the Association established pursuant to its Articles of Incorporation, Code of Regulations and this Declaration.

1.9 Builder. "Builder" means any person or entity, other than Declarant, who, in the ordinary course of business, constructs a Dwelling Unit with or without accessory structures (a) for resale to, or on behalf of, a third party, or (b) for their own use or the use of their family. A Builder may or may not be an Owner.

1.10 Class A Members. "Class A Members" means those members of the Association consisting of all Owners except, during the Development Period, Declarant.

1.11 Class B Member. "Class B Member" means, during the Development Period, Declarant, as a member of the Association.

1.12 Code of Regulations. "Code of Regulations" of the Association, as the same may be amended from time to time, pursuant to Chapter 1702 of the Ohio Revised Code.

1.13 Common Driveway(s). "Common Driveway(s)" means shall be those common driveways shared by certain Lots and designated as such on the Record Plat as "Common Driveway".

1.14 Common Elements. "Common Elements" means all real property, or any interest therein, including roadways, entrance ways, greenbelt or landscape easements, together with

improvements located thereon, for the benefit, use and enjoyment of all of the Members of the Association. The "Common Elements" shall also include any areas that have been specifically designated by the Declarant on a recorded plat as "Common Elements" or "Open Space". The "Common Elements" could include, but shall not be limited to, jogging trails, lakes, detention and retention ponds, gazebos and/or shelters, certain greenbelt easement areas, roadway easements, common area utility easements, storm sewer and surface water drainage easements, water main easements, sanitary sewer easements, private drainage easements, preservation areas, entryways, arterial streets and the undedicated portion of any roadway or street conveyed to the Association.

1.15 Common Expenses. "Common Expenses" means expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves, and as more particularly defined in Section 4.2 of this Declaration.

1.16 Common Expense Liability. "Common Expense Liability" means the liability for Common Expenses allocated to each Lot or Dwelling Unit pursuant to Section 4.8, of this Declaration.

1.17 Constituent Documents. "Constituent Documents" mean the Declaration, the Record Plat, the Code of Regulations, the Articles of Incorporation, the rules and regulations, if any, the management agreement, if any, entered into between the Association and any professional manager of the Property, and any other basic documents used to create and govern the Property.

1.18 Declarant. "Declarant" means Potter Hill Homes, LLC, an Ohio limited liability company, its successors and assigns.

1.19 Declaration. "Declaration" means this Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Mills of Carthage, as the same may from time to time be amended in the manner prescribed herein.

1.20 Default. "Default" means any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

1.21 Development Period. "Development Period" means the period commencing on the date on which this Declaration is recorded in the Hamilton County, Ohio Recorder's Office and terminating on the earlier to occur of (i) when Declarant, in its sole discretion, so determines; (ii) within thirty (30) days following the date when seventy-five percent (75%) of the Dwelling Units which may be built in the Subdivision have been deeded by either Declarant or any Builder to a third party purchaser; or (iii) thirty (30) years from the date of recording of the Declaration.

1.22 Dwelling Unit. "Dwelling Unit" means any building or portion of a building situated upon the Property designed and intended for use and occupancy as a residence by a single person, a family or family-sized group of persons.

1.23 Individual Assessment. "Individual Assessment" as defined in Section 4.3 of this Declaration.

1.24 Lot(s). "Lot(s)" means each of the parcels of land shown as such upon the Record Plats of the Property.

1.25 Maintenance Standards. "Maintenance Standards" mean those standards adopted by Declarant and/or the Board pursuant to Section 7 of the Declaration as the same may from time to time be amended.

1.26 Members. "Members" means all Class A Members and the Class B Member.

1.27 Occupant. "Occupant" means any person in possession of a Lot or Dwelling Unit whether or not such possession is lawful and shall include but not be limited to, an Owner's family members, guests, invitees, Tenants and lessees.

1.28 Open Space. "Open Space" shall be part of the Common Elements and shall be those areas that have been specifically designated as such by the Declarant on the Record Plat as "Open Space".

1.29 Owner. "Owner" means, with respect to any Lot, the owner of record from time to time, whether one or more persons or entities, of an interest in fee simple, reversion, remainder or leasehold estate of 99 years or more, but shall not include the Association. Such term shall include contract sellers except those having an interest merely as security for the performance of an obligation.

1.30 Property. "Property" means that certain land in Carthage, Hamilton County, Ohio, more particularly described in Exhibit A to this Declaration. When portions of the Additional Property are subjected to this Declaration pursuant to Section 9 herein, those portions shall then be deemed part of the Property.

1.31 Record Plat. "Record Plat" means the plat of The Mills of Carthage, recorded in Plat Book 368, Pages 46&47 of the Hamilton County Record of Land Surveys, and any subsequent phases of The Mills of Carthage.

1.32 Restrictions. "Restrictions" means all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, the Maintenance Standards and all notices, rules and regulations issued in accordance with this Declaration.

1.33 Special Assessment. "Special Assessment" means the charge established by Section 4.4 of this Declaration.

1.34 Structure. "Structure" means:

(a) any thing or object (other than trees, shrubbery, landscaping and hedges which are less than two feet high) the placement of which upon any part of the Property may affect the appearance of the Property, including, without limitation, porch, shed, barn,

storage facility, covered or uncovered patio, fence, curbing, paving, wall, signboard or any other temporary or permanent improvement; and

(b) any excavation, fill, ditch, dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any part of the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any part of the Property.

1.35 Subdivision. "Subdivision" means all phases or sections of the Record Plat for The Mills of Carthage, a subdivision in Carthage, Hamilton County, Ohio, and consisting of all the property from time to time made subject to the provisions of this Declaration.

1.36 Tenant. "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

1.37 Working Capital Assessment. "Working Capital Assessment" as defined in Section 4.5 of this Declaration.

SECTION 2 PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all Dwelling Units thereon shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

SECTION 3 ASSOCIATION

3.1 Formation of the Association. The Declarant has caused or will cause to be chartered in accordance with Chapter 1702 of the Ohio Revised Code, a nonprofit corporation name The Mills of Carthage Homeowners' Association, Inc., an Ohio not-for-profit corporation. The purpose of the Association is to provide for the administrative, governance, maintenance, management and upkeep of the Property and to promote the general health and welfare of the Owners and Occupants of the Property.

3.2 Board of Trustees. Until the Development Period Special Meeting (as hereinafter defined), the Board shall consist of three (3) Trustees appointed by Declarant, who shall serve until their respective successors are appointed and qualified. A Trustee elected by Declarant need not be a Member of the Association. A Trustee elected by the Class A Members, on or after the Development Period Special Meeting, must be an Owner of a Lot or Dwelling Unit or a spouse of an Owner of a Lot or Dwelling Unit, except that if an Owner is a corporation, partnership, joint venture, or other entity, the Owners may elect as a Trustee an officer, partner, joint venturer, or like individual affiliated with this Owner.

Not more than thirty (30) days after the earlier of the following events occurs, the President of the Association shall call a special membership meeting ("Development Period Special Meeting"):

- (a) the expiration of the Development Period; or
- (b) Declarant gives up, in writing, the right to appoint Trustees.

At the Development Period Special Meeting, the Trustees appointed by Declarant shall be deemed removed from office, and the Members, including Declarant if it is then an Owner, shall elect a new Board consisting of five (5) Trustees who all shall be Lot Owners or who shall otherwise be qualified pursuant to the first paragraph of this Section 3.2 above to be a Trustee. The persons so elected shall take office immediately upon election.

Notwithstanding anything above to the contrary, Declarant may, by written notice to the Board, at or before any Annual Meeting, relinquish to the Lot Owners, Declarant's right to elect one or more Trustees at such Annual Meeting pursuant to this Section.

3.3 Membership. The membership of the Association shall at all times consist exclusively of Owners. All Owners shall be Members. Membership shall be appurtenant to and may not be separated from such ownership.

3.4 Members Rights and Duties. Each Member shall have the rights, duties and obligations set forth in this Declaration and all amendments duly made hereto in accordance with Section 14.

SECTION 4 ASSESSMENTS

4.1 Purpose of the Assessments. The Assessments are established for the benefit and use of the Association and shall be used in covering the costs of its Common Expenses and for such other purposes as hereinafter set forth.

4.2 Annual Assessment. There are hereby established for the benefit of the Association, its successors and assigns, and all Owners on the Property, as a charge on each Lot or Dwelling Unit, a general annual assessment ("Annual Assessment"), which shall be used in covering all of the cost of the Association's operation, insurance, maintenance and repair obligations including, without limitation thereto, the cost of repairing and maintaining the landscaping; real estate taxes and assessments on the Common Elements; the cost of supplying water to the Common Elements; the cost of reasonable reserves for contingencies, replacements and working capital; management fees; organizational costs; legal costs for the enforcement of liens and covenants in this Declaration and all other costs incurred by Declarant or the Board in the exercise of its powers and duties pursuant to this Declaration (collectively "Common Expenses"). The Annual Assessment shall be estimated initially in accordance with Section 4.6 of this Declaration. The obligation to pay the Annual Assessment shall not in any manner be dependent on or discharged, or otherwise affected by the use

or non-use of the Common Elements, or the actual occupancy of any Lot or Dwelling Unit of the Property. Each Owner, by acceptance of a deed, covenants and agrees to pay such Annual Assessment, except the Declarant and any Builder shall have no obligation to pay the Annual Assessment until the earlier of (a) the Dwelling Unit is occupied; or (b) Declarant or any Builder conveys the respective Lot or Dwelling Unit to a third party purchaser.

4.3 Individual Assessment. The Association after approval by a majority of the members of the Board shall have the right to assess an individual Lot or Dwelling Unit for any of the following:

4.3.1 any costs incurred for maintenance or repair caused through the willful or negligent act of an Owner or Occupant or their family, Tenants, guests or invitees, including attorney fees, court costs and other expenses incurred; and/or

4.3.2 any costs associated with the enforcement of this Declaration or the Rules and Regulations, if any, of the Association, including, but not limited to attorneys fees, witness fees and costs, and court costs.

4.4 Special Assessments. In addition to the other Assessments authorized herein, and to the extent that the reserve fund is insufficient, the Association may levy Special Assessments for the following reasons:

4.4.1 The amount of any operating deficit incurred in any calendar year may be paid by means of a Special Assessment sufficient in an amount so as to allow the Association to satisfy such deficit in part or in whole, provided that any such Special Assessment shall have been approved in accordance with Section 4.4.3 below.

4.4.2 To the extent that the capital budget is insufficient, the Association may levy Special Assessments to construct, structurally alter, or replace capital improvements which are a part of the Common Elements in any fiscal year.

4.4.3 So long as the total amount of Special Assessments allocable to each Lot or Dwelling Unit does not exceed One Hundred Twenty Percent (120%) of the Annual Assessment for that fiscal year, the Board may impose the Special Assessment. Any Special Assessments which would cause the amount of Special Assessments allocable to any Lot or Dwelling Unit to exceed this limitation shall be effective only if approved by a majority vote of the Members present and voting at a meeting duly called for such purpose. Special Assessments shall be paid as determined by the Board, and the Board may permit Special Assessments to be paid in installments extending beyond the fiscal year in which the Special Assessment is imposed.

4.5 Working Capital Assessment. At the time of closing on the sale of each Lot or Dwelling Unit from Declarant or any Builder to a third party purchaser, the purchaser shall be required to pay to the Association a sum equal to twelve (12) full months of the Annual Assessment applicable for the purchaser's Lot as such purchaser's initial capital contribution to the working capital of the Association ("Working Capital Assessment"). This Working Capital Assessment shall be used by the Association for its operating expenses. Such Working Capital Assessment is not an

advance payment of the Annual Assessment or any other Assessment established herein, and it will not be held in any sort of trust or reserve account. Declarant and any Builder shall be exempt from paying the Working Capital Assessment as provided in this Section.

4.6 Computation and Payment of Annual Assessment. The Annual Assessment shall be computed and levied in accordance with the budget adopted by the Board pursuant to the Code of Regulations. The Annual Assessment shall be effective as to each Lot or Dwelling Unit on the first day of conveyance of a Lot or Dwelling Unit from Declarant or any Builder to a third party purchaser, prorated to the end of the Association's fiscal year. Therefore, at the time of closing, in addition to paying the Working Capital Assessment, each purchaser of a Lot or Dwelling Unit shall be required to pay a prorata share of the Annual Assessment for the balance of the then current year. As stated in Section 4.2 above, the Annual Assessment shall not become effective as to any Lot or Dwelling Units owned by Declarant or any Builder until the earlier of (a) the Dwelling Unit is occupied; or (b) Declarant or any Builder conveys the respective Lot or Dwelling Unit to a third party purchaser. So long as there has been no Default in payment of the Annual Assessment, it shall be payable in annual installments due in advance within twenty (20) days after the mailing of the notice of the annual amount due for that year (**need to discuss whether want it to be paid monthly or quarterly**). The Board shall have the power from time to time to adopt such billing, collection and payment procedures, charges and other payment time schedules as it deems appropriate.

4.7 Lien for Assessments. The Association shall have a lien for any Assessment levied against a Lot or Dwelling Unit, for fines imposed against an Owner or Occupant, and for interest, costs and reasonable attorney fees.

4.7.1 Creation. The lien for Assessments is created by this Declaration and shall be a charge and a continuing lien on each Lot or Dwelling Unit which shall run with the land. All persons or entities acquiring an interest in a Lot or Dwelling Unit after the recording of this Declaration shall take such interest subject to the lien.

4.7.2 Effective Dates. The lien for the Common Expense Liability for each Lot or Dwelling Unit as set forth in the Annual Assessment shall be effective on the first day of the recording of the Declaration. The lien for other Assessments shall be effective on the first day notice is sent of its levy on the Owners affected.

4.7.3 Perfection. Recording of this Declaration constitutes notice and perfection of the lien.

4.7.4 Notice of Lien. The Association may file a notice of lien with the Recorder of Hamilton County, Ohio. Such notice shall not be required for the Association to enforce its lien.

4.7.5 Priority of the Lien. The lien created by this Section shall be prior to all liens and encumbrances recorded subsequent to this Declaration, except the lien for real estate taxes and assessments and the lien of any first mortgage filed of record.

4.7.6 Subordination and Mortgagee Protection. Notwithstanding any of the provisions hereof to the contrary, the lien of any Assessment levied pursuant to this Declaration (and

any late charges, interest, costs and attorney fees) shall be subordinate to, and shall in no way affect the rights of the holder of a first mortgage made in good faith for value received; provided, however, that such subordination shall apply only to Assessments, or installments thereof, which have become due and payable prior to the date of Sheriff's sale of such Lot pursuant to a foreclosure or the date of a deed in lieu of foreclosure. Such sale or transfer shall not relieve the mortgagee or the purchaser of a Lot at such sale from liability for any Assessments thereafter becoming due, not from the lien of any such subsequent Assessment.

4.7.7 Extinguishment of the Lien. A lien for unpaid Assessments is extinguished unless proceedings to enforce it are instituted within five (5) years after the full amount of the Assessment becomes due. If an Owner of a Lot or Dwelling Unit subject to a lien files a petition for relief under the United State Bankruptcy Code, then the period of time to enforce the Association's lien shall be tolled until thirty (30) days after the automatic stay under Section 362 of the Bankruptcy Code is lifted.

4.7.8 Estoppel Certificate. Upon request of any mortgagee or Owner and upon payment in full of all Assessments and other charges permitted by this Declaration that are due to the Association, the Association shall execute and deliver to such mortgagee or Owner an estoppel certificate. Such certificate shall be in recordable form and shall note the payment of the outstanding Assessments and charges and that the Association is estopped from the enforcement of its lien with respect to Assessment and charges becoming due and payable prior to the date of the certificate. The Association may charge a reasonable fee for the preparation of such certificate.

4.8 Allocation of Assessments. The Common Expense Liability of each Lot or Dwelling Unit shall be a portion of the Common Expense. The Common Expense Liability and the Annual Assessment chargeable to each Owner of a Lot or Dwelling Unit shall be the proportion of one to the total number of Lots and Dwelling Units (if more than one Dwelling Unit is situated on a Lot) then subject to this Declaration and each Owner shall be charged with the payment of that portion of the total Annual Assessment. Notwithstanding the foregoing, Declarant and any Builder shall have no obligations to pay any Assessment unless the Dwelling Unit is occupied.

4.9 Common Surplus. If the Annual Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Annual Assessment for the following year; or (c) apply the Common Surplus to the reserve.

4.10 Payment. Unless otherwise established by the Board, the Annual Assessment shall be paid in annual installments in advance within twenty (20) days after the mailing of the notice of the annual amount due for that year. The Board shall have the power at any time to adopt such billing, collection and payment procedures and payment time schedules as it shall deem appropriate. Additionally, any Special Assessment or Individual Assessment imposed by the Board shall become due upon the date designated in the notice, but not less than thirty (30) days after the mailing of the notice to the Owner by United States mail.

4.11 Delinquency and Acceleration. Any installment of an Assessment provided for by

this Declaration shall become delinquent if not paid on the due date as established by this Declaration or by the Board. With respect to each installment of an Assessment not paid within ten (10) days of its due date, the Board may, at its election, require the Owner to pay a reasonable late charge, costs of collection, reasonable attorney fees and interest at the rate provided in Section 1343.03 of the Ohio Revised Code (and as amended from time to time). Interest shall be calculated from the date of delinquency to the date full payment is received by the Association. If any installment of an Assessment is not paid within thirty (30) days of its due date, the Board may, at its election, declare all of the unpaid balance of the Assessment for the then current fiscal year, attributable to that Lot or Dwelling Unit, to be immediately due and payable without further demand. The Association may enforce the collection of the full Assessment and all charges thereon in any manner authorized by law, this Declaration or the Code of Regulations. The filing of any petition for relief pursuant to the United States Bankruptcy Code by an Owner whose Assessment has been accelerated shall operate as a restoration of the Assessment to its prior status as if it has been accelerated.

4.12 Remedies Cumulative. A suit to recover money judgment for unpaid Assessments and charges may be maintained without foreclosing or waiving the right to enforce the lien. A foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

4.13 Personal Obligation. The Assessments, including fines, if any, payable by each Owner, together with any penalty, interest, costs and reasonable attorney fees shall be the personal obligation of the Owner of the Lot or Dwelling Unit at the time incurred. The personal obligation shall not pass to any successors in title unless expressly assumed by them.

4.14 Statement of Unpaid Assessments. The Association shall upon written request of the Owner, contract purchaser, or first mortgagee, furnish a statement setting forth the amount of unpaid Assessments against the Lot or Dwelling Unit. This statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Board and every Owner. The Association may charge a reasonable amount for this statement.

4.15 No Waiver of Liability for Common Expenses. No Owner may exempt himself or herself from liability for payment of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Lot or Dwelling Unit against which the Assessments are made.

4.16 Books and Records of the Association.

4.16.1 Inspection by Members. The membership book, account books and minutes of the Association, the Board and any committee shall be made available for inspection and copying by any Member or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within Cincinnati, Ohio, as the Board shall prescribe.

4.16.2 Rules for Inspection.

- (a) notice to be given to the custodian of the records by the Members desiring to make the inspection;
- (b) hours and days of the week when such inspection may be made; and
- (c) payment of the cost of reproducing copies requested by a Member.

4.16.3 Inspection by Trustees. Every Trustee shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Trustee includes the right to make extracts and copies of documents at the expense of the Association.

SECTION 5 ARCHITECTURAL REVIEW

5.1 Alteration of Dwelling Unit and Structures. Except for initial construction of Dwelling Units and accessory Structures by any Builder and Common Elements by Declarant, no Structure shall be commenced, constructed, erected, placed, moved onto or permitted to remain on any Lot, nor shall any Dwelling Unit and/or Structure on any Lot be remodeled, painted or altered or expanded in any way which changes the exterior appearance thereof, unless detailed plans and specifications therefor shall have been submitted to and approved in writing by the Board. Such plans and specifications shall be in such form and shall contain such information as the Board may reasonably require, including but not limited to any or all of the following: a site plan; proposed landscaping; patio and walkway locations; description of materials; location of lighting; architectural plans including cross-sections, floor plans and elevations; and evidence of conformity with building codes. The Board shall either approve the plans and specifications, disapprove them, or approve them with conditions or qualifications.

5.2 Approval of Plans and Specifications. The Board shall approve plans and specifications submitted to it with respect to any Lot (or subdivision of Lots) if it finds that they comply with the requirements of Section 5.1 above, and will further the purposes outlined in this Declaration. Upon final approval thereof, a certified copy of the detailed plans and specifications shall be deposited for permanent record with the Board and a copy bearing the written approval of the Board shall be returned to the applicant. Approval by the Board of plans and specifications with respect to any Lot shall not impair the Board's right subsequently to approve a requested amendment of such plans and specifications relating to such Lot (subject to the requirements of this Section). The Board's approval of any plans and specifications shall not constitute a representation or warranty as to the quality of the plans and specifications or their compliance with applicable laws and codes.

5.3 Disapproval of Plans and Specifications. If plans and specifications (whether schematic, preliminary or detailed) submitted to the Board with respect to any Lot do not comply with the requirements of Section 5.1 as to the information required to be included in the plans and specifications, the Board shall either disapprove such plans and specifications or approve them subject to such conditions and qualifications as the Board may deem necessary to achieve compliance.

5.4 Failure of the Board to Act. If the Board shall fail to act upon any plans and specifications submitted to it within thirty (30) days after submission thereof, such plans and specifications shall be deemed to have been approved as submitted, and no further action by the Board shall be required. If construction of a Structure is not commenced on a Lot on or before six (6) months from the date of submission of plans and specifications, then such "deemed approval" shall be automatically canceled and a new submission shall be required.

5.5 Violations. If any Dwelling Unit and/or Structure situated upon any Lot shall have been constructed, erected, placed, remodeled or altered other than in accordance with the approved plans and specifications, the Board shall give notice of a Default to the Owner of the Lot involved, provided, however, that the Board may, upon such conditions as it may determine, waive any such Default if it finds that such Default does not substantially conflict with the policies of the Board.

5.6 Enforcement. In the event of a violation of the provisions of this Section 5, the Association shall have the right to enforce this Section by any proceedings authorized in this Declaration, Code of Regulations or rules and regulations, if any, as well as any other relief available at law or in equity.

5.7 Right of Entry. The Board through its authorized officers, employees, and agents, shall have the right to enter upon any Lot at all reasonable times for the purpose of ascertaining whether such Lot or the construction, erection, placement, remodeling, or alteration of any Dwelling Unit and/or Structure thereon is in compliance with the provisions of this Section, without the Board or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely by reason of such action or actions.

5.8 Fees. The Board may charge reasonable fees for the processing of plans and specifications. Such fees may cover the cost of such processing, including inspection costs. Such fees shall be payable at the time of submission of the respective item for approval and shall be paid to the Association.

5.9 Approval of Plans by Declarant. Each contract to sell Lots entered into by Declarant may provide (i.e. requires) that each purchaser of a Lot secure Declarant's approval of a site plan and plans and specifications prior to commencement of construction of a Dwelling Unit and other improvements and Structures on a Lot. In addition to other remedies available to Declarant under such contract(s), and at law or in equity, Declarant shall have all legal and equitable remedies available under this Declaration and particularly Section 8.2 of this Declaration to enforce the "plan approval" and other provisions of such contracts against the purchaser(s) thereunder and successors in title to the purchaser(s) thereunder with regard to each Lot. Notwithstanding anything to the contrary in this Section 5, during the Development Period (which may still be in effect even after the Development Period Special Meeting as provided in Section 3.2 above), the plans and specifications for the initial construction of a Dwelling Unit shall be subject only to Declarant's approval and do not need to be approved by the Board.

SECTION 6
COVENANTS AND RESTRICTIONS OF USE AND OCCUPANCY

6.1 Purposes. In order to promote the health, safety and welfare of all Owners, Members and Occupants, and to preserve, beautify and maintain the Property and all Structures thereon as a subdivision of high quality and to preserve and promote a good environmental quality, the following covenants, restrictions and limitations as to use and occupancy are hereby adopted, declared and established. These covenants and restrictions shall hereinafter burden and benefit all Lots on the Property, shall run with the land, be binding on current and successor Lot Owners, for the benefit of all Lot Owners and all Lots on the Property.

6.2 Covenants and Restrictions. The following are the covenants and restrictions and limitations as to use and occupancy to which the Property is hereby subjected:

(a) Land Use. Except as otherwise provided in this Declaration, no part of the Property other than Common Elements shall be used for other than residential housing and any Dwelling Unit constructed on a Lot shall be used only as a residence for a single family. Only one single family Dwelling Unit with a private garage shall be permitted to be constructed and to remain on each Lot. Dwelling Units shall not exceed two and one-half stories in height. To the extent permitted by law, an Owner of a Lot may use a portion of a Dwelling Unit located thereon for his office or studio provided that the activities therein shall not interfere with the quiet enjoyment or comfort of any other Owner or Occupant; and provided further that such activities do not increase the normal flow of traffic or individuals in and out of the Property or in and out of said Owner's Lot. The foregoing notwithstanding, Declarant, its successors, assigns and affiliates, and any Builder may use Lots and Dwelling Units for construction offices, sales purposes (i.e. model homes), and as offices to meet with prospective purchasers of Dwelling Units.

(b) Other Structures. No structures of a temporary character, trailer, or other temporary outbuilding shall be used or erected on any Lot after the permanent residence on each Lot has been completed, except for children's and marquee tents, which may be erected for no more than three (3) consecutive days. No Structures may be placed on any Lot without the Board's prior written approval, as provided in Section 5 above.

(c) Driveways. All driveways shall be surfaced with concrete, asphalt, or similar substance.

(d) House Placement and Yard Grading. Dwelling Units and Lots shall conform to existing grade and drainage patterns as set forth on the grading plan for the Property filed with the appropriate governmental authorities. Final grades at Lot lines as established by Declarant shall not be altered more than one (1) foot without the written consent of Declarant. Each Lot Owner shall endeavor to retain as much of the natural foliage as is practical.

(e) Water Discharge. Storm water must be disposed of in accordance with drainage plans established by Declarant, the Association, or the appropriate governmental authorities.

(f) Exterior Carpeting. No exterior carpeting shall be allowed if it is visible from

the street.

(g) Lighting Exterior. Mercury vapor yard lights in excess of 50 watts are prohibited, except for street lights installed in a right-of-way by Declarant, a utility company, or governmental entity. - This Section shall not apply to Dwelling Units used by Declarant and/or any Builder as model homes or sales offices.

(h) Completion. Construction of a Dwelling Unit on any Lot shall be completed within one (1) year from the date construction is started and the disturbed yard area of the Lot must be sodded or seeded by the Lot Owner.

(i) Parking. No trailer, truck, boat, or anything other than operative automobiles, motorcycles or scooters shall be parked or stored on any Lot or any part of the Common Elements for a period in excess of forty-eight (48) hours or more than a total of thirty (30) days during any given year. Any of such vehicles may, however, be stored or parked in an enclosed garage provided such garage door is completely closed at all times when such a vehicle is parked therein. The word "trailer" shall include trailer coach, "RV", recreational vehicle, house trailer, automobile trailer, boat trailer, campcar, camper or any other vehicle, whether or not self-propelled, constructed or existing in such a manner as would permit the use and occupancy thereof for human habitation, for storage, or the conveyance of machinery, tools or equipment, whether resting on wheels, jacks, tires or other foundation. The word "truck" shall include and mean every type of motor vehicle other than passenger cars and other than any non-commercial pick-up truck (no ladder racks, advertising, etc.) or van which is used as a principal vehicle by an Owner of a Dwelling Unit or his family. Notwithstanding the Restrictions in this Section, vehicles being used for the purpose of construction, delivery or repair work to or upon any Lot or Dwelling Unit may be permitted to be parked on any Lot and street in the subdivision.

(j) Nuisances. No offensive odors or unsightly nuisances are permitted on any Lot which may be construed to be detrimental to the neighborhood. No vehicular maintenance or repair of any type shall be performed on the public streets or on private driveways, except that any Owner may perform minor maintenance or repair of his/her vehicle provided such maintenance or repair of said vehicle does not exceed a period of eight (8) consecutive hours. No Lot Owner shall permit anything to be done or kept in a Dwelling Unit or other approved Structure on any Lot that would be in violation of any law. No waste shall be committed in or to any of the Common Elements.

(k) Oil and Mining Operations. No oil drilling, quarrying, or mining operations shall be permitted on any Lot. No soil shall be removed from any Lot for commercial purposes. No soil shall be added, removed or relocated in any area of the Lot that would change the approved drainage characteristics or requirements approved for subdivision as required by local governmental laws.

(l) Garbage and Refuse Disposal. Except for the immediate purpose of trash and garbage collection and removal, trash, garbage, or other waste shall not be kept upon a Lot except in sanitary containers screened from visibility from the streets and drives of the

Property. Yard waste may be composted in approved containers. No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste.

(m) Mailboxes. Original mailboxes, as well as replacement mailboxes, shall be subject to the review and written approval of the Board.

(n) Antennas. No radio or television antennas of any kind, except satellite receiving dishes not exceeding eighteen inches (18") in diameter, shall be installed on the exterior of the building or located anywhere on any Lot unless the location has been approved in writing by Declarant.

(o) Signs. No permanent sign shall be permitted on any Lot or building in the Subdivision. An Owner of a Dwelling Unit is permitted to place and maintain: (1) a standard "For Sale" or "For Rent" sign on his Lot; provided, however it is of a typical size within the industry; and, (2) political/election signs that are displayed for no longer than one (1) month each year. An Owner must obtain the prior written consent of the Board in the event said Owner desires to maintain a "For Sale" or "For Rent" sign which is not of a typical size within the industry, or desires to maintain other displays or advertising, unless otherwise provided for under the rules and regulations, if any. This sign restriction shall not apply to signs used by Declarant, any Builder or their assigns, while Declarant is selling Lots in the Subdivision, or to traffic, street names, Common Elements or subdivision identification signs.

(p) Animals. No animals of any kind shall be raised, bred, or kept on any Lot including the Common Elements, except that three (3) household pets may be kept on a Lot, subject to the Rules and Regulations, provided that it is not kept, bred or maintained for any commercial purpose, and provided that it is kept subject to the Rules and Regulations, if any, of the Association, including, but not limited to, rules regarding weight limitations for certain types of pets. Any such pet or pets causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon seven (7) days written notice from the Board. No such pets may be allowed to run unattended. Dogs, cats, or other household pets must be kept within the confines of the Owner's Lot except when being held on hand leash by the person attending the animal. A Lot Owner shall be responsible for cleaning up after his/her household pet. Notwithstanding the foregoing, the Association shall have the right to promulgate Rules and Regulations pertaining to size, number and type of such household pets and the right to levy fines and enforcement charges against persons who do not clean up after their pet.

(q) Prohibited Activities. Except as otherwise provided in this Declaration, the Code of Regulations and the rules and regulations, if any, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designated for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Property.

(r) Laundry or Rubbish. No clothes, sheets, blankets, laundry or any kind or other articles shall be hung out or exposed on any part of the Common Elements. The

Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials. No clotheslines shall be located on any Lot except one removable, folding, umbrella-like clotheslines. Folding umbrella-like clotheslines shall be permitted in the rear area of the Dwelling Unit only. No laundry articles shall be left outdoors overnight or any time on Saturdays or Sundays.

(s) Swimming Pools. No above-ground swimming pools shall be constructed, erected, placed or permitted to remain upon any Lot. The definition of "above-ground swimming pools" shall not include portable wading pools used by small children not more than one foot (1') in height. In-ground swimming pools are permitted provided it is approved by the Board in accordance with Section 5 above. This Section shall not prohibit the construction, erection or placement of a diving board, slide or other equipment appurtenant to an otherwise conforming swimming pool.

(t) Fencing. Fences may be erected or built on any part of any Lot between the rear and sides of the building constructed thereon and the street in front of the building. Fences erected on said Lot from the rear and the sides of the back half of the building to the back property line shall not be in excess of six (6) feet in height, and fences erected on said Lot in the front property line of the Lot and the sides of the front half of the building shall be no more than three (3) feet in height. On any lot, all fences from the front half of the building to the front of the of the Lot, shall be rustic rail, split rail, decorative PVC, ornamental iron, decorative wood, decorative metal or hedge, provided however, that all fences constructed of the aforesaid materials in the front of the building on any Lot shall be at least fifty percent (50%) open. Fences erected in the rear of a Lot may be privacy fences or constructed of the aforesaid materials. Non-reflective metal fence may be installed as an integral part of a fence constructed of the aforesaid materials in order to provide a secure enclosure. Barbed wire, chain link or similar fences shall be prohibited. Notwithstanding the foregoing, no fencing (including invisible dog-type fencing) or walls shall be permitted on any part of the Common Elements, with the exception of those installed by Declarant or any other Builder, without the prior written consent of the Association.

(u) Swing Sets, Basketball Hoops and Play Areas. Swing sets, basketball hoops and play areas may be erected on a Lot only after the location and materials of those Structures are approved in writing by the Board in accordance with Section 5 above. No batting cages are permitted on any Lot.

(v) Seeding and Strawed or Sodded. Upon the initial conveyance from any Builder to a third party Owner, the Owner is required to seed and straw or sod those portions of the side and back yard area of a Lot which are disturbed on his/her Lot within the following time periods: (a) sixty (60) days after the closing (if the closing occurs in the months of March through September); and (b) six (6) months after the closing (if the closing occurs in the months of October through February).

(w) Lawns. No weeds, underbrush or unsightly growths or objects of any kind shall be permitted to remain on any Lot within the Subdivision. All lawn areas shall be maintained in a neat and orderly manner and shall be mowed on a regular basis.

Notwithstanding the foregoing, this restriction shall not apply to vacant Lots owned by Declarant or any Builder.

(x) Zoning. All improvements shall be constructed in accordance with and subject to all applicable zoning regulations and building codes.

(y) Building Setbacks. No building shall be located nearer to any street than the building setback line shown on the Record Plat of the Subdivision. The setback areas designated on the Record Plat shall be for lawn purposes only. This covenant shall not be construed to prevent the use of the setback areas for walks, drives, trees, shrubbery, flowers, or ornamental plants used for the purpose of beautification.

(z) Garage and Yard Sales. There shall be no more than two (2) garage or yard sales held by the Owner or residents of any Lot during any twelve (12) month period.

(aa) Holiday Lights. Holiday-type lights shall be erected no sooner than four (4) weeks prior to and removed not later than four (4) weeks after the subject holiday.

(bb) Obligation to Keep Lot in Good Condition. Each Lot Owner or Occupant shall keep each Lot and all Structures thereon in such maintenance, repair, appearance and condition as shall comply with the provisions of this Declaration and applicable laws and ordinances.

(cc) Obstruction of Easement Areas. No structure, planting, or other material other than driveways or sidewalks shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement of the installation or maintenance of utilities or which may change, obstruct, or retard direction or flow of any drainage channels in the easement area. The easement area of each Lot and all improvements in the easement area shall be maintained by the Owner of the Lot except for those improvements for which a public authority or utility company is responsible.

6.3 Variances. In order to avoid unnecessary hardship and/or overcome practical difficulties in the application of certain provisions of the Declaration, the Board shall have the authority to grant reasonable variances from the provisions of Section 6.2 above. Additionally, so long as Declarant owns one or more Lots on the Property, the Declarant, or its designee, may grant reasonable variances from the provisions of Section 6.2 above. No variance shall materially injure or materially adversely affect any other part of the Property or any other Owner or occupant. No variance granted pursuant to the authority of this Section 6.3 shall constitute a waiver or any provision of the Declaration as applied to any other party or other part of the Property, and no variance may be granted to permit anything that is prohibited by applicable law.

SECTION 7 MAINTENANCE STANDARDS

7.1 Adoption and Amendment. The Declarant during the Development Period, and after

the Development Period, the Board shall have the right to adopt, and may from time to time amend, Maintenance Standards pertaining to the maintenance, repair and appearance of all Lots, and the exterior of all Dwelling Units and Structures thereon. If any provision of any applicable building inspection, or similar maintenance statute, ordinance, resolution, regulation or order of the State of Ohio, any other political subdivision or governmental instrumentality of the State of Ohio, or the Board, is more stringent with regard to a Lot than a comparable provision of the Maintenance Standards, such more stringent provision shall be deemed incorporated in the Maintenance Standards. The Maintenance Standards shall provide, among other things, that:

- (a) except as otherwise hereinafter provided, the Association shall be responsible for maintenance, repair and replacement of the Common Elements and all Structures thereon;
- (b) each Owner shall maintain, repair and replace at his expense all portions of the Common Elements which may be damaged or destroyed by reason of his own intentional or negligent act or omission or by the intentional or negligent act or omission of any invitee, lessee, licensee, employee, agent, family member, guest, and/or pet(s) of such Owner;
- (c) the obligation of the Association and of the Owners to repair, maintain and replace the portions of the Property for which they are respectively responsible shall not be limited, discharged or postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in material or workmanship in the construction of the Property;
- (d) notwithstanding the fact that the Association and/or any Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of any construction guarantee or insurance coverage shall not excuse any delay by the Association or by any Owner in performing its or his obligation hereunder; and
- (e) except as otherwise provided above in Section 7.1(a), each Owner shall maintain, repair and replace at his/her expense all portions of each Dwelling Unit and Structure located on each Lot owned by him/her and all internal and external installations of such Lot such as appliances, heating, plumbing, electrical and air conditioning fixtures or installations, and any portion of any other utility service facilities located within the boundaries of or serving the Lot;

7.2 Obligation to Keep Premises in Good Repair. Each Owner during his/her period of ownership and, during his/her tenancy, each Tenant leasing a Lot, shall keep each Lot, Dwelling Unit and all Structures thereon owned or leased by him/her in such maintenance, repair and appearance as shall comply with the Maintenance Standards.

7.3 Periodic Inspection. Periodically as needed, subject to the provisions of Section 7.5 below, the Association may inspect each Lot and the exterior of the Dwelling Unit and all Structures thereon to determine whether each complies with the Maintenance Standards. After each such

inspection, the Association shall, if any defects are found, issue an inspection report to the Owner with a copy to the Tenant, if applicable, listing such defects, if any, and the reasonable time within which they may be corrected. Such Owner shall correct such defects or cause them to be corrected within such reasonable period as is stated in the inspection report.

7.4 Drainage Swales. Neither the Owner nor anyone claiming under the Owner shall, except in an emergency, alter the location or grade of any open storm water drainage way on any Lot without the prior written consent of the Association.

7.5 Right of Entry. The Declarant and the Association, through its authorized officers, employees, and agents, shall have the right to enter upon any Lot and/or Structure at all reasonable times and upon reasonable advance notice for the purpose of making inspections required by this Section without the Declarant or the Association or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely by reason of such entry or such action or actions. Any bona fide utility company, through its authorized officers, employees, and agents, shall have the right to enter upon the Common Elements or upon any utility easements located on any Lots, for the purpose of installing, repairing or servicing any of its equipment, or for reading meters, without Board approval; provided, however, that if any such activities by the utility require alteration to or displacement of any waterscaping, landscaping, grass, sidewalks, fences, garages, or other Structures, then the prior approval of the Board shall be required.

7.6 Failure to Comply. Failure to comply with the Maintenance Standards or to correct the defects listed in any inspection report issued by the Association or to pay any fee hereunder shall constitute a Default, in which event the Declarant or the Board shall have the right to enforce this Section by any proceedings authorized in this Declaration, Code of Regulations or rules and regulations, if any.

SECTION 8

COMMON ELEMENTS AND EASEMENTS

8.1 Description of Common Elements. The Common Elements shall be any portion of the Property owned by the Association in fee or by easement or leased to the Association.

8.2 Rights of Enjoyment in Common Elements. Except as herein otherwise provided, each Owner shall have a right and nonexclusive easement for use and enjoyment of the Common Elements, and such right and easement shall be appurtenant to, and shall pass with the title to his/her Lot. Each Tenant shall have a nontransferable right to use and enjoy the Common Elements, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

(a) The right of the Board, with the approval by seventy-five percent (75%) of the votes cast by the Class A Members who are voting in person or by proxy at a meeting duly called for such purpose at which a quorum is present, and the Class B Member voting in person or by proxy at such meeting, to borrow money for the purpose of constructing, equipping, improving and maintaining the Common Elements and in aid thereof to mortgage

the Common Elements.

(b) The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and rules and regulations pertaining to the use of the Common Elements, including regulations limiting guests of Owners and Tenants who may use the Common Elements at any one time.

(c) The right of the Board to suspend the right of any Owner or the privilege of any Occupant to use such of the Common Elements that are recreational in nature as determined by the Board for any infraction of the rules and regulations relating to the Common Elements for a period not to exceed sixty (60) days for each such infraction, or for nonpayment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such nonpayment or delinquency.

(d) Such rights as the Board may have to grant easements or rights of way to any public utility corporation or public agency.

(e) All applicable provisions of valid agreements of the Association relating to the Common Elements.

(f) Such rights as the Board may have under the Declaration to convey or lease all or any part of the Common Elements.

(g) All other easements, restrictions and rights to which the Property is subject.

(h) The right of the Association to grant permits, licenses, and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property.

8.3 Subordination to Mortgage or Other Lien. The rights and privileges provided in this Section shall be subordinate to any mortgage or other lien given by the Association for the purposes of acquiring, improving or maintaining the Common Elements.

8.4 Conveyance or Lease of Common Elements. Upon authorization by the Board and upon the approval by seventy-five percent (75%) of the votes cast by the Class A Members who are voting in person or by proxy at a meeting duly called for such purpose at which a quorum is present, and during the Development Period the Class B Member voting in person or by proxy at such meeting, the Association may at any time convey or lease all or a part of the Common Elements to any public agency, authority, or utility or to any private entity, upon such terms and conditions as shall be agreed upon by the other party and Board, including, without limitation, terms and conditions providing for the use of such Common Elements by the public in general and terms and conditions pertaining to the maintenance and repair of such Common Elements and the assessments of Owners and/or Tenants for the costs of such maintenance and repair.

8.5 Maintenance and Management of Common Elements. The Board shall provide for the management of all Common Elements, including but not limited to, any Recreational Facilities

which may be designated as such by Declarant on any future Record Plat as part of the Common Elements in the Subdivision (subject to the rights and obligations of adjoining residential dwelling unit owners to use said Recreational Facilities as provided in Section 9 below), and shall keep all Common Elements in such maintenance, repair and appearance as shall comply with the Maintenance Standards. The Board may fulfill this responsibility by contracting with any professional management company (including, without limitation, Declarant or an affiliate or associate of Declarant) (hereinafter "Manager") for the management, maintenance and repair of the Common Elements upon such terms and conditions including terms as to reasonable compensation as shall be agreed upon by the Association and the Manager. Declarant reserves the right, at any time during the Development Period, to execute a management contract with a Manager whereby such Manager will assume the management, on behalf of the Association, of the Common Elements for an agreed upon management fee. Notwithstanding the foregoing, any such contract with Declarant or an affiliate or associate of Declarant shall not exceed one (1) year in duration.

8.6 Use of Common Elements by Declarant. Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Elements as the Class A Members during the Development Period, and shall have the right to use the Common Elements for promotional, sales and similar purposes until all of the Lots have been sold.

8.7 Easements.

(a) In the event that, by reason of the construction, settlement or shifting of any of the Dwelling Units or other Structures located on Lots or by reason of the partial or total destruction and rebuilding of the buildings, any part of the Common Elements presently encroach or shall hereafter encroach upon any part of a Lot; or any part of a Dwelling Unit presently encroaches on or shall hereafter encroach upon any part of the Common Elements or any other Lot; or, if by reason of the design or construction of utility systems, any main pipes, ducts or conduits serving more than one Dwelling Unit presently encroach or shall hereafter encroach upon any part of any Dwelling Unit or Lot, valid easements for the maintenance of each encroachment and for the use of such adjoining space are hereby established. These easements shall exist during the term of this Declaration for the benefit of such Lot or Dwelling Unit and the Common Elements, as the case may be. However, in no event shall a valid easement for any encroachment be created in favor of any Owner if such encroachment occurred due to the willful conduct of said Owner.

(b) The Association may hereafter grant easements for utility purposes for the benefit of the Property, including the right to install, lay, use, maintain, repair and replace water mains and pipes, sewer lines, gas mains, telephone wires and equipment, and electrical conduits and wires over, under, along and on any portion of the Common Elements, and each Owner hereby grants the Association an irrevocable power of attorney to execute, acknowledge, deliver and record, for and in the name of such Owner, such instruments as may be necessary to effectuate the foregoing.

(c) Declarant hereby reserves easements and the right to grant easements on, over and across certain Lots for open space, landscaping mounding and monument areas and for the installation, maintenance, use, repair and replacement of underground utilities, public

utilities, water detention basins, storm sewer, sanitary sewer and surface water drainage easements, water mains, preservation areas and private drainage easements, and building setbacks, specifically as shown on the Record Plats now or hereinafter recorded for the Subdivision, and to cut and grade slopes in and along Lot boundaries at streets and drives built within the Property. The foregoing easements shall not be used for recreations purposes but are reserved for such aesthetic or utility purposes as indicated by the nature of the easement. Water detention basins may be aesthetically maintained but shall not be used as recreational ponds or lakes.

(d) A non-exclusive easement is hereby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common Elements, Dwelling Units and Lots for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Elements, Dwelling Units and Lots, including all improvements thereon.

(e) A non-exclusive easement is hereby reserved and/or granted in favor of Declarant and/or the Association in, on, over and through any and all easements set forth on the Record Plat, including, but not limited to, any roadway and utility easements.

(f) Appurtenant to each Dwelling Unit and/or Lot is an easement over any Common Elements for necessary pedestrian and vehicular ingress and egress to and from any such Dwelling Unit over the Common Elements, to and from a thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association.

(g) All easements and rights described in the Declaration are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on Declarant, its successors and assigns, and any Owner, purchaser, mortgagee and other party now or hereafter having an interest in the Property, or any part or portion thereof. After the Development Period, the Association shall be deemed to be the successor of Declarant and, as such, shall be deemed to be the grantee of said easements provided in this Section, and shall hold such easements for the use, benefit and enjoyment of all Lot Owners in the Subdivision. All notes on the Record Plat that are pertinent to the specific easements set forth herein are incorporated herein by reference.

(h) The Lots sharing a Common Driveway shall be subject to and benefitted by a perpetual nonexclusive easement for ingress and egress over the Common Driveway and for providing utility services to the individual Lots. The Owners of such Lots shall use the Common Driveway situated on the easements with due regard for the rights of any other Owner and its use of such Common Driveway. No Owner shall use or permit the use of the Common Driveway in any manner which impairs the right of any other Owner to its use, nor shall any Owner park or store vehicles or personal property on, or obstruct or encroach upon, or permit the use of, or permit the obstruction of or encroachment upon, the Common Driveway in any manner whatsoever without the concurrence of all Owners entitled to use the Common Driveway.

The Owners using the Common Driveway shall share equally in the expense and cost of maintaining, improving and repairing the Common Driveway, except that any damage other than ordinary wear and tear caused by any Owner, or any party claiming through such Owner, whether by negligence or otherwise, shall be repaired at the expense of such Owner. The driveway shall be maintained in good repair and in a condition substantially similar to that of its original construction. Upon conveyance of a Lot, the grantor of such Lot shall be, as of the closing date for such conveyance, relieved of the obligation to share in the expense and cost of future maintenance and repair imposed hereby, and those obligations shall bind thereafter the Grantee of said conveyance. The grantor shall, however, be obligated personally during and after his/her period of ownership for expenses and costs incurred for maintenance and repair during his/her period of ownership of the Lot. The obligation of an Owner of a Common Driveway to share in the cost and expense of maintaining a Common Driveway, is separate and distinct from the obligation of such Owner to pay the Assessments levied pursuant to Section 4.

SECTION 9 **COVENANT FOR STAGED DEVELOPMENT**

9.1 Staged Development. Declarant hereby reserves the right at any time within the Development Period to remove any portion of the Property from the scope of the Declaration or to submit, make subject to or annex the Additional Property to this Declaration without the consent of the Members of the Association. However, Declarant is not bound to annex any of the Additional Property to this Declaration, and until such time as any of the Additional Property is annexed, the same shall not be subject to the provisions of this Declaration

9.2 Supplemental Declaration for Staged Development. Any annexations made pursuant to this Section 9, or otherwise, shall be made by recording a supplement to this Declaration with the Recorder of Hamilton County, Ohio, which supplementary Declaration shall extend this Declaration to such annexed property. The supplementary Declaration may contain additional covenants, conditions, restrictions, easements and liens as Declarant shall deem appropriate for the purpose of completing the development of the Property. Owners of Lots subject to such supplemental Declaration shall be Owners as defined by this Declaration.

SECTION 10 **ENFORCEMENT**

10.1 Curing Defaults; Lien. In the event of any Default with respect to any Lot under this Declaration, the Board shall give written notice to the Owner thereof, with a copy of such notice to each Tenant in Default and a copy to any first mortgagee of the Lot who has requested to receive such notices, setting forth with reasonable particularity the nature of such Default, and the specific action or actions required to remedy the Default. If the Owner or Tenant shall fail to take the specific action or actions within thirty (30) days after the mailing of the notice, the Board may, but shall not be required to exercise any or all of its rights hereunder. The Board may exercise without notice any of its rights hereunder with respect to any Default if it determines that an emergency exists requiring immediate action.

Costs incurred by the Association in exercising any of its rights with respect to any Lot shall be a binding personal obligation of the Owner thereof which shall be payable on demand. If the Owner fails to pay such costs within thirty (30) days after demand, the Association shall enter the amount of the obligation, the name of the Owner as it appears on its records and the description of the Lot in a lien record book to be maintained by the Board at its main office, together with the date of such entry. The Association shall have a prior lien on such Lot for such amount until paid and such lien shall have priority from the date of such entry over all other liens and encumbrances thereon whatsoever, excepting real estate taxes and assessments, liens of record as of the date of such entry and liens of the United States of America, the State of Ohio, and all other political subdivisions or governmental instrumentalities of the State of Ohio to the extent made superior by applicable law, all bona fide recorded first mortgages and the lien of any first mortgagee who comes into possession of a Lot pursuant to mortgage foreclosure or by deed in lieu thereof. The lien provided in this Section shall be recordable and shall be enforceable as provided in Section 4 hereof.

10.2 Remedies. Nothing contained in this Section 10 shall be deemed to affect or limit the rights of Declarant, the Association, any Owner, Occupant, or their legal representatives, heirs, devisees, successors or assigns, by appropriate judicial proceedings, to enforce the restrictions, or recover damages for any Default. It is hereby declared that irreparable harm will result to beneficiaries of this Declaration by reason of a Default, and, therefore, each beneficiary shall be entitled to relief by way of injunction or specific performance to enforce the provisions of this Declaration, as well as any other relief available at law or in equity.

10.3 Right and Easement of Entry. The Association, through its authorized officers, employees, and agents, shall have the right and easement to enter upon any Lot at all reasonable times and to do anything thereon necessary to perform the action or actions specified in the notice to the Owner to abate, remedy, extinguish, remove or repair a Default, without the Association or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely by reason of each entry or such action or actions as are carried out in accordance with the provisions of this Section 10, provided that no summary abatement or similar procedure may be utilized through non-judicial means to alter or demolish items of construction.

10.4 No Waiver. The failure of Declarant, the Association, any Owner, Tenant, or their legal representatives, heirs, devisees, successors or assigns, in any one or more instances, to insist upon compliance with any of the Restrictions, or to exercise any right or privilege conferred in this Declaration, shall not constitute or be construed as the waiver of such or any similar restriction, right or privilege, including the right to cure Default, but the same shall continue and remain in full force and effect as if no such forbearance had occurred.

10.5 Rules and Regulations. The Board may adopt and enforce, and from time to time amend, reasonable rules and regulations regarding the administration, interpretation and enforcement of the Restrictions. Each such rule and regulation shall be consistent with and designed to further the purposes outlined in this Declaration.

SECTION 11
REAL ESTATE TAXES AND ASSESSMENTS

11.1 Real Estate Taxes. The Owner of a Lot shall be responsible for and shall pay all taxes and assessments, general and special, levied or imposed upon the Lot and its improvements.

11.2 Allocation. Prior to the time the Auditor of Hamilton County, Ohio establishes separate tax parcels for each Lot, Declarant shall allocate the real estate taxes and assessments upon the Property among and against the Lots and against the remainder of the Property in a fair and equitable manner so as to allocate the real estate taxes and assessments charged in common to the various Lots as well as the remainder of the Property within Subdivision. The allocation by Declarant made in accordance with the terms hereof shall be binding upon all Owners.

11.3 Common Elements. Taxes and assessments, general and special, charged against the Common Elements shall be deemed a Common Expense. Assessments, charged against the Subdivision shall be paid by the Owners as set forth in Section 4 hereof.

ARTICLE 12
INSURANCE AND CASUALTY LOSSES

12.1 Insurance. The Board or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Elements against loss or damage by fire, other hazards, including all risk coverage, vandalism and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The Board shall also obtain a public liability policy covering the Common Elements, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and if reasonably available, trustees' and officers' liability insurance. The public liability policy shall have such coverages as the Board in its discretion may decide to be reasonable after due consideration of all factors involved. Premiums for all insurance on the Common Elements, public liability and trustees' and officers' insurance shall be Common Expenses of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals the full replacement cost.

Cost of insurance coverage obtained for the Common Elements, public liability, and trustees' and officers' shall be included in the Annual Assessment, as defined in Section 4.2 above.

All such insurance coverage obtained by the Board shall be written in the name of the Association, as trustee, for the respective benefitted parties, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies on the Common Elements shall be for the benefit of the Owners and their mortgagees as their interests may appear;

(b) Exclusive authority to adjust losses under policies in force on the Property obtained by the Association shall be vested in the Board; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto;

(c) In no event shall the insurance coverage obtained by the Board hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Association shall be primary; and

(d) The Board shall be required to make every reasonable efforts to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Board, its members, the Owners and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Lot Owners;

(iv) that no policy may be canceled, invalidated, or suspended on account of the conduct of any trustee, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or mortgagee; and

(v) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

12.2 Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damages or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction is made after making such settlement as is necessary and appropriate with the affected Owner or Owners and their mortgagee(s), as their interest may appear, if any Lot is involved, shall be remained by and for the benefit of the Association. This is a covenant for the benefit of any mortgagee of a Lot and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 12.3(b) of this Article, that the damage or destruction of the Common Elements for which the proceeds are paid shall not be repaired or reconstructed such proceeds shall be disbursed in the manner as provided for excess proceeds in Section 12.2(a) hereof.

12.3 Damage or Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in the paragraph, means repairing or restoring the Property to substantially the same condition in which it existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Elements shall be repaired or reconstructed unless at least seventy-five percent (75%) of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, that such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Common Elements damage or destruction shall be repaired or reconstructed.

(c) In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Elements shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event that property shall be restored to its natural state and maintained as an undeveloped portion of the Common Elements by the Association in a neat and attractive condition.

12.4 Repair and Restoration. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the cost of repair, such excess shall be deposited to the benefit of the Association.

ARTICLE 13
CONDEMNATION

13.1 Whenever all or any part of the Common Elements shall be taken (or conveyed in lieu of an under threat of condemnation of the Board, acting on its behalf or on the written direction of all Owners of Lots subject to the taking, if any) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto, unless otherwise prohibited by law. The award made for such taking shall be payable to the Association, as trustee for all Owners, to be disbursed as follows:

If the taking involves a portion of the Common Elements on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-

five percent (75%) of the Member of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Elements, to be extent lands are available therefore, in accordance with plans approved by the Board. If such improvements are to be repaired or restored, the above damage or destruction which is to be repaired shall apply. If the taking does not involved any or if there are net funds remaining after such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

SECTION 14 **DURATION, AMENDMENT AND TERMINATION**

14.1 Duration. The Restrictions shall be covenants running with the land and shall bind the Property and every part thereof, and shall (regardless of whether any such beneficiary owns an interest in any Lot) inure to the benefit of and be enforceable by, the Board and each Owner and Tenant and their legal representatives, heirs, devisees, successors and assigns, and shall continue in full force and effect for twenty (20) years from the date on which this Declaration is recorded in the Recorder's Office of Hamilton County, Ohio. Thereafter the Restrictions shall be automatically renewed for successive ten-year periods unless amended or terminated as provided in this Section 15.

14.2 Amendment or Termination. Prior to the end of the Development Period, any provision of this Declaration may be amended in whole or in part or terminated by a recorded instrument executed by Declarant and approved by the Owners of at least sixty-seven percent (67%) of all Lots located in the Property. After the end of the Development Period, any provision of this Declaration may be amended in whole or in part or terminated by a recorded instrument approved by the Owners of at least sixty-seven percent (67%) of all Lots located in the Property.

The President of the Board shall determine whether the persons who have approved of any amendments or termination of this Declaration constitute Owners of at least sixty-seven percent (67%) of all Lots. Promptly after the approval of any amendment or termination of any part of this Declaration, the President of the Board shall cause to be recorded the written instrument of amendment or termination executed in properly recordable form by the President of the Association and Declarant, if during the Development Period, and the certificate of the President of the Association that the Owners of at least sixty-seven percent (67%) of all Lots have approved such instrument.

The Board shall maintain such copies filed with it by the President as a permanent record and shall make copies thereof available to any Owner at a reasonable cost.

Notwithstanding anything above to the contrary, this Declaration may be amended at any time during the Development Period without the vote of Owners by a written instrument executed by Declarant for the purpose of eliminating or correcting any typographical or other inadvertent error herein; eliminating or resolving any ambiguity herein; making nominal changes; clarifying Declarant's original intent; making any changes necessary or desirable to meet the requirements of any institutional lender, Federal National Mortgage Association, or other agency which may insure loans on a Lot; provided, however, that no such amendment shall materially affect any Owner's

interest in the Association or right, if any, to use the Common Elements. Each Owner and his/her mortgagees, by acceptance of a deed to a Lot or Dwelling Unit or a mortgage encumbering such Lot or Dwelling Unit, shall be deemed to have consented to and approved the provisions of this paragraph and the amendment of this Declaration by Declarant as provided in the immediately preceding sentence and irrevocably designates the Declarant as his/her proxy and Attorney-in-Fact to make any of the above-described amendments without coming back to the Owner or mortgagee of a Lot or Dwelling Unit for his/her consent at the time of such amendment. All such Owners and their mortgagees, upon request of Declarant, shall execute and deliver from time to time all such instruments and perform all such acts as may be deemed by Declarant to be necessary or proper to effectuate the provisions of this paragraph.

SECTION 15 **MISCELLANEOUS**

15.1 No Reverter. No covenant, condition, restriction or reservation or easement contained in this Declaration is intended to create, or shall be construed as creating, a condition subsequent or a possibility of reverter.

15.2 Notices. Any notice required or permitted to be given to an Owner or Tenant by the Board pursuant to the provisions of this Declaration shall be deemed given when mailed by United States mail, postage prepaid, addressed to his or her last address as it appears on the records of the Association.

15.3 Nonliability of Declarant. The Declarant, or its representatives, successors or assigns shall be liable for any claim whatsoever arising out of or by reason of any actions performed pursuant to any authorities granted or delegated to it by or pursuant to this Declaration, or the Code of Regulations, whether or not such claims shall be asserted by an Owner, occupant, the Association, or by any person or entity claiming through any of them; or shall be on account of injury to person or damage to or loss of property wherever located however caused.

15.4 Construction. The Board shall have the right to construe the provisions of this Declaration, and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, such construction shall be final and binding as to all persons and entities benefitted or bound by the provisions of this Declaration.

15.5 Invalidity. The determination by a court of competent jurisdiction that any provision of this Declaration is invalid for any reason shall not affect the validity of any other provision hereof.

15.6 Headings. The headings of the Sections are for convenience only and shall not affect the meaning or construction of the contents of this Declaration.

15.7 Gender. Throughout this Declaration, the masculine gender shall be deemed to include the feminine and neuter, and the singular the plural, and vice versa.

15.8 Conflict. In the event of a conflict between the Restrictions or any one or more of them and other private restrictions which may be recorded before or after this Declaration, the more restrictive restriction, covenant, condition, easement or other obligation shall control.

15.9 Covenants Running with Land. This Declaration and all amendments hereto shall be, and shall be construed as, covenants running with the land, shall be binding upon Declarant, any mortgagee, the Association, its Members, each Owner, each Occupant and all claiming under each Owner or Occupant, and shall (regardless of whether or not any such beneficiary owns an interest in any Lot) inure to the benefit of and be enforceable by (i) Declarant, (ii) the Association, and (iii) each Owner and all claiming under each Owner.

15.10 Right of Entry. The Association shall have a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance or operation of the Property.

15.11 Condemnation. In the event any Lot or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the net proceeds of any award or settlement shall be the property of the Owner and the holder of the first mortgage, to the extent of their respective interests. Each Owner shall give the holder of a first mortgage on the Owner's Lot timely written notice of such proceeding or proposed acquisition.

In the event the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceedings or other sought to be acquired by a condemning authority, the proceeds of any award or settlement shall be distributed to the Association for the common benefit of the Owners and their mortgagees, as their interests appear.

Remainder of page intentionally left blank. Signature page to follow.

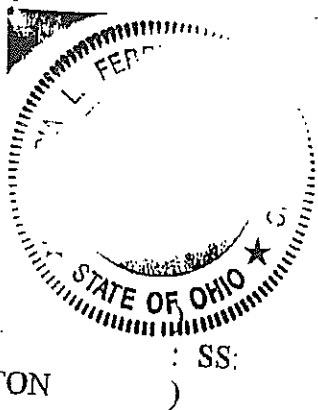
EXHIBIT A

Legal Description

Situate in the City of Cincinnati, in Hamilton County, Ohio, in Section 12, Town 3, Fractional Range 2, Millcreek Township, and being all of Lots 1 through 32, inclusive of the Mills of Carthage Subdivision, Phase 1, as recorded in Plat Book 368, Pages 46 & 47, Hamilton County, Ohio Recorder's Office.

979139.2

IN WITNESS WHEREOF, Declarant has caused this Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Mills of Carthage to be executed by its duly authorized officer as of the day and year first above written.



POTTER HILL HOMES, LLC,
an Ohio limited liability company

By: Carolyn Rolfes
Name: Carolyn Rolfes
Title: President

STATE OF OHIO

COUNTY OF HAMILTON

The foregoing instrument was acknowledged before me this 5th day of November 2002, by Carolyn Rolfes as President of POTTER HILL HOMES, LLC, an Ohio limited liability company, on behalf of the limited liability company.

Patricia L. Ferris
Notary Public

Patricia L. Ferris
Notary Public, State of Ohio
My Commission Expires 10/7/04

This instrument prepared by:

Erica Strawman Pontius, Esq.
Keating, Muething & Klekamp, PLL
1400 Provident Tower
One East Fourth Street
Cincinnati, Ohio 45202

MILLS OF CARTHAGE HOMEOWNERS ASSOCIATION

*Returned
5/23/06*

Dear Homeowner:

At the August Board of Trustee Meeting your Board outlined a plan to restrict the number of leased units in the community. This plan is to protect the property values and the investment each of us has in the community through ownership of a home in the Mills of Carthage. The Board of Trustees has now approved the plan and the Amendment has been prepared by the HOA attorney.

The Amendment cannot be retroactive; therefore, all homes that are currently being leased will be exempt. Your Board believes that it will be a few years before the zero per cent level will be reached. However, the Amendment will prohibit a buyer from purchasing a residence for the purpose of leasing the home.

A copy of the Amendment will be mailed to each homeowner prior to August 31, 2006. Please review the Amendment and if you have any questions please contact Management Solutions or any member of the Board of Trustees.

Now we are faced with the daunting task of securing the required number of positive votes (67% of all homeowners must approve the Amendment) to make the Amendment official. This will be a major task and will require the assistance of each of you. If you are willing to assist in this important task please contact Management Solutions at (859) 491-5711 or any member of the Board.

Mills of Carthage Board of Trustees
Management Solutions

Professionally Managed by Management Solutions
P.O. Box 17196 • Ft. Mitchell, KY 41017-0196
(859) 491-5711 • fax (859) 491-5911

MILLS OF CARTHAGE HOA FINE POLICY

Any violation of the rules or restrictions will result in the following:

- First letter will be sent advising homeowner of the violation and will request compliance within fourteen days from receipt of the notice.
- Second letter will be sent 15 days after first letter is sent – if the homeowner fails to comply. This second notice will advise the Boards next step will be to levy a fine if the violation is not immediately corrected.
- Fine notice will be sent 5 days after the second letter is sent – A \$100.00 fine will be levied (for non-compliance) payable within 30 days. Fine notification will be sent by certified mail.
- Should the fine not be paid within 30 days a lien will be filed against the lot and the Homeowner will be notified that foreclosure will/may be filed by the Board.

All legal fees to resolve this violation will be assessed and the responsibility of the Lot Owner in conjunction with the violation.

MILLS OF CARTHAGE HOA

December 6, 2006

Dear Mills of Carthage Homeowner:

The Board of Trustees after careful review of the financial statements and based on contracts and anticipated expenditures, has approved the 2007 Operating Budget. The total expense amount of this budget is \$ 14,700 and the corresponding yearly fee will be \$300 per home.

The 2007 budget is based on adopted contracts and maintenance standards as well as current operating and replacement costs. The budget amount has been established and approved to help eliminate future deficits and to protect, enhance and maintain your corporation in property values.

A considerable effort was put forth by your Board of Trustees to minimize the effects of expense increases to the budget, which ultimately affects the yearly assessment. This effort was a balance of service in relation to overall costs.

This year there will be no increase in the yearly fee which is the result of several factors. The largest contributing factor is your Board of Trustee's working with contractors to obtain multi-year contracts, thus providing a discount on services for the community to offset budget increases.

As a reminder, the yearly installment amount of \$300 is due on the first of January 2007. Any payments received after the 21st of the month will be subject to a \$20.00 late fee.

The Board of Trustees would like to thank you for your continued support and remind owners that your input and suggestions are always welcome. Please feel free to contact Management Solutions at (859) 491-5711 or Chris@yourmanagementcompany.com if you have any questions or concerns.

Sincerely,
Mills of Carthage Board of Trustees

Management Solutions

Professionally Managed by Management Solutions
P.O. Box 17196 • Ft. Mitchell, KY 41017-0196
(859) 491-5711 • fax (859) 491-5911

**FIRST AMENDMENT TO THE DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR THE MILLS OF CARTHAGE**

WHEREAS, on the 7th day of November, 2002, there was filed with the Recorder of Hamilton County, Ohio the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Mills of Carthage ("Declaration") which was recorded in Official Record Volume 9077, Page 1180 of the Deed Records of Hamilton County, Ohio; and

WHEREAS, the Declaration is binding upon the property described in Exhibit "A" attached hereto; and

WHEREAS, Section 14.2 of the Declaration allows for the Declaration to be amended in part after the end of the Development Period by a recorded instrument approved by the Owners of at least sixty-seven percent (67%) of all Lots located in the Property;

WHEREAS, the Owners exercising not less than sixty-seven percent (67%) of all Lots have consented to this First Amendment;

WHEREAS, to provide certain restrictions on the leasing of Dwelling Units;

NOW THEREFORE, pursuant to Section 14.2 of the Declaration, the Declaration is hereby amended as follows:

1. Section 4.3 of the Declaration is hereby added:

4.3 Leasing.

(a) In order to (i) protect the equity of the individual property Owners in The Mills of Carthage; (ii) to carry out the purposes for which the Subdivision was formed by preserving the character of the Subdivision as a homogeneous residential neighborhood of predominantly owner-occupied homes and by preventing the Subdivision from assuming the character of a renter-occupied complex; and (iii) to comply with the eligibility requirements for financing in the secondary mortgage market, insofar as such criteria provides that the project be substantially owner-occupied, leasing of the Dwelling Units shall be governed by the restrictions imposed by this Section.

(b) Except as otherwise provided in this Section in the case of undue hardship, the leasing of Dwelling Units shall be prohibited, effective upon the date of recording of this Amendment (the "Effective Date"). The Board of Directors shall be empowered to allow reasonable leasing of any Dwelling Unit to avoid undue hardship, including, but not limited to (i) where an Owner must relocate his or her residence and cannot, within ninety (90) days from the date the Dwelling Unit was placed on the market, sell the Dwelling Unit for the current appraised market value, after having made reasonable effort to do so; (ii) where the Owner dies and

the Dwelling Unit is being administered by his or her estate; and (iii) where the Owner takes a leave of absence or temporarily relocates and intends to return to reside at the Dwelling Unit, in which case the Owner must reapply at the end of each lease term for renewal of the hardship exception.

(c) Those Owners who are leasing their Dwelling Units upon the Effective Date may continue to do so and shall not be required to demonstrate undue hardship as a prerequisite for same. However, upon any conveyance of the Dwelling Unit, any grantee thereof shall be subject to the provisions of this Section, in addition to all other provisions of the Declaration, By-Laws, and Rules and Regulations adopted by the Board. Furthermore, any Owner who is leasing his Dwelling Unit upon the Effective Date must file a copy of his lease with the current managing agent of the Association within thirty (30) days from the Effective Date.

(d) With respect to those Owners who are permitted by the terms of this Amendment to continue to lease their Dwelling Units until such time as the Dwelling Unit is conveyed and with respect to those Owners granted a hardship exception pursuant to Section 4.3(b), the Board shall have the authority to make and enforce reasonable Rules and Regulations and to levy penalties, in accordance with the Declaration and By-Laws, for violation of those Rules and Regulations.

(e) Any lessee or tenant of a Dwelling Unit shall in all respects be subject to the Declaration, By-Laws, and all Rules and Regulations as are from time to time promulgated by the Board of Directors as though such lessee or tenant were an Owner. The lease of any Dwelling Unit shall be in writing and in a form approved by the Board, and a copy of the lease must be filed with the office of the Association's managing agent. Such lease shall provide that the violation of any provision of the Declaration, By-Laws, or the Rules and Regulations promulgated thereunder shall constitute a default under the lease, giving the Association the right to evict the lessee. In the event such lease does not include such provision, then, by means of this covenant on the Subdivision and Dwelling Units, such provision shall be deemed automatically included in such lease. Each Owner agrees, furthermore, to cause his or her lessee or persons living with such Owner or with his or her lessee to comply with the Declaration, By-Laws, and the Rules and Regulations promulgated thereunder and is responsible and liable for all violations and losses caused by such tenant or lessee, notwithstanding the fact that such occupants of the Dwelling Units are fully liable for any violation of the Declaration, By-Laws, and Rules and Regulations. Any fines levied against a Dwelling Unit and not paid by the Owner or lessee shall give rise to the Association's right to file a lien for non-payment in accordance with Section 4.7 of the Declaration.

(f) Any lease approved by the Board pursuant to Section 4.3(b) herein shall be for a minimum period of not less than one (1) year.

(g) The occupancy of a Dwelling Unit by an immediate family member of the Owner(s) shall not be prohibited by this provision. "Immediate family member" shall mean father, mother, brother, sister, or children of the Owner(s).

PARKING RULES AND TOWING POLICY

Violations subject to one warning before being towed are as follows:

Inoperable Vehicles

Commercial Vehicles

Boats or Campers

Trucks other than pick-up trucks or standard vans

Trailers or Recreational Vehicles

A warning tag will be placed on the vehicle in violation. This will give the owner a ten day grace period to correct

the problem prior to having the vehicle towed. If the vehicle's owner is known, a certified letter will also

be mailed informing them of the violation. All expenses for towing a vehicle from the property will be incurred

by the owner at the discretion of the towing company. However, if an inoperable car must be towed,

the Association will incur an expense of \$75.00 which will be billed to the car owner.

Violations subject to **IMMEDIATE TOWING** (no warning tag given) are as follows:

Unauthorized Vehicles

Parking in an area other than a parking area.

Parking in front of a fire hydrant.

Blocking ingress or egress of a driveway.

Blocking ingress or egress of any garage.

Parking on or across a sidewalk.

Parking in a "No Parking or Tow Zone".

Parking on the lawn.

Any Vehicle that constitutes a hazard.

Parking 3 feet beyond the driveway into the alley way.

The towing company used by the Association at present is Kenwood Towing Company.

Their contact number is 513-793-3533.

Mills of Carthage HOA Porch/Patio Furniture Policy

The following policy has been established by the Board for the *Mills of Carthage HOA* to maintain the aesthetic integrity of the community. Any patio furniture placed on a homeowners' property must meet the following requirements:

1. Furniture placed on homeowners porch/patio must be of a metal/plastic frame & an outdoor type of furniture. Outdoor chair cushions are permitted.
2. No indoor upholstered furniture (couches, chairs and or recliners) is to be permitted at any time. These are prohibited to be outside and in plain view from the street at any time.
3. No cloth furniture is permitted at any time.

Anyone found to be in violation of this policy will be issued a violation letter giving the homeowner 14 days to correct the violation.

If after the 14th day the violation hasn't been corrected the fine policy will then go into effect.

**FIRST AMENDMENT TO THE DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR THE MILLS OF CARTHAGE**

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WHEREAS, the Declaration is binding upon the property described in Exhibit "A" attached hereto; and

WHEREAS, Section 14.2 of the Declaration allows for the Declaration to be amended in part after the end of the Development Period by a recorded instrument approved by the Owners of at least sixty-seven percent (67%) of all Lots located in the Property;

WHEREAS, the Owners exercising not less than sixty-seven percent (67%) of all Lots have consented to this First Amendment;

WHEREAS, to provide certain restrictions on the leasing of Dwelling Units;

NOW THEREFORE, pursuant to Section 14.2 of the Declaration, the Declaration is hereby amended as follows:

1. Section 4.3 of the Declaration is hereby added:

4.3 Leasing.

(a) In order to (i) protect the equity of the individual property Owners in The Mills of Carthage; (ii) to carry out the purposes for which the Subdivision was formed by preserving the character of the Subdivision as a homogeneous residential neighborhood of predominantly owner-occupied homes and by preventing the Subdivision from assuming the character of a renter-occupied complex; and (iii) to comply with the eligibility requirements for financing in the secondary mortgage market, insofar as such criteria provides that the project be substantially owner-occupied, leasing of the Dwelling Units shall be governed by the restrictions imposed by this Section.

(b) Except as otherwise provided in this Section in the case of undue hardship, the leasing of Dwelling Units shall be prohibited, effective upon the date of recording of this Amendment (the "Effective Date"). The Board of Directors shall be empowered to allow reasonable leasing of any Dwelling Unit to avoid undue hardship, including, but not limited to (i) where an Owner must relocate his or her residence and cannot, within ninety (90) days from the date the Dwelling Unit was placed on the market, sell the Dwelling Unit for the current appraised market value, after having made reasonable effort to do so; (ii) where the Owner dies and