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07/23/2019 09:29:20 AM

WILLIAM LEE KING, Henderson COUNTY, NC

STATE OF NORTH CAROLINA

COUNTY OF HENDERSON

**DECLARATION OF COVENANTS, CONDITIONS, RESERVATIONS AND RESTRICTIONS FOR THE
RESERVE AT HERON POND IN CUMMINGS COVE**

THIS DECLARATION is made on the date hereinafter set forth by CCSV1, LLC, a North Carolina Limited Liability Company, with its principal office in Hendersonville, Henderson County, North Carolina, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, the Declarant is the owner of certain property in Henderson County, North Carolina, more particularly described and shown on a certain plat recorded at Slide 11784 of the Henderson County Registry; and

WHEREAS, the premises shown on the aforementioned plat are a portion of the Cummings Cove Golf and Country Club and as such are subject to the reservations, covenants, and restrictions for Cummings Cove as are recorded in Deed Book 658 at page 44, Henderson County Registry, which covenants were supplemented by instrument recorded in Deed Book 723 at Page 767, Henderson County Registry and Restatement and Amendment recorded in Deed Book 1036 Page 499, Henderson County Registry; restated in that Restatement and Amendment to Covenants and Restrictions recorded in Deed Book 1395, Page 171, and in Restatement and Amendment to Covenants and Restrictions recorded in Deed Book 1490, Page 197, and further amended by Amendment to Covenants and Restrictions for Cummings Cove, recorded in Deed Book 1502, Page 366, Amendment to Covenants and Restrictions for Cummings Cove recorded in Deed Book 1547, Page 15, and by Amendment to Covenants and Restrictions for Cummings Cove recorded in Deed Book 1612, Page 677, and supplemented by instruments recorded in Book 3017 at Page 160, and supplemented in Book 3257 at Page 95, all in the Henderson County Registry, the terms of which are incorporated by reference herein; and

WHEREAS, the covenants for Cummings Cove allow the Declarant herein to amend the covenant; and

WHEREAS, the Declarant and the Developer desire to establish additional covenants, conditions, restrictions, and reservations that pertain specifically to The Reserve at Heron Pond and the following covenants, conditions, reservations, and restrictions shall apply to each and every Unit and parcel within The Reserve at Heron Pond. To the extent that these covenants, conditions, reservations and restrictions are inconsistent with the Cummings Cove restrictions, these restrictions shall control.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having the right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

Article I

DEFINITIONS

Section 1: "Association" shall mean and refer to The Reserve at Heron Pond Property Owners Association, Inc. its successors and assigns.

Section 2: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3: "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4: "Common Area" shall mean all real property to be owned by the Association for the common use and enjoyment of the owners of all units and described by the instrument of conveyance to be conveyed by the Declarant to the Association pursuant to the terms contained herein.

Section 5: "Limited Common Element" shall mean all real property allocated for the exclusive use of one or more townhouse units but fewer than all of the units.

Section 6: "Unit" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Limited Common Element and the Common Area. It is anticipated there will be thirty four separate Units within the parcel. A

map will be recorded in the Office of the Register of Deeds for Henderson County as each foundation for the separate parcels is completed.

Section 7: "Declarant" and/or "Developer" shall mean and refer to CCSV1, LLC, a North Carolina Limited Liability Company, its successors and assigns, if such successors and assigns should acquire more than one undeveloped Unit from the Declarant for the purpose of development.

Article II

PROPERTY RIGHTS

Section 1: Owners' Easements of Enjoyment. Every owner of a Unit shall have a right and easement of enjoyment in and to the Common Area and the Limited Common Element which shall be appurtenant to and shall pass with the title to every Unit, subject to the following limitations and provisions:

- a) The right of the Association or the Developer to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes. No such dedication or transfer by the Association shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the Unit owners;
- b) The rights of Unit owners to the exclusive use of parking spaces as provided in this Article;
- c) The right of the Association to impose regulations for the use and enjoyment of the Limited Common Element and the Common Area and the improvements thereon, which regulations may further restrict the use of the Limited Common Element.

Section 2: Delegation of Use. Any Unit owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Limited Common Element and facilities to the members of his family and tenants who reside on the property. The owner shall notify the secretary of the Association in writing of the name of any such delegate. The rights and privileges of such delegates are subject to the suspension to the same extent as those of the owner.

Section 3: Title to Limited Common Element and Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Limited Common Element and Common Area located in The Reserve at Heron Pond Project as will be shown upon the recorded maps referred to in the premises of this Declaration, to the Association, free and clear of all liens and encumbrances, on or before or at the time of the conveyance of the last Unit in the parcel, except utility, sewage, and drainage easements and

easements conveyed to the governmental authorities upon condition that such area as shall be designated Common Area shall be for the sole and exclusive use and benefit of Unit owners, as long as such area is maintained in conformity with the requirements of this Declaration, the By-Laws, and the Articles of Incorporation of the Association, at the sole expense of the Unit owners. Similarly, the Declarant will convey to the Association, upon the same conditions and for the same uses and purposes, Common Areas which are part of any additional properties that are annexed by it in the future.

Section 4: Parking Rights.

1. Unit owners shall use driveways and garages only for parking;
2. Parking in streets will be permissible for guests only so long as guests parking does not become a nuisance to other residents;
3. The Declarant and/or the Association may remove any vehicles in violation of these parking restrictions at the expense of the owner of the vehicle;
4. Parking of boats, trailers, campers, motorcycles, buses, or recreation vehicles shall not be permitted in any street or in any driveway without approval by the Board of Directors.

Article III

MEMBERSHIP AND VOTING RIGHTS

Section 1: Every owner of a Unit which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any unit which is subject to assessment.

Section 2: The Association shall have two classes of voting membership;

Class A: Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any unit, all such persons shall be members. The vote for such Unit(s) shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B: The Class B member(s) shall be the Declarant and shall be entitled to ten (10) votes for each unit owned. Initially, the Class B member(s) shall be the sole voting member as long as the Declarant owns a Unit or property upon which a Unit will be developed. Upon conveyance by the Declarant of the last Unit, the Class B membership shall terminate.

Article IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Unit owned within the properties, hereby covenants, and each owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, and costs in excess of insurance proceeds, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with the interest costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The assessment shall be the joint and several obligations of each owner and the obligation for delinquent assessments shall pass to the owner(s) herein, his successors and assigns.

Section 2: Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, security, safety and welfare of the residents and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the landscaping maintenance of the homes situated upon the properties or for the use and enjoyment of the Common Area, including, but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance related to the Common Area, its facilities and use in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, cost of construction, reconstruction, repair or replacement in excess of insurance proceeds covering the homes situated on the properties, construction, operation and maintenance of waste water treatment facility, and such other needs as may arise.

Section 3: Maximum Monthly Assessment. Until one year immediately following the conveyance of the first Unit to an owner, the maximum monthly assessment shall be SEVENTY FIVE AND NO/100 DOLLARS (\$75.00) per Unit per month. Thirteen months after the first conveyance of a Unit to an owner, the monthly assessment shall be established by the Board of Directors of the Association and may be increased by the Board of Directors without approval by the membership if the annual increase is ten percent (10%) or less. The monthly assessment shall be established by Board of Directors and may be increased by the Board in an amount in excess of ten percent (10%) only with a vote of two-thirds (2/3) of the members of the Association who are voting in person or by proxy.

At any time after thirteen (13) months from the first conveyance of a Unit by the Developer, the Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4: Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of the capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. The limitation in assessments specified in this section shall not apply to any assessment needed for operation, repair and maintenance of waste water treatment system.

Section 5: Notice and Quorum for Any Action Authorized under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty-one percent (51%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6: Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Units subject to assessment and shall be collected on a monthly basis.

Section 7: Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on a monthly or quarterly basis and shall commence as to all Units on the day of the conveyance of the Unit from the Developer. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment against each Unit and send written notice of each assessment to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid.

Section 8: Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be subject to a late charge of \$10.00 per month, for each month payment is late. The Association may bring an action at

law against the owner personally obligated to pay the same and/or foreclose the lien against the property, and late charges, costs and reasonable attorney's fees of such action of foreclosure shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for any of the assessments provided for herein by non-use of the Common Area or abandonment of his Unit.

Section 9: Subordination of the Lien to Mortgage. The lien provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Unit shall not affect the assessment lien or lien provided for in the preceding section. However, the sale or transfer of any Unit pursuant to a foreclosure of a first mortgage or any convenience or assignment in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage.

Section 10: Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by charitable or non-profit organizations exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt and set assessments.

Article V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties by an owner other than the declarant, nor shall any exterior additions or changes or alterations therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Cummings Cove Community Association, Inc., Design and Review Board. Provided that nothing herein contained shall be construed to permit interference with the development of the properties by the Declarant so long as said development follows its general plan of development.

Article VI

PARTY WALLS AND SHARED STRUCTURES

Section 1: General Rules of Law to Apply. Each wall, roof, fence or other structure which is built as a part of the original construction of the homes upon the properties and placed on the dividing line between the Units shall constitute a Party Structure, and, to the extent not inconsistent with the provisions of this article, the general rules of law regarding party walls, party roofs or other party structures and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2: Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Structure, shall be shared equally by the Owners of the Units of which such Party Structure are a part.

Destruction by Fire or Other Casualty. If a Party Wall or Party Roof, or other Party Structure, is destroyed or damaged by fire, termite infestation or other casualty which is not the result of negligence or intentional misconduct by the Owner of any Unit, the Owner of either Unit of which such Party Wall or Party Roof, or other structure, is a part, may restore it to its former condition and, in that event, the parties sharing the structure shall contribute to the expense of such restoration as provided herein.

Contribution. All Owners sharing a Party Wall, Party Roof or other Party Structure shall equally bear the costs of maintenance and repairs necessary to the integrity of such structure which is not the result of any negligence or intentional misconduct by an Owner. Any Owner making repairs shall be entitled to contribution from each other Owner as provided herein. The obligation of any Owners to contribute for the cost and expenses in the repair, maintenance and/or restoration of any Party Wall or Party Roof, Party Structure, or other structure, shall be appurtenant to the land and shall pass to such owner's successors in title. Any Owner who causes damage or destruction to any Party Wall, Party Roof or other Party Structure shall be solely responsible for all necessary repairs to restore such structure to its previous condition.

Exterior Coloration. In order to maintain uniformity in the appearance of Units, the entire exterior of all adjoining Units shall be painted the same or a complementary color. The aesthetics of the continuation of a common color for the entire exterior premises, applied in a uniform fashion, is in the best interest of the owners of the residential units. Therefore, in the event both the owners of the two (2) residential units agree to a uniform change of exterior coloration, then, in that event, the entire exterior premises color would be changed to a new exterior paint color with the approval of the Cummings Cove Design Review Board. However, in the event that both of the residential unit owners cannot agree as to an exterior coloration change, then, in that event, the existing exterior coloration shall remain. In the event that the roof shingles on a Party Structure need to be replaced, the entire roof will be re-shingled in the same color and at the same time. It is further acknowledged that the cost of exterior painting

and trim, or the cost of re-shingling, would be borne equally by each of the Owners of each Unit.

Section 3: Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Unit owner, who has used the wall may restore it, and if the other Unit owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule regarding liability for neglect or willful acts or omissions.

Section 4: Weatherproofing. Notwithstanding any other provision of this Article, a Unit owner who by his neglect or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5: Right to Contribution Runs with Land. The right of any Unit owner to contribution from any other Unit owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 6: Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of the Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator. The arbitrators shall conduct a hearing in accordance with procedures established by the arbitrators and reach a majority decision with respect to such dispute which shall bind all parties concerned or involved in such dispute.

Article VII

ASSESSMENT FOR WASTE WATER COLLECTION SYSTEM

Cummings Cove Companies, LLC has constructed a waste water collection system with pumps to provide sanitary sewage disposal upon the property subject to this declaration. The Declarant shall have no authority or liability for maintenance, operation or repair of the waste water collection system.

The system and appurtenances thereto shall be part of the properties of Cummings Cove Golf and Country Club and shall be maintained and operated in conformity with law and provisions of the permit for construction. Each Unit owner will be billed separately by Cummings Cove Properties, LLC or their designated agents and assigns, for the maintenance allocated for the sewage facility. The bills for the sewage system shall be paid by the individual Unit owners to the declarant in accord with rates established by the declarant. The fund to maintain the system shall be separate from the routine maintenance allocated for the facility.

Article VIII

EXTERIOR MAINTENANCE

The Association shall maintain lawns and landscaping in all Common Areas, including the entrance to the development, traffic island and clustered mailbox island, and other lawn areas, including front yards which were installed by the Declarant.

A Unit owner may add plantings to his or her Unit within the Limited Common Element dedicated to his or her Unit and further the plantings must be compatible with the existing plants, shrubs or flowers planted by the Declarant or Association. All plants added by the Unit owner shall be maintained by the owner. Should an owner desire to add plantings to an area not herein set out, the owner shall submit drawings and obtain the prior written approval of the Architectural Committee or the Board of the Association. No plantings added and maintained by an owner shall obstruct the view or create a safety hazard for other owners or residents.

No window awnings of any type whatsoever or any other projections shall be attached to the exterior of a dwelling without the prior written approval of the Architectural Committee or the Board of the Association.

Article IX

USE RESTRICTIONS

Section 1: Land Use and Building Type. No Unit shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any Unit other than one single-family dwelling not to exceed two stories in height or one half of one duplex dwelling not to exceed one story in height.

Section 2: Sales and Construction Facilities of Declarant. Notwithstanding any provisions in Section 1, Declarant, its agents, employees and contractors shall be permitted to maintain during the period of construction and sales of the properties of the Units in the properties upon such portion of the properties as Declarant may choose, such facilities as may be reasonably required in the construction, sale of Units, including, but not limited to, a business office, storage area, construction yards, signs, model Units, sales office, construction office, parking area and lighting and temporary parking facilities for all prospective tenants or purchasers of the Declarant.

Section 3: No Other Business. No other business activity of any kind shall be conducted in any Unit or in the properties.

Section 4: Nuisance. No noxious or offensive activity shall be conducted upon any Unit nor shall anything be done thereon which is or may become an annoyance or nuisance to the neighborhood.

Section 5: Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Unit or in any dwelling except that dogs, cats or other household pets may be kept or maintained as long as they are not kept or maintained for commercial purpose. Household pets shall be housed inside the dwelling and pets must be under control at all times whenever taken outside. Pets shall not be permitted to annoy residents, destroy or damage property or create health or safety hazards.

Section 6: Outside Antennas. No outside radio or television antennas, space disc or other device designated for reception of radio or television signals, shall be erected on any Unit or dwelling Unit within the properties unless and until permission for the same as been granted by the Board of Directors of the Association or its architectural control committee. Small satellite television dishes (DirecTV, DISH) are acceptable.

Section 7: Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Unit within the properties, nor shall any clothes hanging devices such as lines, reels, poles, frames, etc., be placed on the property.

Section 8: Burning of Trash. The burning of trash, leaves and other refuse shall not be permitted by any owner. Such activity shall be permitted only in conjunction with the construction process under the supervision of the Declarant.

Section 9: Refuse Containers. Refuse container shall be a uniform nature. Container shall be permitted on the front of a Unit bordering the street only on days designated for trash collection. Containers shall be covered with lids at all times.

Article X

EASEMENTS

Section 1: Utility Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on plats that are recorded and may be hereafter be recorded depicting the Properties. Within these easements no structure, planting, or other material shall be placed or permitted to remain which may interfere with installation and maintenance of utilities, or which may change direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through the drainage channels in the easements.

Section 2: Encroachments. If any portion of the Common Area now encroaches upon any Unit or if any Unit now encroaches upon any other Unit or upon any portion of the Common Area, as a result of the construction of a building, or if any such encroachments occur

hereafter as a result of settling or shifting of any building or for any other reason, a valid easement not to exceed one (1) foot for the encroachment and for the maintenance of the same so long as it stands, shall exist. The foregoing encroachment shall not be construed to be an encumbrance affecting the marketability of title to any Unit.

Article XI

COVENANTS OF OWNER TO KEEP UNITS INSURED AGAINST LOSS, TO REBUILD AND TO KEEP IN GOOD REPAIR

The Declarant covenants with the Association, on behalf of itself and on behalf of each subsequent owner of a Unit within the properties, and each owner of any such Unit within the properties, acceptance of a deed therefor, whether or not it shall be so express in said deed, or by exercise of any act of ownership, is deemed to covenant:

1. To keep each dwelling unit upon a Unit subject to assessment insured against loss by fire with what is commonly called extended coverage in an amount equal to at least one hundred percent (100%) of the replacement value of Unit;
2. To name the Association as an insured "as its interest may appear" so that the association shall be entitled to receive notice of cancellation of such insurance policies (subject to the provisions and covenants contained in any mortgage or mortgages creating a lien against any Unit) which shall be issued by companies acceptable to the Association;
3. To apply the full amount of any insurance proceeds to the rebuilding or repair of any dwelling unit (subject to the provisions and covenants contained in any mortgage or mortgages creating a lien against any Unit, providing that the Unit is insured under a group or hazard insurance policy endorsement providing for replacement of a dwelling from insurance proceeds);
4. To rebuild or restore the building unit in the event of damage thereto; and providing the dwelling is insured under a group or hazard insurance policy which contains a replacement cost endorsement providing for replacement of a dwelling from insurance proceeds; and
5. To keep the dwelling unit in good repair as provided by the By-Laws of the Association.

In the event of non-payment of any premium for insurance required under this article, the Association is authorized but not obligated to pay such premium and sums so paid shall become a lien upon the insured Unit which shall be enforceable in the same manner and to the same extent as provided for enforcement of liens of assessments hereunder.

Each owner of a dwelling unit shall ensure and obtain his/her own insurance policy with obligation to supply proof of adequate coverage to the Board of Directors of the Association with the coverage to provide for loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or construction work in the event of damage or destruction from any hazard.

The Board of Directors of the Association shall also have the authority to obtain Insurance of a building if the owner has not provided proof of coverage. The Association would then have a lien on the Unit until such time as the Association is reimbursed for the cost of the insurance coverage.

Such policies whether obtained by the Association or an individual Unit owner shall provide that insurance proceeds payable on an account of loss of, or damage to, the real property shall be adjusted the carrier(s) by The Reserve at Heron Pond Property Owners Association and shall be payable solely to the homeowner's mortgagee, if any, and the Reserve at Heron Pond Property Owners Association, as Insurance Trustee for the homeowner(s). Such insurance proceeds shall be applied to repair or restoration of the property as hereinafter provided. All such insurance policies shall provide that the coverage may not be canceled by the carrier without first giving the Reserve at Heron Pond Property Owners Association and Unit mortgagee, if any, ten (10) days written notice of cancellation. All such policies shall contain, if obtainable, a waiver of the right of subrogation against any Unit owner, members of the Unit owner's family, The Reserve at Heron Pond Property Owners Association, its officers, agents and employees, as well as a waiver of the "pro rata" clause.

Association shall obtain a broad form public liability policy covering all Common Area and all damage or injury caused by the negligence of the Association or any of its agents, officers or employees in an amount of not less than one million dollars for each occurrence and such policies shall contain a waiver of the right of subrogation against members of The Reserve at Heron Pond Property Owners Association, its officers, agents and employees.

Premiums for insurance obtained by the Board of Directors, except policies on the individual residences, shall be common expense. Premiums for insurance attained by the Board of Directors on individual residences shall not be part of the common expense, but shall be an expense of the owner(s) of the specific residents or residents so covered and a debt owed by the owners and shall be paid within twenty (20) days after notice of such debt, such amount shall be collectible by any lawful procedure permitted by the laws of the State of North Carolina. In addition, if said debt is not paid within twenty (20) days after notice of such debt, such amount automatically become a lien upon such owner's residence and shall continue to be such lien until fully paid. This lien shall be subordinate to the lien of any first mortgagee and shall be enforceable in the same manner as any lien created by the failure to pay the maintenance assessments.

Any owner may, if he wishes, at his own expense, carry any and all other insurance he deems advisable beyond that included in homeowners policy required by the Association.

In the event of damage or destruction by fire or other casualty to any property covered by Insurance the homeowner shall with the concurrence of mortgagees, if any, and the Board of Directors, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly.

Also, the Association may levy in any calendar year, a special assessment for the purpose of defraying the cost of construction, reconstruction, repair or replacement of a building or building containing residential units, to the extent insurance proceeds under a group insurance policy containing a replacement cost endorsement are insufficient to pay all costs of construction, reconstruction, repair or replacement to as good condition as prior to damage or destruction by fire or other casualty covered by said insurance.

In the event that any dwelling located on the Property is substantially destroyed by fire or other Hazard, each owner shall be obligated within a period of ninety (90) days to begin reconstruction to restore the premises to its former condition. Failure to commence reconstruction shall give any adjoining owner and to the Association cause of action to require the owner to reconstruct the damage building.

Any dwelling which has been destroyed, in whole or in part, by fire or other casualty, and is subsequently restored or reconstructed, shall be subject to the provisions of this Declaration and to the By-Laws of the Association.

Article XII

GENERAL PROVISIONS

Section 1: Enforcement. The Association, or any Unit owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration.

Failure by the Association or any other Unit owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3: Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, or term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. As

long as there is a Class B entitled to vote in the Association, this Declaration may be amended by the Declarant alone. Thereafter, the Declaration may be amended during the balance of the first twenty (20) years from the time it is recorded by an instrument signed by the Declarant and not less than ninety percent (90%) of the Unit owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Unit owners, provided that no amendments shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or effect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4: Amendment of Declaration without Approval of Owners. The Declarant, without the consent or approval of any other owner shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the property or to qualify the Properties or any Units and improvements thereon for mortgage or improvement loans made or insured by a governmental agency, or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the state of North Carolina, regarding purchase or sale in such Units and improvements or mortgage interest therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Department of Veterans Affairs, US Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association or the Federal National Mortgage Association, requesting or suggesting the amendment necessary to comply with the requirements for such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such requests or suggestions.

No amendment made pursuant to this section shall be effective until duly recorded in the Office of the Registrar for Deeds for Henderson County, North Carolina.

Section 5: Lease of Dwellings. Declarant and owners of individual Units shall be permitted to offer for lease or rent any Units within the Reserve at Heron Pond. However, the Declarant and or property owners shall be responsible for the action and activities of any Unit.

Minimum rental period: The minimum rental allowed for a temporary rental is one (1) month. Shorter-term temporary rentals are allowed only in order to facilitate the transfer of a dwelling unit before/after closing the sale of a dwelling unit.

Maximum number of rentals per year: A dwelling unit in the Reserve at Heron Pond shall not be used for or as a temporary rental more than five times during any calendar year.

Section 6: Conflicts. In the event of an irreconcilable conflict between this Declaration and the reservations, covenants and restrictions applicable to the Cummings Cove Golf and

Country Club as described herein above, as amended, the terms, restrictions and conditions of all covenants applicable to Cummings Cove Golf and Country Club shall prevail. In the event of any irreconcilable conflict between this Declaration and the By-Laws of the Association, the provisions of this Declaration shall control. In the event of an irreconcilable conflict between this Declaration or the By-Laws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Article XIII

RIGHTS OF FIRST MORTGAGEES

Nothing contained herein shall impair the rights of a mortgagee:

- a) To foreclose or take title to a Unit pursuant to the remedies provided in the deed of trust, or
- b) To accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or
- c) To sell, convey or lease a Unit acquired by the mortgagee.

The mortgagee may pay taxes or other charges which are in default and which may or have become due as a charge against the property and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of the policy or pay hazard insurance premiums to prevent lapse of policy.

Article XIV

PROPERTY OWNERS ASSOCIATION

Any covenants, conditions, restrictions, or reservations adopted by the Association may be amended by a vote of two-thirds (2/3) of the membership of the Association so long as the amendments do not conflict with this Declaration or the Declaration, Covenants, Conditions and Restrictions for Cummings Cove Golf Community. The Property Owners Association shall further have the ability to develop and revise rules and regulations covering the use of the Reserve at Heron Pond.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this the 22nd day of July, 2019.

CCSV 1, LLC. Declarant

BY: Baird A. Blake (SEAL)
Baird A. Blake Member/Manager

STATE OF North Carolina
COUNTY OF Henderson

Baird A Blake

I, a Notary Public of the County and State aforesaid, certify that ____, manager/member-manager of CCSV1, LLC, personally appeared before me this day and acknowledged the voluntary execution of the foregoing instrument on behalf of CCSV1, LLC and for the purpose stated therein. Witness my hand and official stamp or seal, this 22 day of July, 2019.

Nancy E. Treshan
Notary Public
Henderson County
North Carolina

Nancy E. Treshan
Notary Public

My commission expires: May 26, 2022