

DECLARATION OF COVENANTS, EASEMENTS, RESTRICTIONS AND LIENS

FOR

**VILLAGE AT MILL POND II
A PLANNED COMMUNITY
COLCHESTER, VERMONT**

BY

SHEPPARD, BROGNA, GARDNER, LLP

Dated as of this ____ day of _____, 2006

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DECLARATION OF COVENANTS, EASEMENTS, RESTRICTIONS AND LIENS

SHEPPARD, BROGNA, GARDNER, LLC, a Vermont limited liability partnership with its principal place of business at P.O. Box 907, Williston, Vermont, (hereinafter referred to as "Declarant"), does hereby submit the real property in the Town of Colchester, Vermont described in Schedule A-1, to the provisions of 27A V.S.A. § 1-101 et seq., the Uniform Common Interest Ownership Act ("the Act").

ARTICLE I Definitions

The following definitions shall control over the definitions in the Act. The definitions in the Act shall apply to terms not defined herein. In the Documents, the following words and phrases shall have the following meanings:

Section 1.1 - Act. The Common Interest Ownership Act, Title 27A of the Vermont Statutes Annotated, as the Act may be amended from time to time.

Section 1.2 - Allocated Interests. The interests in the Common Expense liability and votes in the Association allocated to the Units in the Common Interest Community are described in Article IX of this Declaration and shown on Schedule A-2.

Section 1.3 - Association. Village at Mill Pond II Homeowners Association, Inc., a nonprofit Vermont corporation, filed with the Vermont Secretary of State.

Section 1.4 - Bylaws. The Bylaws of the Association, as they may be amended from time to time.

Section 1.5 - Common Elements. All portions of the Common Interest Community other than the Units.

Section 1.6 - Common Expenses. The expenses for the operation of the Common Interest Community as set forth in Section 17.1 of the Declaration.

Section 1.7 - Common Interest Community. Village at Mill Pond II, also known as Village at Mill Pond II Townhouse Regime, this development.

Section 1.8 - Declarant. Sheppard, Brogna, Gardner, LLP, its successors and assigns.

Section 1.9 - Declaration. This document, including any amendments.

Section 1.10 - Development Rights. The rights reserved by the Declarant under Article VII of this Declaration to create Units, Common Elements and Limited Common Elements within the Common Interest Community, and add additional land to the Common Interest Community.

Section 1.11 - Director. A member of the Executive Board.

Section 1.12 - Documents. The Declaration, Survey and Plan recorded and filed pursuant to the provisions of the Act, and the Bylaws and the Rules as they may be amended from time to time. Any exhibit, schedule or certification accompanying a Document is a part of that Document.

Section 1.13 - Eligible Insurer. An insurer or guarantor of a first mortgage on a Unit which has notified the Association in writing of its name and address and that it has insured or guaranteed a first mortgage on a Unit. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described in Article XVI.

Section 1.14 - Eligible Mortgagee. The holder of a first mortgage on a Unit which has notified the Association in writing of its name and address and that it holds a first mortgage on a Unit. Such notice shall be deemed to include a request that the eligible mortgagee be given the notices and other rights described in Article XVI.

Section 1.15 - Executive Board. The Board of Directors of the Association.

Section 1.16 - Improvements. Any construction or facilities existing or to be constructed on the land included in the Common Interest Community , including but not limited to, buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility wires, pipes and light poles.

Section 1.17 - Limited Common Elements. A portion of the Common Elements allocated by the Declaration or by the operation of subsection (2) or (4) of 27A V.S.A. §2-102 for the exclusive use of one (1) or more but fewer than all of the Units. The Limited Common Elements of this Common Interest Community are described in Article V of this Declaration.

Section 1.18 - Mortgage. An interest in real property or personal property, created by contract or conveyance, which secures payment or performance of an obligation.

Section 1.19 - Notice and Comment. The right of Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Section 22.1 of the Declaration.

Section 1.20 - Notice and Hearing. The right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedure for Notice and Hearing are set forth in Section 22.2 of this Declaration.

Section 1.21 - Person. An individual, corporation, limited liability company, limited liability partnership, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity. In the case of a land trust, “person” means the beneficiary of the trust rather than the trust or trustee.

Section 1.22 - Plan. Subdivision Plat entitled “Sheppard, Brogna, Gardner, LLC, Subdivision Plat” dated December 15, 2004, prepared by O’Leary-Burke Civil Associates, PLC, of record in Map Slide _____ of the Town of Colchester Land Records.

Section 1.23 - Property. The land together with all improvements , easements, rights and appurtenances, which have been submitted to the provisions of the Act by this Declaration.

Section 1.24 - Rules. Rules for the use of Units and Common Elements and for the conduct of persons within the Common Interest Community, adopted by the Executive Board pursuant to this Declaration.

Section 1.25 - Reserved.

Section 1.26 - Reserved.

Section 1.27 - Unit. A physical portion of the Common Interest Community designated for separate ownership or occupancy, the boundaries of which are described in the Section 4.3 of this declaration. In Village at Mill Pond II, each Unit consists of a Lot as shown on the Plan and any improvements on that Lot.

Section 1.28 - Unit Owner. The Declarant or other person who owns a Unit. Unit Owner does not include a person having an interest in the unit solely as security for an obligation. The Declarant is the initial owner of any Unit created by the Declaration.

ARTICLE II

Name and Type of Common Interest Community and Association

Section 2.1 - Common Interest Community. The name of the Common Interest Community is Village at Mill Pond II and it is a planned community.

Section 2.2 - Association. Village at Mill Pond II Homeowners Association, Inc.

ARTICLE III

Description of Land

The Common Interest Community, which initially consists of four (4) Units, including Common Land, is situated in the Town of Colchester, Vermont and is located on land described in Schedule A-1. There will be a maximum of four (4) Units.

ARTICLE IV

Maximum Number of Units, Identification and Boundaries

Section 4.1 - Number of Units. The Common Interest Community shall contain four (4) Units initially, and there shall be a maximum of four (4) Units.

Section 4.2 - Identification of Units. The Units are identified as 1A, 1B, 2A and 2B, as shown on the Plan and Survey.

Section 4.3 - Boundaries.

(a) The Units created by the Declaration are “zero lot line” units, the boundaries of which are located as shown on the Plan and Survey.

(b) Inclusions: Each Unit shall include the spaces and improvements lying within the boundaries described in subsection 4.3(a) above, and shall also contain any pipes, wires, ducts and conduits located on the Unit and serving only that Unit.

(c) Exclusions: Except when specifically included by other provisions of Section 4.3 the following are excluded from each Unit: the spaces and improvements lying outside of the boundaries described in subsection 4.3(a) above.

(d) Inconsistency with the Plan: If this definition is inconsistent with the Plan, then the Plan shall control.

ARTICLE V
Limited Common Elements

Section 5.1 - Limited Common Elements. The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(a) If any chute, flue, duct wire, conduit, bearing wall, bearing column, or any other fixture lies partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit.

(b) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit’s boundaries, are Limited Common Elements allocated exclusively to that Unit.

(c) Stoops and steps and walls above door openings at the entrances to each building, but outside the Unit’s boundaries, which provide access to less than all Units, are Limited Common Elements, the use of which is limited to the Units to which they provide access.

(d) Any attic space above a Unit and located outside of its boundaries is a Limited Common element, the use of which is limited to the Unit beneath it.

(e) Any stairway located outside the boundaries of a Unit is a Limited Common Element, the use of which is limited to the Units to which it gives access, unless otherwise designated on the Plan.

(f) Any chimney located outside the boundaries of a Unit is a Limited Common Element, the use of which is limited to the Unit in which its fireplace is located. In the event of a multiple flue chimney, each flue is a Limited Common Element of the Unit containing its fireplace, while the chimney is the Limited Common Element of both Units.

(g) Any utility areas located outside the boundaries of a Unit are Limited Common Elements, the use of which is limited to the Unit or Units which they serve, unless otherwise designated on the Plan.

(h) Exterior doors, windows and window assemblies, storm windows and storm doors, if any, which are located outside a Unit's boundaries are Limited Common Elements of the Unit which they service.

(i) Any courtyards, patios or decks designed to serve a single Unit and driveways and parking areas in front of a Unit garage, any of which are located outside the boundaries of a Unit, are limited Common Elements of the Unit which they serve, except as otherwise designated on the Plan.

(j) Those portions of any water and sewer pipes which are located outside a Unit's boundaries, commencing at shut-off valves and serving exclusively a single Unit, are Limited Common Elements allocated to that Unit.

(k) Mailboxes, name plates and exterior lighting located on a building and outside a Unit's boundaries are Limited Common Elements allocated to the Units they serve.

(l) Any encroachment into the Common Elements by any improvements to a Unit shall be a Limited Common Element allocated to that Unit.

Section 5.2 - Lot 1 and Lot 2. Except for the shared driveway, Lot 1 (including the septic disposal system) shall be a Limited Common Element for Units 1A and 1B, and Lot 2 (including the septic disposal system) shall be a Limited Common Element for Units 2A and 2B.

Section 5.3 - Expenses Allocated to Limited Common Elements.

Section 5.3.1 - General Rule. Except as otherwise provided in Section 5.3.2 and 5.3.3, Common Expenses associated with the cleaning, maintenance, repair or replacement of all Limited Common Elements will be assessed against all the Units, in accordance with their allocated Common Expense liability.

Section 5.3.2 - When Unit Owner is Responsible for Limited Common Element Expenses. In the case of Units the boundaries of which are its footprint, Common Expenses associated with the maintenance, repair or replacement of patios, decks, skylights, thresholds, doors and windows used by only one (1) Unit will be assessed only against the Unit to which the Limited Common Element is assigned. Any component or element which is installed by the Unit Owner and which was not originally installed by the Declarant shall be maintained, repaired or replaced by the Unit Owner. If an additional component or element to which the Executive Board consented becomes deteriorated or unsightly or is inconsistent with conditions of installation, then upon notice and hearing, it may be removed or repaired at the Unit Owner's expense. The cost of cleaning any chimney will be at the Unit Owner's expense.

Section 5.3.3 - Septic Systems. Units 1A and 1B shall be assessed for all the expenses associated with the maintenance, repair or replacement of the septic system located on Lot 1 servicing Units 1A and 1B. Units 2A and 2B shall be assessed for all the expenses associated with the maintenance, repair or replacement of the septic system located on Lot 2 servicing Units 2A and 2B.

ARTICLE VI Maintenance, Repair and Replacement

Section 6.1 - Common Elements. The Association shall maintain, repair and replace the exteriors of all Units (including the siding, window, exterior doors and roofs), as well as all of the Common Elements, except the portions of any Limited Common Elements which are required by this Declaration to be maintained, repaired or replaced by the Unit Owners.

Section 6.2 - Units. Each Unit Owner shall maintain, repair and replace the interior of the Units and any Limited Common Elements as required by this Declaration.

Section 6.3 - Access. Any person authorized by the Executive Board shall have the right of access to all portions of the property for the purpose of correcting any condition threatening a Unit or the Common Elements, and for the purpose of performing installations, alterations or repairs, and for the purpose of reading and replacing utility meters and related pipes, valves, wires, and equipment, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no such request or notice is required and such right of entry is shall be immediate, whether or not the Unit Owner is present at the time.

Section 6.4 - Repairs Resulting from Negligence. Each Unit Owner shall reimburse the Association for any damages to the exterior of any Unit or to the Common Elements caused intentionally or negligently. The Association shall be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the exterior of the Units or to the Common Elements.

Section 6.5 - Private Road. The driveway entitled "40' Access / Utility Easement Centered on Existing Drive" on the Plan shall be a private road maintained and repaired by the Association.

Section 6.6 - Water Service. The water services and blow-off serving the four (4) Units shall be maintained and repaired by the Association. Any repair done by Colchester Fire District 3 shall be back charged and paid by the Association.

ARTICLE VII
Development Rights and Other Special Declarant Rights

Section 7.1 - Reservation of Development Rights. - The Declarant reserves the following Development Rights:

- (a) The right to add to the Property any or all of the parcels shown on the Plan and Survey.
- (b) The right to create, construct, add to the Plan, own and sell up to a total of four (4) Units to be located on the Property substantially as shown on the Plan and Survey.
- (c) The right to create and develop Units, Common Elements and Limited Common Elements.
- (d) The right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities across the land in Village at Mill Pond II for the purpose of furnishing utility and other services to the buildings and improvements to be constructed on the land. The Declarant also reserves the right to grant easements to public utility companies and to convey improvements within those easements anywhere in the Common Interest Community for the above-mentioned purposes. Declarant reserves the right to grant encroachment easements for any improvements on the Units which may encroach onto the Common Elements. If Declarant grants any such easements, Schedule A-1 shall be amended to include reference to the recorded easement.

Section 7.2 - Limitations on Development Rights. The Development Rights reserved in Section 7.1 are limited as follows:

- (a) The Development Rights may be exercised at any time, but not more than ten (10) years after the recording of the initial Declaration.
- (b) The quality of construction of any buildings and improvements to be created on the Property may, but need not be, consistent with the quality of those constructed pursuant to this Declaration as initially recorded.
- (c) All Units and Common Elements created pursuant to the Development Rights will be restricted to residential use in the same manner and to the same extent as the Units created under this Declaration as initially recorded.

Section 7.3 - Phasing of Development Rights. Declarant will develop all Units as shown on the Plan.

Section 7.4 - Special Declarant Rights. Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Common Interest Community:

- (a) To complete improvements indicated on the Survey and Plan filed with the Town of Colchester referenced in this Declaration or amendments thereto and any future amendments to the Survey and Plan.
- (b) To exercise any Development Right reserved in this Declaration.
- (c) To maintain sales offices, management offices, signs advertising the Common Interest Community and models.
- (d) To use easements through the Common Elements for the purpose of making improvements within the Common Interest Community.
- (e) To appoint or remove any officer of the Association or any Executive Board member during any period of Declarant control.

Section 7.5 - Models, Sales Offices and Management Offices. As long as Declarant is a Unit Owner, Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by Declarant or any portion of the Common Elements as a model Unit or sales office or management office.

Section 7.6 - Construction; Declarant's Easement. Declarant reserves the right to perform warranty work, and repairs and construction work, and to store materials in secure areas in Units and Common Elements, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by Declarant without the consent or approval of the Executive Board. Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in this Declaration.

Section 7.7 - Signs and Marketing. Declarant reserves the right to post signs and displays in any Units or the Common Elements to promote sales of Units, and to conduct any general sales activities, in a manner consistent with the law.

Section 7.8 - Declarant's Personal Property. Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the premises that has not been represented as property of the Association. Declarant reserves the right to remove from the Property any and all goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 7.9 - Declarant Control of the Association.

(a) Subject to Subsection 7.9(b), there shall be a period of Declarant control of the Association, during which Declarant, or persons designated by it, may appoint and remove the officers and members of the Executive Board. The period of Declarant control shall terminate no later than the earlier of:

(i) Sixty (60) days after conveyance of all of the Units that may be created to Unit Owners other than Declarant;

(ii) Two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business;

(iii) The day Declarant, after giving written notice to the Unit Owners, records an instrument voluntarily surrendering all rights to control the activities of the Association.

Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of that period, but in that event Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Executive Board as described in a recorded instrument executed by Declarant be approved by Declarant before they become effective.

(b) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Unit Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than Declarant. At least thirty-three and one-third percent (33.33%) of the Executive Board shall be elected by Unit Owners who are not Declarants within sixty (60) days after fifty percent (50%) of the created Units is conveyed to Unit Owners other than Declarant.

(c) Before the termination of any period of Declarant control, the Unit Owners shall elect an Executive Board of a least three (3) members, at least a majority of whom shall be Unit Owners. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.

(d) Notwithstanding any provision of this Declaration or the Bylaws, the Unit Owners, by a two-thirds (2/3) vote of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Executive Board with or without cause, other than a member appointed by Declarant.

Section 7.10 - Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument executed by Declarant, any Special Declarant Right may be exercised by the Declarant until the earliest of the following events occur:

(a) Declarant is no longer obligated under any warranty or other obligation;

- (b) Declarant no longer holds a Development Right to create additional Units or Common Elements;
- (c) Declarant no longer owns any Unit;
- (d) Declarant no longer holds a mortgage on any Unit; or
- (e) Twenty-one (21) years after this Declaration is recorded.

Section 7.11 - Interference with Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of Declarant.

ARTICLE VIII Allocated Interests

Section 8.1 - Allocation of Interests. The table showing Unit numbers and their allocated interests is attached as Schedule A-2.

The interests have been allocated in accordance with the formula set out in Section 8.2. This formula is to be used in reallocating interests if Units are added to the Common Interest Community.

Section 8.2 - Formula for the Allocation of Interests. The interest allocated to each Unit has been calculated on the following formulas:

$$100\% \div \text{Total Number Of Units}$$

(a) Liability for Common Expenses. The percentage share of liability for Common Expenses allocated is on the basis of one (1) share per Unit. Nothing contained in this subsection shall prohibit certain expenses from being apportioned to particular Units under Article XVII of the Declaration.

(b) Votes. Each Unit in the Common Interest Community shall have one (1) equal vote. Any specified percentage, portion or fraction of Unit Owners, unless otherwise stated in the Documents, means the specified percentage, portion or fraction of all of the votes as allocated in Schedule A-2.

Section 8.3 - Binding Arbitration. In the event the Association is deadlocked in its vote(s) relative to an issue properly before it, including a vote for its directors, the Association shall, within ten (10) days of a request from a member, refer the issue to the Association's last employed counsel who shall assist the members to attempt to work out an equitable resolution. In the event a resolution cannot be reached

within thirty (30) days, counsel shall outline the issue(s) and refer the matter to a disinterested, experienced local real estate attorney who shall decide the issue(s) using the best interests of the Association as counsel's guiding principle. Counsel shall provide the members with a notice and opportunity to be heard on the issue(s) before making a decision in writing. Counsel's decision shall be final and binding on the Association. The Association shall bear the costs of this deadlock resolution process and its members shall contribute to the cost as a Common Expense.

ARTICLE IX

Restrictions on Use, Alienation and Occupancy

Section 9.1 - Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article VI, the following use restrictions apply to all Units and to the Common Elements:

(a) Each Unit is restricted to residential use and shall contain no more than one (1) residential dwelling. Each residential dwelling may be used only as a single-family residence including home professional pursuits not requiring regular visits from the public or unreasonable levels of mail, shipping, trash or storage. No sign indicating commercial or professional uses may be displayed outside a Unit. A single-family residence is defined as a single housekeeping unit, operation on a non-profit, non-commercial basis between its occupants, cooking and eating with a common kitchen and dining area, with no more overnight occupants than two (2) per bedroom. Any home business pursuits shall have proper local Town approvals.

(b) In addition to the provisions of this Declaration, the use of the Common Elements is subject to the Bylaws and the Rules of the Association.

(c) For any period during which any Common Expense Assessment remains unpaid or, after Notice and Hearing, for any period not to exceed thirty (30) days, for any infraction of its published Rules, the Executive Board may suspend the right to use Common Elements not necessary to give access to a public street.

(d) The powers of the Board to regulate the use and occupancy of Units, including leasing, is described in Article 23.4.

(e) Garages and carports are limited to occupancy for the storage of vehicles and accessory storage. No basketball hoops shall be allowed.

(f) Except for those activities conducted as part of the marketing and development program of Declarant, and except for those activities described in Section 9.1(a) above, no industry, business, trade, commercial activity or other nonresidential use of a Unit is permitted in the Common Interest Community. No signs, window displays or advertising is permitted, except that a name plate or sign not exceeding eighteen (18) square inches in area, on each Unit may be maintained. No Unit may be used or rented for transient, hotel or motel purposes.

(g) A Unit Owner shall not cause or permit anything other than curtains, conventional draperies or holiday decorations to be hung, displayed or exposed at or on the outside of windows or Units without the prior consent of the Executive Board having jurisdiction over such matters.

(h) A Unit Owner shall not paint, stain, or otherwise change the color of any exterior portion of any building without the prior consent of the Executive Board or any committee then established having jurisdiction over such matters.

(i) A Unit Owner may not store recreational vehicles on the Property.

(j) A Unit Owner may not convert garage spaces to living spaces, nor use them as primary storage areas.

(k) Because of the potential impact of such activities on the marketing of Units, so long as Declarant owns a Unit or holds any Development Right, Declarant alone has the right to approve or disapprove the activities described in subsections (g) and (h) above.

(l) Each Unit and the Common Elements shall be subject to any restriction in this Declaration.

Section 9.2 - Restriction and Alienation. - The following restriction(s) on alienation apply to the Common Interest Community:

(a) A Unit may not be conveyed pursuant to a time-sharing plan as defined under 32 V.S.A. § 3619.

ARTICLE X Easements and Licenses

All easements or licenses to which the Common Interest Community is presently subject are recited in Schedule A-1 to this Declaration. In addition, the Common Interest Community may be subject to other easements or licenses granted by Declarant pursuant to its power under Article VII of this Declaration.

ARTICLE XI Allocation and Reallocation of Limited Common Areas

Section 11.1 Allocation of Limited Common Elements Not Previously Allocated. Declarant does not contemplate the allocation of any Limited Common Elements.

ARTICLE XII Additions, Alterations and Improvements

Section 12.1 - Additions, Alterations and Improvements by Unit Owners. A Unit Owner with proper State and local permits and approvals and in compliance with this Declaration:

(a) May make any improvements or alterations to the interior of his or her Unit that do not impair the structural integrity or mechanical systems or lessen the support of another part of the Common Interest Community.

(b) May not change the appearance of the Common Elements or exterior of a Unit, or construct any structure on a Unit or any part of the Common Interest Community, without written permission of the Executive Board.

(c) May submit a written request to the Executive Board for approval to do anything that he or she is forbidden to do under subsection 12.1(b). The Executive Board shall answer any written request for such approval, after Notice and Hearing, within ninety (90) days after the request thereof. Failure to do so within said time shall constitute a consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of its rules. The Unit Owner shall be solely responsible for obtaining State and local permits.

(d) The Association shall receive thirty (30) days notice in writing by certified mail return receipt prior to the filing of any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit. Such notice will not, however, create any liability on the part of the Association or any of its members to any contractor, subcontractor or materialman on account of such addition, alteration or improvement or to any person having any claim for injury to a person or damage to property arising therefrom.

(e) All additions, alterations and improvements to the Units and Common Elements shall not, except pursuant to prior approval by the Executive Board, cause any increase in premiums of any insurance policies carried by the Association or by the Owner of any Units other than those affected by such change.

(f) May not cut trees of any size located on Common Elements, and may not cut any live trees located on his or her Lot exceeding four (4) inches in caliper without the Executive Board's approval.

(g) The provisions of this Article shall not apply to Declarant in the exercise of any Special Declarant Right. Further, because of the potential impact of such activities on the marketing of Units, so long as Declarant owns any Unit or holds any Development Right, Declarant alone has the right to exercise the powers in this section.

Section 12.2 - Additions, Alterations and Improvements by Executive Board. Subject to any limitations of this Declaration, the Executive Board may make any additions, alterations or improvement to the Common Elements which, in its judgment, it deems necessary.

ARTICLE XIII
Amendments to Declaration

Section 13.1 - General. All amendments shall be made in accordance with the Act.

Section 13.2 - Special Declarant Rights. Provisions in the Declaration creating Special Declarant Rights may not be amended without the consent of Declarant.

Section 13.3 - Consent of Mortgage Holders. Amendments are subject to the consent requirements of Article XVI.

ARTICLE XIV
Amendment to Bylaws

The Bylaws may be amended only by vote of two-thirds (2/3) of the members of the Executive Board, following Notice to all Unit Owners and Comment, at any meeting duly called for such purpose.

ARTICLE XV
Termination

Termination of the Common Interest Community may be accomplished only in accordance with 27A V.S.A. § 2-118.

ARTICLE XVI
Mortgagee Protection

Section 16.1 - Introduction. This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain mortgages. This Article is supplemental to, and not in substitution for, any other provisions of the Documents, but in the event of conflict, this Article shall control. Unless the Executive Board shall vote to suspend this provision, this Article shall be automatically amended to from time to time to be consistent with generally applicable requirements of the Federal National Mortgage Association governing mortgagee approval requirements.

Section 16.2 - Percentage of Eligible Mortgagees. Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding first mortgages on Units which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Units then subject to first mortgages held by Eligible Mortgagees.

Section 16.3 - Notice of Actions. The Association shall give prompt written notice to each eligible Mortgagee and Eligible Insurer of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Interest Community or any Unit in which there is a first security interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer as applicable;

(b) Any delinquency in the payment of Common Expense Assessments owed by an Owner whose Unit is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, which remains unpaid for a period of ninety (90) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 16.4; and

(e) Any judgment rendered against the Association.

Section 16.4 - Consent Required.

(a) Document Changes. The Declaration, including Plan, may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association is allocated or any larger majority the Declaration specifies. The amendment must be approved in writing by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected by the exercise of any Development Right. Consent of an Eligible Mortgagee is deemed granted if no denial is received within thirty (30) days after the Eligible Mortgagee receives notice of the proposed changes. Material includes, but is not limited to, any provision affecting:

(i) Assessments, assessment liens, or subordination of assessment liens;

(ii) Voting rights;

(iii) Reserves for maintenance, repair and replacement of Common Elements;

(iv) Responsibility for maintenance and repairs;

(v) Reallocation of interests in the Common Elements or Limited Common Elements except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees which hold mortgages on such Units must approve such action;

(vi) Rights to use Common Elements and Limited Common Elements;

(vii) Boundaries of Units except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding mortgages on such Unit or Units must approve such action;

(viii) Convertibility of Units into Common Elements or Common Elements into Units;

(ix) Expansion or contraction of the Common Interest Community, or the addition, annexation or withdrawal of property to or from the Common Interest Community;

(x) Insurance or fidelity bonds;

(xi) Leasing of Units;

(xii) Imposition of restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(xiii) Establishment of self-management when professional management had been required previously by an Eligible Mortgagee;

(xiv) Restoration or repair of the project after a hazard damage or partial condemnation in a manner other than that specified in the Documents;

(xv) Termination of the Common Interest Community after occurrence of substantial destruction or condemnation; and

(xvi) Any provision that expressly benefits mortgage holders, insurers or grantors.

(b) Actions. Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions without approval of at least fifty-one percent (51%) of the Eligible Mortgagees or such higher percentage as set forth herein:

(i) The conveyance or encumbrance of the Common Elements or any portion thereof, as to which an eighty percent (80%) Eligible Mortgagee approval is required. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements for the benefit of the Common Interest Community shall not be deemed a conveyance or encumbrance within the meaning of this clause;

(ii) The establishment of self-management when professional management had been required previously by an Eligible Mortgagee;

(iii) The restoration or repair of the Property after hazard damage or a partial condemnation in a manner other than that specified in the Documents;

(iv) The termination of the Common Interest Community, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required;

(v) The alteration of any partition or creation of any aperture between adjoining Units when Units boundaries are not otherwise being affected, in which case only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;

(vi) The merger of this Common Interest Community with any other common interest community;

(vii) The granting of any easements, leases, licenses and concessions through or over the Common Elements excluding, however, any utility easements serving or to serve the Common Interest Community and excluding any leases, licenses or concessions for no more than one (1) year;

(viii) The assignment of the future income of the Association, including its right to receive Common Expense Assessments; and

(ix) Any action taken not to repair or replace the Property.

The foregoing consents do not apply to the exercise of any Development Right.

(c) The Association may not change the period for collection of regularly budgeted Common Expenses Assessments to other than monthly without the consent of all Eligible Mortgagees.

Section 16.5 - Development Rights. No Development Rights may be voluntarily abandoned or terminated by Declarant unless all persons holding security interests in the Development Rights consent to the abandonment or termination.

Section 16.6 - Inspection of Books. The Association shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours.

Section 16.7 - Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer which submits a written request, with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

Section 16.8 - Enforcement. The provisions of this Article are for the benefit of Eligible Insurers and Eligible Mortgagees, and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 16.9 - Attendance at Meetings. Any representative of an Eligible Mortgagee or Eligible Insurer may attend any meeting which a Unit Owner may attend.

ARTICLE XVII
Assessment and Collection of Common Expenses

Section 17.1 - Definition of Common Expenses. Common Expenses shall include:

- (a) Expenses of administration, maintenance, and repair or replacement of the Common Elements and exteriors of the Units;
- (b) Expenses declared to be Common Expenses by the Documents or by the Act;
- (c) Expenses agreed upon as Common Expenses by the Association; and
- (d) Such reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements, the exteriors of the Units, or any other real or personal property acquired by the Association.

Section 17.2 - Apportionment of Common Expenses. Except as provided in Section 17.3, all Common Expenses shall be assessed against all Units in accordance with their percentage interest in the Common Expenses as shown on Schedule A-2 to this Declaration.

Section 17.3 - Common Expenses Attributable to Fewer Than All Units.

- (a) Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from such services.
- (b) Any insurance premium increase attributable to a particular Unit by virtue of activities or construction of the Unit shall be assessed against the Unit.
- (c) Assessments to pay a judgment against the Association may be made only against the Units in the Common Interest Community at the time the judgment was rendered, in proportion to their Common Expense liabilities.
- (d) If any Common Expense is caused by the misconduct of a Unit Owner, the Association may, after Notice and Hearing, assess that expense exclusively against his or her Unit.
- (e) Fees, charges, late charges, fines and interest charged against a Unit Owner pursuant to the Documents and the Act are enforceable as Common Expense Assessments.

(f) Any expense incurred by the Executive Board and/or the Association on behalf of a Unit Owner or as a result of a Unit Owner's failure to perform any of the obligations under Section 6.2 hereof is a Common Expense.

Section 17.4 - Lien. The Association has a statutory lien on a Unit in accordance with the Act and shall accept the benefits of the Act related thereto unless otherwise stated herein.

Section 17.5 - Budget Adoption and Ratification. Within thirty (30) days after the adoption of any proposed budget for the Common Interest Community, the Executive Board shall provide a summary of the budget to all Unit Owners. The Board shall set a date, not less than fourteen (14) or more than thirty (30) days after the date the budget summary is sent to the Unit Owners, for a meeting of the Unit Owners to ratify the budget. The budget shall be ratified and shall be in effect until the Unit Owners ratify a new budget proposed by the Executive Board.

Section 17.6 - Notice and Comment By Unit Owners for Non-budgeted Common Expenses and Assessments. If the Executive Board votes to levy a Common Expense Assessment not included in the current budget, other than one enumerated in Section 17.3 of this Declaration, in an amount greater than fifteen percent (15%) of the current annual operating budget, the Executive Board shall submit such Common Expense to the Unit Owners for Notice and Comment in the same manner as a budget under Section 17.5.

Section 17.7 - Certificate of Payment of Common Expenses. The Association, on written request, shall furnish to a Unit Owner a statement in recordable form setting forth the amount of unpaid Assessments against the Unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and every Unit Owner.

Section 17.8 - Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 17.2 and 17.3 shall be due and payable monthly.

Section 17.9 - Personal Liability of Unit Owners. The Owner of a Unit at the time a Common Expense Assessment or portion thereof is due and payable is personally liable for the Assessment. Personal liability for the Assessment shall not pass to a successor in title to the Unit unless he or she agrees to assume the obligation.

ARTICLE XVIII

Right to Assign Future Income

The Association may assign its future income, including its right to receive Common Expense Assessments, only by the affirmative vote of Unit Owners of Units to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose.

ARTICLE XIX

Persons and Units Subject to Documents

Section 19.1 - Compliance with Documents. All Unit Owners, tenants, mortgagees, and occupants of the Units shall comply with the Documents. The acceptance of a deed or the exercise of any incident of ownership or entering into of a lease or entering into occupancy of a Unit constitutes agreement that the provisions of the Documents are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant. All such provisions recorded in the Land Records of the Town of Colchester are covenants running with the land and shall bind any persons having at any time any interest or estate in such Unit.

Section 19.2 - Adoption of Rules. The Executive Board may adopt Rules regarding the use and occupancy of Units, Common Elements and Limited Common Elements, if any, and the activities of occupants, subject to Notice and Comment.

ARTICLE XX

Insurance

Section 20.1 - Coverage. To the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in Sections 20.2, 20.3, 20.4, 20.5, 20.6, 20.7 and 20.8 of this Article. If such insurance is not reasonably available, and the Executive Board determines that any insurance described herein will not be maintained, the Executive Board shall cause notice of that fact to be hand-delivered or sent postage prepaid by the United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

Section 20.2 - Property Insurance.

(a) Property to be Covered.

(i) The project facilities (which term means all structures on the Common Areas, but excluding land, excavations, portions of foundations below the undersurface of the lowest basement floor, underground pilings, piers, pipes, flues and drains and other items normally excluded from property policies); and

(ii) All personal property owned by the Association, to the extent it is commonly insured by the Association.

(b) Amounts. The project facilities shall be insured for an amount equal to one hundred percent (100%) of their replacement cost at the time the insurance is purchased and at each renewal date, less reasonable deductibles.

The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing said replacement cost of the project facilities and the actual cash value of the personal property, and the cost of such appraisals shall be a Common Expense.

(c) Risks Insured Against. The insurance shall afford protection against “all risks” of direct physical loss commonly insured against.

(d) Other Provisions. Insurance policies required by this Section shall provide that:

(i) The insurer waives its right to subrogation under the policy against the Unit Owner or members of his or her household.

(ii) No act of omission by any Unit Owner, unless acting within the scope of his or her authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

(iii) If, at the time of a loss under the policy, there is other insurance in the name of the Unit Owner covering the same risk covered by the policy, the Association’s policy provides primary insurance.

(iv) Any loss shall be adjusted with the Association.

(v) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and, in the absence of such designation, to the Association, in either case to be held in trust for each Unit Owner and such Unit Owner’s mortgagee, to the extent that any Unit is affected by the loss and providing no other insurance is available for same.

(vi) The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued, at their respective last known address.

(vii) The name of the insured shall be substantially as follows: Village at Mill Pond II Homeowners Association, Inc.

Section 20.3 - Liability Insurance. Liability insurance, including medical payments insurance, in an amount determined by the Executive Board but in no event less than one million dollars (\$1,000,000.00) covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

(a) Other Provisions. Insurance policies carried pursuant to this section shall provide that:

(i) Each Unit Owner is an insured person under the policy to the extent of liability, if any, arising out of his or her interest in the Common Elements or membership in the Association.

(ii) The insurer waives its rights to subrogation under the policy against any Unit Owner or member of his or her household;

(iii) No act or omission by any Unit Owner, unless acting within the scope of his or her authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

(iv) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(v) The insurer may not cancel or refuse to renew the policy until thirty(30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued, at their respective last known address.

Section 20.4 - Fidelity Bonds. A blanket fidelity bond for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services may be procured. Any such bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the manager at any time while the bond is in force, and in no event less than the sum of three (3) months Assessments plus reserve funds. The bond shall include a provision that calls for thirty (30) days written notice to the Association before the bond can be canceled or substantially modified for any reason; except that if cancellation is for non-payment of premiums, only ten (10) days notice shall be required.

Section 20.5 - Workers' Compensation Insurance. As determined appropriate by the Executive Board, it may obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Vermont.

Section 20.6 - Directors' and Officers' Liability Insurance. As determined appropriate by the Executive Board, it may obtain and maintain directors', officers' and manager's liability insurance, if available, covering all of the Directors and Officers of the Association in such limits as the Executive Board may, from time to time, determine.

Section 20.7 - Other Insurance. The Association may carry other insurance which the Executive Board considers appropriate by the Executive Board to protect the Association or the Unit Owners, including casualty insurance on some or all of the Units, if the Board determines at any time to do so.

Section 20.8 - Premiums. Insurance premiums shall be a Common Expense. Insurance premiums on any insurance the Association may carry on Units shall be paid for by the owners of those Units, in proportion to the relative replacement costs of the insured Units.

ARTICLE XXI

Damage to or Destruction of Property

Section 21.1 - Duty to Restore. Any portion of the Property for which insurance is required or for which insurance carried by the Association is in effect, whichever is more extensive, shall be repaired or replaced promptly by the Association unless:

- (a) The Common Interest Community is terminated;
- (b) Repair or replacement would be illegal under any State or local statute or ordinance governing health or safety; or
- (c) Eighty percent (80%) of the Unit Owners, including every owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

Section 21.2 - Cost. The cost of repair or replacement in excess of insurance proceeds shall be a Common Expense.

Section 21.3 - Plan. The Property must be repaired and restored in accordance with either the original Plan and specifications or other plans and specifications which have been approved by the Executive Board, a majority of the Unit Owners and fifty-one percent (51%) of Eligible Mortgagees, and in accordance with proper State and local permits and approvals and any amendments thereto.

Section 21.4 - Replacement of Less Than Entire Property. The insurance proceeds attributable to the damaged area shall be disbursed for the repair or restoration of the damaged area to a condition compatible with the remainder of the Common Interest Community and the balance shall be distributed to the Association.

Section 21.5 - Insurance Proceeds. The insurance trustee, or if there is no insurance trustee, then the Association, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of subsection 21.1(a) through subsection 21.1(c), the proceeds shall be disbursed first for the repair or restoration of the damaged Property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Common Interest Community is terminated.

Section 21.6 - Certificates by the Executive Board. A trustee, if any, may rely on the following certifications in writing made by the Executive Board:

- (a) Whether or not damaged or destroyed Property is to be repaired or restored; and
- (b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

Section 21.7 - Certificates by Attorneys. If payments are to be made to Unit Owners or mortgagees, the Executive Board, and the trustee, if any, shall obtain and may rely on an attorney's

certificate of title based on a search of the Land Records of the Town of Colchester, from the date of the recording of the original Declaration stating the names and the Unit Owners and the mortgagees.

ARTICLE XXII

Rights to Notice and Comment; Notice and Hearing

Section 22.1 - Right to Notice and Comment. Before the Executive Board amends the Bylaws or the Rules, whenever the Documents require that an action be taken after “Notice and Comment”, and at any other time the Executive Board determines, the Unit Owners have the right to receive notice of the proposed action and to comment orally or in writing. Notice of the proposed action shall be given to each Unit Owner in writing and shall be delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or published in a newsletter or similar publication which is routinely circulated to all Unit Owners. The notice shall be given not less than five (5) days before the proposed action is to be taken. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

Section 22.2 - Right to Notice and Hearing. Whenever the Documents require that an action be taken after “Notice and Hearing”, the following procedure shall be observed. The party proposing to take the action (e.g. the Executive Board, a committee, an officer, the manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Section 22.3 - Appeals. Any person having a right to Notice and Hearing shall have the right to appeal to the Executive Board from a decision of persons other than the Executive Board by filing a written notice of appeal with the Executive Board within ten (10) days after being notified of the decision. The Executive Board shall conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting.

ARTICLE XXIII

Executive Board

Section 23.1 - Minutes of Executive Board Meeting. The Executive Board shall permit any Unit Owner to inspect the minutes of Executive Board meetings during normal business hours. The minutes shall be available for inspection within fifteen (15) days after any such meeting.

Section 23.2 - Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in this Declaration, the Bylaws or the Act. The Executive Board shall

have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community which shall include, but not be limited to, the following:

- (a) Adopt and amend Bylaws and Rules;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees and agents, other than managing agents, and independent contractors;
- (f) Institute, defend or intervene in litigation or administrative proceedings in the Association's name on behalf of the Association or two (2) or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (i) Acquire, hold, encumber and convey in the Association's name any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to 27A V.S.A. §3-112;
- (j) Grant easements for any period of time including permanent easements, and leases, licenses and concessions for no more than one (1) year, through or over the Common Elements;
- (k) Impose and receive payments, fees or charges for the use, rental or operation of the Common Elements, other than Limited Common Elements described in 27A V.S.A. § 2-108(2) and (4), and for services provided to Unit Owners;
- (l) Impose charges or interest or both for late payment of Assessments and, after Notice and Hearing, levy reasonable fines for violations of this Declaration, and the Bylaws, and Rules of the Association;
- (m) Impose reasonable charges for the preparation and recordation of amendments to this Declaration, resale certificates required by 27A V.S.A. §4-109(b) or statements of unpaid Assessments;

(n) Provide for the indemnification of the Association's officers and Executive Board and maintain Directors' and Officers' liability insurance;

(o) Assign the Association's right to future income, including the right to receive Common Expense Assessments;

(p) Exercise any other powers conferred by this Declaration or the Bylaws;

(q) Exercise all other powers that may be exercised in this State by legal entities of the same type as the Association;

(r) Exercise any other powers necessary and proper for the governance and operation of the Association; and

(s) By resolution, establish committees of directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within forty-five (45) days of publication of such notice, and such committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 23.3 - Executive Board Limitations. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of Executive Board members, but the Executive Board may fill vacancies in its term.

Section 23.4 - Authority of the Executive Board to Regulate Uses of Residential Dwellings. In addition to the powers granted to it by other sections of the Declaration, the Executive Board may, from time to time:

(a) Act reasonably to prevent any use, behavior or activity in any residential dwelling which is a part of a Unit, including any use, behavior or activity by a tenant or other occupant of a Unit, or the presence of pets in Units, which either (i) violates this Declaration, as amended from time to time, or (ii) adversely affects the use and enjoyment of other Units and the Common Elements by other Unit Owners; and

(b) After Notice and Comment, adopt reasonable rules restricting the leasing of the Units so long as those rules are designed to meet then current underwriting requirements adopted by institutional lenders who either (i) regularly lend money secured by first mortgages on units in common interest communities in this State, or (ii) regularly purchase such mortgages.

Otherwise, the Executive Board may not regulate any activity inside any Unit which does not also affect the Common Elements.

ARTICLE XXIV
Condemnation

If part or all of the Common Interest Community is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with 27A §2-118(a).

ARTICLE XXV
Miscellaneous

Section 25.1 - Captions. The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents or the intent of any provision thereof.

Section 25.2 - Gender. The use of the masculine gender refers to the feminine and neuter genders and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so requires.

Section 25.3 - Waiver. No provision contained in the Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 25.4 - Invalidity. The invalidity of any provision of the Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and in such event, all of the other provisions of the Documents shall continue in full force and effect.

Section 25.5 - Conflict. The Documents are intended to comply with the requirements of the Act. In the event of any conflict between the Documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between the Declaration and any other Documents, this Declaration shall control.

ARTICLE XXVI
Changes in Law

Section 26.1 - Changes in the Act. Many provisions of this Declaration and in the Bylaws repeat exactly or substantially the same rule or outcome in a particular instance as that required by the Act on the date this Declaration was recorded, or repeat the same rule which the Act would impose as a default rule if the Declaration or Bylaws were silent on that subject.

As an example only, this Declaration repeats nearly word for word the powers granted by the Act to an Executive Board, even though those powers may be limited by the Declaration, and even though those powers have been varied to some extent by sections of the Declaration.

Declarant anticipates the possibility that the Act will be amended from time to time to reflect contemporary thinking and experience regarding the structure and governance of common interest communities. Declarant believes it is in the best interest of the Unit Owners at Village at Mill Pond II that the property might always be governed in accordance with the most current provisions of the Act, subject to the right in any particular case of the Unit Owners and the Executive Board to vary that outcome by adopting a rule or amendment to the Declaration in the manner provided for such amendments.

Accordingly, this section directs that, in the future and from time to time, in all instances where this Declaration or the Bylaws contain language that precisely or substantially tracts the Act on the date that Village at Mill Pond II is declared, this Declaration and the Bylaws shall be automatically amended in accordance with the amended cognate language of the Act which may be adopted by the General Assembly, unless the particular language of the Declaration or Bylaws, either as initially adopted or as amended at any subsequent time by the Association, is substantially at variance with the amended text of the Act.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this _____ day of _____, 2006.

SHEPPARD, BROGNA, GARDNER, LLP

By: _____
Thomas A. Sheppard, Duly Authorized Agent

STATE OF VERMONT
CHITTENDEN COUNTY, SS.

At South Burlington in said County, this _____ day of _____, 2006, personally appeared Thomas A. Sheppard, duly authorized agent of **SHEPPARD, BROGNA, GARDNER, LLP** and he acknowledged this instrument, by him sealed and subscribed, to be his free act and deed and the free act and deed of **SHEPPARD, BROGNA, GARDNER, LLP**.

Before me, _____
Notary Public
My Commission Expires: 02/10/07

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Rev. April 13, 2006 (11:41am)

SCHEDULE A-1
Description of Land

Being a portion of the land and premises conveyed to Sheppard, Brogna, Gardner, LLP by Quitclaim Deed of Thomas A. Sheppard, Bradley C. Gardner and Paul F. Brogna dated March 28, 2002 and recorded in Volume 385 at Pages 615-616 of the Town of Colchester Land Records.

Being a parcel of land containing 3.34 acres as depicted on a Subdivision Plat entitled, "Sheppard, Brogna, Gardner, LLC, Subdivision Plat" dated December 15, 2004, prepared by O'Leary-Burke Civil Associates, PLC, of record in Map Slide _____ of the Town of Colchester Land Records.

Reference is made to the following:

- Land Use Permit No. 4C1162 dated October 6, 2005 and recorded in Volume _____ at Page _____ of said Land Records;
- Water Supply & Wastewater Disposal Permit No. WW-4-2329 dated March 14, 2005 and recorded in Volume _____ at Page _____ of said Land Records;
- Declaration of Covenants, Easements, Restrictions and Liens Village at Mill Pond II dated _____, 2006 and recorded in Volume _____ at Page _____ of said Land Records.

Reference is hereby made to the aforementioned instruments, the records thereof and the references therein contained, all in further aid of this description.

SCHEDULE A-2
Schedule of Allocated Interests

Allocated Interest Per Unit

Unit Number	Allocated Interest
1A	25.00%
1B	25.00%
2A	25.00%
2B	25.00%
TOTAL	100.00%