

ARTICLE VII

COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

7.01 Use and Occupancy. The Property shall be occupied and used as follows:

(a) Each Unit or any two or more adjoining Units used together shall be used for housing and related common purposes for which the Property was designed and for no other purpose. That part of the Common Areas separating any two or more adjoining Units which are owned by the same Unit Owner may be altered or removed to afford ingress and egress to and from such adjoining Units provided, however, that (i) such alteration or removal shall not impair or weaken the structural integrity of any Unit or any portion of the Common Areas; (ii) the Unit Owner shall furnish to the Board not less than ten (10) days prior to the date Unit Owner desires to commence such work, plans detailing the work to be done; (iii) the Board consents to the performance of such work; (iv) the expense of such alterations shall be paid in full by the Unit Owner making such alterations; and (v) such Unit Owner shall pay in full the expense of restoring such Common Areas to their former condition prior to such alterations in the event such Units cease to be used together.

(b) There shall be no obstruction of the common Areas nor shall anything be stored in the Common Areas (except in areas designed for such purpose) without prior consent of the board or except as hereinafter expressly provided. Each Unit Owner shall be obligated to maintain and keep in good order and repair his own Unit.

(c) Nothing shall be done or kept in any Unit or in the Common Areas serving the Units which will increase the rate of insurance on the Buildings or contents thereof without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Areas which will result in the cancellation of insurance on the Buildings, or contents thereof, or which would be in violation of any law. No waste shall be committed in the Common Areas.

(d) Without prior consent of the Board, Unit Owners shall not cause or permit anything to be placed on the outside walls of the Buildings and no sign, awning, canopy, or shutter shall be affixed to or placed upon the exterior walls or roof of any part thereof; and Unit Owners shall not cause or permit the enclosure (either partially or entirely) of any Unit containing more than one (1) story. Without prior consent of the Board, no satellite dish, radio or television antenna shall be affixed to or placed upon the exterior walls or roof of the Buildings.

(e) In order to enhance the sound conditioning of the Buildings, the floor covering for all occupied Units shall meet the minimum standard as may be specified by rules and regulations for the Board provided, however, that this provision shall not apply to any Unit containing more than one (1) story.

(f) No animals of any kind shall be raised, bred, or kept in any Unit or in the Common Areas except that dogs and cats or other usual household pets may be kept in Units subject to rules and regulations adopted by the Board, provided that they are not kept, bred or maintained for any commercial purpose; and provided further that any such pet causing or creating a nuisance or

unreasonable disturbance shall be permanently removed from the Property upon three (3) days written notice from the Board. The Board may restrict pets from access to any portions of the Common Areas and may designate other portions of the Common Areas to accommodate the reasonable requirements of Unit Owners who keep pets.

(g) No noxious or offensive activity shall be carried on in any Unit or in the Common Areas, nor shall anything be done herein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or Occupants.

(h) Nothing shall be done in any Unit or in, on or to the Common Areas which will impair the structural integrity of the Buildings or which would structurally change the Buildings except as is otherwise provided herein. No Unit Owner shall overload the electric wiring in the Buildings or operate machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others. No Unit Owner shall overload the floors of any Unit. The use of water beds and similar furnishings and equipment which may cause floor overloads shall be subject to Board approval.

(i) No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Areas. The Common Areas shall be kept free and clear of rubbish, debris and other unsightly materials which are not in receptacles provided for such purpose.

(j) There shall be no playing, lounging, parking of baby carriages or playpens, bicycles, wagons, toys, vehicles, benches or chairs on any part of the Common Areas except that subject to reasonable rules and regulations of the Board, (i) baby carriages, bicycles and other personal property may be stored in the common storage areas designated for the purpose and (ii) all amenity and service areas may be used for their intended purposes.

(k) No industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted in any Unit.

(l) No "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the Property.

(m) The Unit restrictions in paragraphs (a) and (k) of this Section 7.01 shall not, however, be construed in such a manner as to prohibit a Unit Owner from: (i) maintaining his personal professional library therein; (ii) keeping his personal business or professional records or accounts therein; or (iii) handling his personal business or professional telephone calls or correspondence therefrom. Such uses are expressly declared customarily incident to the principal resident use and not in violation of paragraphs (a) and (k) of this Section 7.01.

(n) The following restriction shall apply to the lease to rental of any Unit:

(1) Limit on Number of Leased Units. In order to insure that the residents within the Property share the same proprietary interest in and respect for the Units and the Common Areas, no more than twenty-two (22) Units, at any given time, may be leased or rented for exclusive occupancy by one or

more non-owner tenants. For purposes of this Section 7.01 (n)(1), a Unit is exclusively occupied by one or more non-owner tenants, if the Unit Owner of the Unit does not also correspondingly occupy the Unit as his/her principal place of residence. Prior to the execution of any lease, and in addition to the requirements set forth in this Section 7.01 (n)(1), the Unit Owner must notify the Board or the Board's agent as to the Unit Owner's intent to lease his/her Unit. After receiving such notice, the Board or the Board's agent shall advise the Unit Owner if the Unit may be leased or whether the maximum number of Units within the Property is currently being leased. If the maximum number of Units is already being leased, the Board or the Board's agent shall place the Unit Owner on the waiting list in priority order based on the date of notice from the Unit Owner, and shall notify the Unit Owner of that Unit Owner's position on the waiting list. When an existing non-owner occupant vacates a Unit, the Unit Owner of that Unit shall immediately notify the Board or the Board's agent of such fact and that Unit cannot be re-rented or leased until all prior Unit Owners on the waiting list, if any, have had a chance to rent or lease their Units. A Unit Owner on the waiting list who obtains the opportunity to rent or lease his/her Unit, must present an executed lease to the Board or to the Board's agent, within sixty (60) days of the date of notice that he/she may rent or lease the Unit, or that Unit Owner will forfeit his/her position on the waiting list. The Board may, in its discretion, grant an exception, for not more than one (1) year at a time, to the limit provided in this paragraph, to a Unit Owner that the Board determines is actively and in good faith trying to sell his/her Unit.

(2) General Lease Conditions. All leases, including renewals, shall be in writing, and no lease shall be entered into for a term of less than one (1) year without the prior written approval of the Board. No portion of any Unit other than the entire Unit may be leased for any period. No subleasing is permitted. No Unit Owner will be permitted to lease or rent his/her Unit, if the Unit Owner is delinquent in paying any assessments or other charges due to the Association at the time the lease is entered. All leases shall be made expressly subject and subordinate in all respects to the terms of the Declaration, By-laws and any rules and regulations promulgated by the Board, as amended, to the same extent as if the tenant were a Unit Owner and a member of the Association; and shall provide for direct action by the Association and/or any Unit Owner against the tenant with or without joinder of the Unit Owner of such Unit. The Unit Owner shall supply copies of the Declaration, By-laws and rules and regulations to the tenant prior to the effective date of the lease. In addition, the Board shall have the power to promulgate such additional rules and regulations as, in its discretion, may be necessary or appropriate concerning leasing.

(3) Six Month Waiting Period. In addition to all other provisions, for a period of at least six (6) months after a Unit Owner's acquisition of a Unit, the Unit Owner cannot rent or lease that Unit for exclusive occupancy by one or more non-owner tenants. After such time, said Unit will be eligible to be leased if all other conditions are satisfied. In the case of the transfer of ownership of a Unit which was properly leased under these rules by the previous Unit Owner, the new Unit Owner can continue with such lease only to finish the then current term of not more than one (1) year. When that term ends, the Unit Owner, if he/she wants to lease his/her Unit, must meet all requirements the same as other Unit Owners who are not exempted.

(4) Unit Owner is Still Liable. No lease shall provide, or be interpreted or construed to provide, for a release of the Unit Owner from his/her responsibility to the Association and the other Unit Owners for compliance with the provisions of the Declaration, By-laws and any rules and regulations

promulgated by the Board, or from the Unit Owner's liability to the Association for payments of assessments.

(5) Approval of Form of Lease. Any Unit Owner desiring to enter into a lease for his/her Unit shall submit the form of the proposed lease to the Board (which form need not include the identity of the tenant or the rental amount) for review for compliance with the requirements of this Section 7.01(n).

The Board may employ an attorney in connection with any such review, and a reasonable fee may be charged to the applicant to offset the expense so incurred. In the event the Board fails to approve or disapprove the form of the lease within thirty (30) days after submission by the applicant, the form of the lease shall be deemed approved. A copy of each executed lease by a Unit Owner (which may have the rental amount deleted) shall be provided to the Board by the Unit Owner within thirty (30) days after execution.

(6) Violations. If any Unit Owner leases or rents his/her Unit in violation of the provisions of this Section 7.01(n), the Association may bring a legal action to enjoin the improper conduct and in addition, the Unit Owner will be assessed a penalty of \$50 for each day that the violation continues. The penalty, if not paid will be secured by a continuing lien upon the property against which the assessment is made and may be collected by the Association in the manner provided in the Declaration for the collection of other assessments or charges.

(7) Effective Date of Lease Conditions. These leasing restrictions shall not apply to any Unit of a Unit Owner who, at the time of recording this provision, is renting or leasing said Unit for exclusive occupancy by one or more non-owner tenants, so long as such Unit continues to be owned by the same Unit Owner and is not occupied as a residence by such Unit Owner. In order for this exception to apply, said Unit Owner must deliver a copy of the executed lease which is in effect at the time to the Board within thirty (30) days after the recording of this document and shall furnish a copy of any subsequent lease within thirty (30) days after its execution. Such copy may have the rental amount deleted. Failure of such a Unit Owner to timely deliver a copy of any such lease to the Board shall result in said Unit Owner's Unit being subject to these restrictions. However, in this latter circumstance, these restrictions shall not apply to any lease executed prior to the effective date of these restrictions or to any renewals thereof provided in such lease so long as the occupants remain the same. Any Unit which falls under the exception of this paragraph shall, nevertheless, be counted as one of the twenty-two (22) maximum Units that may be rented at any given time even though such maximum does not apply to restrict such excepted Unit.

(8) Institutional Mortgages. The provisions set forth shall not apply to any institutional mortgage holder of any Unit which comes into possession of the mortgage holder by reason of any remedies provided by law or in equity or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement or deed in lieu of foreclosure.

7.02 Amendment to By-laws. Articles V, VI and VII of this Declaration comprise the By-laws of the Association. The By-Laws may be amended pursuant to the provisions of Section 11.07 hereof which are applicable to this Declaration.