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**DECLARATION OF EASEMENTS, COVENANTS, CONDITIONS AND  
RESTRICTIONS**

**SPRUCE KNOLL**

**CARRABASSETT VALLEY, MAINE**

**SPRUCE KNOLL**

**DECLARATION OF EASEMENTS, COVENANTS,  
CONDITIONS AND RESTRICTIONS**

This Declaration, made as of the 7<sup>th</sup> day of March, 2007, by **SUGARLOAF MOUNTAIN CORPORATION**, a Maine corporation with a mailing address of 5092 Access Road, Carrabasset Valley, Maine 04947-5803 (hereinafter referred to as "Declarant").

**WITNESSETH**

**WHEREAS**, Declarant is the owner in fee simple of certain real property in the Town of Carrabasset Valley, Franklin County, Maine, being a portion of the land described in that certain deed dated June 1, 1987 and recorded in the Franklin County Registry of Deeds in Book 967, Page 340 (the "Project"), which Project is delineated on a certain plan entitled "Amended Final Subdivision Plan, Spruce Knoll" prepared by Capital Surveying Services, Inc. for Declarant, dated October 28, 2005, and revised on December 13, 2006 and recorded in the said Registry of Deeds as Plan No. 4778 (the "Subdivision Plan").

**WHEREAS**, the Town of Carrabasset Valley has approved the Project as a three phase subdivision, known as Spruce Knoll.

**WHEREAS**, Declarant wishes to subject Phase I of the Project (the "Property") to this Declaration, while reserving the right to subject some or all of the remaining Project to this Declaration. Phase I is more particularly described on the Subdivision Plan.

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

**ARTICLE I**  
**DEFINITIONS**

**Section 1.1. General Definitions.** In addition to terms defined elsewhere in this Declaration, the following terms shall have the meanings set forth below, when used in this Declaration:

**“Association”** means the Spruce Knoll Owners Association, a Maine non-profit corporation, and its successors and assigns as may be created or designated for the purposes of carrying out the Association’s obligations pursuant to this Declaration.

**“Board of Directors”** means the Board of Directors of the Association.

**“Bylaws”** means the document having that name and providing for the governance of the Association, as such document may be amended from time to time.

**“Common Areas”** means, at any time, all portions of the Property then subject to this Declaration (including all improvements now or hereafter located thereon) other than the Lots, including without limitation, all Common Open Space within the Property depicted on the Subdivision Plan, all Roads that may exist from time to time (whether owned by the Declarant or the Association), walkways, walking trails and paths, drainage systems, the Stormwater Management System (including those portions of the Stormwater Management System located within the boundaries of a Lot), landscaped areas, as such Common Areas may be revised from time to time in connection with changes to the Common Areas permitted in Section 3.2 and Article XII, together with all lighting and utilities located on, under or above the above described areas. The foregoing notwithstanding, if at any time any Road, or portion thereof, is accepted by the Town of Carrabassett Valley as a public road, that Road or portion thereof so accepted, shall no longer be part of the Common Areas from and after date of such acceptance.

**“Common Expenses”** means those costs and expenses necessary or appropriate, as reasonably determined by the Board of Directors, in connection with the ownership, maintenance, repair, replacement, insurance and administration of the Common Areas, including the Stormwater Management System, including without limitation, real and personal property taxes, together with all costs and expenses necessary and adequate for the proper administration, management and operation of the Association.

**“Declarant”** means Sugarloaf Mountain Corporation, its successors and assigns as may be designated by it as successor Declarant hereunder, or designated by any such previously designated successor, by an instrument recorded in the Registry of Deeds.

**“Declarant Control Period”** means the period which extends from the date of the recording of this Declaration until the later of (a) seven (7) years following the conveyance of the first Lot to a purchaser other than to an affiliate of Declarant or to a successor Declarant or (b) sixty (60) days after the conveyance of seventy-five percent (75%) of the Lots to a purchaser other than to an affiliate of Declarant or to a successor Declarant; provided, however, that Declarant shall have the right to terminate the Declarant Control Period prior to such date by filing a notice of termination in the Registry of Deeds. For purposes of calculating the seventy-five percent conveyance threshold, all Lots within the Project shall be considered, even if such lots are not yet subject to this Declaration.

**“Declaration”** means this Declaration of Easements, Covenants, Conditions and Restrictions, as such may be amended from time to time.

**“DEP Permit”** means that certain Site Location of Development Act, Natural Resources Protection Act Water Quality Certification Findings of Fact and Order L-217-26-GO-B/I-217-TB-GP-N dated March 10, 2006 and issued by the Maine Department of Environmental Protection with respect to the Project, as the same may be amended or supplemented from time to time.

**“Drainage Areas”** means the areas on the Property designated on the Subdivision Plan as “Drainage Easement”.

**“Eligible Mortgage Holder”** means the holder of a recorded first mortgage on a Lot which has delivered written notice to the Association by certified or registered mail, return receipt requested, or by delivery in hand securing a receipt therefor, which notice shall state the Mortgagee’s name and address and the Owner’s name and address, and shall further state that the mortgage is a recorded first mortgage.

**“Lot”** means a parcel of land designated as a Lot on the Property as shown on the Subdivision Plan. For purposes of this Declaration, multiple Lots owned by a common Owner, whether or not such Lots are contiguous, shall be considered to remain separate Lots. If a Lot is owned by multiple Owners, it shall remain a single Lot.

**“Member”** means any Owner entitled to membership in the Association as provided in the Declaration.

**“Mortgagee”** means the holder of any recorded first mortgage encumbering one or more of the Lots.

**“Owner”** means the record owner, whether one or more persons or entities, of the fee simple title to any Lot that is part of the Property, but does not include the holder of a mortgage unless and until such holder has acquired title after foreclosure or by sale or other transfer in lieu of foreclosure.

**“Registry of Deeds”** means the Franklin County, Maine Registry of Deeds.

**“Regular Assessment”** means an Owner’s share of the Common Expenses, allocated by Lot, for each regular period of the Association’s fiscal year as reflected in the budget adopted by the Board of Directors for such year.

**“Roads”** means all road and travelways for common use of the Owners within the Property and as depicted on the Subdivision Plan from time to time, which shall initially include Elderberry Way and a portion of Forest Lane, as shown on the Subdivision Plan.

**“Rules and Regulations”** means such rules and regulations as are promulgated by the Board of Directors from time to time with respect to the use of all or any portion of the Property.

**“Special Assessment”** means a Lot Owner’s share of any assessment made by the Board of Directors in addition to the Regular Assessment.

**“Subdivision Plan”** means that certain plan entitled “Amended Final Subdivision Plan, Spruce Knoll” prepared by Capital Surveying Services, Inc. for Declarant, dated October 28, 2005, and revised on December 13, 2006 and recorded in the said Registry of Deeds as Plan No. 4778.

## **ARTICLE II** **PROPERTY RIGHTS**

**Section 2.1. Owners’ Easements.** Every Owner shall have a nonexclusive right and easement of access, ingress and egress across and of use and enjoyment in, of and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Association to suspend such right and easement of any owner for any period during which any assessment or charge which such Owner is obligated to pay under the Declaration remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the Rules and Regulations; provided, however, that no such suspension shall impair the right of access, ingress and egress to such Owner’s Lot. Every Owner’s right and easement of use and enjoyment in, of and to the Common Areas is further subject to the rights of the Declarant and the Association as set forth herein, provided that the exercise of such rights shall not impair the right of ingress and egress to an Owner’s Lot, except on a temporary or emergency basis, from time to time to grant easements or leases affecting the Common Areas or to grant a mortgage of or convey fee title to portions of the Common Areas; provided, however that no such grant or conveyance shall impair the right of access, ingress or egress to any Lot, and to modify the Common Areas, as provided in Section 3.2. The vote of Owner’s approving the grant or conveyance shall be evidenced by an instrument recorded in said Registry of Deeds. The Owners’ easement in, of and to the Common Areas is and shall be subject further to the rights and easements of the Declarant as set forth in this Declaration and the restrictions on the use of the Common Areas, as set forth herein. The Declarant hereby reserves the exclusive rights to use those common areas, roads, and improvements shown on the Subdivision Plan which are not yet part of the Property, and the easements granted in herein shall expressly not include easements over any portion of the Project that is not part of the Property unless and until such portion or portions of the Project are added to the Property in accordance with this Declaration.

**Section 2.2. Association Easements.** Each Lot shall be and is hereby made subject to an easement in favor of the Association and its agents, employees, servants and contractors and the Declarant, its successors and assigns, (i) for inspection of the Lots in order to verify the compliance by Lot Owners with the terms of this Declaration; and (ii) for performing inspections, maintenance, repair, correction of emergency conditions on and replacement of the Common Areas accessible from such Lots, as necessary and appropriate; (iii) for inspection, maintenance, repair and replacement of the Common Areas accessible from such Lots, and (iv)

for correction of emergency conditions on or in one or more Lots, or casualties to the Common Areas. It is understood and agreed that the Association and its agents, employees, servants and contractors shall take reasonable steps to minimize any interference with a Lot Owner's use of his Lot resulting from the Association's exercise of any rights it may have pursuant to this Section 2.2. The Declarant shall have the right to convey such rights to the Association as may be necessary in connection with the Association's easement as herein described.

**Section 2.3. Drainage Easements.** Each Lot shall be and is hereby made subject to an easement in favor of the Association and Declarant and their respective agents, employees, servants and contractors and Declarant, its successors and assigns, and to each other Lot, for stormwater drainage, over, under and through the Drainage Areas within the Property, as depicted on the Subdivision Plan.

**Section 2.4. Parking.** Owners, their family members, tenants, licensees, and invitees, are prohibited from parking vehicles of any type on or within the Roads or any other Common Areas, except as expressly permitted by the Rules and Regulations.

**Section 2.5. Roads.** The Roads are expressly reserved as private rights of way, as described in this Declaration, and are not dedicated for public use or intended for acceptance as public ways. Declarant shall retain title to the Roads. The foregoing notwithstanding, Declarant reserves the right, in its sole discretion, at any time and from time to time to offer all or any portion of the Roads to the Town of Carrabassett Valley as public roads. In addition, Declarant reserves the right, but shall not be obligated, to convey all or any portion of the Roads to the Association, at Declarant's sole discretion. If Declarant elects to convey such Roads or portions thereof to the Association, the Association shall be obligated to accept such conveyance. Following any such conveyance, the right in this Section to offer the Roads to the Town of Carrabassett Valley as public roads shall inure to the benefit of the Association.

**Section 2.6. Common Areas.** Declarant reserves the right, but shall not be obligated, to convey the Common Areas, or any portions thereof, to the Association. If Declarant elects to convey such Common Areas or portions thereof to the Association, the Association shall be obligated to accept such conveyance. If Declarant conveys the Common Areas to the Association, such conveyance shall be expressly subject to the rights reserved by the Declarant hereunder, including without limitation the rights set forth in Article XII hereof and any such instrument of conveyance shall expressly reserve such rights.

**Section 2.7. Easement for Utilities.** The Common Areas shall be, and hereby are made, subject to an easement in favor of each Lot for the use, maintenance, repair and replacement of wires, cables, conduits and pipes for utilities serving such Lot in the location of such utility facilities originally constructed, or such other area as the Association may designate from time to time, including electricity, gas, drinking water, sprinkler system water, storm water, sanitary sewer, telephone, cable television and other utilities as may from time to time be required to serve the residential use of the Lot.

**Section 2.8. Grading Easement.** Each Lot within the Property shall be and hereby is made subject to an easement for the benefit of Declarant, or such other owner from time to time of the Roads, to enter upon each such Lot for all purposes to grade the land in such Lot adjoining any one or more of the Road as necessary to satisfy any slope or grading requirements of any applicable agency or jurisdiction or to conform with good road construction practice or industry standards. Such easement shall include without limitation the right to excavate, pave, place fill material, loam and seed and other necessary incidental work.

**Section 2.9. Use of Association Easements.** All easements granted to Association shall also run to the benefit of Declarant for so long as Declarant shall own the Common Areas. The Association (or the Declarant so long as Declarant shall own the Common Areas) shall have the right to assign, on an exclusive or non-exclusive basis, or to grant licenses or other rights with respect to, any easement reserved or granted herein. Nothing herein shall limit the right of the Association (or the Declarant so long as Declarant shall own the Common Areas) to grant additional easements over property owned by it, so long as such easements are not prohibited by or inconsistent with this Declaration.

**Section 2.10. Access Road Easement.** Declarant hereby grants to each Owner and non-exclusive right of way over the "Access Road" (a/k/a the Sugarloaf Access Road), a private right of way owned by Declarant, which Access Road connects the Property to Route 27, a public road. This easement is contingent upon the Owners, through the Association, sharing in the annual cost to maintain the Access Road, as set forth in Section 5.1 of this Declaration.

**Section 2.11. Restricted Landscape Zone "A".** With respect to the Common Areas shown on the Subdivision Plan as "Restricted Landscape Zone "A", the following terms and conditions shall apply:

(a) All landscaping, clearing, grading or improvements within a Restricted Landscape Zone A shall be approved in advance in writing by Declarant.

(b) The Association shall be responsible for maintenance of Restricted Landscape Zone A, shall have absolute discretion with respect thereto and shall assess the Owners for its expenses in connection therewith. The Association shall maintain Restricted Landscape Zone A in accordance with guidelines and instructions of Declarant; provided that Declarant may, but is not required to, perform such maintenance if not timely performed by the Association, and may assess the Owners for its expenses in connection therewith.

(c) Declarant may enter upon any property within the Restricted Landscape Zone A at any reasonable hour for the purpose of landscaping or maintenance. Such landscaping and maintenance may include, without limitation, removal of underbrush, dead or diseased trees or trees less than four inches in diameter, stumps, trash or debris, planting of grass, watering, application of fertilizer, mowing, and installation or maintenance of road-related signs.

**ARTICLE III**  
**MAINTENANCE AND REPAIR**

**Section 3.1. Association Responsibilities.** The Association shall be responsible for the cost of maintaining and repairing the Common Areas. The cost of any such maintenance and repair shall be included as Common Expenses. The Association shall indemnify and hold Declarant harmless from any loss, damage liability, cost or expense, including reasonable attorneys' fees arising out the Association's failure to comply with its responsibilities under this Section 3.1. For so long as the Declarant owns the Roads, the Declarant shall maintain the Roads, but the cost of such maintenance shall be the responsibility of the Association and shall be included as part of Common Expenses. The Declarant shall issue an annual bill to the Association for the cost of maintaining the Roads.

**Section 3.2. Modification of Common Areas.** The Association shall have the right to modify the Common Areas, other than the Roads, from time to time; provided, however, that so long as Declarant shall have any rights under Article XII hereof, no such modification shall be permitted without the consent of Declarant. The Association shall only have the right to modify the Roads if the Declarant transfers title to the Roads to the Association.

**Section 3.3. Lot Owner Responsibilities.** Lot Owners shall be responsible, individually or in cooperation with other Lot Owners, for maintaining and repairing all utility lines ("Individual Utilities") leading from the main utility lines serving the Property to their respective Lots, whether such Individual Utilities are located within or outside of the Roads or other Common Areas. All maintenance, repair and construction of utility lines conducted within the Roads or the other Common Areas shall be completed with due diligence and in good and workmanlike manner so as not unreasonably to interfere with the rights of the Declarant, other Lot Owners or the Association in the use of the Roads or other Common Areas.

**ARTICLE IV**  
**MEMBERSHIP AND VOTING RIGHTS**

**Section 4.1. Membership in Association.** Every Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The transfer of title to a Lot shall automatically transfer the Association membership appurtenant to that Lot to the transferee or transferees. The granting of a mortgage, however, shall not transfer such membership until foreclosure or sale in lieu of foreclosure.

**Section 4.2. Casting of Votes.** If a Lot is owned of record by one person, that Owner's right to vote shall be established by the record title to the Lot. When more than one person is the record owner of any Lot, all such persons shall be Members of the Association, but in no event shall more than one vote be cast with respect to any Lot. If record ownership of a Lot is in more than one person, the person entitled to cast the vote allocated to that Lot shall be determined as set forth in the Bylaws.

**ARTICLE V**



## ASSESSMENTS; LIABILITY OF LOT OWNERS

**Section 5.1. Association Budgets.** The Association, acting through the Board of Directors in accordance with the Bylaws, shall have the power to fix and determine, from time to time, the sums necessary and adequate to provide for the Common Expenses, including, but not limited to, such amounts as are necessary for uncollected assessments, budget deficits, such reserves as are described in this Declaration and such additional reserves as the Board of Directors shall deem necessary or prudent, and such other expenses as are specifically provided for in this Declaration or the Bylaws and shall further have the right to make assessments for such expenses against the Lots and the Owners thereof in accordance with this Article V. Such assessments shall be made by the Association on an annual, monthly or other periodic basis as the Board of Directors shall from time to time determine. The Association shall establish an adequate reserve fund for maintenance, repair and replacement of the portions of the Common Areas that are anticipated to require maintenance, repair or replacement on a periodic basis. The reserve fund shall be funded by periodic payments as a part of the Common Expenses. Common Expenses shall also include the Association's annual share of maintenance charges with respect to the Access Road.

**Section 5.2. Special Assessments.** If the cash requirement estimated at the beginning of any fiscal year of the Association shall prove to be insufficient for any reason to cover the actual Common Expenses (including, by way of illustration and not limitation, any Lot Owner's non-payment of assessments or municipal assessments not yet assessed), the Board of Directors shall have the power, at any time it deems necessary and proper, to levy one or more Special Assessments against each Lot. Special Assessments shall be due and payable in the manner and on the date set forth in the notice thereof. Any expense incurred by the Association as a result of the negligence or willful misconduct of any Owner or the failure of an Owner to comply with the provisions of this Declaration may, at the discretion of the Board of Directors, be assessed as a Special Assessment against such owner, and said Owner's Lot.

**Section 5.3. Payment of Assessments.** Each Owner shall pay all assessments levied by the Association. All Owners, as Members, shall share equally in the Common Expenses. An Owner's liability for such assessments shall begin accruing at the time the Association makes the initial Common Expense assessment. Except as otherwise provided herein, such assessments shall be due and payable on a periodic basis as designated by the Board of Directors. Assessments that are unpaid for over fifteen (15) days after the due date thereof shall bear interest at the rate of eighteen percent (18%) per annum from the due date until paid. In the sole discretion of the Board of Directors, a late charge not to exceed five percent (5%) per assessment not paid when due may be assessed against the delinquent Owner.

**Section 5.4. Failure to Fix New Assessments.** If the Board of Directors shall fail to fix new Regular Assessments for Common Expenses for the subsequent fiscal year before the expiration of any fiscal year, the Owners shall continue to pay the same sums they were paying for such Regular Assessments during the fiscal year just ended and such sums shall be deemed to be the new Regular Assessments for the succeeding fiscal year. If the Board of Directors shall change the Regular Assessment at a later date, the difference between the new Regular

Assessment, if greater, and the previous fiscal year's Regular Assessment up to the effective date of the new Regular Assessment shall be treated as if it were a Special Assessment under Section 5.2 hereof; thereafter, each Owner shall pay the new Regular Assessment. In the event the new Regular Assessment is less than the previous fiscal year's Regular Assessment, in the sole discretion of the Board of Directors, the excess shall be refunded to the Owners, credited against future Regular Assessments or retained by the Association for reserves.

**Section 5.5. No Exemption by Waiver.** No Owner may exempt himself from liability for Common Expenses by waiver of the enjoyment of the right to use any portion or all of the Common Areas or by the abandonment of his Lot or otherwise.

**Section 5.6. Personal Liability of Lot Owners; Lien on Lot.**

(a) All sums assessed by the Association as a Regular or Special Assessment shall constitute the personal liability of the Owner of the Lot so assessed and also, from the time such sums become due until fully paid, shall constitute a lien against such Lot in favor of the Association. If a Special Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due. Such lien may be foreclosed in the same manner as a mortgage of real estate. The Association shall take prompt action to remedy an Owner's failure to pay any assessment or other charge, including without limitation foreclosing the lien, taking a deed in lieu of foreclosure, or bringing an action to recover unpaid assessments.

(b) The delinquent Owner shall be obligated to pay (i) all expenses of the Board of Directors, including reasonable attorneys' fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (ii) any amounts paid by the Board of Directors for taxes or on account of superior liens or otherwise to protect the Association's lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

**Section 5.7. Subordination of Certain Charges.** The lien arising under Section 5.6 hereof as a result of the non-payment of any Regular or Special Assessment, fee, charge, late charge, fine or interest that may be levied by the Association pursuant to this Declaration shall be subordinate to any first mortgage recorded before such Regular or Special Assessment, fee, charge, late charge, fine or interest became due.

**Section 5.8. Working Capital Funds.** Upon the sale of a Lot, whether the initial sale by Declarant or any subsequent sale, the buyer shall pay to the Association an amount equal to two (2) months estimated Common Expense liability for each Lot at the time of such sale. Each Lot's initial share of the working capital fund shall be collected from the Lot purchaser upon the at the closing of such Lot and shall be transferred to the Association for deposit into the appropriate working capital fund. The amount paid by the Lot purchaser shall not be considered to be an advance payment of the normal Common Expense liability and no Owner shall be entitled to a refund of these monies by the Association upon the subsequent conveyance of his Lot or otherwise. If Declarant elects to make a contribution to the working capital fund with

respect to any Lot prior to the sale of such Lot by Declarant, then Declarant shall be entitled to a refund of such contribution from the Association upon payment of the working capital contribution by the Lot purchaser at the time of transfer of title from Declarant.

**Section 5.9. Surplus.** The budget of the Association shall set forth Common Expenses. Any amounts accumulated from assessments for Common Expenses in excess of the amounts required for such actual expenses and reserve for future expenses, unless otherwise directed by the Board of Directors, in its sole discretion, shall be credited proportionately to each Owner, such credit to be applied to the next Regular Assessment of Common Expenses due from said Owner under the current fiscal year's budget, and thereafter, until exhausted or retained by the Association for reserves.

## **ARTICLE VI**

### **USE AND OCCUPANCY REGULATIONS**

#### **Section 6.1. Construction and Development Restrictions.**

(a) Land Use and Building Type; Number of Dwellings. All dwellings and structures and associated utility services shall be erected, re-erected and maintained in accordance with this Declaration, the Subdivision Plan, the DEP Permit and all applicable laws, regulations, rules and building codes. Each Lot shall be used only for a single family residence and for no more than one dwelling.

(b) Minimum Living Area. Declarant may include in any deed to a Lot a minimum square footage requirements for any enclosed dwelling area to constructed thereon. No plans shall be approved unless the proposed dwelling shall have the minimum square footage of enclosed dwelling area required in such deed. In case for any reason the deed does not contain such a requirement, Sugarloaf shall disapprove plans which do not provide for a reasonable amount of enclosed dwelling area.

(c) Building Height. No dwelling shall be erected on a Lot which is more than 38 feet in height, or 2 ½ stories, whichever is less. No dwelling accessory building on a Lot shall exceed 17 feet in height unless a greater height is approved in writing by the Declarant. Height shall be measured from the average grade around a building to the peak of the roof.

(d) Dwelling Quality. It is the intention and purpose of these covenants to insure that all dwellings shall be of a quality of design, workmanship and materials that are compatible and harmonious with the natural setting of the area and other dwellings within the development. All dwellings shall be constructed in accordance with applicable government building, safety or other codes. Declarant shall, as part of the design and construction approval process, have the right to approve or disapprove the general contractor for any construction project.

(e) Location of Dwellings and Structures. In order to comply with the DEP Order and all other approvals for the Property, all structures must be located within the building envelopes as depicted on the Subdivision Plan. In addition, to assure that buildings and other

structures will be located so that desirable view, privacy and breeze will be available to the largest practical number of buildings or structures built within the properties and that structures will be located with regard to the topography of each property taking into consideration the location of large streets, structures previously built or approved pursuant to this Article and other aesthetic and environmental considerations, and where the contract or deed of conveyance for individual lots does not specify building locations within the building envelope, the Association shall approve (subject to the provisions of the pertinent land use regulations of public authorities having jurisdiction) the precise site and location of any building or structures within the building envelope on each Lot. The location shall be determined only after reasonable opportunity is afforded the owner to recommend a specific site.

(f) Driveways and Garages. Plans and specifications for driveways, culverts, pavement edging and markers shall be approved in writing by Declarant.

(g) Temporary Structures. No trailer, tent, shack or other structure, except as otherwise permitted herein, and no temporary building or structure of any kind shall be used for a residence, either temporary or permanent on any Lot. Temporary buildings or structures used during the construction of a dwelling shall be in a close proximity to the dwelling and in a location approved by Declarant and such buildings or structures shall be removed upon completion of construction.

(h) Completion of Construction. Construction shall commence within one year of the date of the building permit is granted by the Town of Carrabassett Valley. Any construction undertaken shall be continued with diligence toward the completion thereof and the exterior construction of any dwelling shall be completed within one year of the date on which construction (including excavation) commences, except that such period may be extended by reason of strikes, fires, natural disaster and other matters beyond the owner's control. Houses and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. Substantially all of the landscaping shown in plans submitted to and approved by Declarant must be completed within ninety (90) days of completion of exterior construction unless Declarant shall approve an extension of such ninety (90) day period. As a condition of approval of proposed plans for all structures, a bond may be required by Declarant which guarantees payment of the landscape contractor's estimated cost of installation to implement the plan as submitted to and approved by Declarant.

(i) Signs. No signs or advertising devices, including, but without limitation, commercial, political, informational or directional signs or devices, or for sale or for rent signs, shall be erected or maintained on the properties, except signs which comply with the requirements of the Sugarloaf Sign Guidelines. Dwelling identification signage is limited to one sign no larger than 2" X 8" mounted on the dwelling unit, by or on the door.

(j) Trees. It is the Declarant's intent that the natural woodland characteristics of the properties be preserved. No trees measuring four (4) inches or more in diameter at ground level may be removed without written approval from the Declarant, unless located within ten (10) feet of a dwelling or dwelling accessory building or within ten (10) feet of the approved site for such

building. The Declarant recognizes that certain owners may desire to plant small gardens for their personal use and enjoyment. In such cases approval by the Declarant for any tree cutting must be obtained by the Owner, which consent will not be unreasonably withheld provided that such activity does not result in removal of more than 25 percent of the tree canopy on each Lot. In the event of a violation hereof, a special fine of \$1500 per tree removed may be levied against the responsible owner, and the Declarant shall have the right to enter upon the properties and plant a new tree of the same or a different species in approximately the same location as the tree wrongfully removed. Fines or charges pursuant to this paragraph shall be collected and enforced in the same manner as assessments under Article 5.

## **Section 6.2 Use Restrictions**

(a) Use of Common Areas. Each Owner shall have the right, in common with all other Owners to use the Common Areas for ingress and egress to and from the respective Lots by Owners, their family members, tenants, guests and invitees and for such other purposes as are incidental to the use of the Lots permitted under this Declaration. The Common Areas shall not be obstructed in any way. No Owner may store anything in or on the Common Areas without the prior written consent of the Board of Directors.

(b) Subdivision of Property, Time Sharing, Interval Ownership. A Lot shall not be subdivided other than by Declarant except by means of a written and recorded instrument indicating that such subdivision has been approved by the Declarant and the Town of Carrabassett Valley. No unit of ownership may be subdivided to permit "Time Sharing" or similar devices to effect interval ownership unless approved by the Declarant subject to conditions which may be imposed by the Declarant. For purposes of the paragraph, devices to effect interval ownership shall include but not be limited to ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common in which four or more persons not members of a single household have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same dwelling and such owners have a formal or informal right-to-use agreement.

(c) Rules and Regulations. The Board of Directors may, from time to time, promulgate, Rules and Regulations applicable to the use and enjoyment of the Property. This authority shall include, but shall not be limited to, the right to limit the type and size and to set the maximum and minimum speeds of vehicles within the Property. The Association shall also have the authority to impose other traffic and parking regulations and to restrict the maximum noise levels of vehicles on the Property. Such Rules and Regulations shall be binding upon all Owners and occupants until and unless amended or modified by the vote of the members holding a majority of the total votes in the Association.

(d) Use of Lots. Except as permitted by Article XII of this Declaration, all Lots shall be used for single family residential purposes exclusively and no business or business activity shall be carried on within any improvement on a Lot at any time except with the written approval of the Board of Directors. The foregoing notwithstanding, a home office shall be permitted on a Lot, provided that no signage shall be erected evidencing such home office or activities

conducted thereon and such home office shall be used only by the residents of the Lot and not by customers, clients or other third parties. No Lot shall be used, occupied or kept in a manner which in any way would increase the fire insurance premiums for the Property without the prior written permission of the Board of Directors.

(e) No Hazardous Activities: No activities shall be conducted on the Property and no improvements may be constructed on the Property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon the properties and no open fires shall be lit or permitted on the Property except contained barbecue units while attended and in use for cooking purposes or within a safe and well designed fireplace.

(f) Animals and Pets. No animals other than common household pets shall be allowed upon the Property. An Owner who keeps a pet upon the Property shall be liable to the Association for any damage to the Common Areas caused by such pet. No dog shall be left unattended on the Common Areas even if leashed or tied.

(g) Rubbish, Trash and Garbage. Owners shall cause all rubbish, trash and garbage to be regularly removed from the Lots and shall not allow it to accumulate thereon. There shall be no burning of trash on any Lot or in any part of the Common Areas. No trash shall be stored on the exterior of any Lot or on the Common Areas unless such area is designated for such purpose by the Board of Directors. Trash containers for pick-up by the Town of Carrabassett Valley or other trash collector shall be placed outside no earlier than 7:00 p.m. the night before the scheduled pick-up, and must be brought back indoors by the end of the day of pick-up. Between pick-ups, all rubbish, trash and garbage shall be stored in covered receptacles made of plastic, metal or masonry materials.

(h) Antennas. No exterior television or radio antennas or satellite dish in excess of three (3) feet in size shall be placed, allowed or maintained upon any portion of the Property without the prior written consent of the Board of Directors or its designated representative.

(i) Nuisance. It shall be the responsibility of each owner to prevent the development of any unclean, unhealthy, unsightly, or unkept condition on his Lot. No substance, thing, or material may be kept or used upon any Lot in a manner that will cause any noise, light or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property.

(j) Unsightly or Unkept Conditions. The pursuit of hobbies or other activities, including without limitation, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkept conditions, shall not be pursued or undertaken on any part of the Property. Each Owner shall keep his Lot in a good state of cleanliness.

(k) Maintenance of Property. All Lots and all improvements thereon shall be kept and maintained by the Owner thereof in clean, safe attractive and sightly condition and in good repair.

**Section 6.3. Drainage Areas.**

(a) The following acts shall not be permitted on any of the Drainage Areas:

(i) no soil, loam, peat, sand, gravel, concrete, rock, or other mineral substance, refuse, trash, vehicle bodies or parts, rubbish, debris, junk waste, point source pollutants or other fill material will be placed, stored, or dumped in the Drainage Areas, nor shall the topography of the area be altered or manipulated in any way;

(ii) no trees, grasses, shrubs, vines, or other vegetation shall be cut or destroyed;

(iii) no building, sign, fence, utility pole, or other temporary or permanent structure shall be constructed, placed, or permitted to remain in the Drainage Areas;

(iv) no trucks, cars, dirt bikes, ATVs, bulldozers, backhoes, or other motorized vehicles or mechanical equipment shall be permitted on the Drainage Areas, except those necessary to make emergency repairs.

(b) Maintenance of the drainage courses, trails or paths shall be permitted, provided that reasonable good faith efforts shall be taken to minimize any disruption to the Drainage Areas.

(c) It is the purpose of the restriction in this Section to assure that the Drainage Areas function properly to facilitate the runoff of stormwater and to prevent any use of the Drainage Areas that will impair or impede the such purpose, except to the extent specifically permitted herein.

**Section 6.4 Governmental Restrictions.** The Property is subject to the DEP Permit and to approvals granted by the Town of Carrabassett Valley from time to time, including but not limited to the subdivision approval, as reflected by the Subdivision Plan. Each Owner agrees that the Property and its respective Lot is subject to, and each Owner agrees to comply with, the restrictions set forth in the DEP Permit and as reflected on the Subdivision Plan.

**Section 6.5 Declarant's Consent and Approval.** Whenever in this Article VI, it provides that certain matters require the consent or approval of Declarant or which provide certain powers to Declarant, such consent and approval right, and such powers, shall be exercised solely and exclusively by Declarant until the later of (a) the end of the Declarant Control Period; or (b) the date that Declarant no longer has any rights under Article XII hereof, or specifically relinquishes its rights under this Article; thereafter, the Declarant shall no longer have such

powers, or rights of consent or approval, and all decisions, consents and approvals under this Article VI shall be made by the Board of Directors.



**ARTICLE VII**  
**ARCHITECTURAL CONTROL AND REQUIRED APPROVAL OF CONSTRUCTION**  
**OF DWELLINGS, STRUCTURES, OF CLEARING, GRADING AND RELATED**  
**MATTERS**

**Section 7.1 Approval of Plans.** No improvements of any kind, including, but not limited to, dwellings, swimming pools, ponds, garages, parking areas, fences, walls, tennis courts, greenhouses, drives, antennae, flag poles, lamp posts, mail boxes, curbs and walks shall ever be erected, altered or permitted to remain on any lands within the properties, nor shall any excavating, clearing, removal of trees, or shrubs, or landscaping be done on any lands within the properties, unless the complete plans and specifications therefore are approved in writing by Declarant prior to the commencement of such work. Declarant shall consider the materials to be used on the external features of said buildings or structures, the location with respect to topography and finished grade elevations and harmony of landscaping with the natural setting and surrounds and shall ascertain whether the architecture conforms to the "Design Guidelines". The Design Guidelines shall be the "SUGARLOAF/USA DESIGN REVIEW PROCESS AND DESIGNED GUIDELINES" revised through January, 1999, as the same may be amended from time to time.

**Section 7.2 General Requirements.** Declarant shall exercise its best judgment to see that all improvements, construction, landscaping and alterations on the properties approved by Declarant conform and harmonize with the Design Guidelines and the natural surrounds and with existing structures as to external design, bulk, rooflines, materials, color, sitting, height, topography, grade and finished group elevation. Declarant shall disapprove any plans submitted to it, which are not sufficient for it to exercise the judgment required of it by these covenants. Refusal of approval by Declarant of plans, locations or specifications may be based upon any ground, including purely aesthetic conditions, which in the sole and uncontrolled discretion of Declarant shall seem sufficient.

**Section 7.3 Liability.** Declarant shall not be liable in damages to any persons submitting any plans for approval, or to any owner by reason of any action, failure to act, approval, disapproval or failure to approve or disapprove with regard to such plans. Any owner or any person submitting plans to Declarant for approval, by so doing, shall be deemed to have agreed and covenanted that he will not bring any action or suit to recover damages against Declarant, its officers as individuals, or its advisors, employees or agents.

**Section 7.4 Procedures for Obtaining Required Approval.** Whenever approval is required of Declarant, appropriate complete plans, specifications and stake out shall be submitted to Declarant for preliminary and final review and approval. Declarant shall give notice to the applicant of receipt of the completed application for either preliminary or final approval and shall either approve, disapprove or approve with conditions such application within thirty days after such notice. If the application is disapproved in any respect, the applicant shall be notified wherein such plans and specifications are deficient. If such plans and specifications are not approved, disapproved or approved with conditions within thirty days after notice of receipt, they shall be deemed approved. At the discretion of Declarant, a reasonable filing fee shall

accompany the submission of such plans to defray administrative expenses. A copy of each approval set of plans and specifications shall be kept n file by Declarant.

**Section 7.5 Declarant's Consent and Approval.** Whenever in this Article VII, it provides that certain matters require the consent or approval of Declarant, such consent and approval right, shall be exercised solely and exclusively by Declarant until the later of (a) the end of the Declarant Control Period; or (b) the date that Declarant no longer has any rights under Article XII hereof, or specifically relinquishes its rights under this Article; thereafter, the Declarant shall no longer have such powers, or rights of consent or approval, and all decisions, consents and approvals under this Article VII shall be made by the "Design Review Board" (as defined in Section 7.6), or if there is no Design Review Board, by the Board of Directors.

**Section 7.6 Design Review Board.**

(a) The Association may elect to establish a Design Review Board for the following purposes:

(i) Promulgation of design review guidelines and procedures, but only to the extent necessary to supplement the Design Guidelines.

(ii) Consideration of and action upon applications for approval of improvements.

(iii) Inspection of all construction activities on the properties and enforcement of architectural controls and compliance with approvals.

(iv) Other activities necessary or convenient to carry out this Article VII.

(b) If established, the Design Review Board Members shall consist of three (3) to six (6) persons. The members of the Design Review Board shall be appointed by the Board of Directors.

**ARTICLE VIII**  
**INSURANCE; LIMITATION OF LIABILITY**

**Section 8.1. Association Insurance.** The Association shall maintain, as a Common Expense, such types and amounts of insurance as are required by the Bylaws, or such additional types or amounts as the Board of Directors shall approve.

**Section 8.2. Limited Liability of the Board of Directors.** The Board of Directors, and its members in their capacity as Members, officers and employees:

(a) Shall not be liable for the failure of any service to be obtained by the Board of Directors and paid for by the Association, or for injury or damage to persons or property caused by the elements or by an Owner or other person on the Property, or resulting from electricity, gas,

water, rain, dust or sand which may leak or flow from the outside or from any improvement on the Property, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Board of Directors;

(b) Shall not be liable to the Owners as a result of mistakes or judgment, negligence or otherwise arising during the course of the performance of duties by members of the Board of Directors, except for the willful misconduct or gross negligence of the members of the Board of Directors;

(c) Shall have no personal liability in contract to an Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Board of Directors or the Association in the performance of duties by members of the Board of Directors;

(d) Shall not be liable to an Owner, or such Owner's tenants, employees, agents, customers or guests, for loss or damage caused by theft of or damage to personal property left by such Owner or his tenants, employees, agents, customers or guests on any Lot or in or on the Roads except for the willful misconduct or gross negligence of the members of the Board of Directors in the performance of their duties;

(e) Shall have no personal liability in tort to an Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the willful misconduct or gross negligence of members of the Board of Directors in the performance of their duties; and

(f) Shall have no personal liability arising out of the use or misuse of any Lot except for the willful misconduct or gross negligence of the members of the Board of Directors in the performance of their duties.

**Section 8.3. Indemnification.** Each member of the Board of Directors in his capacity as a member of the Board of Directors, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Board of Directors, or any settlement of any such proceeding, except in such cases wherein such member of the Board of Directors and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his duties; provided, that, in the event of a settlement, this indemnification shall apply only if and when the Board of Directors (with the affected member abstaining if he is then a member of the Board of Directors) approves such settlement and reimbursement as being in the best interests of the Association. The indemnification by the Owners set forth in this Section 8.2 shall be paid by the Association on behalf of the Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such member of the Board of Directors and/or officer may be entitled as a matter of law or agreement or otherwise.

**Section 8.4. Defense of Claims.** Complaints brought against the Association, the Board of Directors or the officers, employees or agents thereof in their respective capacities as such, or the development as a whole, shall be directed to the Board of Directors, which shall promptly give written notice thereof to the Owners and the holders of any mortgages and such complaints shall be defended by the Association. The Owners and the holders of the mortgages shall have no right to participate other than through the Association in such defense.

**Section 8.5. Storage; Disclaimer of Bailee Liability.** Neither the Board of Directors, the Association nor Declarant shall be considered a bailee of any personal property stored on the Roads or the Common Areas, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence.

## **ARTICLE IX MORTGAGE PROVISIONS**

**Section 9.1. Subject to Declaration.** Whether or not they expressly so state, any mortgage which constitutes a lien against a Lot or any improvement thereon and an obligation secured thereby shall provide generally that the mortgage and the rights and obligations of the parties thereto shall be subject to the terms and conditions of this Declaration.

**Section 9.2. Rights of Eligible Mortgage Holders.** The Association shall send reasonable and timely prior written notice by prepaid United States Mail to Eligible Mortgage Holders of the consideration by the Association of the following proposed actions:

- (a) Any proposed amendment of the Declaration; and
- (b) Any sixty (60) day delinquency in the payment of Regular Assessments or other charges owed by the Owner of any Lot on which the Eligible Mortgage Holder holds the Mortgage.

An Eligible Mortgage Holder or its representative shall have the right to attend Association and Board of Directors meetings for the purpose of discussing the matters described in this Section 9.2.

**Section 9.3. Liability for Use and Charges.** Any Mortgagee who obtains title to a Lot pursuant to the remedies provided in its mortgage shall not be liable for such Owner's unpaid assessments or charges which accrue prior to the acquisition of title to such Lot by the Mortgagee, except to the extent that such Mortgagee is liable as an Owner for the payment of such unpaid assessment or charge that is assessed against the Mortgagee as a result of all Owners being reassessed for the aggregate amount of such deficiency.

**Section 9.4. Books and Records.** Any Mortgagee shall have the right, exercisable by written notice to the Board of Directors, to examine the books and records of the Association during normal business hours of the Association and to require that it be provided with a copy of

each annual report of the Association and other financial data of the Association reasonably requested by such Mortgagee.

**ARTICLE X**  
**BOARD OF DIRECTORS OF THE ASSOCIATION**

**Section 10.1. Appointment and Election of Directors.**

(a) The Declarant shall have the right during the Declarant Control Period to appoint, remove and replace from time to time any and all members of the Board of Directors and the Design Review Board and officers of the Association, without the necessity of obtaining resignations. The directors appointed by the Declarant need not be Owners.

(b) The transition from Declarant-appointed members of the Board of Directors to the Owners generally shall occur no later than the earlier of (a) sixty (60) days after the end of the Declarant Control Period or (b) at such earlier date as the Declarant in its sole discretion shall specify. Prior to the expiration of the Declarant Control Period, a transition meeting of the Association and a transition election shall be held at which all of the members of the Board of Directors and officers of the Association appointed by the Declarant shall resign, and the Owners, including the Declarant if the Declarant owns any Lots, shall thereupon elect a Board of Directors to act in the place and stead of those resigning.

(c) Following the expiration of Declarant Control Period, the affairs of the Association shall be governed by a Board of Directors composed of no less than three (3) and no more than seven (7) natural persons, the exact number of which shall be established by the Bylaws of the Association. A majority of the members at the Board of Directors shall be Owners or spouses of Owners or in the case of a Owner that is a corporation, limited liability company, partnership, trust or estate or other legal entity, a designated agent thereof. The terms of all members of the Board of Directors following the transition period described in Section 10.1(b) shall be as follows: The candidate receiving the most votes will have a three-year term, the candidate receiving the second most votes will have a two-year term and the candidate receiving the third most votes will have a one-year term. All subsequently elected Board members will have a three-year term, such that the term of only one Board member will expire each year.

(d) By written notice duly recorded in said Registry of Deeds specifically referring to this Section, the Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors prior to the termination of the Declarant Control Period, but in that event the Declarant may require, for the duration of the Declarant Control Period that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before such action can become effective.

**Section 10.2. Abating and Enjoining Violations by Owners.** The violation of any Rules and Regulations adopted by the Board of Directors, the breach of any provision contained in the Bylaws or the breach of any provision of this Declaration or the Bylaws by any Mortgagee, Owner,

or any invitee of such Owner, shall give the Board of Directors the right, in addition to any other rights to which it may be entitled, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. With respect to the failure to comply with any of the provisions of Article VII, without in any way limiting the rights of the Board of Directors, Declarant shall have the right to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach for so long as Declarant maintains its rights to consent and approve certain matters as set forth in Section 7.5. Any Owner against whom the Board of Directors or Declarant successfully acts in accordance with this Section shall be liable to pay all expenses of the Board of Directors or Declarant, including reasonable attorneys' fees, incurred in resulting legal proceedings or otherwise in connection with that Owner's violation or breach.

## **ARTICLE XI MANAGEMENT**

The Association shall have the right to employ a professional experienced managing agent who shall oversee the daily operation of the Property, Common Areas and the implementation of the Association's obligations in accordance with the provisions of this Declaration, the Bylaws and the Rules and Regulations; provided, however, that no agreement for such professional management may exceed a term of three (3) years, but such agreement may be renewed upon consent of the Association. Such agreement shall be cancelable by either party without cause and without a termination fee upon not less than sixty (60) days or more than ninety (90) days written notice and shall be cancelable by the Board of Directors with cause upon not less than thirty (30) days written notice. Any agreement for professional management negotiated by Declarant shall not exceed one (1) year and shall contain like termination provisions.

## **ARTICLE XII ADDITIONAL DECLARANT RIGHTS**

**Section 12.1. Rights of Declarant.** In addition to and not in limitation of the other rights of the Declarant as described in this Declaration, Declarant shall have the right until the conveyance of all Lots (including any Lots that Declarant reserves the right to create pursuant to this Article XII) to a purchaser other than to an affiliate of Declarant or to a successor Declarant to:

(a) Grant easements for access to and from the Lots and for the installation, maintenance, repair, replacement and inspection of utility lines, pipes, conduits, and other equipment and facilities within the Project, including but not limited to water, electricity, telephone, gas and sewer. Declarant, its officers, employees, agents, servants, and contractors shall have a reasonable right of access to the Roads and the Lots.

(b) Use the Roads for ingress and egress to the Lots or other portions of the Project, or to any adjacent property.

(c) Install and maintain signs and lighting on the Project for the purpose of sales or rental of Lots.

(d) Lease or license for occupancy any Lots and the improvements thereon owned by the Declarant for such terms as Declarant may deem appropriate, and otherwise continue the operation of the Property in substantially the same manner as it is operated as of the date of this Declaration;

(e) Appoint members of the Board of Directors in accordance with Section 10.1(a) hereof.

**Section 12.2 Additional Reserved Rights.** Declarant also reserves to itself, and for the benefit of its successors and assigns, the right to use any Lot owned or leased by Declarant for storage, models, management, sales, customer service or similar purposes; and Declarant reserves the right to relocate the same from time to time within the Subdivision. Declarant further reserves the right to maintain within the Subdivision such advertising signs as comply with applicable governmental regulations, which signs may be placed in any location and may be relocated or removed, as Declarant may from time to time determine. Declarant retains the right to use the Common Area for sales purposes and to erect temporary offices on the Common Area for models, sales, management, customer service and similar purposes.

**Section 12.3 Additional Land.** Declarant shall have the right at any time, and from time to time, to subject to this Declaration any or all of the Project other than the Property (the "Additional Land") and to create additional Lots or Common Areas or both on the Additional Land, by recording in the Registry of Deeds a Supplemental Declaration of Easements, Covenants, Conditions and Restrictions (a "Supplemental Declaration") that describes such additional real property and states that such additional real property shall be subject to this Declaration. Such Supplemental Declaration may contain such additions and modifications as may be necessary or appropriate in the opinion of Declarant to reflect the different characteristics, if any, of such additional property. Upon the recording of any such Supplemental Declaration, the Additional Land described therein shall be deemed to be a part of and included in the Property for all purposes hereunder and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, as supplemented, modified or amended by such Supplemental Declaration. Upon the recording of any such Supplemental Declaration, any additional lots created on the Additional Land (the "Additional Lots") shall each be deemed to be a "Lot" for all purposes of this Declaration. The maximum number of Additional Lots that may be created on the Additional Land is 17 (for a total number of Lots equal to 31). If Additional Lots are added to the Property by the Declarant in the exercise of its rights as reserved in the Declaration, the votes in the Association shall be reallocated among all of the Lots such that each Lot shall have one vote. No assurances are made in regard to the architectural style, quality of construction, size or location of any buildings or other improvements, size or location of any roads, common areas or lots that may be erected on the Project, and Declarant has no obligation to submit all or any portion of the Additional Land to this Declaration. Declarant has no obligation to layout the Additional Land in accordance with the current Subdivision Plan.

**Section 12.4. Reservation of Rights.** In addition to other rights reserved by Declarant herein, Declarant reserves to itself and for the benefit of its successors and assigns the right to reduce or enlarge the size of any unsold Lot, to cause the Roads to be accepted as public roads, to convert Common Area to Lots and vice versa and to otherwise modify the Common Areas.

**Section 12.5 Extension of Roads.** Without limiting the generality of Section 12.1 above, the Declarant specifically reserves the right to construct or permit to be constructed, an extension of the Roads over the Common Area and to grant easements over such extended Roads and the other Roads depicted on the Subdivision Plan to be used by adjacent landowners or any additional development that may be undertaken by Declarant or any affiliate or assignee of Declarant for ingress and egress and for supplying utilities. Declarant further reserves the right to grant to any third party any license or easement in, on, over or through the Property, in addition to and not in limitation of those set forth above, which license or easement is determined by Declarant, in its reasonable judgment, to be necessary for the development or improvement of the Property or is otherwise beneficial to the Property, which benefit may include the contribution of maintenance costs, or as may be required by the Town of Carrabassett Valley or other governmental agency.

**Section 12.6 Exercise of Rights.** The rights reserved by Declarant pursuant to Sections 12.3, 12.4 and 12.5 herein must be exercised, if at all, within fifteen (15) years from the date of recordation of this Declaration.

**Section 12.7 Assignability of Declarant's Rights.** Declarant may assign any or all of its rights or privileges reserved or established by this Declaration, which assignment shall be recorded in the Registry of Deeds.

### **ARTICLE XIII** **GENERAL PROVISIONS**

**Section 13.1. Applicability of Covenants and Restrictions.** Each present and future Owner, tenant, occupant and Mortgagee shall be subject to and comply with the covenants, conditions and restrictions set forth in this Declaration, the Bylaws, the Rules and Regulations and any deed; provided, however, that nothing contained herein shall impose upon any occupant, tenant or Mortgagee any obligation which one or more of such documents make applicable only to Owners. The acceptance of a deed or mortgage to any Lot, or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the covenants, conditions and restrictions set forth in this Declaration, the Bylaws, the Rules and Regulations and any deed are accepted and ratified by such grantee, Mortgagee, tenant or occupant. All of such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in the Property, as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof. Upon sale or transfer of title to a Lot by any Owner, the party taking title to the Lot as new Owner shall be required to notify the Board of Directors in writing of the new Owner's taking of title to the Lot and the mailing address to which correspondence and assessments should be sent. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the



provisions of this Declaration, the Bylaws, or the rules and Regulations or with decisions made by the Association or the Board of Directors. Owners against whom the Association or any aggrieved Owner successfully brings an action pursuant to this Section shall be liable to pay all expenses of the successful party, including reasonable attorneys' fees, incurred in the action or otherwise in connection with the Owners' noncompliance. Aggrieved Owners shall have similar rights of action against the Association.

**Section 13.2. Real Estate Taxes.** It is understood that each Owner shall be responsible for the payment of all taxes assessed against such Owner's Lot or the improvements thereon by any governmental authority. If, during any period, such taxes are not assessed separately against individual Lots but are assessed on the entire Property, then each Owner shall pay his share thereof in accordance with the valuation of his Lot and the improvements thereon shown on the records of the taxing authority, as reasonably determined by the Board of Directors. Real estate taxes assessed against the Common Areas shall be paid by the Association and shall be included as a Common Expense.

**Section 13.3. Utility Charges.** Each Owner shall pay for all telephone, water, electricity, gas and other utilities which are separately metered or billed to each such Owner by the respective utility company.

**Section 13.4. Severability.** Invalidation of any one of these covenants or restrictions by a court shall in no way affect any other provision hereof, and all such other provisions shall remain in full force and effect.

**Section 13.5. Eminent Domain.**

(a) If any Lot is acquired by eminent domain, any award thereof shall be paid to such Owner as compensation for such taking. Upon a taking of the entirety of any Lot, unless the decree otherwise provides, the Owner's membership in and obligations to the Association shall cease and his percentage of contribution to Common Expenses and shall be reallocated equally to the remaining Owners.

(b) Except as provided in subsection (a) of this Section, if part of a Lot is acquired by eminent domain, any award therefor shall be paid to the Owner of such Lot for the reduction in value of the Lot. The Owner's voting rights, Common Expense liabilities shall not be affected by such taking.

(c) If a part of a Road is acquired by eminent domain, the Association shall be a party to and shall represent the Members in any condemnation proceedings or negotiations, settlements or agreements with the condemning authority, and any award for such taking shall be paid to the Association.

(d) Nothing in this Declaration or the Bylaws shall be deemed to give any Owner priority over any rights of a holder of a first mortgage of a Lot pursuant to such holder's mortgage documents in the case of an award to an Owner for the taking of a Lot.

**Section 13.6. Applicable Law.** This Declaration shall be governed and construed according to the laws of the State of Maine.

**Section 13.7. Interpretation.** The provisions of this Declaration shall be liberally construed in order to effect Declarant's desire to create a uniform plan for development and operation of the Property.

**Section 13.8. Effective Date.** This Declaration shall become effective when it and the Subdivision Plan have been recorded.

**Section 13.9. Notices.** All notices and other communications required or permitted to be given under or in connection with this Declaration shall be in writing and shall be deemed given when delivered in person or on the second business day after the day on which mailed by certified mail, return receipt requested, addressed, if to an Owner to that Owner's Lot address or otherwise to such address as may be designated by written notice given to the Association, if to Declarant to John Diller, President, Sugarloaf Mountain Corporation, RR1, Box 5000, Carrabassett Valley, Maine 04947, and if to the Association, to the principal office of the Association.

**Section 13.10. Exhibits.** All exhibits attached to this Declaration are hereby made a part of this Declaration.

#### **ARTICLE XIV** **AMENDMENT OF DECLARATION AND PLAN**

**Section 14.1. Amendment of Declaration.** Except as provided in Section 14.2 or otherwise herein, this Declaration may be amended only by vote of the Members of the Association as follows. From and after the date that this Declaration is recorded in the Registry of Deeds, such amendment shall require the affirmative vote of Owners who or which are entitled to vote at least sixty-seven percent (67%) of the total votes of the Members of the Association and by Declarant, if Declarant is then a Member of the Association. Votes may be cast in person, by proxy or by mail, as permitted and described in the Bylaws.

**Section 14.2 Exercise of Declarant's Reserved Rights.** Anything to the contrary contained in this Article XIV, or elsewhere in this Declaration, Declarant shall have the unilateral right to record Supplemental Declarations and to record amended Subdivision Plans in the exercise of its reserved rights as set forth in Article XII hereof.

**Section 14.3 Amendments Affecting Declarant's Rights.** Notwithstanding anything to the contrary herein or in the Bylaws, the Association shall at all times provide written notice to Declarant, its successors and assigns, of any proposed amendments to the Declaration or Bylaws that would impact in any respect Declarant's rights or obligations hereunder. Such amendments shall not become effective, notwithstanding the votes and approvals described in Section 14.1(a) above, without the express written consent of Declarant, its successors or assigns.

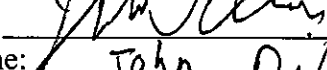
**Section 14.4 Amendment of Subdivision Plan.** The Subdivision Plan has been reviewed by the Town of Carrabassett Valley, as described in the Subdivision Plan. Any amendment to the Subdivision Plan, including without limitation any further subdivision of the Lots, must be made in accordance with the then applicable regulations of the Town of Carrabassett Valley. Any amendment of the Subdivision Plan must be accompanied by parallel amendments to this Declaration, if required to ensure that the Subdivision Plan and the Declaration remain consistent and that all Owners of the Property contribute to Common Expenses as described herein. Except as provided in Section 14.3 above, the Association shall have sole authority to make an application to the Town of Carrabassett Valley for approval of any amendment to the Subdivision Plan, on behalf of the Association and on behalf of all of the Owners, upon a vote of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated approving such application, provided that any Owner may petition the Association in writing to initiate any such amendment. Notwithstanding anything to the contrary herein or in the Bylaws, the Association shall at all times provide written notice to the Declarant, its successors and assigns, of any proposed amendments to the Subdivision Plan that would impact in any respect the Declarant's rights or obligations hereunder. Such amendments shall not become effective, notwithstanding the votes and approvals of the Owners as described above, without the express written consent of the Declarant, its successors or assigns.

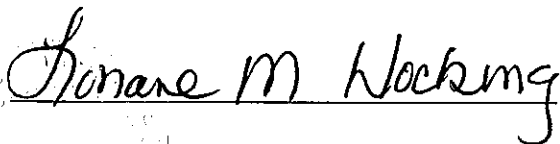
**IN WITNESS WHEREOF**, the said Sugarloaf Mountain Corporation has caused this instrument to be signed and sealed by its duly authorized representative as of the date first above written.

**WITNESS:**

**DECLARANT:**

**SUGARLOAF MOUNTAIN CORPORATION**, a Maine corporation

By:   
Name: John Diller  
Its: President



LORRAINE M. HOCKING  
Notary Public, Maine  
My Commission Expires September 24, 2011

STATE OF MAINE  
COUNTY OF Franklin, ss.

On March 7<sup>th</sup> 2007, personally appeared before me the above-named  
John Diller, \_\_\_\_\_, of Sugarloaf Mountain  
Corporation and acknowledged the foregoing instrument to be his/her free act and deed in his/her  
said capacity and the free act and deed of said company.

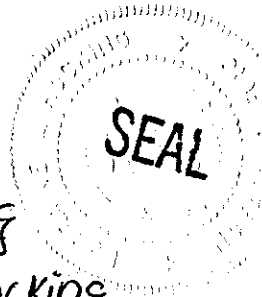
Before me,

Lorraine M. Hocking

Notary Public

Printed Name: Lorraine M Hocking

Commission Expires: \_\_\_\_\_



LORRAINE M. HOCKING  
Notary Public, Maine  
My Commission Expires September 24, 2011

*Ret. M. Cairns*

FRANKLIN COUNTY  
Susan A. Black  
Register of Deeds