

DECLARATION OF COVENANTS AND RESTRICTIONS
RECEIVED AUG 26th, 2005, 9:20 am

THIS DECLARATION made the 24th day of August, A.D. 2005 by Granville On The Water Inc., herein called the Developer, and as registered by Cathy Silliker, President.

WITNESSETH THAT:

WHEREAS the Developer is the President of Granville on the Water Inc.

AND WHEREAS Granville on the Water Inc. is the owner of the real property described in Article II of this Declaration and desires to create thereon a summer residential community with permanent parks, playgrounds, open spaces, roadways, walkways and other common commercial areas and other common facilities for the benefit of the said community;

AND WHEREAS the Developer desires to provide for the preservation of the values and amenities in the said community and for the said parks, playgrounds, open spaces, roadways, walkways, commercial areas, and other common facilities; and to this end, desire to subject the Real Property described in Article II to the Covenants, Restrictions, easements, charges and liens hereinafter set forth each and all of which is and are for the benefit of the said property and each owner thereof;

AND WHEREAS the Developer has deemed it desirable, for the efficient preservation of the values and amenities in the said Community, to create an agency which should be delegated and assigned the powers of maintaining and administering the Community properties and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created;

AND WHEREAS the Developer has incorporated under the Companies Act, R.S.P.E.I. 1988, Cap. C-14, Part II, as a non-profit corporation, the Granville On The Water Homeowners Association Inc. for the purpose of exercising the functions aforesaid;

NOW THEREFORE, the Developer declares that the Real property described in Article II shall be held, transferred, sold, conveyed and occupied subject to the Covenants, Restrictions, easements, charges and liens, hereinafter referred to as Covenants, and Restrictions, hereinafter set forth.

ARTICLE I - DEFINITIONS

The following words when used in this declaration or any supplemental declaration, unless the context shall so prohibit, shall have the following meanings:

- (a) "**Association**" shall mean and refer to the Homeowners Association;
- (b) "**The Properties**" shall mean and refer to all such existing properties as are subject to this Declaration.
- (c) "**Common Properties**" shall mean and refer to those areas of land shown on any recorded subdivision plan of the properties and intended to be devoted to the common use and enjoyment of the owners of the properties, in particular, those lands described in Schedule "B" herein.
- (d) "**Lot**" shall mean and refer to any plot or parcel of land shown upon any recorded subdivision plan of The Properties with the exception of Common Properties as heretofore defined.

- (e) "**Owner**" shall mean and refer to the record owner, whether one or more persons or entitles, of the fee simple title to any Lot situated upon The Properties but, notwithstanding any applicable theory of the Mortgage shall not mean or refer to the Mortgagee, unless and until such Mortgagee has acquired title pursuant to power of sale or any like proceeding.
- (f) "**Member**" shall mean and refer to all those Owners who are members of the Association as provided in Article III, Section 1 hereof.
- (g) "**Record Owner**" shall mean where a lot has not yet been deeded from the developer to a new owner, the "Record Owner" of that lot shall refer to the developer and any and all rights associated to each lot, including but not limited to voting rights shall be granted to the said developer.

ARTICLE II - Property Subject to this Declaration

Section 1. Existing Property. The Real property which is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Prince County, Province of Prince Edward Island and being more particularly described in Schedule "A", annexed hereto.

ARTICLE III - Membership and Voting Rights in the Association

Section 1. Membership. Every person or entity who is a record owner of any lot which is subject by covenants of record to assessment by the association shall be a member of the association, provided that any such entity who holds such interest merely as a security for performance of any obligation shall not be a member.

Section 2. Voting Rights. Each member shall be entitled to one vote for each lot in which he holds an interest required for membership by Section 1 hereof. When more than one person holds such interest or interests in any lot, all such persons shall be members and the vote for such lots shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

ARTICLE IV-Property Rights in the Common Properties

Section 1. Members easements of enjoyment. Subject to the provisions of Section 3 herein, every member shall have a right and easement of enjoyment in and to the common properties described in Schedule "B" herein, and such easements shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Properties. The Developer may retain the legal title to the common properties described in Schedule "B" until such time as they transfer it to any other person or body. And the Developer hereby covenant, for themselves, their heirs and assigns that they shall convey the Common properties to the Association free and clear of all encumbrances.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- (a) The right of the Developer and of the Association, in accordance with its Articles and By-laws, to borrow money for the purpose of improving the Common Properties and in aid thereof to Mortgage said properties. In the event of a default upon such Mortgage, the Lender's rights hereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by members and, if necessary, to open the enjoyment of such properties to a wider public

until the Mortgage debt is satisfied, where upon the possession of the said properties shall be returned to the Association and all rights of the members hereunder shall be fully restored; and

- (b) The right of the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosure; and
- (c) The right of the Association is provided in its Articles and By-Laws, to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations; and
- (d) The right of the Association to charge reasonable admission and other fees, where applicable, for the use of the Common Properties; and
- (e) The right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof shall be affected unless as instrument signed by the Members entitled to cast two thirds (2/3) of the votes has been recorded, agreeing to such dedication, transfer, purpose or condition, and unless written notice of the proposed Agreement and action thereunder is sent to every Member at least ninety (90) days in advance of any action taken.

ARTICLE V- Covenants for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligations of Assessments. The Developer for each Lot owned by them within the Properties hereby covenant and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties and in particular for the improvements and maintenance of the Properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties and of the homes situated upon the properties including, but not to limit to, the payment of taxes and insurance thereon and repair, replacement and additions thereto, and for the cost of labour, equipment, materials, management, and supervision thereof.

Section 3. Basis and Maximum of Annual Assessments. The annual assessment shall be payable in an amount and in a manner as determined by the Board of Directors from time to time.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy in any assessment year a special assessment,

applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who vote at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. Change in Basis and Maximum of Annual Assessments. The Association may increase the assessment fixed by Section 3 hereof prospectively for any such period provided that such change shall have the assent of two-thirds of the votes of the members who vote at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 6. Quorum for any Action Authorized Under Section 4 and 5. The quorum required for any action authorized by Sections 4 and 5 hereof shall be as follows:
At the first meeting called, as provided in Sections 4 and 5 hereof, the presence at the meeting of Members or of proxies, entitled to cast Sixty percent (60%) of all the votes shall constitute the quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth in Sections 4 and 5, and the required quorum at any such subsequent meeting shall be one half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessment: Due Dates. The annual assessments provided for herein shall commence on the date fixed by the Board of Directors of the Association to be the date of commencement. The first annual assessments shall be made for the balance of the calendar year and shall become due and payable on the day fixed for commencement. The assessments for any year, after the first year, shall become due and payable as determined by the Board of Directors from time to time.

The amount of the annual assessment which may be levied for the balance remaining in the first year assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot for each assessment period of at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.

Written notice of the assessment shall thereupon be sent to every owner subject thereto.

The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has

been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-payment of Assessment: The Personal Obligation of the Owner; The Lien; Remedies of the Association. If the assessments are not paid on the date when due (being the dates specified in Section 7 hereof) then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then owner, heirs, devisees, successors, personal representatives, and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum and the Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the legal action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable Attorney's fee to be taxed by the Court together with the costs of the Action.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage and mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or transfer of such property pursuant to a decree of foreclosure or a power of sale. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien or any such subsequent assessment.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein: (a) all Common Properties as defined in Article II, Section 1 hereof; (b) all properties exempted from taxation by the laws of the Province of Prince Edward Island, upon the terms and to the extent of such legal exemption.

ARTICLE VI -Architectural Control Committee

No building, fence, wall or other structure shall be commenced, erected or maintained upon The Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more member representatives appointed by the Board. In the event said board, or its designated committee, fail to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, or in any event, if no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof, approval will not be required and the Article will be deemed to have been fully complied with.

ARTICLE VII- Exterior Maintenance

Section 1. Exterior Maintenance. In addition to maintenance upon the Common Properties, the Association may at the request of the Owner, provide exterior maintenance upon each lot and living unit which is subject to assessment under Article V hereof, as follows: paint, repair, replace, and care for roofs, gutters, down spouts, building surfaces, trees, shrubs, grass, walks, and other exterior improvements.

Section 2. Assessment of Cost. The cost of such exterior maintenance shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the annual maintenance assessment or charge to which such Lot is subject under Article V hereof and, as part of such annual assessment or charge, it shall be a lien and obligation of the Owner and shall become due and payable in all respects as provided in Article V hereof. Provided that the Board of Directors of the Association, when establishing the annual assessment against each lot for any assessment year as required under Article V hereof, may add thereto the estimate cost of the exterior maintenance for that year but shall, thereafter, make such adjustment with the Owner as is necessary to reflect the actual cost thereof.

Section 3. Access at reasonable hours. For the purpose solely of performing the exterior maintenance authorized by this Article, the Association, through its duly authorized agents or employees shall have the right, after reasonable notice to the owner, to enter upon any lot or exterior of any living unit, at reasonable hours on any day except Sunday.

ARTICLE VIII- Construction Setbacks

No building or part thereof of any kind whatsoever shall be constructed or situated on any of the lands within the subdivision situate within Seventy-five (75) feet of the boundary on any lot, which boundary is adjacent to a shore or body of water.

ARTICLE IX -General Provisions

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall enure to the benefit of and be enforceable by the Association, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of Twenty (20) years from the date this Declaration is recorded after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the Then-Owners of two-thirds of the lots has been recorded, agreeing to change said covenants and restrictions in whole or in part. Provided, however, that no such agreement to change be effective unless made and recorded three (3) years in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 2. Amendments. Any such amendment shall be effective upon registration in the Office of the Registrar of Deeds for Prince County, Province of Prince Edward Island. The recital in any such amendment that it has been executed and acknowledged by the specified percentage of Owners shall be conclusive and binding on all persons.

Any rights reserved or granted to Declarant and/or Developer under this Declaration may not be amended, revoked or modified in any way so long as Declarant owns any Lot or Unit on the Property, any of the land described in Schedule "A", or any other land adjacent to the Development without the written consent of Declarant and/or Developer. Such consent must be included in any registered amendment to be effective.

Developer, its successors and/or assigns, reserves the right, without the consent of the Association or any Owners, to amend and re-register a Declaration Plan for any reason, including but not limited to, the addition of phases to the Development, the correction of errors or the making of any changes required by any governmental body or agency or mortgagee. After sale of all property in or adjacent to the Development by the Declarant, this right shall pass to the Association.

An addition or amendment of the Declaration shall be considered immaterial if it is for the purpose of correcting technical errors, or for clarification only.

Section 3. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 4. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Declared before me at Summerside in Prince County,
Province of Prince Edward Island this 24th day of August, 2005

Hazel Mullins
A Commissioner for Taking Affidavits
in the Supreme Court.

Granville on the Water Inc.
Cathy Silliker

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