THE ASCOT

EXHIBIT "C"

Initial Restrictions and Rules

The following restrictions shall apply to all of the Property until such time as they are amended, modified, repealed, or limited pursuant to Article III of the Declaration.

1. General. The Property shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by Declarant to assist in the sale of property described in Exhibit "A," offices for any property manager retained by the Association, or business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. **The following activities are prohibited within the Property unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:**

(a) Parking. Parking any vehicles on public or private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than designated parking spaces; provided, construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Living Unit or the Common Area;

(b) Animals and Pets. Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that three (3) dogs, cats, or other usual and common household pets may be permitted in a Living Unit; however, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Living Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the Living Unit. Pets shall be registered, licensed, and inoculated as required by law. Notwithstanding the foregoing, no animal listed on a "dangerous breed" list shall be permitted in any Living Unit unless (a) the animal has been certified by a professional in writing, as to the nature, attitude and control of the animal's behavior and (b) the owner provides the Association with a current home owners insurance policy listing the animal by breed and description and listing the Association as an additional insured on the insurance policy.

(c) Odors and Noise. Any activity which emits foul or obnoxious odors outside the Living Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Living Units;

(d) Laws. Any activity which violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Hobbies. Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Living Unit;

(f) Offensive Activities. Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Living Units;

(g) Burning. Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a Living Unit on a Living Unit;

(h) Loud Noises. Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Living Units, except alarm devices used exclusively for security purposes;

(i) Fireworks. Use and discharge of firecrackers and other fireworks;

(j) Dumping. Dumping grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Property, except that fertilizers may be applied to landscaping on Living Units provided care is taken to minimize runoff, and Declarant may dump and bury rocks and trees removed from a building site on such building site;

(k) Trash. Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers;

(l) Drainage Interference. Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Living Unit without the Owner's consent;

(m) Subdivision. Subdivision of a Living Unit into two or more Living Units, or changing the boundary lines of any Living Unit after a subdivision plat including such Living Unit has been approved and Recorded, except that Declarant shall be permitted to subdivide or replat Living Units which it owns, or for which it obtains the consent of the Owners;

(n) Use of Bodies of Water. Swimming, boating, use of personal flotation devices, fishing or other active use of lakes, ponds, streams, or other bodies of water within the Property, and Declarant, its successors and assigns, shall be permitted and shall have the exclusive right and easement to draw water from lakes, ponds, and streams within the Property for purposes of

irrigation and such other purposes as Declarant shall deem desirable. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams, or other bodies of water within or adjacent to the Property;

(o) Timeshares. Use of any Living Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Living Unit rotates among participants in the program on a fixed or floating time schedule over a period of years.

(p) Firearms. Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(q) Fuel Storage. On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Living Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

(r) Home Occupations. Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Living Unit may conduct business activities within the Living Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Living Unit; (ii) the business activity conforms to all zoning requirements for the Property; (iii) the business activity does not involve door-to-door solicitation of residents of the Property; (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in the Property which is noticeably greater than that which is typical of Living Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

(s) Wildlife. Capturing, trapping, or killing of wildlife within the Property, except in circumstances posing an imminent threat to the safety of persons using the Property;

(t) Nature. Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(u) Garage Conversions. Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Living Unit without prior approval pursuant to Article IV;

(v) Motorized Vehicles. Operation of motorized vehicles on pathways or trails maintained by the Association, except that golf carts may be operated on cart paths intended for such purposes; and

(w) Construction. Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Living Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of the Declaration. All signs, basketball goals, swing sets and similar sports and play equipment, fences, sheds, decks, awnings, arbors or other vertical structures must be submitted for approval to the ARC or as otherwise set forth under Article IV of the Declaration. At no time will dog runs, animal pens, above ground pools or trampolines be allowed on any home site in the community.

(x) Irrigation. Sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Property, except that Declarant and the Association shall have the right to draw water from such sources.

(y) Antennas. Satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind, except that Declarant and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Property; and (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted, *provided that* any such Permitted Device is placed in the least conspicuous location on the Living Unit (generally being the rear yard) at which an acceptable quality signal can be received and is not visible from the street, Common Area, or neighboring property or is screened from the view of adjacent Living Units and the street in a manner consistent with the Community-Wide Standard and the standards, unless such screening unreasonably interferes with the use of such Permitted Device.

(z) Mailboxes. No mailboxes or receptacles for the delivery of newspapers or mail shall be allowed on a Living Unit. All mail will be delivered to the central mailbox station maintained by the Association.

(aa) Yard Decorations. Yard ornaments, fountains, statues, lights, artificial plants or other permanent outdoor decorations, unless approved pursuant to Article IV.