

**The Policy of
Silver Creek Community Property Owners Association, Inc.
Regarding the Water System**

Recitals:

WHEREAS, the clubhouse, pool, and twelve lots of the subdivisions' 300+ lots are served by a small water system; and

WHEREAS, in the late 1980s, this water system was under a Court Injunction not to expand to serve more than fourteen lots; and

WHEREAS, the water system cannot expand to serve more lots, unless it conforms to state regulations regarding large water systems, and such expansion is deemed to be prohibitively expensive; and

WHEREAS, the Board of Silver Creek Community Property Owners Association, Inc. desires to promulgate this policy so that all lot owners will understand the water system policy; and

WHEREAS, the water system is owned by Silver Creek Community Property Owners Association, Inc.; and

WHEREAS, the intent of this Policy is to insure that the lot owners served by the water system are paying for the upkeep and maintenance of the water system, and that, conversely, those lot owners not served by the water system, are not paying for it; and

WHEREAS, this Policy shall conform to the Constitution and By-Laws, as amended, of the Silver Creek Community Property Owners Association, Inc.

THEREFORE:

1. The Effective Date of this Policy is January 19, 2013.
2. The Constitution and By-Laws, as the same may be amended from time to time (hereafter the "By-Laws"), of Silver Creek Community Property Owners Association, Inc. (hereafter "Silver Creek") are hereby re-affirmed.
3. The By-Laws of Silver Creek defines a Limited Common Element as "a portion of the common elements or areas allocated by the declaration or by operation of law for

the exclusive use of one or more but fewer than all of the lots.” See Article II, #12, of the By-Laws.

4. The water system includes a well, infrastructure of the well, and underground pipes from the well to the lots served, among other things related to the Water Sytem.
5. The water system serves the Clubhouse and pool, and twelve (12) lots:

<u>Lot#</u>	<u>Current Owner</u>	<u>Street Address of Lot (Morg.)</u>
1. HC-1	Don Scheyer	3512 Dogwood Lane
2. HC-2	Dan England	3514 Dogwood Lane
3. HC-3	Elizabeth Dolan	3516 Dogwood Lane
4. HC-4	John Purcell	3518 Dogwood Lane
5. HC-5	Judith Warner	3520 Dogwood Lane
6. HC-6	Elizabeth Bosarge	3522 Dogwood Lane
7. HC-7	Mike Tannenbaum	3524 Dogwood Lane
8. HC-8	Greg Pannell	3526 Dogwood Lane
9. HC-12	Melanie Bowden	3534 Dogwood Lane
10. HC-13	Homer Bohannon	3536 Dogwood Lane
11. 4	Gary Goins	6990 Silver Creek Lane
12. 220	James Sain	6855 Silver Creek Lane
13. Tr. “D”Silver Creek - clubhouse		6956 Silver Creek Lane

6. The water system is a limited common element, and as such is owned by Silver Creek.
7. Pursuant to Article XIX, item 3, of the By-Laws, assessments for the water system may be made for expenses associated with the maintenance or repair of the water system and for insurance, utilities, and other expenses associated with the water system. The assessment shall be assessed against the lots benefited by the water system at least annually.
8. Silver Creek will continue to make a quarterly WATER EXPENSES assessment of \$60 per lot for those on the water system. This assessment shall be deposited into the general fund of Silver Creek, and shall be used to pay the electric bill, taxes, insurance, and other routine expenses associated with the water system.
9. Beginning with the effective date of this Policy, Silver Creek will make a second quarterly assessment of \$60 per lot for the WATER RESERVE FUND for those on the water system. Water system users will write a separate check for this assessment, noting the lot and address, and making the check payable to Silver Creek Community POA Water Reserve Fund. This assessment shall be placed in a separate account by Silver Creek and shall be for the exclusive use of repairs and maintenance to the well

and infrastructure of the well, including upgrades of well, equipment, piping, etc. In the event a lot on the water system is sold or transferred, the Water Reserve Funds shall transfer with the property and are not refundable.

10. Simi Annually, a water sample will be sent to Burke County Environmental Health Dept. to insure the water is potable and meets Health Dept. standards. All costs of sampling and testing, and all costs required to keep the water system up to state standards and regulations, shall be paid from the Water Reserve Fund.
11. As to the assessment for the WATER RESERVE FUND, Silver Creek has already established this fund. Once the fund reaches a sum total of at least \$6,240.00 in the bank account, then the quarterly assessments for the WATER RESERVE FUND will cease until those funds are used for well repair and maintenance. When the fund total is less than \$5,500.00, the quarterly assessments will be made until the threshold amount is achieved again. In the event that a repair or maintenance expense exceeds the WATER RESERVE FUND balance, then the fund balance will be used first, and the remaining expense will be assessed equally to the lot owners on the water system.
12. The Board of Silver Creek may change the amount of the Water Reserve Fund assessments and the Water Expense assessments after a majority vote of the Board and by sending notice to all water system users at their address on record with the Board.
13. Silver Creek shall pay its share of the WATER RESERVE FUND assessments (#9 above), and is not liable for the WATER EXPENSE assessments (#8 above). Silver Creek is not liable for any other expenses regarding the water system, except as all lot owners in Silver Creek are so liable.
14. In the event the well runs dry, and a new well must be drilled, then all lot owners on the water system will be equally responsible for the costs of a new well. The WATER RESERVE FUND may be used for this purpose.
15. Lot owners whose lots are not served by the water system will not be responsible for any expenses regarding the water system, except for Silver Creek's liabilities shown above.
16. A lot currently on the water system may be removed from the water system with a majority vote of the Board of Silver Creek upon submitting a written request by the property owner to be removed. In the event of such a removal, then Silver Creek will become responsible for the removed lot owner's WATER EXPENSE and WATER RESERVE FUND assessments defined in this policy. The removed lot owner shall pay for disconnecting pipes serving his lot from the water system. The pipes will be disconnected to Silver Creek's satisfaction.

17. In the event a well share becomes available the Board, at it discretion, may add another lot to the water system as long as the new lot owner pays all costs associated with such connection (e.g., underground pipes, hook up, tap fee, etc.), but Silver Creek is under no duty to add another lot to the system.
18. A committee made up of lot owners on the water system may be formed. The Committee may have 3 members and a Board Liaison. The committee shall report to the Board of Silver Creek. In the event of disagreement between the committee and the Board, the decision of the Board governs.
19. Silver Creek retains ownership and authority over the water system.
20. The Board's exclusive remedy for a lot owner's refusal to pay the WATER EXPENSE or the WATER RESERVE FUND assessment is foreclosure pursuant to the By-Laws.
21. All work pertaining to the water system shall be performed by personnel or a contractor approved by the Board of Silver Creek. The Board will provide the Committee with receipts and copies of estimates for work done by licensed contractors approved by the Board.
22. Water system users are responsible for any repair that is necessary to the piping on their real property from their property lines to their house. The Water Reserve Fund will be responsible for repairs to the well and piping under the rights of way.

The above Policy of the Water System of Silver Creek Community Property Owners Association, Inc. is hereby adopted by virtue of the decision of the Board at its meeting on January 19, 2013.

The Board of
Silver Creek Community Property Owners Association, Inc.

Craig McLeod

Mike Reader

Darryl Dean

Hardy Brown

Eric Duckworth