

ARTICLE IV
COVENANT FOR MAINTENANCE

OFF. 5297 & 420
REC.

Section 1. The ASSOCIATION shall at all times pay the ad valorem taxes assessed against the COMMON OPEN SPACE, and maintain the COMMON OPEN SPACE.

Section 2. In the event an OWNER of any LOT in the PROJECT shall fail to maintain the LOT and the improvements situated thereon in a manner satisfactory to the BOARD, the ASSOCIATION, after approval of two-thirds (2/3) vote of the BOARD OF DIRECTORS, shall have the right, through its agents and employees, to enter upon said LOT and to repair, maintain and restore the LOT and the exterior of the buildings and any other improvements erected thereon. The cost of such maintenance shall be added to and become part of the ASSESSMENT to which such LOT is subject.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The DEVELOPER and each Builder, except as otherwise set forth in Section 3 of this Article VI, for each LOT or UNIT on which no Unit is constructed within the PROJECT, hereby covenants, and each OWNER, other than DEVELOPER or a BUILDER, of any LOT or UNIT by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the ASSOCIATION: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the LOT and UNIT and shall be a continuing lien upon the LOT and UNIT against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the OWNER of such LOT and UNIT at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. PURPOSE OF ASSESSMENTS. The assessments levied by the ASSOCIATION shall be used exclusively to promote the recreation, health, safety and welfare of the MEMBERS and their tenants and contract purchasers residing in MEMBER'S UNIT, pay the ad valorem taxes assessed against the COMMON OPEN SPACE and for the improvement and maintenance of the COMMON OPEN SPACE, of any easements in favor of the ASSOCIATION which are located within or in a reasonable proximity to the PROJECT and any public areas to the extent that deterioration of the public areas would adversely affect the appearance of the PROJECT or the operation of systems appurtenant to the PROJECT.

Section 3. DEVELOPER'S ASSESSMENT GUARANTY. The DEVELOPER guarantees to initial purchasers of UNITS in the PROJECT that the monthly assessments due from such purchasers as OWNERS for items of common expense of the ASSOCIATION will not exceed the amount therefor reflected in the initial budget for the ASSOCIATION which is provided to such purchasers by the DEVELOPER during the calendar year in which the DEVELOPER conveys the first UNIT in the PROJECT, and thereafter will not exceed 115% of the amount assessed such purchasers during the prior year, each year thereafter. This guaranty shall be in force only until the earlier of (i) the date upon which a majority of the BOARD is elected by the Class "A" members, or (ii) such earlier date as DEVELOPER elects to terminate this guaranty and pay its proportional share of the assessments for common expenses of the ASSOCIATION based upon the number of LOTS owned by the DEVELOPER and offered for sale or lease. During the period of time this guaranty is in force and effect the DEVELOPER, as owner of such LOTS as are owned by it, shall be relieved from the obligation of paying its total pro rata share of assessments for common expenses of the ASSOCIATION, but instead shall pay 25% of its pro rata share of assessments for each LOT owned by DEVELOPER and shall additionally be obligated to pay to the ASSOCIATION all sums in excess of sums due from all OWNERS which are necessary to pay the actual expenses of the ASSOCIATION. During the DEVELOPER'S guaranty and after the DEVELOPER'S guaranty has terminated, the maximum annual assessment may be increased each year not more than 15% above the maximum assessment for the previous year except that the maximum annual assessment may be increased above 15% by a vote of two-thirds (2/3) of each class of MEMBERS

who are voting in person or by proxy at a meeting duly called for this purpose.

REC. 52976 421

Section 4. BUILDERS' ASSESSMENTS. Each Builder as a Class C member, for each Lot, if Lot is for single-family construction, or if the Lot is for multi-family construction, for each Unit to be built upon said Lot by the Builder, shall pay twenty-five (25%) percent of the annual assessment rate fixed for Class A membership until a Lot is sold by the Builder or a Unit is built upon the Lot and is sold by Builder or otherwise occupied or until a rental Unit is first occupied at which time a full assessment shall be paid by the Owner of said Unit. In the event Developer actually owes deficits as required by Article V, Section 3, Builder shall, in addition to paying 25% of the annual assessment, reimburse Developer for a pro-rata share of said funded deficits based on a percentage of Units to be built upon the Lots then owned by Builder in the Property at the time the deficits are paid by the Developer.

Section 5. SPECIAL ASSESSMENT FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the ASSOCIATION, through its BOARD, 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, reconstruction, repaving, repair or replacement of a capital improvement upon the COMMON OPEN SPACE, including fixtures and personal property related thereto, if any, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. WORKING CAPITAL CONTRIBUTION. In addition to ASSESSMENTS for COMMON EXPENSES, the first OWNER other than a Builder, acquiring title from DEVELOPER to a UNIT and the first Owner acquiring title from a Builder to a Unit shall pay to the ASSOCIATION a contribution to a working capital fund of the ASSOCIATION in an amount equal to two (2) months' ASSESSMENTS for COMMON EXPENSES, which shall be in addition to the OWNER's responsibility for ASSESSMENTS for COMMON EXPENSES. The working capital fund shall be used by the ASSOCIATION for start-up expenses or otherwise as the Board of Directors of the ASSOCIATION shall determine from time to time and need not be restricted or accumulated.

Section 7. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or Section 4 shall be sent to all MEMBERS not less than ten (10) days, nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast one-third (1/3) of all the votes of each class of membership shall constitute a quorum.

Section 8. RATE OF ASSESSMENT. Both annual and special assessments must be fixed at a uniform rate for all LOTS unless there are both attached and detached single family Units or multi-family Units built or to be built on said Lots, in which case the Assessments for each type of Unit built or to be built on said Lots may differ so long as there are different benefits to be derived from the Association for each class of Units, but, each class of Units will be assessed at a uniform rate, based upon a fraction, the numerator of which is 1 and the denominator of which shall be the number of that particular class of Units subject to Assessments, subject to Sections 3 and 4 hereof.

Section 9. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. The Annual ASSESSMENTS provided for herein shall commence as to all LOTS initially subjected to the Declaration, subject to Section 3 and 4 hereof, on the first day of the month following conveyance by the DEVELOPER of the first UNIT in the PROJECT. The Assessments as to annexed portions of the PROJECT shall commence as to each annexed portion on the first day of the month following conveyance by the Developer of the first Unit in each annexed portion. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The BOARD shall fix the amounts of the annual assessment against each LOT at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every OWNER subject thereto. The due dates shall be established by the BOARD. The assessments, at the election of the BOARD, may be collected on a monthly, quarterly or annual basis. The ASSOCIATION shall, upon demand, and for a reasonable charge, furnish a certificate signed