

costs and expenses incurred by the ASSOCIATION in connection with the collection of any unpaid ASSESSMENTS, and the filing, enforcement, and/or foreclosure of the ASSOCIATION's lien, including reasonable attorneys' fees, and all sums paid by the ASSOCIATION for taxes and on account of any other mortgage, lien, or encumbrance in order to preserve and protect the ASSOCIATION's lien. The BOARD is authorized to settle and compromise the ASSOCIATION's lien if the BOARD deems a settlement or compromise to be in the best interest of the ASSOCIATION.

Section 5. RENTAL AND RECEIVER. If an OWNER remains in possession of his UNIT and the claim of lien of the ASSOCIATION against his UNIT is foreclosed, the court, in its discretion, may require the OWNER to pay a reasonable rental for the UNIT, and the ASSOCIATION is entitled to the appointment of a receiver to collect the rent.

Section 6. SUBORDINATION OF LIEN. The lien of the ASSOCIATION shall be superior to all other liens, save and except tax liens and any first mortgage recorded prior to the recording of a claim of lien by the ASSOCIATION, provided such mortgage secures an indebtedness which is initially amortized in monthly or quarter-annual payments over a period of not less than 10 years (provided, however, that any such mortgage may provide for changes in the interest rate and changes in the payments resulting therefrom, negative amortization, or for payment in full prior to such 10 year period). Where any person obtains title to a LOT pursuant to the foreclosure of such a mortgage, or where the holder of such a mortgage accepts a deed to a LOT in lieu of foreclosure of the mortgage, such acquirer of title, its successors and assigns, shall not be liable for any ASSESSMENTS or for other moneys owed to the ASSOCIATION which are chargeable to the former OWNER of the LOT and which became due prior to acquisition of title as a result of the foreclosure or deed in lieu thereof, unless the payment of such funds is secured by a claim of lien recorded prior to the recording of the foreclosed or underlying mortgage. The unpaid ASSESSMENTS or other moneys are COMMON EXPENSES collectable from all of the OWNERS, including such acquirer and his successors and assigns. The new OWNER, from and after the time of acquiring such title, shall be liable for payment of all future ASSESSMENTS for COMMON EXPENSES and such other expenses as may be assessed to the OWNER's LOT. Any person who acquires a LOT, except through foreclosure of a first mortgage as described above, or deed in lieu thereof, including, without limitation, persons acquiring title by sale, gift, devise, operation of law, or by purchase at a judicial or tax sale, shall be liable for all unpaid ASSESSMENTS and other moneys due and owing by the former OWNER to the ASSOCIATION, and shall not be entitled to occupancy of the UNIT or enjoyment of the COMMON AREAS, or of the recreational facilities as same may exist from time to time, until such time as all unpaid ASSESSMENTS and other moneys have been paid in full.

Section 7. ASSIGNMENT OF CLAIM AND LIEN RIGHTS. The ASSOCIATION, acting through its BOARD, shall have the right to assign its claim and lien rights for the recovery of any unpaid ASSESSMENTS and any other moneys owed to the ASSOCIATION, to any third party.

Section 8. UNPAID ASSESSMENTS CERTIFICATE. Within 15 days after written request by any OWNER or any INSTITUTIONAL LENDER holding or making a mortgage encumbering any LOT, the ASSOCIATION shall provide the OWNER or INSTITUTIONAL LENDER a written certificate as to whether or not the OWNER of the LOT is in default with respect to the payment of ASSESSMENTS or with respect to compliance with the terms and provisions of this DECLARATION, and any person or entity who relies on such certificate in purchasing or in making a mortgage loan encumbering any LOT shall be protected thereby.

Section 9. NON-MONETARY DEFAULTS. In the event of a violation by any OWNER or any tenant of an OWNER, or any person residing with them, or their guests or invitees, (other than the non-payment of any ASSESSMENT or other moneys) of any of the provisions of this DECLARATION, the ARTICLES, the BY-LAWS or the Rules and Regulations of the ASSOCIATION, the ASSOCIATION shall notify the OWNER and any tenant of the OWNER of the violation, by written notice. If such violation is not cured as soon as practicable and in any event within seven (7) days after such written notice, or if the violation is not capable of being cured within such seven (7) day period, if the OWNER or tenant fails to commence and diligently proceed to completely cure such violation as soon as practicable within seven (7) days after written notice by the ASSOCIATION, or if any similar violation is thereafter repeated, the ASSOCIATION may, at its option:

- A. Impose a fine against the OWNER or tenant as provided in Section 10 hereof; and/or
- B. Commence an action to enforce the performance on the part of the OWNER or tenant, or for such equitable relief as may be necessary under the circumstances, including injunctive relief; and/or
- C. Commence an action to recover damages; and/or
- D. Take any and all actions reasonably necessary to correct such failure, which action may include, where applicable, but is not limited to, removing any addition, alteration, improvement or change which has not been approved by the ASSOCIATION, or performing any maintenance required to be performed by this DECLARATION.

All expenses incurred by the ASSOCIATION in connection with the correction of any failure, plus a service charge of ten (10%) percent of such expenses, and all expenses incurred by the ASSOCIATION in connection with any legal proceedings to enforce this DECLARATION, including reasonable attorneys' fees, shall be assessed against the applicable OWNER, and shall be due upon written demand by the ASSOCIATION. The ASSOCIATION shall have a lien for any such ASSESSMENT and any interest, costs or expenses associated therewith, including attorneys' fees incurred in connection with such ASSESSMENT, and may take such action to collect such ASSESSMENT or foreclose said lien as in the case and in the manner of any other ASSESSMENT as provided above. Any such lien shall only be effective from and after the recording of a claim of lien in the public records of the County in which the PROJECT is located.

Section 10. FINES. The amount of any fine shall be determined by the BOARD, and shall not exceed Twenty-five (\$25.00) Dollars for the first offense, Fifty (\$50.00) Dollars for a second similar offense, and Seventy-five (\$75.00) Dollars for a third or a subsequent similar offense. Any fine shall be imposed by written notice to the OWNER or tenant, signed by an officer of the ASSOCIATION, which shall state the amount of the fine, the violation for which the fine is imposed, and shall specifically state that the OWNER or tenant has the right to contest the fine by delivering written notice to the ASSOCIATION within 10 days after receipt of the notice imposing the fine. If the OWNER or tenant timely and properly objects to the fine, the BOARD shall conduct a hearing within 30 days after receipt of the OWNER's or tenant's objection, and shall give the OWNER or tenant not less than 10 days written notice of the hearing date. At the hearing, the BOARD shall conduct a reasonable inquiry to determine whether the alleged violation in fact occurred, and that the fine imposed is appropriate. The OWNER or tenant shall have the right to attend the hearing and produce evidence on his behalf. At the hearing the BOARD shall ratify, reduce or eliminate the fine and shall give the OWNER or tenant written notice of its decision. Any fine levied against an OWNER shall be deemed an ASSESSMENT, and if not paid when due all of the provisions of this DECLARATION relating to the late payment of ASSESSMENTS shall be applicable.

Section 11. RESPONSIBILITY OF AN OWNER FOR OCCUPANTS, TENANTS, GUESTS AND INVITEES. Each OWNER shall be responsible for the acts and omissions, whether negligent or willful, of any person residing in his UNIT, and for all guests and invitees of the OWNER or any such resident, and in the event the acts or omissions of any of the foregoing or the OWNER shall result in any damage to the COMMON OPEN SPACE, or any liability to the ASSOCIATION, the OWNER shall be assessed for same as in the case of any other ASSESSMENT, limited where applicable to the extent that the expense or liability is not met by the proceeds of insurance carried by the ASSOCIATION. Furthermore, any violation of any of the provisions of this DECLARATION, of the ARTICLES, or the BY-LAWS, by any resident of any UNIT, or any guest or invitee of an OWNER or any resident of a UNIT, shall also be deemed a violation by the OWNER, and shall subject the OWNER to the same liability as if such violation was that of the OWNER.

ARTICLE VII
ANNEXATION

Section 1. ANNEXATION AND DEVELOPMENT. Additional property which is legally described in Exhibit "2" attached hereto may be annexed by the DEVELOPER in whole or in part without the consent of members within five (5)