

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTHBAY

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**STATE OF MISSISSIPPI
COUNTY OF MADISON**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTHBAY**

This Declaration of Covenants, Conditions and Restrictions For Northbay (ADeclaration≅) is made on September 17, 1987, by Northbay, Ltd., a Mississippi limited partnership (ADeclarant≅).

The Declarant has a leasehold interest by assignment under a Lease (ALease≅) between the Pearl River Valley Water Supply District, an agency of the State of Mississippi (ADistrict≅), as lessor, and L. C. Cheramie, Wade B. Quin and Steve H. Horn, as lessees, dated October 31, 1986, in and to certain real property situated in Madison County, Mississippi, and. described in Exhibit A (AProperty≅), and desires to create and to develop a residential community on the Property which shall have designated common areas (ACommon Area≅) and common facilities (ACommon Facilities≅) for the benefit of the residential community. The Declarant desires to provide for the preservation of the values and amenities in, and the enhancement of the charm and beauty of, the residential community, and for the designation, administration and maintenance of the Common Area and Common Facilities. Therefore, the Declarant desires to subject the Property, including any and all improvements constructed or to be constructed on the Property, to the covenants, conditions, restrictions, uses, limitations, obligations, easements,

servitudes, charges, assessments and liens contained in this Declaration which individually and collectively are for the benefit of the Property, each Owner and the Declarant.

The Declarant desires the efficient preservation of the values and amenities in, and the enhancement of the charm and beauty of, the residential community. Therefore, the Declarant has created and organized an agency (AAssociation≅), and has delegated and assigned the powers and duties created by and in this Declaration to the Association for the administration and maintenance of the Common Area and Common Facilities, the administration and enforcement of the provisions of this Declaration, and the determination, collection and disbursement of the maintenance and special assessments and other charges (collectively AAssessments≅).

The Declarant has a leasehold interest under the Lease in and to the real property described in Exhibit B which includes the Property, and intends to develop the residential community in phases on the real property described in Exhibit B. In or during the process of such development, the Declarant intends to annex the real property described in Exhibit C (AAdditional Property≅) to the Property and to subject the Additional Property to the provisions of this Declaration and the jurisdiction of the Association. All references to the Property and the Additional Property are references to the Declarant's leasehold interest and such terms do not include the interest of the District, as lessor and owner of the real property described in the Lease.

Now, therefore, the Declarant declares that the Property is and shall be owned, leased, held, transferred, assigned, sold, conveyed, rented, used, occupied, hypothecated or encumbered, and improved subject to the provisions of this Declaration which (i) are agreed and declared to be beneficial for and in aid of the development of the residential community and the improvement of the Property, (ii) shall be deemed to run with and bind the Property, and (iii) shall inure to the benefit of and be enforceable by the Declarant, its successors and assigns, and each Person who has or acquires any interest in any portion of the Property or the improvements on the Property, including the Association, any Owner and any Person who holds such interest solely as security for the performance of an obligation or the payment of a debt.

ARTICLE I.

DEFINITIONS

Section 1.01. Definitions. For all purposes of this Declaration, the following words and terms shall have the meanings assigned in this Section 1.01 unless otherwise specified or the context requires a different construction.

AAdditional Property≅ means the real property described in Exhibit C as modified from time to time as permitted by Section 2.06.

AAssessment≅ shall mean the share allocated to a Lot or a Leasehold Interest and thereby the Owners of such Lot of the Association's (i) annual maintenance Assessments under Section 5.02, (ii) special Assessments under Section 5.03, and (iii) expenses, costs, charges and other

amounts incurred with respect to either such Lot or the satisfaction, discharge or compliance with any obligations or duties of the Owners of such Lot as specified in this Declaration.

AAssociation≡ shall mean the Northbay Property Owners Association, Inc., a Mississippi not for profit corporation, and its successors and assigns.

ABoard of Directors≡ shall mean the Board of Directors of the Association.

ABylaws≡ shall mean the bylaws of the Association as amended from time to time.

>>Charter” means The Charter of Incorporation of the Association, as amended from time to time.

ACommon Area≡ shall mean all real property shown and designated on the Plat as a Common Area or Green Space which is owned or leased by or otherwise made available to the Association for the common use, benefit and enjoyment of the Members. The initial Common Area is described in Exhibit D and is all of the Property except (i) all platted and numbered Lots as shown and designated on the Plat, (ii) any portion of the Property shown and designated on the Plat as reserved or designated for future development as part of or addition to the residential community, (iii) the Streets, and (iv) easements as shown and designated on the Plat for utilities and all water and sewer lines located in such easements or within the Streets.

ACommon Facilities≡ shall mean all buildings and other improvements constructed on any portion of the Common Area for the common use, benefit and enjoyment of the Members.

ADeclarant≡ shall mean Northbay, Ltd., a Mississippi limited partnership, and its successors and assigns.

ADeclaration≡ shall mean this Declaration of Covenants, Conditions and Restrictions for Northbay, as Supplemented from time to time.

ADeveloper≡ means the Declarant and each Person who is a successor in title to or acquires a Leasehold Interest from the Declarant with respect to any Lot, except the Association, and with the Declarant’s permission is engaged in the business of the development, improvement and sale of any Lot or Leasehold Interest, including the construction and sale of a Dwelling and related improvements or appurtenances on any Lot.

ADistrict≡ means the Pearl River Valley Water Supply District, an agency of the State of Mississippi, and its successors and assigns.

ADwelling≡ shall mean any building or portion of a building located on the Property which is designed and intended for use and occupancy as a residence by a single individual or by a family, including a detached house, a town house or a garden house.

AFirst Mortgage≡ shall mean a mortgage, deed of trust or similar encumbrance creating a lien or encumbrance against a Lot or a Leasehold Interest which has priority over all other

mortgages, deeds of trusts or similar encumbrances creating liens or encumbrances against such Lot or such Leasehold Interest.

AGreen Space≡ shall mean certain portions of Common Area intended to be maintained in a natural or landscaped condition for the enhancement and preservation of the natural, landscaped, scenic and recreational resources, soil and/or wetlands currently in evidence at the Property, including wildlife, fish and migratory birds. The Green Space is shown and designated on the Plat.

AInvitees≡ shall mean an Owner's tenants, guests, patrons, employees or other guests or invitees.

ALease≡ means the Lease between the District, an agency of the State of Mississippi, as lessor, and L.C. Cheramie, Wade B. Quin and Steve H. Horn, as lessees, dated October 31, 1986, relating to the Property, as amended, extended or renewed from time to time, and also means any other lease agreement with respect to any portion of the Property, including the Common Area and any Lot, between the District, as lessor, and the Declarant or any Owner, as lessee or tenant.

ALeasehold Interest≡ means a leasehold interest under the Lease in and to a Lot which is acquired by an Owner by assignment from the Declarant or from a prior Owner.

ALot≡ shall mean each subdivided parcel, plot or tract of land constituting a portion of the Property which is shown and designated as a numbered lot on the Flat and is intended to be improved with a Dwelling, but does not include the Common Area. The Property contains 42 Lots designated as Lots D11 through D15 and Lots E1 through E37.

AManagement Agent≡ means the Person employed or retained by the Board of Directors for the purpose of conducting and managing the daily operations of the Association.

AMember≡ shall mean each Person who holds or has any class of membership in the Association as provided by Article III.

AMortgagee≡ shall mean any Person who owns, holds or is the beneficiary of a mortgage, deed of trust or similar encumbrance creating a lien or encumbrance against any Lot or Leasehold Interest and the improvements on such Lot, including, but not limited, to (i) a bank, (ii) a savings and loan association, (iii) a trust company, (iv) an insurance company, (v) a mortgage company, (vi) a trust, (vii) a mortgage insurance company, (viii) a mutual savings bank, (ix) a real estate investment trust, (x) a credit union, (xi) a pension fund, (xii) the Federal National Mortgage Association, (xiii) the Federal Home Loan Mortgage Corporation, (xiv) a recognized institutional type lender or loan correspondent, (xv) any agency or a department of The United States of America or any state, county or municipal government, (xvi) a corporation, or (xvii) an individual.

AOwner≡ shall mean the record holder, whether one or more Persons, of a Leasehold Interest or a fee or undivided fee interest in or to any Lot, including contract sellers, but excluding those Persons who hold an interest in a Lot merely as security for the performance of

an obligation or payment of a debt. Each Owner shall be either a Class A Member or a Class B Member as provided by Article III. The District shall not be considered to be an Owner.

APerson \cong shall mean an individual, a corporation, a general or limited partnership, an association,, a trust, an estate or any other legal entity.

APlans \cong means the plans, blueprints, drawings, specifications and samples prepared by or for a Developer or other builder in connection with the development or improvement of a Lot.

APlat \cong shall mean the subdivision map or plat of Northbay which has been or shall be filed for record in the office of the Chancery Clerk of Madison County, Mississippi. The Plat may be amended or supplemented, and includes any additional subdivision map or plat filed for record when and if all or any portion of the Additional Property is annexed to the Property pursuant to Article II.

AProperty \cong shall mean (i) all real property situated in Madison County, Mississippi, which is described in Exhibit A, and (ii) any portion of the Additional Property which is added to the Property by annexation pursuant to Article II.

AStreets \cong shall mean the streets, roads, parking areas, curbs and sidewalks which have been dedicated to and accepted for maintenance and repair by the Town of Madison, Madison County, Mississippi, or such other governmental authority which may have, obtain or acquire the jurisdiction or obligation for such maintenance and repair.

ASupplement \cong means any amendment, modification, change or restatement of or to this Declaration.

AWater Area \cong means any creeks, streams, lakes, bays, coves, lagoons, canals or other natural or man-made waterways in, on abutting or contiguous to all or any portion of the Property.

Section 1.02. Special Definitions. The District owns the Property, and no portion of the Property presently may be owned in fee title by any other Person. Therefore, at the present time each Person who acquires an interest in the Property as contemplated by this Declaration shall acquire a leasehold interest as lessee or tenant under the Lease in or to a portion of the Property, including the Common Area and any Lot. Therefore, solely to the extent necessary to reflect the fact that leasehold interests rather than fee title interests in and to portions of the Property shall be acquired and transferred by such Persons, the following words and terms shall have the meanings assigned in this Section 1.02 unless, otherwise specified or the context requires a different construction.

Adeed \cong means assignment or other transfer of a leasehold interest under the Lease with respect to a portion of the Property, including the Common Area and any Lot.

“own” or Atitle \cong or Afee \cong means a leasehold interest under the Lease with respect to a portion of the Property, including the Common Area and any Lot.

ARTICLE II.

PROPERTY SUBJECT TO DECLARATION

Section 2.01. The Property. The real property which is and shall be owned, leased, held, transferred, assigned, sold, conveyed, rented, used, occupied, hypothecated or encumbered, and improved subject to this Declaration is the Property which is located in Section 15, Township 7 North, Range 2 East, Madison County, Mississippi, and is more particularly described in Exhibit A.

Section 2.02. Initial Common Area. All of the real property described in Exhibit D is set aside as, and declared to constitute, the Common Area and, after such real property is conveyed or the leasehold interest under the Lease in and to such real property is assigned to the Association by the Declarant, the Common Area shall be held and owned or such leasehold interest in the Common Area shall be owned for the common use, benefit and enjoyment of the Members. The designation of any portion of the Property as a Common Area or a Common Facility shall not mean that the public at large acquires any easement of use, benefit and enjoyment in or to the Common Area and Common Facilities.

Section 2.03. Phase Development. The Declarant expressly reserves the option, right and privilege (i) to annex all or any portion of the real property described in Exhibit C, which is the Additional Property, to the Property, and (ii) by or as a result of such annexation to subject the annexed Additional Property to the provisions of this Declaration and the jurisdiction of the Association. The provisions of this Declaration shall not affect or apply or apply to any portion of the Additional Property unless and until such portion of the Additional Property is annexed to the Property pursuant to the provisions of Section 2.04.

The Declarant shall not have the obligation, but only the option, right and privilege, to develop or annex any portion of the Additional Property. The Declarant expressly does not represent, warrant or guarantee to any Person that any portion of the Additional Property will be developed or will be annexed to the Property. By acceptance of a deed conveying any interest or an assignment of a Leasehold Interest in a Lot, each Owner agrees and represents and warrants to the Declarant or other grantor that, in purchasing or otherwise acquiring such interest in the Lot, the Owner has not relied on any proposed, current or future development of any portion of the Additional Property or annexation of any portion of the Additional Property to the Property.

Section 2.04. Annexation Procedure. To annex Additional Property to the Property as permitted by Section 2.03, the Declarant shall execute and file for record a Supplement which describes the portion of the Additional Property being annexed to the Property and the new, amended or revised description of the Property. The option, right and privilege of the Declarant to annex any portion of the Additional Property to the Property is subject to the following provisions:

(a) The Declarant's option, right and privilege to annex Additional Property shall terminate and expire on January 1, 1993.

(b) The Declarant may annex all of the Additional Property or may annex any portion of the Additional Property at different times and in any sequence desired by the Declarant without regard to whether or not the portion of the Additional Property being annexed is contiguous or noncontiguous to the Property.

(c) The Supplement shall extend the provisions and scheme of this Declaration to the Additional Property being annexed, but the Supplement may contain such complimentary additions to and modifications of the provisions of this Declaration as the Declarant determines to be appropriate or necessary for the different character or use, if any, of the Additional Property being annexed. Such complimentary additions and modifications shall not be generally or substantially inconsistent with the provisions of this Declaration, except as permitted by Section 5.07, relating to equitable adjustments, and otherwise shall not amend or modify the provisions of this Declaration.

(d) The Supplement shall be in accordance with the Lease and subject to the approval of the District.

Section 2.05. Effect of Annexation. Upon the Supplement referred to in Section 2.04 being filed for record, the Additional Property described in the Supplement shall be annexed to the Property. Any and all Lots, the Common Area and the Common Facilities, including any Green Space, of or in the annexed Additional Property shall be subject to the provisions and scheme of this Declaration and the jurisdiction, functions, duties, obligations and membership of the Association, including the Charter, the Bylaws and the, rules and regulations promulgated or adopted by the Board of Directors. All Owners of Lots shall be granted the rights contained in Article IX to the Property as described after such annexation.

Section 2.06. Additional Property Modification. At any time or times prior to January 1, 1993, the Declarant shall have the option, right and privilege, but not the obligation, to amend the description of the Additional Property, as contained in Exhibit C, to include other real Property the Declarant now or in the future may own or acquire, including a leasehold interest from the District, within the vicinity of but expressly without the necessity or requirement of being contiguous to, the real property described in Exhibit B, if at such time or times the Declarant intends to develop such other real property in a manner consistent, compatible or in conformance with the Declarant's development of the Property. To amend the description of the Additional Property, the Declarant shall execute and file for record a Supplement which describes the other real property being included in the description of the Additional Property and the resulting new, amended or revised description of the Additional Property.

Section 2.07. Annexation Restrictions. Except for the Property and the Additional Property as amended or revised pursuant to Section 2.06, other real property may be annexed to the Property or become subject to the provisions of this Declaration and the jurisdiction of the Association only by a vote of two thirds of the voting power of each class of the Members and such other consent as may be required under this Declaration.

Section 2.08. No Consent Required. Except as required by Section 2.04(d), the Declarant shall not be required to obtain any consent or approval of any Class A Member or other Person, including any Mortgagee, to annex any Additional Property to the Property as permitted by Section 2.03 or to amend the description of the Additional Property to include other real property as permitted by Section 2.06. Each Owner, each Mortgagee and each other Person, including, but not limited to, each grantee, heir or devisee, personal representative, successor and assign of an Owner, Mortgagee or other Person, by acceptance of any deed or other interest in or with respect to any Lot, including a Leasehold Interest, deed of trust, mortgage or similar encumbrance, shall be deemed to have expressly agreed and consented to (i) each of the provisions of this Article II, and (ii) the execution, filing for record and provisions of any Supplement contemplated by this Article II.

ARTICLE III.

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Membership. The Members of the Association shall be and consist of every Person who is, or who becomes, an owner of record of the fee title to or a Leasehold Interest in a Lot and is included in the definition of an Owner under Article I. When more than one Person owns or holds an interest or interests in a Lot, then all such Persons shall be Members. For the purposes of membership in the Association, the District shall not be considered to be an Owner.

Section 3.02. Action by Members. The Association shall have two classes of voting Members. Wherever any provision of this Declaration requires a vote of a specified percentage of the voting power of each class of Members, then such provision shall require a separate vote by the specified percentage of the voting power of the Class A Members and by the specified percentage of the voting power of the Class B Members. Whenever any provision of this Declaration requires a vote of a specified percentage of the voting power of the Members, then such provision shall require a vote by the specified percentage of the combined voting power of all Members.

Section 3.03. Members' Voting Rights. Except as otherwise specifically provided in the Charter or the Bylaws, the voting rights of the Members shall be as follows:

(a) The Class A Members shall be all Members, except the Declarant. Whenever a vote of the Class A Members is required or permitted under this Declaration, the aggregate voting power of all Class A Members shall be equal to the aggregate number of Lots owned or leased under the Lease by all Class A Members and the Class A Members who own or have a Leasehold Interest in a Lot shall be entitled to one vote for each Lot owned or leased under the Lease by such Class A Members. When more than one Member owns or otherwise holds an interest or interests in a Lot, then the one vote for such Lot shall be exercised as such Members shall determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) The Class B Member shall be the Declarant who shall be entitled to three votes for each Lot owned or leased under the Lease by the Declarant.

Section 3.04. Membership Appurtenant to Real Property. The membership of both the Class A Members and the Class B Member shall be appurtenant to the ownership of or Leasehold Interest in a Lot. A membership shall not be held, assigned, transferred, pledged, hypothecated, encumbered, conveyed or alienated in any manner except in conjunction with and as an appurtenance to the ownership, assignment, transfer, pledge, hypothecation, encumbrance, conveyance or alienation of the Lot or Leasehold Interest to which the membership is appurtenant.

Section 3.05. Voting Conflict Between Members. If the fee title or Leasehold Interest to a particular Lot is owned of record by more than one Member, then the one vote appurtenant to such Lot or Leasehold Interest may be exercised by any one of such Members, unless the other Members who own an interest in such fee title or Leasehold Interest to the Lot shall object prior to the completion of voting upon the particular matter under consideration. In the event of any such objection, the one vote appurtenant to such Lot or Leasehold Interest shall not be counted.

Section 3.06. Class B Member Termination. When the voting power of the Class A Members equals the voting power of the Class B Member, then the Class B Member shall cease and be converted into a Class A Member.

Section 3.07. Class B Member Reinstatement. At any time or times after the Class B Member shall cease and be converted into a Class A Member under Section 3.06, if the Declarant annexes Additional Property to the Property as permitted by Section 2.03 and as a result of such annexation the Declarant owns or has a Leasehold Interest in more than one-fourth of the Lots on the Property, including the annexed Additional Property, then the status of the Declarant as a Class B Member shall be fully reinstated with respect to all Lots owned or leased under the Lease by the Declarant. Following each such reinstatement of the Class B Member and while the Class B Member shall continue to exist, the Declarant shall have all rights and powers of the Class B Member, as provided by this Declaration. After each such reinstatement, the Declarant shall continue to be a Class B Member until such time as the total voting power of the Class A Members equals the total voting power of the Class B Member. At such time, the Class B Member shall cease and be converted into a Class A Member as provided by Section 3.06.

Section 3.08. Other Voting Provisions. The Charter and/or the Bylaws contain other provisions relating to voting rights of Members with respect to matters or issues unrelated to this Declaration, including, but not limited to, the election of individuals to the Board of Directors.

ARTICLE IV.

BOARD OF DIRECTORS AND OFFICERS OF THE ASSOCIATION AND MANAGEMENT AGENT

Section 4.01. Board of Directors. The Association and the affairs of the Association shall be managed and controlled by the Board of Directors which shall have all the power, authority

and duty necessary or appropriate for such management and control. The Board of Directors shall consist of three individuals or such greater number of individuals as may be prescribed in the Bylaws from time to time. Directors are not required to be Members, and shall be elected by the Members in the manner prescribed in the Bylaws.

Section 4.02. Powers and Duties. In the management and administration of the Association's affairs, the Board of Directors shall have power, authority and duty to do all acts and actions, except acts and actions which by law, this Declaration, the Charter or the Bylaws may be exercised only by or are reserved only to the Members. Such powers, authorities and duties of the Board of Directors to create, establish or approve policies or decisions relating to the management and administration of the Association's affairs include, but shall not be limited to, the following:

(a) To provide for the maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area and Common Facilities.

(b) To establish, determine, assess, collect, use and expend the Assessments from the Members, and to file and enforce liens for such Assessments.

(c) To select, designate, train, hire, supervise and discharge personnel necessary or appropriate for the proper maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area and Common Facilities, and to establish the compensation and other benefits of or for such personnel.

(d) To adopt, promulgate and enforce such rules, regulations, restrictions and requirements as may be recommended by the Architectural Control Committee pursuant to Section 10.06 or the Management Agent pursuant to Section 4.04(d), or as the Board of Directors may consider to be appropriate with respect to the Property, the Lots, the Leasehold Interests and any improvements on the Lots, including Dwellings, or the use, occupancy and maintenance of the Common Area and Common Facilities, including, but not limited to, rules, regulations, restrictions and requirements designed to prevent unreasonable interference with the use, benefit and enjoyment of the Common Area and Common Facilities by the Members and, other authorized Persons, or to govern activities which may be environmentally dangerous or hazardous, including the use or application of fertilizers, pesticides and other chemicals in or on the Property.

(e) To authorize the payment of patronage refunds to the Members if and when the Board of Directors determine that the funds derived from Assessments are more than sufficient to satisfy all reasonably foreseeable financial needs or requirements of the Association during the current fiscal year, including funds for reserves.

(f) To purchase insurance upon the Common Area and Common Facilities.

(g.) To maintain, repair, restore, reconstruct or demolish all or any portion of the Common Area and Common Facilities after any casualty loss, and to otherwise improve the Common Area and Common Facilities.

(h) To lease or grant licenses, easements, rights-of-way and other rights of use in or option, sell, assign, exchange, trade, transfer, quitclaim, surrender, release, abandon, mortgage or encumber or otherwise convey all or any portion of the Common Area and Common Facilities upon such terms, conditions and provisions as the Board of Directors considers to be advisable, appropriate, convenient or advantageous for or to the Association.

(i) To lease as tenant, purchase or otherwise acquire Lots or Leasehold Interests and to option, lease, sell, assign, exchange, trade, transfer, quitclaim, surrender, release, abandon, mortgage or encumber or otherwise convey any of such Lots or Leasehold Interests upon such terms, conditions and provisions as the Board of Directors considers to be advisable, appropriate, convenient or advantageous for or to the Association.

(j) To retain or employ a Management Agent for such compensation and for the performance of such duties and services as established or prescribed by the Board of Directors from time to time.

(k) To negotiate, prepare, execute, acknowledge and deliver all contracts, agreements, commitments and other documents relating to the Association's affairs.

(l) To prosecute, defend, appeal, settle, compromise or submit to arbitration any suit, action, claim or proceeding at law or in equity or with or before any governmental agency or authority which involves or affects the Association, including the Common Area and the Common Facilities.

(m) To retain or employ and pay the fees, expenses or other compensation of accountants, attorneys, architects, contractors, engineers, consultants or other Persons who may be helpful, necessary, appropriate or convenient in or to the Association's affairs, whether or not related to or affiliated with any director or officer of the Association or any Member.

(n) Subject to Section 9.01(d), to borrow any funds required for the Association's affairs from any Person on such terms, conditions and provisions as may be acceptable to the Board of Directors, and to secure the repayment of any such loans by executing deeds of trust or by pledging or otherwise encumbering or subjecting to security interests all or any portion of the assets of the Association, including the Common Area and Common Facilities.

(o) To establish rules, regulations, restrictions and requirements or fees and charges from time to time relating to the use of the recreational areas and amenities now or hereinafter located in or on the Common Area, including the Common Facilities.

Section 4.03. Officers. The Association shall have such officers as are prescribed by the Bylaws. The officers shall conduct affairs of the Association and implement the policies and decisions of the Board of Directors.

Section 4.04. Management Agent. The Board of Directors shall retain or employ a Management Agent at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors from time to time may authorize. The Association shall not undertake Aself-management≡ or otherwise fail to employ a Management Agent except upon a vote of more than 50% of the voting power of each class of the Members at the time the Association commences such Aself-management≡ or fails to retain or employ a Management Agent. The Management Agent shall perform such duties and services as the Board of Directors shall direct and authorize which may include, without being limited to, the following power and authority:

(a) To establish and collect the annual maintenance and special Assessments, and enforce liens to secure the collection of such Assessments.

(b) To provide for the maintenance, care, upkeep, surveillance, services and efficient operation of the Common Areas and Common Facilities.

(c) To select, designate, train, hire, supervise and discharge personnel necessary or appropriate for the proper maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area and Common Facilities.

(d) To enforce and to recommend the Board of Directors to approve and. enforce such rules and regulations, restrictions and requirements relating to maintenance, care, upkeep, surveillance, services and operation of the Common Areas and Common Facilities.

(e) To provide such other service for the Association as may be requested by the Board of Directors, including legal and accounting services

Any management agreement entered into by the Association and any Management Agent shall permit termination for cause by the Association upon 30 days' written notice to the Management Agent. The term of any such management agreement shall not exceed one year, but may be renewable by mutual agreement for successive one-year terms.

Section 4.05. Limitation of Liability. The Association, the Board of Directors and each director and each officer of the Association shall not be liable for any failure of or failure to provide any service to be furnished by the Association or to be paid with funds from charges or fees or from Assessments, or for injury, including death, or damage to any Person or property caused by the elements or caused by or resulting from electricity or water which may discharge or flow from any portion of the Common Area or Common Facilities, or from any wire, pipe, drain, conduit or similar property. The Association shall not be liable to any Member or any other Person for theft or other loss of or damage to any property which may be left or stored upon the Common, Area or Common Facilities. No diminution or abatement of annual maintenance or special Assessments shall be claimed or allowed for inability to use, inconvenience or discomfort caused by or arising or resulting from the need for or the conduct of routine or other maintenance or repairs or the construction or reconstruction of improvements on the Common Area or Common Facilities, or from any action taken or omitted or from inaction

by the Association to comply with any of the provisions of this Declaration, any law or ordinance or the order or directive of any governmental authority or any court.

ARTICLE V.

COVENANTS FOR ASSESSMENTS

Section 5.01. Annual Assessments. Each Owner by acceptance of a deed or other conveyance document for such Lot, including assignment of Leasehold Interest, whether or not expressed in any such deed, other conveyance document or assignment, shall be deemed to covenant and agree to pay to the Association the Owner's annual Assessments for such Lot or Leasehold Interest which shall be such Lot's or Leasehold Interest's proportionate share of the amount estimated by the Board of Directors to be required for the purposes contained in Section 5.02 or Section 5.03 or otherwise considered to be an Assessment under this Declaration. The calendar year shall be the fiscal year for determining or calculating Assessments unless and until the Board of Directors establishes a different fiscal year from time to time. The Board of Directors shall determine the amount of the annual Assessment with respect to each Lot annually or at such more frequent intervals as the Board of Directors considers appropriate. The annual Assessment for each fiscal year shall be paid in 12 equal monthly installments during such fiscal year, unless the Board of Directors requires or permits the annual Assessment to be levied and collected quarterly, semiannually or annually. The due date for each installment payment of the Assessment shall be the first day of the applicable installment period Any Assessment installment may be prepaid without penalty or premium.

The Board of Directors shall prepare, or cause to be prepared, an annual operating and capital expenditure budget for the Association, including the Common Area and the Community Facilities. The Board of Directors shall make reasonable efforts to determine and to calculate the amount of the annual Assessment against each Lot for each fiscal year at least 30 days prior to the start of such fiscal year, and written notice of the annual Assessments shall be sent to the Members. The Association shall prepare and maintain at the Association's office a schedule of the annual Assessments for the Lots and the schedule shall be available for inspection by any Member at any reasonable time during the Association's normal business hours. The omission or failure by the Board of Directors to determine or calculate the amount of the annual Assessments applicable to the next fiscal year shall not constitute a waiver or modification of any provision of this Article V and shall not constitute a release of any Member from the obligation to pay the annual Assessment against the Lot of the Member, or any installment of such Assessment, for the next or any subsequent fiscal year, but the annual Assessment for the prior fiscal year shall continue to be the annual Assessment payable by the Members until a new annual Assessment is determined or calculated by the Board of Directors. No Class A Member may become exempt from or otherwise avoid liability for the payment of the annual Assessment by the abandonment of any Lot or Leasehold Interest or by the abandonment or release of the Member's rights to the use, benefit and enjoyment of the Common Area and Community Facilities.

Section 5.02. Annual Maintenance Assessments. Except as permitted by Section 5.04, the annual maintenance Assessments levied by the Association shall be used exclusively (i) to

promote the health, safety and welfare of the residents of the Property, including the improvement, maintenance and repair of the Common Area and Common Facilities, and (ii) to pay the costs of labor, the purchase or rental of equipment and materials used or required for, and the management, care and supervision of the Common Area and Common Facilities. The purposes for which the annual maintenance Assessments may be levied include, but are not limited to, the following purposes:

(a) The amount of all operating expenses of or for the Common Area and Common Facilities and the services furnished or provided to or in connection with the Common Area and Common Facilities, including charges for any services furnished or provided by the Association.

(b) The costs of appropriate or necessary management and administration of the Common Area and Common Facilities, including fees or other compensation paid to a Management Agent.

(c) The amount of all taxes and assessments levied against and rent payable under the Lease for the Common Area and Common Facilities.

(d) The costs of fire and extended coverage and liability insurance on the Common Area and Common Facilities and the Association's other assets and the costs of such other insurance with respect to the Common Area and Common Facilities and the Association's other assets and affairs as the Board of Directors considers appropriate, but such insurance coverage shall not be less than required under or pursuant to any provision of the Lease.

(e) The costs of garbage and trash collection to the extent provided by the Association, and of utilities and other services which may be provided by or for the Association for or to the Common Area, the Common Facilities and/or the Lots.

(f) The costs to maintain, replace, repair and landscape the Common Area and Common Facilities, including, but not limited to, the costs (i) to maintain, replace and repair the sidewalks, streets, roads and parking areas, and of such equipment as the Board of Directors shall determine to be necessary or appropriate in connection such maintenance, replacement, repair and landscaping.

(g) The costs to fund all reserves established by the Association, including any appropriate general operating reserve and/or reserve for replacement of assets.

Section 5.03. Special Assessments. In addition to the annual maintenance Assessments authorized in Section 5.02, the Association may levy special Assessments as follows:

(a) In any fiscal year the Association may levy a special Assessment applicable only to that fiscal year (i) for the purpose of paying all or a portion of the costs of any construction, reconstruction, replacement or inordinate repair or maintenance of improvements on the Common Area, including the Common Facilities and fixtures and personal property on or related to the Common Area or Common Facilities, or (ii) for such

other purposes as the Board of Directors may consider to be appropriate. Any such Assessment shall be approved by a vote of two-thirds of the voting power of each class of the Members.

(b) The Association may levy a special Assessment against any Lot or Leasehold Interest and the Owners of any Lot, for reimbursement (i) of or for repairs occasioned by the willful or negligent acts of the Owners of such Lot, or (ii) of or for any and all costs, expenses and expenditures made or incurred by the Association with respect to either such Lot or Leasehold Interest, including work or activities performed on such Lot, or the Owners of such Lot pursuant to the provisions of this Declaration, including the discharge or satisfaction of any obligation or duty imposed on such Owners under this Declaration.

(c) The Association may levy an Assessment against each Lot or Leasehold Interest in a Lot containing a Dwelling for an amount equal to the charge made by any governmental authority for backup fire protection pursuant to any current or future agreement, as amended from time to time, by and between the Association and such governmental authority.

Section 5.04. Dwelling and Lawn Maintenance. Generally, this Declaration does not contemplate that, the Association shall have any responsibility for the maintenance or repair of any Dwelling or its appurtenances or for the maintenance and care of lawn, garden and landscaped areas on any Lot, and the Association shall have the responsibility and duty only for the maintenance, repair and care of the Common Area and Community Facilities. However, the Association may provide the exterior maintenance and repair of Dwellings and their appurtenances and/or the maintenance and care of lawn, garden and landscaped areas of certain Lots pursuant to (i) a determination by the Board of Directors either on its own recommendation or initiative or the recommendation or request of Owners of certain Lots, or (ii) the provisions of a Supplement which annexes all or a portion of the Additional Property to the Property and provides that the Association shall perform such maintenance, repair and care in or on a specified portion of the annexed Additional Property. The cost of such maintenance, repair and care shall be included in the annual maintenance Assessments of such Lots or Leasehold Interests and the Owners of such Lots or the specified portion of the annexed Additional Property. In no event shall the Association maintain and care for lawn, garden and landscaped areas in or on any enclosed portion of any Lot which is intended for use only by the occupants of the Dwelling on such Lot.

Section 5.05. Reserves for Replacements. The Association shall establish and maintain a reserve fund for replacements of the Common Area and Common Facilities, and shall allocate and pay such amount to the reserve fund from time to time as may be designated by the Board of Directors. Amounts paid into the reserve fund shall be included in the annual maintenance Assessments under Section 5.02. All amounts paid into the reserve fund shall be deposited on such bank account or accounts in federally insured banks and savings and loans associations or in such investment accounts or investment assets as shall be designated by the Board of Directors from time to time. The reserve fund for replacements of the Common Area and the Common Facilities may be expended only (i) for the replacement of the Common Area and Common Facilities, (ii) for major repairs to any sidewalks, streets, roads or parking areas located on the

Common Area, (iii) for equipment replacement, and (iv) for non-recurring start-up expenses and operating contingencies of the Common Area and the Common Facilities.

The Association may establish other reserve funds for other purposes considered necessary or, appropriate by Board of Directors may from time to time.

The proportional interest of each Class A Member in any reserve funds shall be considered to be an appurtenance to the Lot or Leasehold Interest of such Member, and shall not be withdrawn, assigned or transferred separately from or other than as an appurtenance to the Lot or Leasehold Interest to which the proportional interest in the reserve funds appertain, and any transfer or assignment of the Lot or Leasehold Interest shall be deemed to be a transfer or assignment of the proportional interest in the reserve funds.

Section 5.06. Maximum Annual Assessments. Until the fiscal year following the initial conveyance of a Lot or assignment of a Leasehold Interest to an Owner, the maximum annual maintenance Assessment under Section 5.02 for each Lot or Leasehold Interest to which Class A membership is appurtenant shall be paid in monthly installments of \$28.00 per Lot plus such additional amounts may be assessed with respect to certain Lots or Leasehold Interests under Section 5.04. From and after the fiscal year following the initial conveyance of a Lot or assignment of a Leasehold Interest to an Owner, the Board of Directors may increase the annual maintenance Assessment for each Lot or Leasehold Interest each fiscal year (i) not more than 10% above the immediately prior fiscal year's annual maintenance Assessment without a vote of the Members, or (ii) more than 10% above the immediately prior fiscal year's annual maintenance Assessment only if approved by a vote of two-thirds of the voting power of each class of the Members.

Section 5.07. Equitable Adjustments. If a Supplement is filed for record which annexes any portion of the Additional Property to the Property and specifies that a greater or lesser level of use, benefit or enjoyment of the Common Area or Common Facilities or of services shall be available or provided by the Association with respect to any portion of the annexed Additional Property, then the Supplement may provide a different method or basis for the establishment, determination and calculation of the annual maintenance or special Assessments under Section 5.02, Section 5.03 or Section 5.04 with respect to such annexed Additional Property. In such event, the Association shall have the authority and the duty to make equitable adjustments in and to the procedures described in this Article V for the establishment, determination and calculation of the annual maintenance and special Assessments to reflect any such different level of use, benefit and enjoyment of the Common Area or Common Facilities or services available or provided by the Association.

Section 5.08. Assessments Are Not Dues. No portion of the annual maintenance and special Assessments provided in or permitted by this Article V are intended to be, or shall be construed to be, dues for membership in the Association.

Section 5.09. Costs and Expenses of Certain Damage.: If the Board of Directors determines that any Owner (i) has failed or refused to properly satisfy or discharge any maintenance, repair, care, upkeep, replacement or any other obligations or duties for which the

Owner is responsible under this Declaration, or (ii) is responsible for damage to the area of common responsibility which is not covered by insurance, then, if deemed to be necessary or appropriate by the Board of Directors, the Association may provide such maintenance, repair, care, upkeep or replacement or satisfy or discharge any such other obligations or duties at the Owner's sole cost and expense. Such costs and expenses shall be increased by all amounts specified in Section 6.03. All such amounts shall be considered to be a special Assessment against the Lot or Leasehold Interest and the Owners of such Lot shall be personally responsible and liable for the payment of all such amounts immediately upon notice from the Association, and all such amounts shall become a lien against such Lot or Leasehold Interest which shall be enforceable by the Association.

Section 5.10. Meetings to Approve Assessments. If the consent or approval of any class of the Members is required for any action under this Article V, then the Board of Directors shall call a meeting of the Members pursuant to the Bylaws for the purpose of considering the consent or approval for such action.

Section 5.11. Uniform Rate for Assessments. Except to the extent that annual maintenance or special Assessments for particular Class A Members may be increased under Section 5.04 or increased or decreased under Section 5.07, all annual maintenance and special Assessments shall be levied at a uniform rate for each Lot or Leasehold Interest to which Class A membership is appurtenant, except special Assessments pursuant to Section 5.03(b). The Board of Directors may change the pro rata obligations of any Lot or Leasehold Interest or the Owners of such Lot for the purposes of levying annual maintenance or special Assessments, except special Assessments pursuant to Section 5.03(b), only if approved by at least two-thirds of the voting power of each class of the Members.

Section 5.12. Commencement of Assessments. The Association shall not collect any Assessments from any Member prior to the date any portion of the Common Area is transferred, or a leasehold interest under the Lease is assigned, to the Association. Thereafter, each Class A Member's liability to pay monthly installments of the annual Assessments with respect to a Lot shall commence on the date a deed or other conveyance document to the Lot or assignment of Leasehold Interest shall be delivered to the Class A member, as grantee or assignee. The monthly installment for the remainder of the month or, if applicable, the quarter or semiannual or annual period, which includes the date of delivery of the deed or other conveyance document or assignment shall be due and payable on the date of such delivery. The first annual maintenance Assessment shall be adjusted according to the number of months remaining in the fiscal year.

Section 5.13. Assessment of Developers. Any Lot or Leasehold Interest owned by a Developer shall not be subject to Assessment by the Association until 60 days after completion of construction of any Dwelling on such Lot or, if earlier, 180 days after the date a deed or other conveyance document or assignment of Leasehold Interest for such Lot is delivered to the Developer. Any annual maintenance or special Assessment upon any Lot owned or leased under the Lease by a Developer shall be 25% of the Assessment against each similar Lot not owned or leased under the Lease by a Developer. The Declarant shall not be subject to Assessment by the Association until 180 days after the Plat or, if applicable, an amended or supplemented Plat is

filed for record in connection with the annexation of all or a portion of the Additional Property to the Property as permitted by Section 2.03.

Section 5.14. Exempt Property. No Assessments of any kind or nature shall be levied by the Association against (i) any portion of the Streets and other real property and improvements dedicated and accepted by the local public authority and devoted to public use, (ii) all areas unplatted or reserved for future development by this Declaration or the Plat of the Property, (iii) the Common Area and Common Facilities, or (iv) the District or any property or rights of the District.

ARTICLE VI.

ENFORCEMENT OF ASSESSMENTS

Section 6.01. Lien of Assessments. All Assessments with respect to or against a Lot or Leasehold Interest plus such additional amounts as are specified in Section 6.03 shall be (i) a charge on the land, (ii) a continuing lien upon and against the Lot or Leasehold Interest, (iii) binding upon such Lot and Leasehold Interest, and (iv) the continuing joint and, several personal obligation and liability of each Person who was an Owner of such Lot when any portion of such Assessment became due and payable, their heirs, devisees, personal representatives, successors and assigns, which shall not be extinguished or diminished by any transfer or conveyance of or assignment of a Leasehold Interest in and to any Lot.

The personal obligation of each Member to pay all Assessments levied against his Lot or Leasehold Interest shall continue for the full statutory period permitted by law, and a suit to recover a monetary judgement for the non-payment of all or any portion of such Assessment, including any installment, may be commenced and maintained by the Association without the foreclosure or waiver of any lien created under this. Declaration to secure the payment of such Assessment. Any judgment may include all amounts specified in Section 6.03. The Association may commence and maintain an action at law against any Member personally obligated or liable to pay any Assessment and/or may foreclose the lien against any Lot or Leasehold Interest of the Member in the manner now or hereafter provided in the State of Mississippi for foreclosure of mortgages and other liens on real property containing a power of sale provision. Any such foreclosure by the Association shall be subject to the substantive and procedural requirements prescribed by the laws of the State of Mississippi applicable to the foreclosure of mortgages and other liens on real property containing the power of sale provision.

The Association shall have the right to reject partial payments of an Assessment and to demand the full payment of such Assessment. The lien for unpaid Assessments shall be unaffected by any sale or other transfer of or assignment of the Leasehold Interest in and to the Lot subject to the Assessments, and the lien shall continue in full force and effect. No Member may waive or otherwise avoid or escape personal liability for payment of any Assessment by abandonment of his Lot or Leasehold Interest or by abandonment or release of the Member's rights to the use, benefit and enjoyment of the Common Area and Common Facilities.

If any proceeding to foreclose the lien for any unpaid portion of an Assessment is commenced by the Association with respect to any Lot or Leasehold Interest, then the Board of Directors may require the Owners of the Lot to pay reasonable rent for use of the Lot, and the Association shall be entitled to the appointment of a receiver to collect such rent.

The Board of Directors may post or publish in any prominent location on the Property a list of Members who are delinquent in the payment of any portion of an Assessment or other fees which may be due to the Association, including any installment of an Assessment.

Section 6.02. Assessment Certificate. Upon five days notice, the Board of Directors shall furnish a certificate signed by an Association officer to any Member liable for the payment of any Assessment or to any other Person having legitimate interest in the payment of such Assessment stating whether or not the Assessment has been paid. The certificate shall be conclusive evidence of the payment of any Assessment stated to have been paid in the certificate. The Board of Directors may require the Payment of a reasonable charge for the issuance of a certificate.

Section 6.03. Amount of Lien. Upon the default in the payment of any installment of an Assessment, the entire unpaid balance of all Assessments shall immediately be and become due and payable, unless the Board of Directors shall otherwise direct. In addition to the amount of the unpaid annual maintenance and special Assessments, the following amounts shall be considered to be special Assessments against the Lot or Leasehold Interest and the Owners of such Lot and shall be subject to the lien of Assessments provided under Section 6.01:

- (a) All reasonable costs and expenses of collection, including attorneys' fees, court costs and other costs and expenses relating to the collection or enforcement of the lien of Assessments.
- (b) Such late payment charges or fees as shall be established by the Board of Directors from time to time.
- (c) Such Association overhead charges as shall be established by the Board of Directors from time to time which reimburse the Association for overhead or indirect costs and expenses incurred to collect unpaid Assessments or to perform or satisfy any obligation or duty imposed upon such Owners under this Declaration.
- (d) Interest on or with respect to all amounts specified in this Section 6.03, including the unpaid balance of all Assessments, and such interest shall accrue from the due date until paid in full at the maximum rate of interest permitted by law in the State of Mississippi on loans to the Owners from Persons similar to the Association which are in the amount owed to the Association.

Section 6.04. Priority of Lien. The lien to secure payment of an Assessment against a Lot or Leasehold Interest shall have preference over any other liens, assessments, judgments or charges of whatever nature, except (i) general and special assessments for ad valorem property

taxes on or against or rent or other amounts payable to the District under the Lease for such Lot or Leasehold Interest, (ii). the lien of any First Mortgage on such Lot or Leasehold Interest made in good faith and for value received and duly recorded prior to the Assessment creating the lien against the Lot or Leasehold Interest, or duly recorded after receipt of a certificate under Section 6.02 stating that payment of the Assessment was current as of the date the First Mortgage was filed for record.

Section 6.05. Subordination to Mortgages. As provided by Section 6.04, the lien against any Lot or Leasehold Interest to secure payment of any Assessment shall be subordinate to the lien of any duly recorded First Mortgage on or against the Lot or Leasehold Interest made in good faith and for value received, and shall not affect the rights of the holder of any First Mortgage. However, the lien shall be subordinate only to Assessments which have become due and payable prior, to the sale or transfer of or assignment of the Leasehold Interest in and to the Lot pursuant to a foreclosure of any such First Mortgage, or prior to the execution of any deed, assignment or other proceeding, or arrangement in lieu of foreclosure. Any such holder of a First Mortgage who acquires possession of such Lot pursuant to a foreclosure or pursuant to the execution of any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any purchaser or assignee at a foreclosure sale or any transferee under any deed, assignment or other proceeding or arrangement in lieu of foreclosure, shall acquire the Lot or the Leasehold Interest in and to the Lot free of any claims for unpaid Assessments levied against the Lot or Leasehold Interest which accrued prior to the time such holder acquires possession of the Lot, or prior to the foreclosure sale or prior to the execution of any deed, assignment or other proceeding or arrangement in lieu of foreclosure, except for claims for a proportionate share of such unpaid Assessments resulting from a reallocation, of such unpaid Assessments among the various Lots or Leasehold Interests. However, such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not relieve the holder of the First Mortgage in possession or the purchaser or assignee at foreclosure or the transferee under any deed, assignment, or other proceeding or arrangement in lieu of foreclosure, from any liability for payment of any Assessments thereafter becoming due, or from the lien created to secure the payment of any such Assessments, and the lien for the payment of such Assessments thereafter becoming due and payable shall have the same effect and shall be enforced in the same manner as provided in this Article VI.

No amendment to this Section 6.05 shall adversely affect the rights of the holder of any First Mortgage on any Lot or Leasehold Interest, or the holder of any indebtedness secured by such First Mortgage, filed for record prior to the amendment being filed for record, unless such holders execute, approve or consent to the amendment.

In its sole and absolute discretion, the Board of Directors may extend the provisions of this Section 6.05 to Mortgagees not otherwise entitled to the benefits of this Section 6.05.

Section 6.06. Additional Default. Any First Mortgage encumbering a Lot or a Leasehold Interest shall provide that any default by the mortgagor in the payment of any Assessment or any installment of an Assessment shall be a default under the First Mortgage. The failure to include such a provision in any First Mortgage shall not affect the validity or priority of the First Mortgage, and the protection extended by Section 6.05 to the holder of the First Mortgage or to

the holder of the indebtedness secured by the First Mortgage shall not be altered, modified or diminished by reason of or as a result of any such failure.

ARTICLE VII.

INSURANCE

Section 7.01. Association's Insurance. The Association shall apply for, obtain, pay the costs or, premiums of and maintain insurance in such limits and forms and from such companies as the Board of Directors shall consider appropriate, including (i) fidelity bonds with reputable surety companies which protect or indemnify the Association against or from loss resulting from fraud, theft, dishonesty or other wrongful acts by Persons who have access to the Association's funds, and (ii) contracts of liability, casualty and extended coverage, workmen's compensation, title and other insurance to adequately insure and protect the Association, the Board of Directors, each director and each officer of the Association and the Members from and against liability for personal injury and/or property damage to the general public and other Persons and their assets, and from loss of or damage to all or any portion of the Common Area, the Common Facilities and the Association's other assets from theft, fire and other casualties. The Association is expressly authorized to obtain insurance policies with co-insurance provisions. All costs, charges and premiums for all insurance authorized by the Board of Directors shall be included in the annual maintenance Assessments.

Section 7.02. Owner's Insurance. Each Owner shall insure his Dwelling and other improvements on his Lot at all times for full replacement value against losses due to hazards which may be insured or covered under extended coverage provisions, including fire, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles, and smoke, and other hazards, and the Owner shall furnish the Association proof of such coverage. In the event of a loss due to such hazards, each Owner shall promptly repair, rebuild or restore the damaged or destroyed Dwelling and other improvements from the insurance proceeds or other funds to substantially the same condition as existed prior to the damage or destruction, unless otherwise permitted by the Board of Directors.

Each Owner's fire and hazard insurance policy shall contain a waiver of subrogation clause, and each Owner shall furnish the Association with a copy of his insurance policy. By acceptance of a deed or other conveyance document or assignment of a Leasehold Interest, each Owner does irrevocably constitute and appoint the Association as his true and lawful attorney in his name, place, and stead to repair, reconstruct or restore the Dwelling or other improvements in the event the Owner fails or refuses to perform such obligations, and in such event the Association may pay the costs and expenses of such repair, reconstruction or restoration. All such costs and expenses incurred or paid by the Association, including interest on any funds advanced by the Association or paid to lenders by the Association, and all costs, expenses and charges described in Section 6.03 shall be (i) immediately due and payable to the Association by the Owner, (ii) a charge on the land and a continuing lien against the Lot or Leasehold Interest, (iii) the continuing personal obligation of each Owner at the time of such damage or destruction

and/or at any time during such repair, reconstruction or restoration, and (iv) considered to be a special Assessment against such Lot or Leasehold Interest.

Each Owner shall be responsible at his own expense and cost for his own personal insurance on the contents of his Dwelling and other improvements, including decorations, furnishings and personal property in or on such Dwelling or other improvements, and his personal property stored elsewhere on his Lot or the Property, and for his personal liability to Persons which is not covered by liability insurance for all Owners obtained by the Association and included in the annual maintenance Assessments.

ARTICLE VIII.

AD VALOREM TAXES

Section 8.01. Owners. Each Owner shall be responsible for the payment of and shall promptly pay all ad valorem taxes assessed on or against his Lot and improvements on his Lot, and all rent and other amounts payable to the District for his Lot or Leasehold Interest or otherwise payable pursuant to his Lease.

Section 8.02. Association. The Association shall pay the ad valorem taxes assessed on or against, and all rent and other amounts payable to the District for the leasehold interest under the Lease in and to, the Common Area and Common Facilities and the Association's other assets.

ARTICLE IX.

PROPERTY RIGHTS

Section 9.01. Members' Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the Common Area and Common Facilities which shall be appurtenant to and shall pass with the title to every Lot or the assignment of the Leasehold Interest in and to the Lot, subject to the following provisions:

(a) The right of the Association to levy reasonable admission and other fees for the use of any Common Facilities by the Members and their families and Invitees. Any such fees shall be charged on a uniform basis for each Member. No admission or other fees shall be charged or levied for the use of any Streets.

(b) The right of the Association to suspend any Member's voting rights and any Member's rights to use the Common Area and Common Facilities for any period during which any Assessment remains unpaid and for any period not exceeding 60 days for any infraction, breach or violation of any rules and regulations of the Association. The rights of the Members to use the Streets may not be suspended by the Association for any reason whatsoever.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area and Common Facilities to any governmental agency or authority or any utility for such purposes and subject to such conditions as may be determined by the Members. No such dedication or transfer shall be effective unless Members representing at least two-thirds of the voting power of each class of Members approve or consent to such dedication, transfer, purpose and conditions or an instrument agreeing or consenting to such dedication or transfer executed by Members representing at least two-thirds of the voting power of each class of Members has been filed for record.

(d) In accordance with The Charter and the Bylaws, the right of the Association to borrow money to repair, maintain or improve all or any portion of the Common Area and Common Facilities in a manner designed to promote the enjoyment and welfare of the Members, and in connection with any such loan to subject all or any portion of the Common Area and Common Facilities to the liens of deeds of trust or other security interests. The Association shall not borrow money or subject all or any portion of the Common Area or Common Facilities to the lien of a deed of trust or other security interest unless approved by Members representing at least two thirds of the voting power of each class of Members.

(e) The right of the Association to take any action permitted by this Declaration as is reasonably appropriate or necessary to prevent a default of any of the Association's obligations or to protect the assets of the Association against or from foreclosure or enforcement of any security interest by a creditor.

(f) The right of the Association to adopt reasonable rules with respect to the use of the Common Area and Common Facilities and to limit the number of Invitees who may use any portion of the Common Area and Common Facilities.

(g) The right of the Association to grant licenses, rights-of-way and easements for access or for the construction, reconstruction, maintenance and repair of any public or private utility lines or appurtenances to any governmental agency or authority or any utility, the Declarant or any other Person, provided that no such license, right-of-way or easement shall be unreasonably and permanently inconsistent with the rights of the Members to the use, benefit and enjoyment of the Common Area and Common Facilities.

(h) The right of the Association to open or permit the use of all or any portion of the Common Area and Common Facilities to a wider group of Persons for such purposes and on such basis or conditions as the Board of Directors may from time to time consider appropriate.

(i) The rights of the Owners to perpetual easements over and upon any of the Common Area and Common Facilities for such portions of their Dwellings that may overhang or otherwise encroach upon any of the Common Area or Common Facilities for (i) support, (ii) necessary repairs and maintenance, (iii) maintenance of reasonable appurtenances to the Dwellings, and (iv) reasonable ingress and, egress to and from any Dwelling through and over the Common Area and Common Facilities.

(j) The right of each Member to use the streets, roadways, sidewalks and vehicular parking areas situated upon the Common Area and Common Facilities, provided that each Member shall comply in all respects with all rules and regulations not inconsistent with the provisions of this Declaration which the Board of Directors may from time to time adopt or promulgate with respect to parking and traffic control upon the Common Area and Common Facilities.

(k) The right of the Declarant to dedicate or grant to any governmental authority having jurisdiction over the Property, the streets, roads, parking areas, sidewalks and/or rights-of-way as shown and designated on the Plat. In the event that such streets, roads, parking areas and rights-of-way have not been dedicated by the Declarant, then the Association shall have the right to dedicate such streets, roads, parking areas, sidewalks and rights-of-way to any governmental authority which will accept such dedication and agree to maintain or repair the streets, roads, parking areas, sidewalks and/or rights-of-way as public streets.

(l) The right of the Association to temporarily restrict the use, benefit and enjoyment of certain portions of the Common Area and Common Facilities in accordance with a prior reservation scheduled by the Management Agent.

(m) The right of the Association to maintain guarded or electronically monitored gates to restrict or monitor vehicular access to and from the Property on private streets and roads located or situated in or on the Common Area.

Section 9.02. Rights Not Subject to Suspension. The Association shall have no authority to either temporarily or permanently suspend any of the rights specified in Section 9.01 (i) and Section 9.01 (j) for any reason whatsoever.

Section 9.03. Delegation of Use. In accordance with the Bylaws and subject to such reasonable rules and regulations as the Board of Directors may adopt or promulgate and uniformly apply and enforce, any Member may delegate his rights to the use, benefit and enjoyment to the Common Area and Common Facilities to (i) family members who reside permanently with him, (ii) contract purchasers who reside on the Property, and (iii) Invitees.

ARTICLE X.

ARCHITECTURAL CONTROL

Section 10.01. Architectural Review Committee. The Architectural Review Committee shall consist of not less than three or more than five individuals who shall be appointed or designated from time to time by the Board of Directors and who may be but are not required to be Members. The members of the Architectural Review Committee shall serve at the pleasure of the Board of Directors and may be removed at any time by the Board of Directors with or without cause. The affirmative vote of a majority of the members of the Architectural Review Committee shall be required to make any finding, determination, ruling or order or to issue any

permit, consent, approval or disapproval under this Declaration, including this Article X and the approval or disapproval of all or any portion of any Plans, or to recommend that the Board of Directors adopt any rule or regulation relating to the provisions of this Article X.

Section 10.02. General Requirements. Except for the purposes of proper maintenance and repair, no improvement, including, but not limited to, buildings, fences, walls or other structures, and no exterior addition, change or alteration to any improvement, including any change or alteration of color, shall be commenced, erected, constructed, placed,, altered, moved, maintained or permitted to remain on any portion of the Property, including any Lot, until after compliance with the review process of this Article X and approval of the Plans by the Architectural Review Committee. Any Developer or other builder, including any Owner or lessee of a Lot, who remodels or alters existing improvements on any Lot shall be required to submit to the review process of this Article X with respect to any improvement to be constructed, remodeled or altered on the Lot. The Developer or other builder, at its expense, shall complete and submit to the Architectural Review Committee two complete sets of Plans for review by the Architectural Review Committee. The Plans shall provide for a first class structure, workmanship and materials and shall include:

(a) Building plans at a reasonable scale and building specifications, which shall include the location, nature, shape, height, materials, color and finish of materials, type of construction, floor plans and elevations, details of exterior wall construction and other exterior features, gross square footage and other characteristics of the improvements and other information required or specified by the Architectural Review Committee.

(b) A drainage plan which will coordinate with the overall area drainage.

(c) A site plan at a reasonable scale and with accurate grading which shall show the location of all (i) improvements, (ii) exterior lighting and signs, (iii) pedestrian walkways, vehicular circulation and parking areas, and (iv) designation of all proposed utility lines, air-conditioning units, aerial lines, pipes, conducts, transformers and similar equipment.

(d) A landscape plan.

(e) A statement by the Developer's or other builder's architect and engineer or, if none, by the Developer or other builder that the proposed construction complies with all applicable building and zoning codes and regulations and this Declaration, including all building codes and requirements of the District.

(f) A construction time table or schedule, including anticipated completion date.

Until after compliance with the review process of this Article X and approval of the Plans by the Architectural Review Committee, no Developer or other builder shall (1) install, erect, attach, apply, paste, hinge, screw, nail, guild, alter, remove or construct any (1) lighting, (2) shade, screen, awning or patio cover, (3) exterior decoration, (4) fence or wall, (5) aerial line; (6) antenna, radio or television broadcasting or receiving device, (7) slab, sidewalk, driveway, road,

curb or gutter, or (8) patio, balcony or porch, (ii) make any change or otherwise alter, including any change or alteration of color, in any manner whatsoever to the exterior of any improvement constructed upon any Lot or upon any portion of the Common Area, (iii) combine or otherwise join two or more Dwellings except on Lots specifically permitted by this Declaration and/or as shown and designated on the Plat, or partition such Dwellings after combination, or (iv) make any change or alteration to the interior or exterior of any Dwelling which will alter the structural integrity of the building or otherwise affect the Lot or the Property, the interest or welfare of any other Owner or the Association, materially increase the cost of operating or insuring any of the Common Area or Common Facilities, or impair any easement.

Section 10.03. Review Process. Within 30 business days after receipt of all of the Plans, the Architectural Review Committee shall review the Plans and shall either approve or disapprove all or any portion of the Plans. Written notice of such decision shall be given to the Developer or other builder, and such notice shall specify the reasons for any disapproval. The Architectural Review Committee's right to disapprove the Plans shall be limited to (i) the failure of the Developer or other builder to include information required by, or otherwise satisfy the requirements of, this Article X or other provisions of this Declaration, (ii) objections to the design, general massing, color, materials or development of any proposed building or improvement which the Architectural Review Committee determines to be incompatible with the existing or surrounding structures on, or the topography and conformity with the design concept of or for, the Property, (iii) objections that the Plans do not provide for first-class structure, workmanship or materials, (iv) failure to provide a landscape plan which is consistent with the quality, development or design of the Property, or (v) any other reason or reasons which are not arbitrary or capricious, including, but not limited to, aesthetic considerations.

If any portion of the Plans are not approved, the Developer or other builder shall amend and modify the Plans to conform to the requirements of, and to cure any objections made by the Architectural Review Committee. Upon the completion of each amendment and modification, the Plans shall be resubmitted to the Architectural Review Committee for review and approval or disapproval. The Architectural Review Committee's right to disapprove the amended and modified Plans shall be confined to (i) the portion of the Plans not previously approved, (ii) new matters not disclosed by or included in the Plans previously submitted, or (iii) matters which do not satisfy the requirements of this Article X or other provisions of this Declaration.

The Developer or other builder must obtain written approval of the Plans from the Architectural Review Committee prior to commencement of any on-site construction, installation, clearing, grading, paving or landscaping except to the extent the Developer or other builder may receive written permission from the Architectural Review Committee to engage in any or some of such activities prior to the review or approval of the Plans.

If the Developer or other builder desires to materially modify or change the Plans after approval of the Plans, but not including modifications or changes of or to the interior design, then the Developer or other builder shall submit two complete copies of such proposed changes to the Architectural Review Committee for review and approval or disapproval.

If the Architectural Review Committee shall fail to approve or disapprove the Plans, amended and modified Plans and/or proposed modifications or changes to the Plans within 30 business days after receipt of the Plans, then such approval shall not be required, and the Plans, amended or modified Plans or proposed modifications or changes to the Plans will be deemed to have been approved by the Architectural Review Committee.

The decisions of the Architectural Review Committee shall be final except that any decision may be appealed to the Board of Directors by any Member who is aggrieved by any action or forbearance from action by the Architectural Review Committee or by any policy, standard, or guideline established by the Architectural Review Committee, and upon written request such Member shall be entitled to a hearing before the Board of Directors.

The Developer or other builder will be responsible for the payment of reasonable charges established by the Board of Directors from time to time for the Architectural Review Committee's review of the Plans or amendments, modifications or changes to Plans, but no charges shall be imposed on any governmental authority using any portion of the Property. The Architectural Review Committee shall retain one copy of the Plans as approved or disapproved in the Association's permanent records and shall return to the Developer or other builder one copy of the Plans, as approved, marked or stamped with such approval.

In addition to the provisions of this Article X, the Developer or other builder or Owner shall comply with all building codes and requirements of the District.

Section 10.04. Initial Approval. Until the Common Area is conveyed or a leasehold interest under the Lease in and to the Common Area is assigned to the Association, the Declarant rather than the Architectural Review Committee shall enforce the provisions of this Article X and shall approve or disapprove the Plans of any Developer or other builder. After the Common Area is conveyed or a leasehold interest under the Lease' in and to the Common Area is assigned to the Association, the Board of Directors for and on behalf of the Association shall establish the Architectural Review Committee and the Architectural Review Committee shall enforce the provisions of this Article X and shall approve or disapprove the Plans of any Developer or other builder.

Section 10.05. Disclaimer. The Board of Directors, the Architectural Review Committee, each director and each officer of the Association, each member of the Architectural Review Committee and the Association and, if applicable, the Declarant shall not be liable to any Owner or to any other Person on account of any claim, liability or expense suffered, incurred or paid by or threatened against such Owner or other Person arising or resulting from or in any way relating to the subject matter of any reviews, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Architectural Review Committee or public authorities, whether given, granted or withheld. No approval of Plans and no publication of architectural standards or bulletins shall be construed either to represent, guarantee or imply that such Plans or architectural standards will result in a properly designed Dwelling or other improvement, or to represent, guarantee or imply that any Dwelling or other structure or improvement will be built or constructed in a good, workmanlike manner. Approval of any particular Plans shall not be construed as a waiver of the right of the Architectural Review

Committee to disapprove all or any portion of the Plans if such Plans are subsequently submitted for use in any other instance.

Section 10.06. Rules and Regulations. Upon the recommendation of the Architectural Review Committee, from time to time the Board of Directors may (i) adopt and promulgate such rules and regulations regarding the construction or alternation of any structure or improvement and the form and content of Plans to be submitted to the Architectural Review Committee for review and approval or disapproval, and (ii) publish and/or file for record such statements of policy, standards, guidelines, and establish such criteria relating to architectural styles or details, colors, size, set-backs, materials or other matters relating to architectural control, protection of the environment, including the use and application of fertilizers, pesticides and other chemicals, and the preservation of such aesthetic values and characteristics and amenities, as may be considered necessary and appropriate. No such rules, regulations, statements or criteria shall be construed as a waiver of any provision of this Article X or any other provision or requirement of this Declaration.

Section. 10.07. Limitations. Construction in accordance with approved Plans shall be commenced within six months after approval, whether by affirmative action or by forbearance from action, and shall be substantially completed either within six months after construction commences, or within such other period as the Architectural Review Committee shall specify in the approval of the Plans. If construction is not commenced or is not completed as required in this Section 10.07, then approval of the Plans shall be conclusively deemed to have lapsed and compliance with the provisions of this Article I shall be required again.

Section 10.08. Parking Requirements. All buildings and other structures and improvements shall be designed, located and constructed to permit all vehicles entering upon any Lot to be parked, maneuvered, loaded or unloaded entirely or completely on such Lot. All driveways and parking areas shall be equivalent to or better than asphalt or concrete, unless otherwise approved by the Architectural Review Committee. No parking on Streets shall be permitted.

Section 10.09. Storage Areas. Outside storage areas shall be fenced or screened to provide substantial screening to minimum height of six feet and, unless otherwise approved by the Architectural Review Committee, a maximum height of eight feet. The location of all storage areas and the design, placement and materials of fences or screens must be approved by the Architectural Review Committee which may require storage areas to be located on the side of or behind, the buildings. No fence or screen shall be closer to any Street or Lot boundary line than the established setback line unless approved by the Architectural Review Committee. The provisions of this Section 10.09 shall apply to all trash or garbage storage, mechanical and similar or other storage buildings and structures not directly connected to the Dwelling or main building structure. Metal buildings are prohibited unless veneered with masonry, wood or other approved material on the exterior with decorative treatment of front elevations. Trash or garbage storage areas are required and must be in an adequate size and proportional to the building on the Lot.

Section 10.10. Landscape Requirements. Unless otherwise approved by the Architectural Review Committee, the required landscape plan shall provide for detailed landscaping of the

entire Lot, except the portion of the Lot occupied by building structures, driveways, walks and other improvements.

Section 10.11. Utility Lines. All telephone, electrical, cable television and other similar lines located outside and between any building and any power transmission or other lines or poles shall be underground and shall conform to existing electrical codes.

Section 10.12. Drainage Requirements. The required drainage plan shall provide for satisfactory and appropriate drainage of waters from the Lot to the adjoining established drainage ways. Each Owner is obligated and required to determine and to verify elevations in the established drainage waterways adjoining his Lot and to provide appropriate drainage structures where entrances and exits cross such established drainage waterways to ensure that no drainage will be restricted or obstructed. After notice from the Architectural Review Committee, any drainage structures constructed by the Owner which do not satisfy the provisions of this Section 10.12 shall be removed and rebuilt, at the Owner's expense, to conform with such provisions. The Lot shall be developed to direct the drainage from the Lot to the adjoining designated drainage waterways and shall not be developed to force water onto adjoining Lots or the Common Area.

Section 10.13. Signs. Except as permitted by Article XIII, no sign of any kind shall be exhibited in any way on or above any part of a Lot without the approval of the Architectural Review Committee.

Section 10.14. Building Sizes and Locations. Exclusive or porches and garages, the living area of the Dwelling, main house or residential structure constructed on (i) Lots D11 through D15 shall be not less than 2,000 square feet, and (ii) Lots E1 through E37 shall be not less than 2,200 square feet.

No Dwelling or other residential building shall be erected on any Lot nearer than 20 feet from the front or rear lot line and five feet from the side lot line, except for buildings constructed on zero lot line Lots and patio, garden and cluster lots. No Dwelling or other residential building shall be erected on any Lot on the corner of any Street nearer than 20 feet from the lot line adjoining or abutting any Street. The Architectural Review Committee shall establish the location of all buildings to be constructed on all zero lot line Lots and patio, garden and cluster Lots.

Due to the natural terrain, Lot configurations and/or proximity of adjacent structures, the enforcement of set back requirements in this Section 10.14 may be impossible or inadvisable. Therefore, the Architectural Review Committee may approve and permit specific deviations to such setback requirements if determined by the Architectural Review Committee to be beneficial to a specific homesite or to adjacent homesites.

Section 10.15. Topography and Vegetation. Without the prior written approval of the Architectural Review Committee, the topography and vegetation characteristics of the Property shall not, be altered by removal, reduction, cutting, excavation or any other means. The Architectural Review Committee may withhold such approval until submission and acceptance

of a plan designed to protect the Property from damage or pollution from erosion, pesticides or the seepage of fertilizer or other materials. The Architectural Review Committee will approve a minimum amount of earth movement and vegetation reduction required in approved Plans.

Section 10.16. Tree Removal. No trees, bushes or underbrush of any kind may be removed without the prior written approval of the Architectural Review Committee. Provided that an adequate buffer can be maintained on each side of a Lot, generally approval will be granted for the removal of trees located near the Dwelling or accessory buildings or near the approved site for the Dwelling or accessory buildings, unless aesthetic characteristics of the Lot or the Property such removal will substantially decrease the beauty or the aesthetic character of the Lot or the Property.

Section 10.17. Further Siting Authority. To prevent excessive drainage from any Lots, the Declarant and the Architectural Review Committee reserve the right, but are not obligated, to establish a maximum percentage of Property which may be covered or improved by a building, patio, driveway or other structures. In the establishment of such maximum percentage, the Declarant and the Architectural Review Committee shall consider topography, percolation rate of the soil, vegetation cover, soil types and conditions, vegetation cover and other relevant environmental factors.

Section 10.18. Sidewalks. Each Owner shall be required to construct and, if maintenance responsibility is not accepted by a governmental authority, to maintain, at the Owner's cost and expense, a sidewalk along and across the portion of the Lot or the right-of-way of such Lot which adjoins or abuts any Street. The Architectural Review Committee shall specify the location of, and the plans and specifications for, all sidewalks.

ARTICLE XI.

GREEN SPACE AND WATERFRONT AREAS

Section 11.01. Intent. The Declarant intends that the natural, scenic and recreational resources, soils, wetlands, wildlife, game and migratory birds currently in evidence at the Property be maintained and enhanced by designation of certain areas of the Common Area as Green Space in this Declaration and on the Plat. No hunting or trapping shall be permitted on any portion of the Property at any time except for undesirable wildlife as authorized and approved by rules and regulations adopted and promulgated by the Association with the consent of the District from time to time. The Declarant and the Association shall have the right, but not the obligation, to (i) erect wildlife feeding stations, (ii) plant small patches of vegetation or other cover and food crops for wildlife, (iii) make access trails or paths or boardwalks through the Green Space and the Common Area to permit or facilitate observation and study of wildlife, hiking and riding, (iv) erect small signs throughout the Green Space designating points or areas of interest and attraction, and (v) take such other appropriate action to promote the community use, benefit and enjoyment of the Green Space. The Declarant and the Association shall have the right, but not the obligation, to protect the Green Space and other portions of the Common Area and shoreline of all Lots abutting any Water Area from erosion (i) by planting trees, plants, and

shrubs where and to the extent appropriate or necessary, or (ii) by construction and maintenance of siltation basins or other erosion control activities or improvements considered appropriate or necessary. The Declarant and the Association shall have the right, but not the obligation, to provide and insure adequate drainage facilities in the Green Space and the Common Area, and to cut fire breaks, remove diseased, dead or dangerous trees and conduct other similar activities. The costs and expenses of such activities, services, improvements, landscaping, maintenance, repair and construction shall be included in the annual maintenance Assessments.

Section 11.02. Waterfront Areas. To substantially preserve the present natural grandeur and aesthetic characteristics of Property, construction and clearing restrictions are imposed on all Lots and the portion of the Property abutting any Water Area except for moderate clearing for view and breeze or as otherwise approved by the Architectural Review Committee. However, the Architectural Review Committee shall have the right to exempt Lots or Portions of the Property from construction and clearing restrictions determined either not to materially lessen the natural appearances and scenic beauty of the Water Area or to be necessary or appropriate to protect the shoreline from erosion or pollution.

All boathouses and piers or docks shall be constructed in accordance with the design and building criteria, adopted by the Architectural Review Committee and the location of and extension of any of boathouse or pier or dock into any Water Area shall be subject to the prior approval of the Architectural Review Committee. All boathouses, piers and docks shall be constructed within the extended boundaries of the side lot lines of the Lot. All boathouses, piers and docks shall be properly maintained and shall not be permitted to deteriorate.

Section 11.03. Other Regulations. The use of the Water Area by the Members, their families and Invitees shall be governed by the applicable rules, regulations and policies adopted and promulgated by the Board of Directors from time to time, and shall be subject to all rules, regulations and policies adopted and to be adopted by the District.

ARTICLE XII.

EASEMENTS

Section 12.01 Utility Easements. The Declarant, the Association, the District and each utility providing service to the Property shall have and is granted or reserved non-exclusive easements and rights-of-way in, through, across, on, over and under the portions of the Property which are not improved with Dwellings, buildings or other structures, including full rights of ingress and egress, for the installation, operation, use, maintenance, repair and removal of utilities and drainage facilities and floodway easements located in utility or drainage easements as shown and designated on the Plat, and the right to remove any obstruction in any utility or drainage easement which may interfere either with the use of any utility or drainage easement or with the installation, operation, use, maintenance, repair and removal of such utility or drainage facility..

The Declarant shall have non-exclusive easements and rights-of-way in, through, across, on, over and under the portion of the Common Area which is not improved with buildings or structures to store building supplies and materials, install, construct, maintain, reconstruct and repair sewers, water pipes, irrigation pipes, electrical wires or cables, telephone wires or cables, gas lines, storm drains, television cables, underground conduits, and any related improvements or appurtenances and for all other purposes reasonably related to the completion of construction and the provision of public or private utility services to any portion of the Property. Any and all conveyance documents or assignments of Leasehold Interest from the Declarant to the Association with respect to the Common Area and Common Facilities shall be conclusively deemed to incorporate the provisions of this Section 12.01, whether or not specifically contained in such conveyance documents or assignments. At the Declarant's request, the Association shall from time to time execute, acknowledge, and deliver to the Declarant such documents as the Declarant considers necessary to implement the provisions of this Section 12.01.

The reservations and rights in this Section 12.01 expressly include the right to (i) cut any trees, bushes, or shrubbery, (ii) make any gradings of the soil, and (iii) take any other similar action reasonably necessary to provide economical and safe utility and drainage facility installment, repair and maintenance and to maintain reasonable standards of health, safety and appearance.

Section 12.02. Damage from Ingress and Egress. Any entry by the Declarant, the Association, the District or any utility upon any Lot for the purposes permitted or contemplated by this Article XII shall be made with as little inconvenience to the Owner as reasonably practical, and all physical damage to any Lot or improvement on a Lot resulting from or caused by such entry shall be promptly repaired and restored.

Section 12.03. Maintenance and Support Easements. Where Dwellings are permitted on or in close proximity to the boundaries of a Lot, the Common Area and Common Facilities and each Lot and Dwelling on such Lot shall be subject to irrevocable easements for the benefit of the Association and the Owners of the adjoining Lots and abutting Dwellings for (i) drainage, (ii) the maintenance and unobstructed and uninterrupted use of any and all pipes, ducts, flutes, chutes, conduits, cables and wire outlets and utility lines, (iii) maintenance and lateral support of adjoining and abutting buildings and improvements, (iv) such portions of any building or improvement that may overhand a Lot or any portion of the Common Area and Common Facilities, and (v) the walks and sidewalks serving such adjoining and abutting areas.

ARTICLE XIII.

USE AND OTHER RESTRICTIONS AND REQUIREMENTS

Section 13.01. Use of Lots and Dwellings. Except (i) for the activities of a Developer or other builder during the construction and development of a Lot or the Common Area or Common Facilities, (ii) for activities and uses expressly permitted and not substantially inconsistent with the provisions of this Declaration or pursuant to the approval of the Architectural Review Committee, (iii) as may be necessary or appropriate in connection with reasonable and necessary

repairs or maintenance to any Dwelling or other improvements on a Lot, the Common Area or the Common Facilities, and (iv) as permitted by Section 13.10, each Lot and Dwelling shall be used for residential, purposes only, and no trade and business of any kind or nature may be conducted on or in such Lot or Dwelling. The use of a portion of a Dwelling as an office by the Owner or his tenant shall not be considered to be a violation of this Section 13.01 if such use does not create regular or continual customer, client, or employee traffic. In no event shall any Lot or Dwelling or other improvements on a Lot be used as a storage area for any building contractor or real estate developer, except as specifically permitted by this Declaration.

Section 13.02. Lease of Dwelling. The lease or rental of a Dwelling for residential purposes shall not violate Section 13.01 if (i) the entire Dwelling and all the improvements on the Lot are leased, (ii) the term of the lease is at least six months, (iii) the lease otherwise complies with the rules and regulations adopted and promulgated from time to time by the Board of Directors, and (iv) the lease is subordinate and subject to this Declaration and is in writing. Prior to commencement of any lease term, the Owner shall provide the Association and Management Agent, if any, with copies of the lease. This Section 13.02 shall not apply to any leases or assignment of leases entered into by the District.

Section 13.03. Exterior Appearances. No chainlink fences shall be permitted within the Property except with respect to maintenance areas within the Common Area and chainlink fences erected by the Declarant or the Association. No foil or other reflective materials, canopies or awnings or other reflective materials shall be permitted on or over windows. No projections of any type shall be placed or permitted above the roof of any improvement except chimneys or vents or other objects approved by the Architectural Review Committee.

As required by Section 10.09, each Owner shall provide a screened area to serve as a service yard and a storage area for trash or garbage receptacles, fuel tanks or similar storage receptacles, electric and gas meters, air conditioning equipment, clotheslines, and other similar or unsightly objects in order to conceal such object's from view from the roads and adjacent Lots and the Common Area. Plans for such screened area delineating the size, design, texture, appearance and location must be approved by the Architectural Review Committee prior to construction. Trash or garbage receptacles and fuel tanks may be located outside of such screened areas only if located underground.

Section 13.04. Signs. Except as may be required by legal proceedings, no signs, advertising or ornaments of any kind shall be placed, maintained or permitted on a Lot or within any windows or on the exterior of any Dwelling or other structure located on any Lot by any Person, including the Owner, without the approval of the Architectural Review Committee. The approval of any signs and posters, including, name and address signs, shall be upon such conditions the Architectural Review Committee shall determine from time to time, and approval may be arbitrarily withheld. Any approved sign or advertising device shall only contain one name and/or one number plate which shall not exceed 120 square inches, and, if advertising the Lot or Leasehold Interest and/or Dwelling Afor sale≅ or Afor lease,≅ such sign shall not exceed three square feet in area and shall be subject to the Architectural Review Committee's right to restrict color and content. The restrictions of this Section 13.04 shall not apply to the Declarant. The

Board of Directors shall have the right to erect reasonable and appropriate signs on any portion of the Common Area and within easement areas established by this Declaration.

Section 13.05. Other Buildings and Vehicles. No tent, trailer, barn or other similar outbuilding or structure shall be temporarily or permanently placed or maintained on any Lot or on any other area of the Property without prior approval of the Architectural Review Committee. No mobile home shall be temporarily or permanently placed or maintained on any Lot or any other area of the Property. Each Owner shall provide parking for at least two automobiles for each Dwelling owned or maintained by such Owner. Any unclosed garages must be adequately screened from street views unless otherwise approved by the Architectural Review Committee. When not in use, all garage doors shall be kept closed. To the extent possible, all automobiles owned or used by Owners or occupiers of a Lot, except temporary guests and visitors, shall be parked in enclosures which screen the automobile from street view. The Board of Directors shall have authority to adopt and promulgate rules and regulations to govern or to prohibit the outside storage or parking on any Lot, within any Dwelling or other structure or on any portion of the Common Area of motor homes, tractors, trucks commercial vehicles of any type, campers, motorized campers or trailers, boats or other water craft, boat trailers, motorcycles, motorized bicycles, motorized go-carts, or any other similar or related forms of transportation vehicle or device, except pickup trucks. The Board of Directors may at any time prohibit motor homes, campers, trailers of any kind, motorcycles, motorized bicycles, motorized go-carts and/or other similar vehicles from, being kept, placed, stored, maintained, or operated upon any portion of the Property. No Owner or other occupant of any Lot shall repair or restore any vehicle of any kind on any Lot, within any Dwelling or other structure or on any portion of the Common Area, except (i) within enclosed garages or workshops, or (ii) for emergency repairs but only to the extent necessary to enable the movement of such vehicle to a proper repair facility. The Declarant reserves the right, but has no obligation, to designate within the Additional Property a parking area for boat trailers, motor homes or similar vehicles.

Section 13.06. Unsightly Conditions and Nuisances. Each Owner and his tenants have the responsibility to prevent the development of any unclean, unsightly or unkept, conditions of buildings or grounds on his Lot which may tend to substantially decrease the beauty or aesthetic characteristics of any portion of the Property, including the Lot, and is obligated to maintain and service all grass and landscaped areas on his. Lot and maintain the area of the Street and right-of-way abutting his Lot in a clean condition.

No rubbish or debris of any kind shall be dumped, placed or permitted to accumulate or remain upon any Lot or other portion of the Property. No nuisance or odors shall be permitted to exist, operate or remain upon or arise from any Lot or any other portion of the Property which are unsanitary, unsightly, offensive or detrimental to Persons using or occupying any other portion of the Property. Nocuous or offensive activities shall not be permitted or conducted in or on any Lot or Dwelling or any portion of the Common Area or Common Facilities. Each Owner, his family, Invitees, and all other Persons shall refrain from any act or use of a Lot, the Dwelling or other structures on the Lot or the Common Area, including Common Facilities, which might cause disorderly, unsightly or unkept conditions or which might cause embarrassment, discomfort, annoyance or nuisance to the occupants of other portions of the Property or which might or would result in a cancellation of any insurance for any portion of the Property or which

would be in violation of any law, governmental code or regulation. Without limiting the generality of the foregoing conditions, no exterior speakers, horns, whistles, bells or other sound devices shall be located, used or placed within the Property, except security, fire, adverse weather or similar alarm devices used exclusively for such purposes. Any Owner or other Person who dumps or places, or permits his family or Invitees to dump or place, any trash or debris upon any portion of the Property shall be liable to the Association for all costs and expenses for the removal of such trash or debris incurred or paid by the Association which shall be payable immediately upon demand by or from the Association and shall be considered to be a special Assessment against the Lot or Leasehold Interest of such Owner.

Section 13.07. Antennae. No television antennae, satellite dish, radio receiver or similar device shall be attached to or installed, on any Lot or any Dwelling or other structure on the Lot or any portion of the Property, unless contained entirely within the interior of a building or other structure, and no radio or television signals or any other form of electromagnetic radiation shall be permitted to originate from any Lot which may unreasonably interfere with reception of other signals within the Property. The Declarant and the Association shall have the right, but not the obligation, to install, operate, maintain and repair equipment necessary for master antennae, cable television, mobile radio, security system or other similar systems within the Property. If cable television services are not available to a Lot, and adequate television reception is not otherwise available or possible, then upon an Owner's request the Architectural Review Committee may, but is not required or obligated to, permit an Owner to install a television antennae on his Lot or Dwelling or other structure on his Lot.

Section 13.08. Lights. The design and location of landscape lighting fixtures shall be subject to the approval of the Architectural Review Committee. Neither the lighting fixtures nor any other illumination devices, including Christmas ornaments, located anywhere on the Dwelling or other structure or grounds of any Lot shall be located, directed or of such intensity to adversely affect the nighttime environment of any adjoining Lot or any portion of the Common Area.

Section 13.09. Pets. No animals, livestock or poultry of any kind, shall be raised, bred, kept, staked or pastured on any Lot or on any portion of the Common Area, except dogs, cats, birds or other household pets for non-commercial purposes and which are kept in Dwellings and are not a source of annoyance or a nuisance to the Property or any Member. The Board of Directors shall have the right, but not the obligation, to prohibit or bar certain dogs or breeds of dogs or other household pets from any Lot or Dwelling or other structure on the Lot or any portion of the Property. Pets shall be attended at all times and shall be registered, licensed and inoculated as required by law. Pets shall not be permitted upon the Common Area unless accompanied, by an adult individual and either carried or leashed. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets from time to time as considered necessary or appropriate, including more restrictive "leash" regulations.

Section 13.10. Sales and Construction Activities. The Declarant is expressly permitted and authorized to maintain and conduct such facilities and activities as may be reasonably appropriate, necessary, required, convenient or incidental to the construction, completion, improvement, and sale of Lots or Leasehold Interests and/or Dwellings or the development of Lots, Dwellings and other improvements, the Common Area, the Common Facilities and the

Additional Property, including, without limitation, the installation and operation of sales and construction trailers, offices and other structures or other improvements. The location of any construction trailers of any Developer or other builder shall be subject to the Declarant's approval. The right to maintain and conduct such facilities and activities specifically includes the right to use Dwellings, as model residences, as offices for the sale of Lots or Leasehold Interests and/or Dwellings, and for related activities. The Declarant is expressly permitted and authorized to use, stock, maintain, locate, store and place on any portion of the Property any and all equipment, tools and vehicles as may be reasonably appropriate, necessary, required, convenient or incidental to such construction, improvement, completion, sale or development, including, but not limited to, construction equipment and construction machinery, machines and vehicles.

Section 13.11. Time Sharing. No Lots or Dwellings shall be sold, assigned or leased under any time sharing, time interval or right-to-use programs or investments.

Section 13.12. Trespass. Whenever the Association and/or the Declarant is permitted by this Declaration to repair, clean, preserve, clear out or do any action on any part of the Property, including perform obligations or duties imposed on any Owner under this Declaration, then entering any Lot or any portion of the Property for such purposes and taking such action shall not be or be deemed to be a trespass.

Section 13.13. Subdivided. No Lot shall be subdivided or its boundary lines changed, except with the written consent of the Board of Directors, the District and the Declarant if the Declarant owns any Lots or Leasehold Interests subject to the Declaration, but the Declarant expressly reserves the right to replat any Lot or such Lots owned or leased under the Lease by the Declarant and to take such other action as may be reasonably appropriate, convenient or necessary to make such replatted Lot or Lots suitable for use as a building site for a Dwelling, including, but not limited to the relocation of easements, walkways, rights of ways and other amenities to conform to the new boundaries of such replatted Lots.

The provisions of this Section 13.13 shall not prohibit an Owner of two or more contiguous Lots from combining such Lots into one larger Lot or prohibit the Owner of three or more contiguous Lots from combining such Lots into fewer Lots, provided that each of the resulting Lots are larger and contain a minimum Lot frontage equal to or greater than the original frontage on the Lot having the least frontage before such Lots were combined. Thereafter, only the exterior boundary lines of the resulting larger Lot or Lots shall be considered in the interpretation of this Declaration.

Section 13.14. Certain Construction Rights. The Declarant expressly reserves the right, but the Declarant shall not be obligated, to build bridges or walkways across any natural or man made Water Area in, on or abutting or contiguous to the Property.

Section 13.15. Easement Interference. No structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may unreasonably change, diminish, obstruct, or retard the direction or flow of surface water runoff in any drainage easement, swale or channel.

Section 13.16. Certain Controls. To implement effective and adequate erosion controls and to protect the beauty and grandeur of the Water Area, the Declarant and Association shall have the right, but not the obligation, to enter upon any lakefront or Water Area Lot or Common Area before and after a building or Dwelling or other improvement has been constructed on such Lot or Common Area to perform any grading or landscaping work or to construct and maintain erosion prevention devices. Prior to exercising its rights under this Section 13.16, the Declarant or, if applicable, the Association shall permit the Owner of the Lot to perform such corrective actions required by giving the Owner a written notice stating the type of corrective action required to be performed and, the date by which such corrective action must be completed. If the Owner fails to perform the specified corrective action by such date, then the Declarant or, if applicable, the Association may then exercise the rights under this Section 13.16 to enter in upon the Lot to perform such corrective action. The costs and expenses of such erosion prevention measures when performed by the Declarant or, if applicable, the Association shall be paid immediately upon demand by the Owner and, if performed by the Association, such costs shall be considered to be a special Assessment against the Lot or Leasehold Interest and the Owners of such Lot.

To implement effective insect, reptile, and fire ant control, and vegetation and trash control, the Declarant or the Association have the right, but not the obligation, to enter upon any Lot on which a building or structure has not been constructed and upon which no landscaping plan has been implemented for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, or other unsightly growth, removing trash or dispensing pesticides on such Lot if the Declarant or the Architectural Control Committee determines that the Lot distracts from the overall beauty, aesthetic characteristics or safety of any portion of the Property. Such control shall not be performed by the Declarant or the Association until 30 days after written notice of the need for such control has been given to Owner and the Owner has failed to perform such control within the 30 days. The costs and expenses of such control when performed by the Declarant or, if applicable, the Association shall be paid immediately upon demand by the Owner and, if performed by the Association, such costs shall be considered to be a special Assessment against the Lot or Leasehold Interest and the Owners of such Lot.

This Section 13.16 shall not be construed as an obligation of the Declarant or the Association to (i) mow, clear, cut or prune, (ii) provide garbage or trash removal services, (iii) perform any grading or landscaping work, (iv) construct or maintain erosion control or prevention devices, or (v) provide water pollution control, on, to or for any Lot or property not owned or leased under the Lease by the Declarant or the Association.

The entering upon any Lot pursuant to the provisions of this Section 13.16 shall not be or be deemed to be a trespass.

Section 13.17. Water Wells and Septic Tanks. No water wells or septic tanks shall be permitted on any Lot and no Plans shall be approved by the Architectural Review Committee unless such Plans provide that the Lot will be served by the water and sewer system serving the Property. This restriction shall not prevent the Declarant from designating any part of the Additional

Property for the purpose of developing a community water and sewer system to serve the Property or other real property developments in close proximity of or to the Property or dedicating such part of the Property to a governmental authority or company for the purpose of developing a water and sewer system to serve the Property.

Section 13.18. Party Walls. Each wall which is built as part of the original construction of Dwellings and placed on dividing line between Lots or Dwellings or partly on one Lot and partly on another Lot shall constitute a party wall, and to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and regarding liability for property damage due to negligence or willful acts or omissions shall apply to such party walls.

The costs and expenses of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the party wall in proportion to such use. No Owner either shall impair the structural integrity of any party wall or shall diminish the fire protection afforded by any party wall. No Owner shall use any party wall for any purpose which creates a hazard or nuisance for any other Owner who uses or is entitled to use the party wall.

If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore the party wall, and if other Owners thereafter make use of the party wall, such other Owners shall contribute to the cost of restoration of the party wall in proportion to such use, but without prejudice to the right of any Owner to call for or seek a larger contribution from the other Owners under any rule of law regarding liability for negligent or willful acts or omissions. Any Owner who by his negligent or willful act or omission causes a party wall to be exposed to the elements shall bear the entire cost of furnishing the necessary protection against such elements.

The right of any Owner to contribution from any other Owner under this Section 13.18 shall be appurtenant to the land and shall pass to such Owner's successors in title or assignees of the Leasehold Interest to the Lot.

If any portion of a party wall shall encroach upon any adjoining Lot, or upon the Common Area or Common Facilities, by reason of the repair, reconstruction, settlement or shifting of the party wall or of any improvement which includes all or a portion of the party wall, or for any other similar or analogous reason, a valid easement shall exist for the encroachment and for the maintenance of the party wall while the party wall or improvement stands.

Section 13.19. Reconstruction after Fire or Other Casualty Loss. If a Dwelling is partially or completely destroyed by fire or other casualty, then, as required by Section 7.02, the Owner of such Dwelling shall promptly clear the Lot or restore or reconstruct such Dwelling, at his own expense, in accordance with the original Plans or with such other Plans as may be approved by the Architectural Review Committee upon the request of such Owner.

Section 13.20. Vacant Lot Maintenance. Each Owner shall be responsible for the proper seeding, fertilization, watering, mowing, removal of litter and maintenance of any Lot which is

vacant or undeveloped. If fill is placed on the Lot and the construction of the improvements is not promptly commenced and completed, then the Owner will be required to maintain such Lot. Within 45 days after Owners of each Lot adjoining or abutting an Owner's vacant Lot and a common Street with the Owner's vacant Lot have constructed a sidewalk on their Lots, the Owner of such vacant Lot shall construct a sidewalk on his vacant Lot pursuant to Section 10.18.

ARTICLE XIV.

ENFORCEMENT OF DECLARATION

Section 14.01. Compliance. If any provision of this Declaration is breached or violated or threatened to be breached or violated by any Owner or other Person, then each of the other Owners, the Declarant and/or the Association, jointly or severally, shall have the right, but not the obligation, to proceed at law or in equity to compel a compliance with, or to prevent the threatened violation or breach of, the provisions of this Declaration. If any structure or other improvement located on any portion of the Property, including any Lot, violates any provision of this Declaration, then the Declarant and/or the Association, jointly or severally, shall have the right, but not the obligation, to enter upon any portion of the Property, including any Lot, to abate or remove such structure or other improvement at the cost and expense of the Owners of the Lot where such structure or improvement is located or who otherwise causes such violation, if the violation is not corrected by such Owners within 30 days after written notice of such violation. Any Person entitled to file or maintain a legal action or proceeding for the actual or threatened violation or breach of this Declaration shall be entitled to recover attorney's fees and other costs and expenses attributable to such action or proceeding, and the Association shall be entitled to recover and receive any other amounts specified in Section 6.03. Any such entry and abatement or removal shall not be or be deemed to be a trespass. The failure by any Person for any period of time to enforce any provision of this Declaration shall not be or be deemed a waiver of the right to enforce or otherwise bar or affect the enforcement of any and all provisions of this Declaration at any time, including any future time.

Section 14.02. Enforcement. This Declaration shall be enforced by any appropriate proceeding at law or in equity (i) against any Person who breaches or violates or threatens to breach or violate any provision of this Declaration, (ii) to recover damages for any such breach or violation, (iii) to collect any amounts payable by any Owner to the Association under this Declaration, including Assessments, attorneys' fees, costs of collection, late charges, overhead charges or other amounts incurred by the Association to perform or discharge any obligation or duty of an Owner under this Declaration or otherwise specified in this Declaration, including Section 6.03, and (iv) to enforce any lien created by this Declaration. There is hereby created and declared to be a conclusive presumption that any actual or threatened violation or breach of this Declaration cannot be adequately remedied by an action at law exclusively for recovery of monetary damages. The Declarant, the Association and each Owner by acceptance of a deed or other conveyance document to a Lot, including assignment of Leasehold Interest, waives and agrees not to assert any claim or defense that injunctive relief or other equitable relief is not an appropriate remedy.

ARTICLE XV.

GENERAL PROVISIONS

Section 15.01. Duration. This Declaration shall run with and bind the land or leasehold interests subject to this Declaration, and shall inure to the benefit of and be enforceable by the Declarant, the Association and the Owners of any land or leasehold interest subject to this Declaration, their respective legal representatives, heirs, devisees, successors and assigns, until January 1, 2025. After such date this Declaration shall be automatically extended for the successive periods of ten years unless a Supplement signed by a majority of the Owners and the District has been properly filed for record to abolish or terminate all or a substantial portion of this Declaration at least one year prior to the effective date of such abolishment or termination.

Section 15.02: Amendments. Notwithstanding Section 15.01, this Declaration may be amended, modified and/or changed either (i) by the Declarant properly filing for record a Supplement prior to January 1, 1988, or (ii) by a Supplement properly filed for record and executed by the Owners of at least 90% of the Lots if amended, modified and/or changed prior to January 1, 2025, and thereafter by the Owners of at least 75% of the Lots. All such Supplements shall be subject to the approval of the District.

Section 15.03. Interpretation. The provision of this Declaration shall be construed to implement the purpose of the creation of a uniform plan for the development of the Property.

Section 15.04. Severability. Invalidation of any provision of this Declaration by judgment or court order shall not affect any other provisions of this Declaration which shall remain in full force and effect.

Section 15.05. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

Section 15.06. Notices to Owner. Any notice required to be given to any Owner under the provisions of this Declaration shall be deemed to have been properly delivered, when deposited in the United States mails, postage prepaid, addressed to the last known address of the Person who appears as Owner on the records of the Association or, if applicable, the Declarant at the time of such notice is mailed.

Section 15.07. Successors of Declarant. All or any portion of any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant under this Declaration may be assigned and transferred exclusively by the Declarant with or without notice to the Association.

Section 15.08. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Lot or assigns any Leasehold Interest, any deed or assignment purporting to effect such transfer shall contain a provision incorporating the provisions of this Declaration by reference.

Section 15.09. No Dedication to Public Use. No provision of this Declaration shall be construed as a dedication to public use or as an acceptance for maintenance of any Common Area or Common Facilities by any public agency or authority or by any utility, or shall be interpreted as imposing upon any public agency or authority or any utility any responsibility or liability for the maintenance or operation of any portion of the Common Area or Common Facilities.

Section 15.10. Consents. The Members, the Board of Directors and the Association, by any act or omission, shall not do any of the following without the prior written consent and approval of the District and the holders of at least 50% of all First Mortgages and, if their interests would be affected, the Federal National Mortgage Association, the Federal Housing Administration and the Veteran's Administration:

(a) Abandon, partition, subdivide, encumber, sell, assign or transfer any of the Common Area or Common Facilities, including leasehold interests under the Lease in and to the Common Area and Common Facilities, but the realignment of boundaries, the granting of rights-of-way, easements and similar rights or interests for utilities or for other purposes consistent with the use of the Common Area and Common Facilities by the Members or the Association shall not be considered to be such an encumbrance, sale, assignment or transfer.

(b) Abandon or terminate this Declaration.

(c) Modify or amend any material or substantive provision of this Declaration or the Bylaws pertaining to the rights of the holders of First Mortgages.

(d) Substantially modify the method of determining and collecting Assessments as provided in this Declaration.

Section 15.11. Notice to First Mortgage Holders. The Association shall promptly notify the holder of the First Mortgage on any Lot or Leasehold Interest for which any Assessment shall and remain delinquent for at least 60 days, and the Association shall promptly notify the holder of the First Mortgage on any Lot or Leasehold Interest for which there is default by the Owner with respect to performance of any other obligation or duty under this Declaration which remains uncured for at least 60 days following the date of such default. Any failure to give any such notice shall not affect the validity or priority of any First Mortgage on any Lot or Leasehold Interest, and the protection provided in this Declaration to the holder of any First Mortgage shall not be altered, modified or diminished by reason of such failure, and any such failure shall not affect the validity of the lien of any Assessment or affect any of the priorities for liens as specified in Article VI.

No suit or other proceeding may be brought to foreclose the lien for an Assessment except after 10 days written notice to the holder of the First Mortgage encumbering the Lot or Leasehold Interest which is the subject matter of such suit or proceeding.

Any holder of a First Mortgage of any Lot or Leasehold Interest may pay any taxes, rents, utility charges or other charges levied against the Common Area or Common Facilities which are in default and which may or have become a charge or lien against any of the Common Area or Common Facilities, and may pay any overdue premiums on any hazard or liability insurance policy, or secure new hazard or liability insurance coverage on the lapse of any policy, relating to the Common Area or Common Facilities. Any holder of a First Mortgage who advances any such payment shall be due reimbursement of the advanced amount from the Association.

Section 15.12. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended to limit or enlarge the terms and provisions of this Declaration. Whenever the context requires, the male shall include all genders and the singular shall include the plural.

Section 15.13. Exhibits. All Exhibits which are referred to in this Declaration are made a part of and incorporated into this Declaration by reference.

ARTICLE XVI.

DECLARANT' S RIGHTS AND RESERVATIONS

Section 16.01. Declarant's Rights and Reservations. No provisions in the Charter, the Bylaws or this Declaration shall limit, and no Owner or the Association shall interfere with, the right of Declarant to (i) subdivide or resubdivide any portions of the Property, (ii) complete or alter improvements or refurbishments to and on the Common Area, Green Space or any portion of the Property owned or leased under the Lease by Declarant, or (iii) alter the construction plans and designs, or construct such additional improvements or add future phases as Declarant deems advisable during development of the Property. Such right shall include, but shall not be limited to, the right to install and maintain such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary for the conduct of Declarant's business or completion of the work and disposition of the Lots or Leasehold Interest by sale, lease or otherwise. Each Owner by accepting a deed or other conveyance document to a Lot, including a Leasehold Interest, hereby acknowledges that the activities of Declarant may temporarily or permanently constitute an inconvenience or nuisance to the Owners, and each Owner hereby consents to such inconvenience or nuisance.

ARTICLE XVII.

DISTRICT'S RIGHTS AND RESERVATIONS

Section 17.01. District. Nothing contained in this Declaration shall affect the rights of the District or impose any obligation on the District. All leases entered into by the District, regardless of the date of execution, shall be deemed to be prior to this Declaration and only the lessee's interest in the Property and the lessee's use of the Property shall be governed by this Declaration. The District reserves the right to regulate use of the Property for public health,

welfare and safety, and to preserve, protect and maintain water quality, fish and wildlife of the Ross Barnett Reservoir.

IN WITNESS WHEREOF THE DECLARANT HAS CAUSED this Declaration to be duly executed on the date first mentioned above.

NORTHBAY, LTD., a Mississippi
limited partnership

By: Northpointe Builders, Inc.,
a Mississippi corporation,
general partner

By: (signature of J.A. Brown
J. A. Brown, president

STATE OF MISSISSIPPI
COUNTY OF HINDS

PERSONALLY came and appeared before me, the undersigned authority in and for the jurisdiction aforesaid, and while within my official jurisdiction, the within named J. A. Brown, president of Northpointe Builders, Inc., a Mississippi corporation and general partner of NORTHBAY, LTD., a Mississippi limited partnership, who acknowledged that after being authorized he signed and delivered the above and foregoing instrument of writing on the date and for the purposes therein mentioned.

WITNESS MY SIGNATURE AND OFFICIAL SEAL OF OFFICE on this the 17th day of September, 1987.

(signature of James S. Nippes)
Notary Public

My commission expires:

4/14/91

APPROVAL

The foregoing Declaration, of Covenants, Conditions and Restrictions for Northbay is approved this 28th day of September, 1987

PEARL RIVER VALLEY WATER SUPPLY
DISTRICT

By: _____ (signature of Earl Walker, Jr.)
Earl Walker, Jr., president

Attest

(Signature of Patricia Webster)
Assistant Secretary

STATE OF MISSISSIPPI
COUNTY OF HINDS

PERSONALLY came and appeared before me, the undersigned authority in and for the jurisdiction aforesaid, and while within my official jurisdiction, the within named. Earl Walker, Jr. and Patricia Webster respectively the president and assistant secretary of PEARL RIVER VALLEY WATER SUPPLY DISTRICT, an agency of the State of Mississippi, who acknowledged that after being authorized they signed and delivered the above and foregoing instrument of writing on the date and for the purposes therein mentioned.

WITNESS MY SIGNATURE AND OFFICIAL SEAL OF OFFICE on this the 28th day of September, 1987.

(signature of Elaine C. Goza (Bounds))
Notary

My commission expires:

7-1-89