

5. Management.

The COMMON AREAS and the ASSOCIATION PROPERTY shall be managed by the BOARD which shall have the following powers in addition to those granted in the ARTICLES and the BYLAWS:

5.1 The BOARD shall conduct, manage and control the affairs of the ASSOCIATION and the PROJECT and make and enforce such rules and regulations with respect thereto as are not inconsistent with this Declaration or with law and as it may deem to be in the best interests of the PROJECT and the OWNERS.

5.2 It shall be the duty of the BOARD at all times during the term of this Declaration to employ a competent professional property management firm (the "Manager") on behalf of the ASSOCIATION to manage and operate the PROJECT, subject always to the general authority and supervision of the BOARD. The Manager shall be responsible for the day to day operation of the PROJECT and shall perform such other duties and shall be compensated as the BOARD in its discretion shall determine. For purposes of this section the Declarant or an affiliated company shall be considered a proper Manager, though the BOARD shall be

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under no obligation whatsoever to employ Declarant as opposed to another Manager. The Manager shall at all times be subject to the authority and power of the BOARD and shall report directly to the BOARD in such manner and at such times as the BOARD shall reasonably determine. The expense of the Manager shall be borne by the ASSOCIATION and shall be paid out of the assessments collected pursuant to Section 7 hereof.

The purpose of this Section 5.2 is to obligate the BOARD to utilize the services of a Manager in order to promote and enhance the value of the PROJECT and to insure competent professional management of the PROJECT and continuity of day-to-day management. The BOARD shall select a Manager in its discretion but shall consult with institutional lenders who have a substantial interest in the PROJECT with respect to the selection of same. This Section 5.2 may be amended only with the consent in writing of at least eighty percent (80%) of the obligees of obligations secured by a FIRST MORTGAGE on all or a part of the PROJECT.

Any Manager selected prior to the first annual meeting of the MEMBERS held after the initial organization shall be employed to manage only until such meeting, at which time the continuance of the same or the selection of another Manager shall be determined by a majority vote of the OWNERS.

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5.3 To contract and pay for the following out of the assessments hereinafter provided:

(a) Water, sewer, garbage, electrical, telephone, gas and other necessary utilities service for the COMMON AREAS, the ASSOCIATION PROPERTY, and if not separately metered or charged, for the individual UNITS; and maintenance, gardening and landscaping for the COMMON AREAS and the ASSOCIATION PROPERTY;

(b) Workmen's compensation insurance to the extent necessary to comply with any applicable laws;

(c) Compensation for any Manager and for all employees of the ASSOCIATION;

(d) Legal and accounting fees for services necessary or proper in the operation of the ASSOCIATION or enforcement of the covenants, conditions and restrictions herein contained;

(e) Charges for painting, maintenance and repair of, and for such equipment and furniture for, the COMMON AREAS and the ASSOCIATION PROPERTY as the BOARD shall determine are necessary or desirable, and the BOARD shall have the exclusive right and duty to acquire and maintain the same for the COMMON AREAS and the ASSOCIATION PROPERTY;

(f) Expenses for any other materials, supplies, furniture, labor, services, maintenance, repairs or structural alterations which the BOARD is required to

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secure or pay for pursuant to the terms of this Declaration, the ARTICLES or the BYLAWS, or by law, or which in its opinion are necessary or desirable for the COMMON AREAS or the ASSOCIATION PROPERTY, or for the enforcement of this Declaration, the ARTICLES and the BYLAWS;

(g) Any amount necessary to discharge any lien or encumbrance levied against the entire PROJECT or any part thereof which may, in the opinion of the BOARD, constitute a lien against the COMMON AREAS or the ASSOCIATION PROPERTY, rather than merely against the interest therein of a particular OWNER or OWNERS, except that where one or more OWNERS are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it;

(h) Expenses for maintenance and repair of any UNIT if such maintenance and repair is necessary, in the opinion of the BOARD, to protect and preserve the COMMON AREAS or the ASSOCIATION PROPERTY, and if the OWNER or OWNERS of said UNIT have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity therefor is delivered personally or by certified mail to said OWNER or OWNERS. The BOARD, its agents, servants, and employees, are hereby given the right and license to enter upon and in any UNIT for the purpose of effecting such maintenance or repair. The BOARD shall levy a special assessment against the OWNER or OWNERS of any such UNIT to pay for the costs or expenses arising out of or incident to said maintenance and repair and the assessment therefor; and

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(i) Taxes and special assessments

which are or would become a lien on any portion of the COMMON AREAS or any ASSOCIATION PROPERTY except real property taxes or assessments assessed against a CONDOMINIUM, which shall be paid by the OWNER thereof.

(j) All maintenance, repair and

replacement of all central services furnished to the UNITS, such as plumbing and centralized heating. However, the OWNER of each UNIT shall be responsible for the maintenance, repair and replacement of non-central appliances and services in his UNIT, such as dishwashers, garbage disposals, water heaters and the like, and neither the BOARD nor the ASSOCIATION shall have any liability therefor.

5.4 The BOARD, on behalf of the ASSOCIATION, shall acquire and pay for the following from the monies collected by assessments:

(a) A blanket policy or policies of fire and casualty insurance with special form all risk coverage endorsement for the full insurable replacement cost from time to time of the COMMON AREAS and the ASSOCIATION PROPERTY (or such other blanket fire and casualty insurance as gives substantially equal or greater protection) insuring the BOARD and the OWNER of each CONDOMINIUM and his MORTGAGEE, as their respective interests may appear, against loss due to fire and other casualty. The liability limits under such insurance shall be set only after the BOARD has reviewed such recommendations and comments from MORTGAGEES or prospective MORTGAGEES as it shall

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deem appropriate. Such liability limits shall be reviewed at least annually by the BOARD and increased in its discretion.

(b) A policy or policies insuring the BOARD and each and all of the OWNERS against any liability to the public or to the OWNERS or to any other person resulting from or concomitant with the ownership, management, or use of the COMMON AREAS and the ASSOCIATION PROPERTY by the BOARD, the OWNERS, their invitees and tenants, and members of the public. The BOARD may also obtain such errors and omissions insurance or other insurance as it deems advisable insuring the BOARD and each member thereof against any liability for any act done or omission made in carrying out their obligations hereunder or resulting from membership on the BOARD or any committee thereof.

5.5 If any additional insurance is required due to extra hazardous use made of any UNIT or because of any improvement to a UNIT installed by its OWNER, or if such use or improvement increases the premiums for the required amount of coverage, the cost thereof shall be assessed to the OWNER of such UNIT. In order to facilitate the provisions for maintenance of adequate and proper insurance, it is contemplated that Declarant may contract for blanket insurance coverage covering the COMMON AREAS and any ASSOCIATION PROPERTY as set forth herein prior to or concurrently with the first sale or sales of CONDOMINIUMS in connection with the financing of such sales, and any obligations or commitments for the payment of premiums or

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expenses otherwise incurred by Declarant under any such blanket policy or coverage, whether or not the same are also a personal obligation of the purchaser or purchasers of any CONDOMINIUM, shall become an obligation of the ASSOCIATION and shall be paid for out of the assessments provided for herein and in the BYLAWS.

5.6 An OWNER may purchase such fire, casualty and other insurance as he may deem advisable for his own account and at his own expense, except that the carrying of any insurance individually by an OWNER shall not relieve him of the obligation to pay his portion of assessments as may be made from time to time for the purpose of paying premiums or other charges on fire, casualty and other insurance carried or contracted for by the ASSOCIATION.

5.7 Nothing herein contained shall be construed to give the BOARD authority to conduct a business within the COMMON AREAS or the ASSOCIATION PROPERTY for profit on behalf of all of the OWNERS, or any of them, without the written consent or vote of seventy-five percent (75%) of the MEMBERS, except that the BOARD may, in its discretion, purchase and charge reasonable sums for the use of clothes washers and driers and the like.

5.8 The BOARD may authorize capital additions (as distinguished from necessary repair or replacement of existing capital items) to the COMMON AREAS, but no such capital additions costing, in the aggregate, more than Five

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Thousand Dollars (\$5,000) shall be authorized in any one year with respect to the COMMON AREAS located in any one PHASE without the vote or written consent of the OWNERS who own a UNIT or UNITS in such PHASE and who would be responsible for paying in excess of fifty percent (50%) of an assessment levied to pay the cost of such capital addition; provided, however, that this Section 5.8 shall be inapplicable if the capital addition is located solely on ASSOCIATION PROPERTY.

5.9 The BOARD may also authorize such capital additions to the ASSOCIATION PROPERTY but no capital additions costing, in the aggregate, more than Five Thousand Dollars (\$5,000) shall be authorized in any one year without the vote or written consent of MEMBERS liable to pay more than fifty percent (50%) of any assessment levied pursuant to Section 7.2 hereof.

5.10 The term "capital additions" as used herein shall not include maintenance of existing capital improvements in the PROJECT, nor the repair, replacement or restoration of such existing improvements when deemed necessary by the BOARD.

5.11 The BOARD shall cause the books and records of the ASSOCIATION to be audited each year by an outside, independent firm of certified public accountants and shall furnish each MEMBER with a copy of financial statements of the ASSOCIATION certified by such firm promptly following the completion of the audit.

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5.12 In order to facilitate the leasing and sale of UNITS by the OWNERS thereof, to minimize the potential interference with enjoyment by OWNERS of the COMMON AREAS caused by uncoordinated leasing of UNITS and to enhance the PROJECT as a desirable and stable residential community, the BOARD shall, from time to time, consider and adopt reasonable and lawful rules and regulations regarding the leasing and sale of UNITS in the PROJECT by the OWNERS thereof, in addition to such rules and regulations as are set forth in Section 11 hereof.

6. Authority of MEMBERS.

In addition to any other power and authority provided in this Declaration, the MEMBERS of the ASSOCIATION shall have the following authority and control over action by the BOARD:

6.1 To effect necessary amendments to this Declaration in the manner provided in Section 18 hereof.

6.2 To subject any action taken by the BOARD to levy any assessment (other than the annual assessments provided for in Section 7.1 hereof) to review by the MEMBERS. Such review may be initiated only by the filing with the BOARD, within fifteen (15) days of notice of the assessment, of a petition requesting such review executed by MEMBERS who would be liable to pay at least fifteen percent (15%) of the assessment. Upon receipt of such petition, the BOARD shall forthwith duly call and hold a

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special meeting of the MEMBERS entitled to vote on the assessment in accordance with the procedures set forth in the BYLAWS in order to consider such petition. At such meeting, in the event MEMBERS representing a majority of the voting power on the assessment vote for a resolution rescinding the assessment referred to in the petition, the assessment shall be deemed rescinded and the BOARD shall take no action to enforce such assessment. If such vote is not obtained, the BOARD shall proceed to enforce such assessment according to this Declaration and the BYLAWS. Following receipt of the petition, the BOARD shall take no action to enforce the assessment referred to in the petition pending the vote of the MEMBERS described herein.