

RECORDING REQUESTED BY,
AND WHEN RECORDED, RETURNED TO:

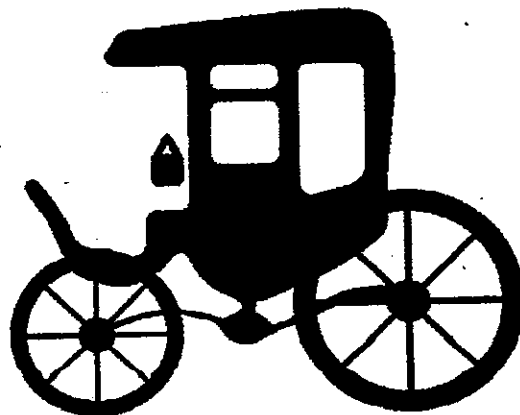
Marjorie McFarland Secretary
2666 Chaise Drive
Oroville, CA 95966

CARRIAGE MANOR

* * *

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

(Revision D)



DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR CARRIAGE MANOR

* * *

THIS MASTER DECLARATION of covenants, conditions, and restrictions for Carriage Manor, a senior community subdivision, is revised the April 4, 2011 by the Carriage Manor Homeowners Association, Inc., the "Association," as the owner of that real property in Oroville, Butte County, California, known as Carriage Manor, legal description attached as Exhibit "A."

The Carriage Manor Homeowners' Association does hereby declare that it is exempt from familial status discrimination and services-facilities requirement for elderly residents under the US Housing for Older Persons Act of 1995, "HOPA." To retain these exemptions and ensure the Association's plan for a single-family senior (55+) subdivision, all the property described in exhibit "A" shall be held, occupied, and conveyed subject to the covenant, conditions, restrictions, etc., altogether the "CC&R," as set forth below.

This CC&R shall run with the property and shall be binding on all parties having any right, title or interest therein, including heirs, successors, and assigns.

This CC&R shall inure to the benefit of each owner, and may be enforced by each owner, including the Association, and each of their successors in interest.

Article I

DEFINITIONS

Unless otherwise required by the context, the following words and phrases shall have the meanings shown and include the singular, plural, and the masculine, feminine, and neuter.

1.1 Acquisition Assessment shall mean a charge against all Lots, which are not at issue, to purchase or improve a parcel in or out of Carriage Manor.

1.2 Architectural Committee shall mean the committee appointed pursuant to Section 3.1.

1.3 Architectural Committee Rules shall mean the rules adopted or amended by the Architectural Committee and printed in the “Carriage Manor Rules.”

1.4 Article shall mean the Articles of Incorporation of the Association filed with and certified by the California Secretary of State.

1.5 Assessment shall mean a charge against an Owner and/or Lot by the Association pursuant to Article V, and may be an Operating, Supplemental, Capital Improvement, Reconstruction, Infraction, or Acquisition Assessment.

1.6 Assessment Period shall mean the twelve months following the January Meeting of the Board at which the Operating Assessment rate was set for the year.

1.7 Association shall mean the Carriage Manor Homeowners' Association, Inc., the Owner of the real property in Oroville, Butte County, California, known as Carriage Manor, and its successors and assigns through

merger, consolidation or other reorganization.

1.8 Attendant (or Care Giver) shall mean a person(s) who is required to attend, care for, and reside with a member or a member's spouse in Carriage Manor. For these Restrictions, attendants and care givers are not considered Guests.

1.9 Board shall mean the Board of Directors of the Association.

1.10 By-laws shall mean the By-laws as adopted and amended by the Association.

1.11 Capital Improvement Assessment shall mean a charge against an Owner and/or Lot for a share of the cost to install or construct a capital improvement on a Common Area.

1.12 Care Giver: see Attendant

1.13 Carriage Manor shall mean the Planned Unit Development shown on and described in the Map of Carriage Manor, recorded in Book 64, of Maps, at page 76, Butte County Official Records, legal description attached as Exhibit "A."

1.14 Carriage Manor Restrictions: see Restrictions.

1.15 Carriage Manor Rules shall mean the booklet of the same name that is given to new Owners (and is available to others) and includes Architectural Committee Rules, as well as Association Rules and Information.

1.16 Common Area shall mean the real property parcels F and G within Carriage Manor that are collectively owned by the Association for the common use and enjoyment of its members. Common Areas include the pool, club

house, street areas, etc., and may be known as Association property.

1.17 Common Expense Assessment: name changed to “Supplemental Assessment.”

1.18 Declaration: see Master Declaration.

1.19 Events of Foreclosure: see “Foreclosure, Events of.”

1.20 Familial Status Discrimination: discrimination against families with children. Carriage Manor has been incorporated as a senior development to exclude families with children, and is exempt under HOPA and other state and federal laws. (See Exhibit “B”)

1.21 Foreclosure, Events of, shall mean foreclosure, accepting a deed in lieu, or sale under a mortgage’s power-of-sale clause.

1.22 Guest: Are/is a person(s) invited by Homeowner(s) to visit Carriage Manor. Carriage Manor, including its streets and clubhouse, is private property and the public has no rights, except as an invitee. (See Section 7.4, Common Area uses; 7.8, Boats, Trailers, Trucks, Etc. and 7.24, Guests.)

1.23 Homeowner: see Owner.

1.24 HOPA, HOPA Survey: HOPA stands for the US Housing for Older Persons Act of 1955, under which the Association has two exemptions, the familial status exemption (see above), and the exemption from the “services and facilities requirements for elderly residents.” The HOPA Survey is a biennial (every two years) requirement to document and ensure compliance. (See Exhibit “B”)

1.25 Infraction Assessment shall mean a charge against an Owner or Lot

to correct a violation or to pay for the correction by the Association.

1.26 Lot: or Residential Area, shall mean one of the Parcels 1 through 82 in Carriage Manor that are individually owned by Members for their personal use and enjoyment, and in which a Unit or single-family residence may be constructed.

1.27 Maintenance Fee: see Operating Assessment.

1.28 Master Declaration shall mean this instrument as amended from to time. “This Declaration” and “Master Declaration” may be used interchangeably.

1.29 Member: shall mean a Member of the Association.

1.30 Mortgage, or loan, shall mean a mortgage, deed of trust, or other conveyance of an interest in a lot or its improvements, to secure the performance of an obligation, which interest will be reconveyed upon completion of the performance.

1.31 Mortgagee, or lender, shall mean the holder of any indebtedness secured by a mortgage, and shall include trustees and beneficiaries, etc.

1.32 Mortgagor, or borrower or purchaser, shall mean the trustor under a deed of trust.

1.33 Notice: is the legal procedure required before any meeting, vote, assessment, appeal, or other action requiring notice can be valid. The form and method of the notice, and the amount of notice-time required, are specified for each type action.

1.34 Ombudsman: shall mean the member of the Board responsible for

investigating complaints of Members against each other or against any Board member.

1.35 Operating Assessment, or Maintenance Fee, shall mean the monthly charge against each Owner/Lot for his/her share of the expected annual cost to operate the Association and its Common Areas, less overlaps provided by other assessments. (See Article V)

1.36 Owner, shall mean the Lot Owner or Homeowner, as the grantee or buyer of a Lot in Carriage Manor, but none whose only interest is to secure the performance of an obligation.

1.37 Person, shall mean any natural-born (man or woman) or artificial entity (trust, partnership, etc.) with the legal right to hold title to real property.

1.38 Private Street and Parking Area, shall mean that portion of the Common Area devoted to vehicular ingress, egress, and parking known as Parcel F of Carriage Manor subject to Article IV.

1.39 Reconstruction Assessment, shall mean a charge against an Owner/Lot for a portion of the cost for reconstructing a portion of the Common Area as provided for in this Declaration.

1.40 Record, Recorded, and Recordation, shall mean the recording, or "filing," of a legal document by the Recorder of Butte County, California.

1.41 Residence, or Residential Area: see Lot.

1.42 Restrictions, or Carriage Manor Restrictions, shall mean this Declaration, together with any Supplemental Declarations and Amendments, and the Carriage Manor Rules, all as from time to time effective.

1.43 Rules, shall mean the regulations adopted by the Board pursuant to Section 2.5.g and Section 2.7 of this Declaration, and as published from time to time in the Carriage Manor Rules.

1.44 Rules of Order, means the set of parliamentary procedures adopted by the Association for the conduct of its meetings. (See By-laws 6.10)

1.45 Subdivision, or Tract, shall mean a parcel of real property that has been divided or separated into lots, as shown on a recorded subdivision map.

1.46 Supplemental Assessment, shall mean an extra assessment to augment the Operation Assessment during a given assessment period.

1.47 Supplemental Declaration, shall mean any declaration of covenants, conditions and restrictions, which may be recorded by the Board pursuant to Section 2.1.b.

1.48 Taking, shall mean condemnation by eminent domain, or sale under threat of condemnation. (See Article IX)

1.49 THIS Lien, or: THAT Lien: THIS lien shall mean a lien resulting from processes brought by This Declaration, THAT lien shall refer to a mortgage-related lien. (See Section 10.4)

1.50 Tract: See Subdivision

1.51 Unit, shall mean a single-family residence located on a Carriage Manor Lot.

1.52 Vote, shall mean the franchise enjoyed by each Owner according to Section 2.3 below.

ARTICLE II
CARRIAGE MANOR HOMEOWNERS ASSOCIATION

For the public record, this Article lists the powers and duties of the Association, and summarizes selected parts of the Association's By-laws that are necessary to render this Declaration self-sufficient and effective. However, the governing document for the Association is its By-laws.

2.1 Organization

2.1.a The Association. The Association is a nonprofit California corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, the By-laws, and This Declaration.

To protect the public and others relying on this recorded Declaration, neither the Articles nor the By-laws shall, for any reason, be separately amended, or otherwise changed or interpreted, so as to be inconsistent with this Declaration. Thus, the By-laws and Articles may be amended, but only in coordination with This Declaration.

2.1.b Subsidiary Associations. Nothing in This Declaration shall prevent the creation, by Supplemental Declarations, of Subsidiary Associations to assess, maintain or manage portions of Carriage Manor or to own or control portions for the common benefit of Lot Owners in the portions subject to such Supplemental Declarations.

2.2 Membership.

2.2.a Qualifications. Each Owner of a Lot, by virtue of being such an Owner and only for so long as he is such an Owner, shall be deemed a Member of the Association. Ownership of such Lot shall be the sole qualification for membership.

2.2.b Transfer of Membership. Membership shall not be transferred, pledged or alienated in any way except upon the conveyance or sale of a Lot and then only to the conveyee or purchaser as the new Owner. Any transfer of title to a Carriage Manor Lot shall automatically transfer membership to the new Owner. Membership transfers with title only, not with security interest.

Any attempt to make a prohibited transfer shall be void.

2.3 Voting

2.3.a Voting Rights. Only membership shall have voting rights. Homeowners and Lot Owners shall be entitled to one (1) vote for each Lot owned.

2.3.b Proxy. Any Owner may designate a person to exercise his vote, by written notice to the Secretary at any time up to twenty-four (24) hours before a vote is to be taken. The designation may also be revoked at any time by similar notice to the Association.

Such powers of designation and revocation may be exercised by an

Owner's guardian, conservator, parent entitled to his custody, executor, administrator, or in the case of a corporate Owner, by any officer or by any other person authorized by its Board of directors.

2.3.c Joint Owner Dispute. The vote for each Lot shall, if at all, be cast as a single vote, and fractional votes shall not be allowed. If joint Owners cannot agree how their vote shall be cast, they shall lose their right to vote until they do.

If any Owner casts a vote and it is not challenged by a Co-Owner before the vote tally is announced, it will be conclusively presumed for all purposes that that voter was acting with the authority and consent of all other Owners of the same Lot.

2.4 Meetings of Members.

2.4.a Chair and Secretary. Preferably, for all meetings of the Members, the President of the Association (or, if absent, any Vice President) shall act as chair, and the Secretary (or, if absent, any assistant secretary) shall act as secretary. Alternatively, meetings shall be conducted by officers in the order of their priority, with the chair appointing a secretary pro tem.

If the officers fail or are unable to staff a Members' meeting as required above, or if the Board fails to call an Annual Meeting, or a Special Meeting of the Members as requested, the Members may, upon

aggregating seventy-five (75%) of the vote, call and/or staff their meeting on their own account.

2.4.b Annual Meeting. There shall be an Annual Meeting of the Members on the fourth Thursday of April of each year at 7:30 P.M. The Board will provide written notice to the Members specifying the time and location. The Board may, for good cause, designate another location in Butte County, California. It may, also for good cause, specify another reasonable time not more than thirty (30) days before or after the above date.

Notice shall be given to the Members not less than ten (10) days or more than sixty (60) days prior to the above date.

At each Annual Meeting, the Board shall present a written Statement of Assessment and Common Expenses, itemizing receipts and disbursements for the preceding calendar year, within ten (10) days after each Annual Meeting, such statement shall be delivered to the Members not present at said meeting.

2.4.c Special Meeting. A Special Meeting of the Members shall be called by the Board upon: (1) a resolution for such meeting by the Board; or (2) receipt of a written request signed by at least fifty-one (51) percent of the Members. Notice for a Special Meeting shall meet the same

requirements as notice for the Annual Meeting and shall specify the purpose stated in the Board's resolution or in the request from the Members.

2.4.d Quorum. No business, except adjourning to a future time, may be conducted at any meeting of the Members unless a quorum of fifty (50) percent of the Members' vote is present, either in person or by proxy.

If any Annual Meeting cannot be held because a quorum is not available, the Members present, either in person or by proxy, may adjourn to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was scheduled. At that meeting, the quorum required shall be twenty-five (25) percent of the total votes.

2.4.e Rules of Order and Order of Business. See By-laws Section 6.10.

2.5 Duties of the Association. The Association shall carry out the duties set forth in This Declaration, and in the Articles and By-laws, for the benefit of the Owners of each Lot in Carriage Manor.

2.5.a Protect Association Property. Accept delivery and exercise dominion over all real and personal property conveyed to the Association, including Common and Private Street Areas, easements for operation, maintenance and access, equipment, etc.

2.5.b Protect Association Exemption under HOPA. Ensure that Owners/principal occupants of all units in Carriage Manor are age fifty-five (55) or over, that the residents of absent or deceased Owners are monitored for HOPA compliance, and that the biennial HOPA Survey is conducted on schedule and analyzed, documented, and archived for proof of compliance.

2.5.c Distribute Property Upon Dissolution. Convey the assets of the Association, upon its dissolution, to public or nonprofit agencies, acceptable to the Franchise Tax Board and the Internal Revenue Service, to promote the same purposes for which the Association was created.

2.5.d Manage Common and Private Street Areas. Operate and maintain, directly or indirectly, all Common and Private Street Areas, including landscaping, and keeping all improvements of whatever kind or purpose located thereon in good order and repair.

2.5.e Pay Taxes. Pay, contest, or comprise all general and special real property taxes and assessments levied upon any Association property to the extent not assessed to the Owners.

If contested or compromised, however, pay the taxes or post a bond to insure that payment is posted prior to sale or other disposition of the property.

2.5.f Provide Insurance. Obtain and maintain in force the following policies of insurance to protect the Association's interest.

(Note that no member of the Board or of the Association shall work within Carriage Manor for pay by the Association without proof of personal insurance sufficient to satisfy the Association's carriers of the insurance specified in (ii) and (iii) below.)

(i) Fire and extended coverage insurance on all improvements owned by or leased to the Association, in an amount not less than eighty (80) percent of the actual replacement value, exclusive of the cost of land, excavations, foundations, and footings.

(ii) Bodily injury and property damage liability insurance for all risks to the Association, with limits and deductibles as determined by the Board.

(iii) Workers' compensation insurance to the extent necessary to comply with all applicable laws.

2.5.g Make and Enforce Rules. Make, enforce, amend, and repeal Rules of the Association as provided in Section 2.7 below.

2.5.h Maintain an Architectural Committee. Appoint and remove members of an Architectural Committee as provided in Article III below, and insure that, at all reasonable times, there is available a duly constituted and appointed Architectural Committee.

2.5.i Enforce Restrictions and Rules. Perform such other acts, whether or not expressly authorized, as may be reasonably necessary to enforce any of the provisions of This Declaration and the Rules of the Association.

2.5.j Manage Purchasing. Justification requirements and authorization limits for each category of purchase by the Association shall be detailed and open to inspection by its Members. Aside from utilities, all services exceeding \$1,000.00 per service or per year will be bid out and the bids analyzed and approved by the Board as follows: Except as provided below there will be no contracts between the Association and its officers or directors, or their relatives. No contract shall run longer than one year.

No director, or officer may receive pay for their duties on the Board unless such pay is voted upon, with a majority of fifty-one (51) percent of the Association Members' votes in favor of such pay. All payments must conform to applicable state and federal law.

Contractors desiring work with the Association may pre-qualify themselves for placement on a prospective bidders list.

2.5.k Audit. The Board shall have the financial affairs of the Association audited every five (5) years, and each fiscal year that the gross income exceeds \$75,000. The Board shall deliver a copy of such audit to each Owner within thirty (30) days after receipt by the Board.

During any of the above audits, or separately at any other time, the Board may also have audited the Association affairs of any director, officer, or employee of the Association.

Any owner may, at any time and at his own expense, cause an audit or inspection to be made of the books and records of the Association by a certified public accountant, provided that it occurs during normal working

hours and without unnecessary interference with the operations of the Association.

2.5.1 Financial Statements. The Board shall prepare and distribute financial statements to owners as follows:

(i) A budget operating statement for the coming year shall be distributed not less than sixty (60) days before the beginning of the year.

(ii) A balance sheet and actual operating statement for the past year shall be distributed within ninety (90) days after the end of the year.

2.5.m Inspection. All Association books, contracts, and records shall be open to any Member during regular business hours, but shall not be removed from the clubhouse. A member of the Board must be present during such inspection. See By-laws Section 11.3 for further details.

2.6 Powers and Authority of the Association. The Association shall have all the power permitted to a California nonprofit corporation, subject only to limitations expressed in the Articles, the By-laws, and this Declaration.

The Association shall have the power, with fifty-one (51) percent of the Members' votes, to do any lawful thing that may be required or permitted by this Declaration or the Association's Articles or By-laws, including the following:

2.6.a Assessments. To levy assessments, authorized or required by this Declaration, against the owners of Lots, and to collect amounts so assessed, per Articles V and VI below.

2.6.b Rights of Enforcement.

(i) The Association shall have the power and authority from time to time, on its own behalf or on behalf of any consenting Owner, to commence and maintain actions to restrain and enjoin any actual or threatened breach of the Restrictions, and to enforce all provisions of the Restrictions.

(ii) The Association shall have the power to levy an Infraction Assessment, including periodic penalties for noncompliance, against any Owner who is in violation of a Carriage Manor Restriction.

(iii) The Association shall have the power to levy an Infraction Assessment against a defaulting Owner, in advance of actually performing corrective work, in amounts anticipated for performing the corrective work.

(iv) The Association shall have the power to lien the Lot(s) of an Owner who is in default for any Assessment, and to include cost, such as attorneys' fees, according to proof, anticipated to be incurred in collecting the Assessment.

(v) Assessment and lien procedures are provided in Article V and VI below.

2.6.c Easements and Right-of-Way. To grant and convey to any person an easement, right-of-way, parcel or strip of land in, on, over, or under any Association property for the purpose of constructing, erecting, operating or maintaining:

(i) Roads, streets, walks, driveways, access ways, parkways, and park areas.

(ii) Underground lines, cables, wires, conduits or other devices for the transmission of electricity for lighting, heating, power, telephone, and other purposes.

(iii) Sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating, and gas lines or pipes.

(iv) Any similar improvement or facilities.

2.6.d Repair and Maintenance of Association Property. To maintain and repair the Common and Private Street Areas and all improvements thereto.

2.6.e Professional Services. To retain and pay for legal, accounting, and other professional services necessary or proper for the operation of the Association Property, enforcement of the Carriage Manor Restrictions, or in performing any of the other duties or rights of the Association.

2.7 Rules. The Board may adopt such Rules as it deems proper for the use of the Association and all other property in Carriage Manor.

A copy of these Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. At the Board's discretion, such copy may, but need not be, recorded.

Upon such mailing, delivery, or recordation, the Carriage Manor Rules shall have the same force and effect as if they were set forth in and were a part of the Declaration.

A copy of the then-current Rules shall be given to each new Owner.

2.8 Liability Clause. Every Owner agrees that no member of the

Board, or other agent or employee of the Association, including the Architectural Committee and its members, shall be personally liable for damages or other loss due to any act or omission of the Association, its Board, or other agents or employees, provided said person acted in good faith.

However, in the event the Board should vote to enter the Homeowners Association into debt without at least a seventy-five (75) percent favorable vote of the Association Members, then the Members shall be able to enter a class action lawsuit on behalf of the Association against members of the Board for misappropriation of Association funds.

ARTICLE III

ARCHITECTURAL COMMITTEE

3.1 Purpose. To maintain control over the appearance of Carriage Manor, the Board shall appoint an Architectural Committee (in this Article, the "Committee") of three (3) persons. The Committee shall propose and enforce architectural guidelines, maintain and preserve a history of actions specific to each property in Carriage Manor, and a consolidated chronological journal of all requests and complaints to the Committee, with its notes and disposition.

3.2 Rules. The Association makes guidelines to preserve and evolve the character and spirit of Carriage Manor, while honoring the rights of each person, and their neighbors, to reasonable expression. Since styles, technology, and preferences change over time, these guidelines are listed,

and amended from time to time, in the Rules of the Association.

3.3 Compliance: Basic Presumption. In the absence of notice from the Committee, each Owner may presume that his or her Lot is in compliance with the Rules.

This presumption will not excuse or “grandfather” any violation of the Rules, relieve prospective Owners from obtaining a walk-through and certification by the Committee prior to closing escrow, or prevent any owner from requesting certification, at any time, that their Lot or Unit is in compliance.

3.4 Application. Before making any externally visible changes to a Lot, Unit, or Common Area that may be subject to the Rules, the Owner, or his agent, shall apply to the Committee for permission to proceed.

The application may be informal for small projects, at the Committee’s discretion, but shall be in writing over the Owner’s signature, and include sketches, plans, specifications, and photos sufficient to enable the committee to render a proper decision.

The Application, with all attachments, becomes the property of the Committee, and shall be maintained in its archives for the property in question. Field copies, for the Owner or the Committee, may be marked “Conformed” if copied directly by the Committee. The Committee shall not be liable for discrepancies in any other type of copy.

3.5 Decision. After a complete application is received, the Committee will have thirty (30) days to investigate and render a decision. If a meeting

of neighbors is required, the time is extended to forty-five (45) days.

Decisions of the Committee shall be reported to the Board for approval.

3.6 Complaint. Any Member of the Association may file a complaint with the Committee about a questionable interpretation or application of the Rules anywhere in Carriage Manor.

A complaint journal will be set up and maintained by the Committee to maintain a brief history of its decisions. The chair or secretary of the Committee will assign a consecutive number for each complaint that the Committee deems worthy of attention, or for which complainant requests formal attention.

After the Committee investigates, its options include:

3.6.a Explain the problem to the owner in question, explore ways to mitigate the problem, set and adjust goals and schedules for compliance, and, if necessary, proceed with enforcement;

3.6.b Find the Rule(s) to be inappropriate and propose corrections; or,

3.6.c Explain to the complainant how the Committee sees no infraction, and close the case.

3.7 Appeal. Any adverse decision, or lack of response, by the Committee to a complaint, may be appealed directly to the Board or to the entire membership. An appeal to the Board may be decided on a simple majority. Appeals to the membership will require fifty-one (51) percent favorable vote to reverse a decision by the Committee or the Board, or to

require specific action from either of them.

3.8 Liability. Every person agrees that, by submitting an application to the Architectural Committee, he will be bound by the terms of the Liability Clause in Section 2.8 above, and not bring any action or suit against the Board, the Association, the Architectural Committee, or any of their members or agents, to recover any such damage or loss except as noted in Section 2.8.

3.9 Notice of Noncompliance or Noncompletion. The Architectural Committee and the Board shall journal and suspense remodeling and new construction in Carriage Manor for follow-up at an appropriate future date. If a permit seems required and is not in evidence, the project will be reported to the County and disposition properly noted. If the project seems noncompliant or unlikely to complete within one year of permit issuance, the Architectural committee and/or Board shall record and properly serve notice(s) of noncompliance or noncompletion, and/or commence legal proceedings.

For the benefit of purchasers and encumbrancers in good faith and for value, a Lot and its improvements shall be deemed to be in compliance with all provisions of this Article III, if, after the expiration of one (1) year from the date of issuance of a building or other permit by local governmental authority, no notice or legal proceedings appear of record.

3.10 Variances. Where circumstances, such as topography, locations of property lines, or trees, or other matters require, the Architectural

Committee may allow, by vote or written consent all of the association Members, reasonable variances on anything in this Declaration subject to this Committee. Provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of Carriage Manor.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON AREAS

4.1 Members' Easement of Enjoyment. Subject to the provisions of Section 4.2 below, every Member shall have a right and easement of enjoyment in and to the Common Areas, and such easement shall be appurtenant to and shall pass with the title to every assessed Lot.

4.2 Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

4.2.a The Right of the Association, in accordance with its Articles and By-laws, to borrow money for the purpose of improving the Common Area and its facilities, if any, and therefore to mortgage or deed, in trust, said Common Area provided, however, that the rights of the mortgagee or beneficiary shall be subordinate to the rights of the Members.

4.2.b The rights of the Association to take steps reasonably necessary to protect the Common area against foreclosure.

4.2.c The rights of the Association as provided in its By-laws, to suspend the voting rights of any Member for any period during which any assessment against his Lot remains unpaid and delinquent, and for a period

not to exceed thirty (30) days for any infraction of its published Rules and regulations that is not continuing or curable.

4.2.d The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members.

However, no such dedication or transfer shall be effective unless approved by the vote or written consent of Members entitled to exercise not less than seventy-five (75) percent of the voting power of the membership and an instrument in writing is recorded and signed by the Secretary of the Association certifying that such dedication or transfer has been approved by the required vote.

4.2.e The right of the Association to establish uniform Rules and regulations pertaining to the use of the Common Areas and the facilities thereon.

4.3 Major Expenditures. Any non-budgeted expenditure over twenty-four hundred dollars (\$2,400.00) must be approved by fifty-one (51) percent of all the Association Members. All receipts must be shown and retained in the treasurer's permanent record.