

of current maintenance costs and future needs of the Association, have the authority from time to time to increase or decrease the amount of the annual assessment to any amount up to and including the maximum assessment as herein set out. No advance notice thereof need be given to Members.

SECTION 4. Maximum Annual Assessment. The maximum annual assessment shall be Five Hundred Dollars; provided, however, that this amount may be increased by the consent of two-thirds (2/3) of the total of all votes cast by Members of all classes combined, in person or by proxy, at a special meeting called for such purpose.

SECTION 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any capital improvements, including repairing, maintaining, and improving any common area; provided, however, that any such assessment shall have the assent of two-thirds (2/3) of the total of all votes cast by Members of all classes combined, in person or by proxy, at a special meeting called for such purpose. The Board of Directors shall establish the due date of any special assessment approved by the Members.

SECTION 6. Notice of Any Action Authorized under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 and 5 shall be sent by United States mail to every Member (at his address on file with the Association) not less than five (5) days, nor more than thirty (30) days, in advance of the meeting.

SECTION 7. Uniform Basis of Assessment. Both annual and special assessments must be fixed on a uniform basis for all platted lots of record, and shall be paid on an annual basis unless the Board of Directors shall determine that such assessments shall be paid semi-annually, quarterly, or on some other basis.

SECTION 8. Date of Commencement of Annual Assessments:
Due Dates. The annual assessment provided for herein shall be due and payable on January 1 of each year unless the Board of Directors shall otherwise determine; provided, however, that when an Owner makes the initial purchase of a lot from the Developer, that Owner shall pay a prorata share of the annual assessment based upon the number of full months from date of purchase remaining in that year. For purposes of this provision, ownership for a part of a month encompassing fifteen days or more shall be considered ownership for a full month, while ownership for a part of a month encompassing less than fifteen days shall not be considered ownership for a full month. Any prorata share shall be due and payable on the date of purchase. The Board of Directors shall, as provided for in this Declaration, fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent by United States mail to every Owner subject thereto (at his address on file with the Association).

SECTION 9. Effect of Non-Payment of Assessments. Any assessment not paid within thirty (30) days after the due date shall be delinquent. If an assessment is not paid within thirty (30) days after the due date, then the Association may assess a late payment charge of Five Dollars (\$5.00) or four percent (4%) of the amount of any delinquency, whichever is greater, and the Association may bring an action at law against any defaulting Member personally obligated to pay the same, or foreclose any lien against the lot in question whether the same be created herein or by any other instrument, and late charges, costs, and reasonable attorney's fees of any such action shall be added to the amount of the assessment. Each Owner of a lot in Pinebrook East, Phase 1, by his acceptance of a deed to a lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including judicial foreclosure by an action brought in the name of the Association in a like manner as enforcement or foreclosure of a mortgage or deed of trust lien on real property, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other lot Owners. No Owner may waive or otherwise escape liability for the assessments provided for hereby by non-use of any common area or abandonment of his lot. These assessment obligations have been made by such Members in consideration of the rights of use and enjoyment of the Property and any common area, and shall not be considered dues.

SECTION 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any purchase money first mortgage or deed of trust. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage or deed of trust foreclosure, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof. The Owner of a lot may create a second mortgage or deed of trust thereon subject to the following conditions:

(a) That any such second mortgage or deed of trust shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for assessments, and other payments created by this set of covenants and by the By-Laws.

(b) That the mortgagee or deed of trust beneficiary under any second mortgage or deed of trust shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title, and interest in and to the proceeds under all insurance policies upon said premises. Such release shall be furnished forthwith by a second mortgagee or deed of trust beneficiary to the Association upon written request.