

of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after that date, unless it specifies a shorter term.

(4) Any Unit held by the Association shall not be entitled to vote. Voting rights of Members, as set forth in the By-Laws may not be inconsistent with the provisions in this Article.

(5) Only members in good standing shall be entitled to vote. A member shall lose his good standing status should any Association assessments or fines remain delinquent when due for a period of ninety (90) days.

H. Tort and Contract Liability: An action alleging a wrong done by the Association must be brought against the Association and not against any Unit Owner. If the wrong occurred during any period of Declarant control and the Association gives Declarant reasonable notice of and an opportunity to defend against the action, Declarant is then liable to the Association or to any Unit Owner for (i) all other losses not covered by insurance suffered by the Association or that Unit Owner, and (ii) all costs that the Association would not have incurred but for a breach of contract or other wrongful act or omission. Whenever Declarant is liable to the Association under this section, Declarant is also liable for all expenses of litigation, including reasonable attorney's fees incurred by the Association. Any statute of limitation affecting the Association's right of action under this section is tolled until

the termination of Declarant control. A Unit Owner is not precluded from maintaining an action contemplated by this section because he is a Unit Owner, member or officer of the Association.

I. Association Conveyance or Encumbrance of Common Elements:

(1) Portions of the Common Elements may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty per cent (80%) of the votes in the Association, including eighty per cent (80%) of the votes allocated to Units not owned by Declarant agree to that action.

(2) An agreement to convey Common Elements or to subject them to a security interest must be evidenced by the execution of an agreement or ratification thereof in the same manner as a deed, by the requisite number of the Unit Owners.

(3) The Association, on behalf of the Unit Owners, may contract to convey an interest in the Common Elements pursuant to subsection I (1), but the contract is not enforceable against the Association until approved pursuant to subsections I (1) and I (2). Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

(4) Unless made pursuant to this section, any purported conveyance, encumbrance, judicial sale or other voluntary transfer of Common Elements of the CIC is void.

(5) A conveyance or encumbrance of Common Elements pursuant to this section does not deprive any Unit of

its rights of access or ingress, egress and regress across the roads and ways as designated upon the recorded plats of the Subdivision.

(6) A conveyance or encumbrance of Common Elements pursuant to this section does not affect the priority or validity of pre-existing encumbrances.

J. Insurance:

(1) Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, the Association shall maintain, to the extent reasonably available:

(a) Property insurance on the Common Elements against fire and extended coverage perils for undeveloped Units. The total amount of insurance after application of any deductibles must be not less than eighty per cent (80%) of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies; and,

(b) Liability insurance, including medical payments' insurance, in limits of \$300,000/\$1,000,000 and thereafter, in an amount determined by the Board so to cover all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

(2) If the insurance described in subsection J (1) is not reasonably available, the Association shall promptly cause notice of that fact to be hand-delivered or sent postage

prepaid by United States Mail to all Unit Owners. The Association may carry any other insurance it considers appropriate to protect the Association or the Unit Owners.

(3) Insurance policies carried pursuant to subsection J (1) must provide that:

(a) Each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association;

(b) The insurer waives its right to subrogation under the policy against any Unit Owner or member of his household;

(c) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association will void the policy or be a condition to recovery under the policy; and,

(d) If, at the time of a loss under the policy there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(4) The Association shall hold any insurance proceeds in trust for the Association, Unit Owners and lienholders as their interests may appear. Subject to the provisions of subsection B, the proceeds must be disbursed first for the repair or restoration of the damaged property and the Association, Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the CIC is terminated.

(5) An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his own benefit.

(6) An insurer which has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or holder of a security interest. The insurer issuing the policy may not cancel or refuse it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association and each holder of a security interest to whom a certificate or memorandum of insurance has been issued at their respective last-known addresses.

(7) Any portion of the CIC for which insurance is required under this section which is damaged or destroyed must be repaired or replaced promptly by the Association unless (i) the CIC is terminated; (ii) repair or replacement would be illegal under any State or local statute or ordinance governing health or safety; or (iii) eighty per cent (80%) of the Unit Owners, including every owner of a Unit, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire loss is not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the CIC. Any surplus insurance proceeds shall be credited to the Common Expense for the benefit of the Unit Owners who were members of the Association at the time of the loss.

VI. ASSESSMENTS, LIENS AND RECORDS

A. Initial Assessment Deposit: The initial purchaser of any lot in Meadow Land Subdivision shall, on the date of purchase, pay to the Property Owners Association the sum of Two Hundred Dollars (\$200.00), as required by Section 3.04 of the By-Laws of said Property Owners Association.

B. Assessment for Common Expenses:

(1) Until the Association makes a Common Expense Assessment, the Declarant shall pay all Common Expenses. After an Assessment has been made by the Association, Assessments must be made at least annually based on a budget adopted at least annually by the Association.

(2) Except for assessments under subsections (3), (4) and (5), all Common Expenses must be assessed against all the Units in accordance with allocations set forth in Article VIII B(2)(g) of this Declaration. Any past due Common Expense Assessment or installment thereof bears interest at the rate established by the Association not exceeding eighteen per cent (18%) per year.

(3) It is further required that to the extent reasonably determinable:

(a) Any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited.

(4) Assessments to pay a judgment against the Association may be made only against the Units in the CIC at the time the judgment was entered, and in proportion to their Common

Expense liability.

(5) If any Common Expense is caused by the misconduct of any Unit Owner, or his invitees, lessees or tenants, the Association may assess that expense exclusively against his Unit.

C. Surplus of Assessment: Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any pre-payment of reserves must be credited to the Unit Owners in proportion to their Common Expense liability assessed to them to reduce their future Common Expense Assessments.

D. Lien for Assessments:

(1) The Association has a lien on a Unit for any Assessment levied against that Unit or fines imposed against its Unit Owner from the time the Assessment or fine becomes due. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due.

(2) A lien under this section is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the recordation of the Declaration; (ii) a first security interest on the Unit recorded before the date on which the Assessment sought to be enforced becomes delinquent; and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. The lien is also prior to all security interests described in clause (ii) above to the extent of the Common Expense Assessments based on the periodic budget adopted by the Association which would have