

(i) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of the professional Manager.

(j) When professional management has been previously required by a Beneficiary, insurer or guarantor of a first Mortgage, any decision to establish self-management by the Association shall require the approval of sixty-seven percent (67%) of the voting power of the Association and the Beneficiaries of fifty-one percent (51%) of the first Mortgages of Lots in the Properties.

(k) The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of FHLMC, FNMA, GNMA, VA or FHA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Lots with Dwelling Units thereon. Each Owner hereby agrees that it will benefit the Association and its Owners, as a class of potential Mortgage borrowers and potential sellers of their Lots, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

ARTICLE XII

12. Declarant and Merchant Builders Exemption. Declarant and Merchant Builders or their successors or assigns intend, but are not obligated, to construct Dwelling Units and develop all of the Lots in the Properties. The completion of that work and sale, resale, rental and other disposal of Lots is essential to the establishment and welfare of the Properties as a quality residential community. As used in this Article and its subparagraphs, the words "its successors or assigns" specifically do not include purchasers of Lots pursuant to transactions requiring the issuance of a Final Subdivision Public Report. In order that such work may be completed and the Properties be established as a fully occupied residential community as rapidly as possible, no Owner nor the Association may do anything to interfere with, and nothing in this Declaration may be understood or construed to:

(a) Prevent Declarant, Merchant Builders, their successors or assigns, or any of their contractors or subcontractors, from doing on any Lot owned by them whatever they determine to be necessary or advisable in connection with the completion of such work, including without limitation altering of construction plans and designs as Declarant or a Merchant Builder deems advisable in the course of development; or

(b) Prevent Declarant, Merchant Builders, their successors or assigns, or any of their representatives, from erecting and maintaining on any portion of the Properties owned or controlled by Declarant or a Merchant Builder, or their successors or assigns or any of their contractors or subcontractors, such structures as may be reasonably necessary to conduct the business of completing such work and establishing the Properties as a residential community and disposing of the same by sale, resale, lease or otherwise; or

(c) Prevent Declarant, Merchant Builders, their successors or assigns, or any of their contractors or subcontractors, from conducting on any Lot, or any portion thereof, owned or controlled by Declarant, Merchant Builders, their successors or assigns, the business of developing, altering, subdividing, grading

and constructing Dwelling Units and other Improvements on the Properties as a residential community and of disposing of Dwelling Units thereon by sale, lease or otherwise; or

(d) Prevent Declarant, Merchant Builders, their successors or assigns or any of their contractors or subcontractors, from maintaining such sign or signs on any portion of the Properties owned or controlled by any of them as may be necessary in connection with the sale, lease or marketing of Lots and Dwelling Units in the Properties; or

(e) Prevent Declarant or Merchant Builders, at any time prior to acquisition of title to a Lot by a purchaser from Declarant or a Merchant Builder, to establish on that Lot additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Properties; or

(f) Prevent Declarant, Merchant Builders, their successors or assigns, from unilaterally modifying their development plan for the Properties and the Annexable Territory, including without limitation designating and redesignating Phases and constructing Dwelling Units of larger or smaller sizes, values or of different types.

Declarant and Merchant Builders, in the exercise of their rights under this Article, may not unreasonably interfere with any other Owner's use of the Association Property. The Association shall provide Declarant and Merchant Builders with all notices and other documents to which a Beneficiary is entitled pursuant to this Declaration, provided that Declarant and Merchant Builders shall be provided such notices and other documents without making written request therefor. Nothing set forth herein shall be deemed to amend, modify or supersede any other written agreements between Declarant and any Merchant Builders.

ARTICLE XIII

13. General Provisions.

13.1 Enforcement of Restrictions.

13.1.1 Violations Identified by the Association. If the Board determines that there is a violation of the Restrictions, or that an Improvement which is the maintenance responsibility of an Owner needs installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the responsible Owner identifying (i) the condition or violation complained of, and (ii) the length of time the Owner has to remedy the violation.

If an Owner does not perform such corrective action as is required by the Board within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment.

If the violation involves nonpayment of any type of Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures set forth in Article VI.