

expense, covering the full replacement value of the Owner's Lot and residence (except to the extent any such Lot is encumbered by an easement conveyed to the Association as Common Area) and personal property, and personal liability insurance in a limit of not less than Three Hundred Thousand Dollars (\$300,000.00) in respect to bodily injury or death to any number of persons arising out of one accident or disaster, or for damage to property, and if higher limits shall at any time be customary to protect against tort liability such higher limits shall be carried. In addition, an Owner may obtain such other and additional insurance coverage on the Lot and residence as such Owner in the Owner's sole discretion shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Executive Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including TWL, should TWL be the Owner of any Lot. No Owner shall obtain separate insurance policies on the Common Area.

All Owners are required to maintain on file copies of all such current policies ~~with the Association~~ to evidence their obligations hereunder and to facilitate recovery of all appropriate awards or proceeds by the Association. The foregoing requirement shall be the sole obligation of the Owner, and the Association shall not be responsible for its enforcement nor incur any liability for the failure to insure compliance with this requirement.

ARTICLE XI

ASSESSMENTS

Section 11.01 Obligation.

Each Owner, including TWL, by accepting a deed for a Lot, is deemed to covenant to pay to the Association (i) **the Annual Assessments imposed by the Executive Board** as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Area and to perform the functions of the Association; (ii) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted under the Act; and (iii) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 11.02 Purpose of Assessments.

The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of The Springs at Mariana, for the improvement and maintenance of the Common Area and other areas of Association responsibility referred to herein, as more fully set forth in this Article below.

Section 11.03 Budget.

Within thirty (30) days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. **Unless at that meeting seventy-five percent (75%) of all Owners reject the budget, the budget is ratified,** whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The Executive Board shall adopt a budget and submit the budget to a vote of the Owners as provided herein no less frequently than annually. The Executive Board shall levy and assess the Annual Assessments in accordance with the annual budget.

Section 11.04 Annual Assessments.

Annual Assessments for Common Expenses made shall be based upon the estimated requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to **Section 11.03** above. Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance and operation of the Common Area; expenses of management; taxes and special governmental assessments pertaining to the Common Area and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping, care of grounds within the Common Area; routine repairs and renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs, and replacement of improvements within the Common Area on a periodic basis, as needed.

Annual Assessments, except for the initial annual assessment, shall be payable on a prorated basis each year in advance and shall be due on the first day of each month, calendar quarter or year, as determined by the Executive Board. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year. In the alternative, the Executive Board may elect to allocate any such excess Assessments to an Association working capital fund or to an Association reserve fund.

Section 11.05 Initial Annual Assessment.

The initial annual assessment in the amount of \$360 is non-prorated. This amount shall be due and payable for the year that any Lot is purchased by an Owner. This payment is intended to cover the costs incurred by the Association for the production of Association Documents provided to the Owner and the services of a licensed architect for the house design plan and landscape plan reviews. The initial annual assessment shall be paid by the Owner at time of

use will be subject to the Association rules adopted by the Executive Board from time to time.

- (bb) Camping and Picnicking. No camping or Picnicking will be allowed within the Property except in those areas designated for those purposes. The Executive Board, in its discretion, may ban or permit public assemblies and rallies within the Property.
- (cc) House Numbers. Each dwelling unit will have the house number clearly displayed and illuminated on a masonry or cast bronze plaque architecturally integrated into the front yard or the front exterior of the home. The design and location is to be shown on the house plans and submitted for review and approval by the Design Review Committee.
- (dd) Nuisance. No obnoxious or offensive activity will be carried on within the Property, nor will anything be done or permitted which will constitute a public nuisance. No noise or other nuisance will be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or its occupants. Owners acknowledge and accept the individual, personal responsibility to make a reasonable, diligent, and courteous effort to bring to the attention of the offending party any obnoxious or offensive activity and resolve the issue prior to involving the Design Review Committee or the Executive Board.
- (ee) Pools. No swimming pools shall be installed above ground. Pumps and related equipment and Jacuzzis and hot tubs shall be concealed so as not to be visible from the neighboring Lots and streets. The design and installation of any pool, Jacuzzi, or hot tub shall require the approval of the Design Review Committee.
- (ff) Energy Conservation Equipment. No unsightly finishes, reflective surfaces (which cause glare to neighboring Lots or streets) or unsightly exposed piping and wiring are permitted on any solar energy collector panels or attendant hardware or other energy conservation equipment constructed or installed on the Property.
- (gg) Air Conditioning Units. Compressors and fans for central air conditioning systems located outside the exterior of a building shall be adequately walled, fenced, or landscaped to prevent unreasonable noise and exposure. Air conditioning units extending from windows or protruding from roofs are not permitted.
- (hh) Screening and Fencing. No wall, fence, hedge or similar structure shall be placed, constructed, erected or permitted on any portion of the Property unless approved by the Design Review Board. No wire or chain link boundary fence shall be permitted, except that wire mesh matching the height of the rail fence may be attached to rail fence. Additional open rail fences matching the rail fence installed by the Developer may be installed by the property owner and may extend into the front yard or side yard, including placement on the side property lines. Solid fencing is specifically prohibited along any lot line within this project **except along the west boundary of Lots 1, 2, 3, and 4 of Block 1 where solid fencing, not to exceed a height of 6', may be constructed provided that such solid fencing is built with a uniform design utilizing consistent materials as approved by**

the Design Review Committee. Courtyard walls are permitted to enclose patios or other areas within twenty (20) feet of the dwelling unit, provided that such walls are limited to a height of six (6) feet and shall not extend into the front or side yards any closer than the dwelling unit itself. Courtyard walls shall be custom designed wood or masonry walls that compliment the architectural style of, and are compatible with the color of, the dwelling unit. All fencing shall be located entirely within the boundaries of the lot on which they are located, and shall not block approved drainage patterns from adjacent parcels. The SMHOA shall be responsible for on-going maintenance of the rear yard timber rail fences after construction by the Developer.

- (ii) Decks and Patios. No metal or fiberglass awnings or roofs shall be permitted over decks and no patio enclosures shall be allowed, on any Lot, unless approved by the Design Review Committee.
- (jj) Artificial Vegetation. No artificial vegetation shall be permitted on any portion of the Property or on the residence built on the Lot.
- (kk) Intersection Sight Distances. Except as may be required for traffic control equipment and postal facilities, no fence, wall, shrub, planting or other structure shall be placed or planted on any portion of the Property near a street junction, if such structure may obstruct the sight lines between two and one half feet (2 ½') and eight feet (8') above the top of the street edge, within the triangular area formed between points twenty feet (20') from the junction of such street edges.
- (ll) Landscaping and Ground Maintenance.
 - (i) A landscape plan showing the location and identity of all proposed landscaping elements (trees, shrubs, plants, statuary, ground cover, yard ornaments, ponds, stones, etc.) shall submitted to the Design Review Committee by each Owner for review and approval prior to installation of any landscaping on a Lot. The landscape plan may be submitted concurrently with the dwelling plans, or separately at a subsequent date not later than twelve (12) months after commencement of the dwelling construction.
 - (ii) Within seven (7) months or before the conclusion of one (1) full growing season (defined as the period from May 1 through October 31) after substantial completion of the dwelling, but no later than eighteen (18) months after commencement of the dwelling construction, all landscaping elements, as depicted in the approved landscape plan, shall be attractively installed on the Lot. The installation of landscaping may be phased over a longer period of time if phasing is clearly indicated on the landscape plan approved by the Design Review Committee.
 - (iii) Minor revisions to the approved landscape design/plan can be made by the Owner without review or input from the Design Review Committee. Major revisions to the approved landscape design/plan (defined as the addition, deletion, or