

ARTICLE IV
Assessments

Section 1. Assessments Generally.

(a) Declarant, for each Condominium it owns within the properties, and each Owner of a Condominium, by acceptance of a deed therefor (whether or not it shall be so expressed in such deed), covenants and agrees to pay to the Association the Regular Assessments, Special Assessments and Special Individual Assessments as set forth below. Regular Assessments shall commence with respect to all Condominiums within any phase of the Properties on the date of the closing of the first sale of a Condominium within said phase to an Owner other than the Declarant. Voting rights attributable to any Condominium within the Properties shall not be vested until Assessments against the Condominium have been levied by the Association.

(b) Each installment payment of any Regular Assessment and each lump sum or installment payment of any Special Assessment or Special Individual Assessment, together with any interest charge provided in subparagraph (c) hereof and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall be a separate debt of the Owner against whom the same has been assessed and, with the exception of Special Individual Assessments, is hereby declared and agreed to be a lien upon and against the Condominium so assessed only when the Association causes to be recorded in the Office the County of Douglas Recorder a Notice of Delinquent Assessment, executed by an authorized representative of the Association in the nature of a mortgage with a power of sale in accordance with Nevada Statutes (or a comparable superseding statute), all as more particularly described in Section 9 of this Article IV. Each Owner who acquires title to a Condominium (whether at a judicial sale, trustee's sale or otherwise) shall be personally liable for only Assessments attributable to the Condominium so purchased which become due and payable after the date of such sale; provided that any unpaid Assessments of a previous Owner shall remain the debt of the previous Owner against whom assessed and any lien created pursuant to the provisions of this Article IV by reason of such unpaid Assessments shall remain in force and effect as a lien on the Condominium sold and may be subject to foreclosure as provided in Section 9 hereof.

(c) If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid on or before the delinquency date established by the Board consistent with Nevada Statutes, such payment shall be delinquent and the amount thereof shall bear interest at the maximum rate allowed by law from and after the due date until the same is paid.

(d) No Owner may exempt himself or herself or the Owner's Condominium from liability or charge for such Owner's share of any Regular or Special Assessment made against his or her Condominium, by waiving or relinquishing, or offering to waive or relinquish, the

Owner's right to use and enjoy all or any portion of the Common Area or Common Facilities or by the Abandonment or non-use of his or her Condominium.

Section 2. Regular Assessment and Increases in Assessments.

(a) Estimate. Not less than 45 or more than 60 days prior to the beginning of the Association's fiscal year (which may correspond to the calendar year), the Board shall prepare a budget meeting with requirements of Article XII, Section 10, of the Bylaws and shall establish the Regular Assessment necessary to fund the estimated Common Expenses (including additions to the reserve fund for major repairs to, or replacement of, Common Facilities) for the next succeeding fiscal year; provided, however, notwithstanding anything herein to the contrary, the Board may not impose a regular assessment that is more than twenty per cent (20%) greater than the regular assessment for the Association's preceding fiscal year or impose special assessments which in the aggregate exceed five per cent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of owners, constituting a quorum, casting a majority of the votes at a meeting or election of the association. For purposes of this section, quorum means more than 50 percent of the owners of an association, provided, that the foregoing provisions do not limit assessment increases for the following purposes:

(i) An extraordinary expense required by court order.

(ii) An extraordinary expense necessary to repair or maintain the project, or any part of it for which the association is responsible where a threat to safety of persons is discovered.

(iii) Repairs to or maintenance of the project that could not have been reasonably foreseen in preparing the budget. Prior to imposition of the assessment, the board would be required to make written findings, distributed to the members, as to the necessity of the expense and why it could not have been foreseen.

(b) Allocation of Regular Assessment. The total estimated Common Expenses determined in accordance with subparagraph (a), shall be divided among, assessed against, and charged to Owners and their units according to the ratio of the number of Condominiums within the Properties owned by the Owner assessed to the total number of Condominiums subject to Assessment (so that each Condominium bears an equal portion of the total Assessment).

(c) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded upon an assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable time by an Owner or an Owner's authorized representative. The assessment roll shall show for each Condominium the name and address of the Owner of Record thereof, all Assessments levied against the Owner and any Regular or Special Assessments levied against the Owner's Condominium, and the amount of such Assessments which have been paid or remain unpaid.

The delinquency statement required by Article II, Section 5 hereof shall be conclusive upon the Association and the Owner of such Condominium as to the amount of the outstanding indebtedness attributable to any unit as of the date of such statement, in favor of all persons who rely thereon in good faith.

(d) Mailing. The Board shall cause to be mailed to each Owner (including Declarant with respect to any unsold or retained Condominiums) at the street address of the Owner's Condominium, or at such other address as the owner may from time to time designate to the Association in writing, a statement of the amount of the Regular Assessment for the next succeeding fiscal year not less than 45 days and not more than 60 days prior to the beginning of the fiscal year.

(e) Failure to Make Estimate. If for any fiscal year the Board shall fail to make an estimate of the Common Expenses, then in such event the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 3(a) hereof for that year, shall be assessed against each Owner and the Owner's Condominium on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic assessment shall be payable on the regular payment dates established by the Association.

(f) Installment Payment. The Regular Assessment levied against each Owner shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association's Board of Directors. Monthly installments of Regular Assessments shall be delinquent 15 days after they become due.

Section 3. Special Assessments.

(a) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then the Board shall make an additional Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(b) Capital Improvements. Subject to subparagraph (c) hereof, the association may also levy Special Assessments for capital improvements of the Common Area and Common Facilities, unrelated to repairs for damage to or destruction of the Common Facilities, unrelated to repairs for damage to or destruction of the Common Facilities (which are to be funded through Regular Assessments and/or the proceeds of insurance maintained by the Association whenever practicable).

(c) Special Assessments Requiring Membership Approval. No Special Assessment described in subparagraphs (a) or (b) hereof shall be made in any fiscal year without the vote or assent by written ballot of a majority (more than 50 percent) of the members of the Association other

than the Declarant if such Special Assessments, in the aggregate, will exceed 5% of the budgeted gross expenses of the Association for that fiscal year.

(d) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his Condominium on a pro rata basis as described in subparagraph 2(b) above and recorded on the Association's Assessment Roll and notice thereof shall be mailed to each Owner, including any Special Assessment imposed against the Owners to raise funds for the rebuilding or major repair of the Common Area or any structural Common Area housing any portion of the Units. Special Assessments for purposes described in subparagraph (a) shall thereafter be due as a separate debt, payable to the association in equal monthly installments during the remainder of the then current year. Special Assessments for purposes described in subparagraph (b) shall thereafter be due as a separate debt and payable in full to the Association within 30 days after the mailing of such notice or within such extended period as the Association shall determine as being appropriate considering the circumstances giving rise to such Special Assessment. Special Assessments described in subparagraph (c) shall be payable in the manner specified by the Orion Condominium Association, Inc.

(e) Transfer fee. The association may charge or collect the actual cost to change its records in connection with the transfer of a lot or unit.

Section 4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Association's authority to levy Special Assessments pursuant to Section 3 hereof, the Association may also impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (1) through (3) below; provided that Special Individual Assessments may only be imposed pursuant to this Section 4 after the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XIII, Section 5 hereof and has been given a reasonable opportunity to comply voluntarily with the Association's governing documents.

(i) Damage to Common Area. In the event of any damage to or destruction of any portion of the Common Area or the Common Facilities caused by the willful misconduct or negligent act or omission of any Owner, any member of the owner's family, or any of the Owner's tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Act Increasing Insurance Premiums. In the event any act or omission of any Owner, any member of the Owner's family, or any of the Owner's tenants, guests, servants, employees, licensees or

invitees, shall in any way cause or be responsible for any increase in the premiums for any insurance purchased or obtained by the Association in accordance with the Provisions of Article VIII hereof, the amount of such increase shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses, including reasonable title company, accounting, collection or legal fees and fines or penalties levied by the Association, to accomplish (i) the payment of delinquent assessments, (ii) any repair, maintenance or replacement for which the Owner is responsible under the Charter Documents, or (iii) to otherwise bring the Owner and/or the Owner's Condominium into compliance with the provisions of the Charter Documents, said costs and expenses shall be assessed and charged solely to and against such Owner as a Special Individual Assessment. A late charge not exceeding the greater of 10% or \$10.00 will be charged on all past due accounts and interest on the foregoing will be charged at a rate not in excess of 12%. Interest shall not commence until 30 days after the due date.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described and subject to the conditions imposed in subparagraph (a) of this Section 4, such Special Individual Assessments shall be recorded on the Association's assessment rolls, notice thereof shall be mailed to the affected owner and the Special Individual Assessment shall thereafter be due and payable as a separate debt of the Owner payable as follows: Special Individual Assessments imposed pursuant to either Section 4(a)(1) or 4(a)(3) shall be payable in full to the Association within 30 days after the mailing of notice of the assessment. Special Individual Assessments imposed pursuant to Section 4(a)(2) shall be payable in full to the Association at least 10 days in advance of the date or dates for the payment of the increased insurance premium giving rise to the assessment. With the exception of Special Individual Assessments imposed by the Board to recover reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for its reasonable costs (including attorney's fees) of collecting delinquent Assessments, Special Individual Assessments shall not be recoverable through the imposition of a lien against the Owner's Unit enforceable through foreclosure or sale under same may be recovered by the Association through other legal processes.

Section 5. Purpose and Reasonableness of Assessments. Each Assessment, whether it is a Regular, Special or Special Individual Assessment, made in accordance with the provisions of this Declaration is hereby declared and agreed

(i) to be for use exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, for the enjoyment and use of the Properties by the Owners and their families, tenants, invitees, licensees, guests and employees, or for the repair, maintenance, replacement and protection of the Common Area and Common Facilities within the Properties,

(ii) to be a reasonable assessment, and

(iii) to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Condominium against which the Assessment is made and shall bind the Owner's heirs, successors and assigns; provided that the personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 6. Exemption of Certain of the Properties from Assessments

The following real property subject to this Declaration shall be exempt from the Assessments and the lien thereof provided herein: (i) any portion of the Properties dedicated and accepted by a local public authority; and (ii) any Unit owned by the Association.

Section 7. Notice and Procedure for any Action Authorized Under Sections 2 and 3. Any action authorized under Section 2 and 3 of this Article IV requiring the vote of the Association Members shall be taken either by written ballot or at a meeting of the Members called for that purpose, written notice of which shall be sent to all Members not less than 15 days nor more than 60 days in advance of the meeting or the mailing of written ballots.

Section 8. Maintenance of Assessment Funds.

(a) Deposit; Bank Account. All sums received or collected by the Association from Assessments, whether Regular, Special or Special Individual, together with any interest charge thereon, shall be promptly deposited in a checking and/or savings account in a bank or savings and loan association located within Douglas County, State of Nevada, or other bank or savings and loan association selected by the Board. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. Notwithstanding the foregoing, any Orion Condominium Association, Inc. Assessments collected by the Association Board shall be remitted to the Orion Condominium Association, Inc. prior to the delinquency date.

(b) Separate Accounts; Co-mingling of Funds. The proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was made, such surplus shall be returned proportionately to the contributors thereof. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate account of all funds received by it in payment of each Assessment and of all disbursements of the Regular Assessments; and the Board shall maintain separate liability accounts for each capital improvement for which reserve funds for replacement are allocated. To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be co-mingled and deposited in the single account provided for in Section 8(a) hereof.

Any interest received on such deposits shall be credited proportionately to the balance of the respective Assessments on which such interest was earned.

Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and Nevada Tax Board that will prevent such funds from being taxed as income of the Association.

Section 9. Effect of Non-Payment of Assessments; Enforcement of Liens.

(a) The Board may promulgate a schedule of reasonable fines and penalties consistent with the requirements of Nevada Revised Statutes for any assessments which are delinquent. The amount of any delinquent Regular or Special Assessment which is made in accordance with this Article IV, together with any penalties, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Condominium of the Owner so assessed only when the Association causes to be recorded in the Office of the Douglas County Recorder, a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth

- (i) the legal description of such Condominium,
- (ii) the Owner of Record or reputed Owner thereof,
- (iii) the amount of the delinquent assessment and other sums claimed,
- (iv) the name and address of the Association and
- (v) in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale.

(b) The Association may bring an action at law against the Owner personally obligated to pay any assessment that is delinquent hereunder, or, in the case of a Regular or Special Assessment, foreclosure its lien against the Owner's interest in the Condominium. Foreclosure by the Association of its lien may be by judicial foreclosure or by non-judicial foreclosure pursuant to a power of sale, in the same manner as the foreclosure of a mortgage or deed of trust upon real property under the laws of the State of Nevada. Non-judicial foreclosure shall be commenced by the Association by recording in the Office of Douglas County Recorder a notice of delinquency, which notice shall state all amounts which have become delinquent with respect to the Owner's Unit and the costs (including attorneys' fees), penalties and interest that have accrued thereon, the amount of any assessment which is due and payable although not delinquent, a description of the Unit in respect to which the delinquent assessment is owed, and the name of the record or

reputed Owner thereof. The Notice of Delinquent Assessment shall state the election of the Association to sell the Condominium or other property to which the amounts relate and shall correspond to the recordation of a notice estate the election of the Association to sell the Condominium or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under Nevada Statutes. The recordation of the notice of delinquency shall correspond to the recordation of a Notice of Default under Nevada Statutes.

The Association shall have the rights conferred by Nevada Statutes to assign its rights and obligations as Trustee in any non-judicial foreclosure proceeding to the same extent as a Trustee designated under a deed of trust and for purposes of said Statutes the Association shall be deemed to be the sole beneficiary of the delinquent assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association shall be entitled to employ the services of a title insurance company or other responsible company engaged in the business of acting as a trustee in foreclosure to act as an agent on behalf of the Association in commencing the non-judicial foreclosure hereunder.

The Association or its assignee shall mail a copy of the notice of delinquency to the Owner or reputed Owner at the last address appearing on the books or records of the Association, and to any person to whom the giving of a notice of default is required by applicable provisions of Nevada Statutes. Following receipt of the Association's notice, the Owner and junior encumbrancers shall have reinstatement rights identical to those provided by law for trustors or mortgagors, which rights must be exercised during the period specified by law for reinstatement of obligations secured by deeds of trust.

After the lapse of such time as may then be required by law following the recordation of a notice of default under a deed of trust, the Association or its assignee may give notice of sale in the manner and for the period required in the case of deeds of trust. After the giving of the notice of sale, the Association or its assignee, without demand on the Owner, may sell the defaulting Owner's Condominium at the time and place fixed in the notice of sale, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. The Association or its assignee may postpone sale by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. The Association shall deliver to the purchaser at such foreclosure sale a deed conveying the defaulting Owner's interest in the Condominium so sold, but without covenant or warranty, express or implied. The recitals in such deed shall be conclusive proof of the truthfulness thereof. Any person, including the Association, may bid on the property and purchase the same at such sale.

After deducting from the sale proceeds all costs, fees and expenses incurred by the Association from sale proceeds, the net proceeds shall be applied to the payment of all sums secured by the Association's lien

at the time of sale, including interest, cost and attorneys' fees, and the remainder, if any, shall be disbursed to the person or persons legally entitled thereto.

Legal action to recover a money judgment for unpaid common expenses, rent and attorneys' fees shall be maintainable without foreclosure or effecting the lien securing the same. Furthermore, the Board may take such additional action, consistent with this Declaration, as is necessary or appropriate to enforce its assessment right hereunder.

Such sale shall be conducted in accordance with the provisions or covenants numbered 6, 7, and 8 of NRS 107.030, and in accordance with the provisions of NRS 107.080 and 107.090, applicable to the exercise of powers of sale in deeds of trust, or in any other manner permitted by Nevada law.

(c) Unless the governing documents impose more stringent standards, the Board of Directors of the Association shall do all of the following;

(i) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.

(ii) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis.

(iii) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(iv) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(v) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

(d) The signatures of at least two persons, who shall be members of the Association's Board of Directors or, one officer who is not a member of the Board of Directors and a member of the Board of Directors, shall be required for the withdrawal of monies from the Association's reserve accounts.

(e) As used in this section, "reserve account" means monies that the Association's Board of Directors has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

Section 10. Transfer of Condominium by Sale or Foreclosure.

Except as otherwise provided herein, the sale or transfer of any Condominium shall not affect any assessment lien recorded with respect to such condominium. The sale or transfer of any Condominium pursuant to foreclosure of any first Mortgage shall extinguish the lien of such

assessments as to payments which became due and payable prior to such sale or transfer. No sale or transfer of a Condominium, whether by foreclosure or otherwise, shall relieve the Condominium and the new Owner thereof (whether it be the former beneficiary under the deed of trust or a third party) from liability for any assessments thereafter becoming due or from the lien thereof.

Where the Mortgagee of the first Mortgage of record or other purchaser of a Condominium obtains title to the same as a result of foreclosure of any such first Mortgage, the person acquiring title, his successors and assigns, shall not be solely liable for the share of the Common Expenses or Assessments by the Association chargeable to such Condominium which became due prior to the acquisition of such Condominium by such acquirer. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from Owners of all of the Condominiums including such acquirer, his successors and assigns.

Section 11. Priorities. When a Notice of Delinquent Assessment has been recorded, such assessment shall constitute a lien on each respective Condominium prior and superior to all other liens recorded subsequent thereto except (a) all taxes, bonds, assessments and other liens which, by law, would be superior thereto, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or conveyance of such property pursuant to a decree of foreclosure of any such first Mortgage or pursuant to a power of sale in such Mortgage. Such foreclosure shall extinguish the lien of assessments which were due and payable prior to transfer of the foreclosed Unit, but shall not relieve such property from liability for any assessments thereafter becoming due or from the lien of any such subsequent assessment.

Section 12. Unallocated Taxes. In the event that any taxes are assessed against the Common Area, the Common Facilities, or the personal property of the Association, rather than being assessed to the Condominiums, such taxes shall be included in the Regular Assessments levied pursuant to the provisions of Section 2 of this Article IV and, if necessary, an additional Special Assessment may be levied against the Condominiums in an amount equal to such taxes to be paid in two installments, 30 days prior to the due date of each tax installment.

ARTICLE V Architectural Committee

Section 1. Improvements in General; Establishment of Architectural Committee. No building, outbuilding, fence, retaining wall, wall or other structure (including trees and shrubs) shall be commenced, erected or maintained on the Properties, nor shall any exterior addition to or change or alteration be made in or to any Unit or Common Facility until the plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations), materials, and location of the same shall have been submitted to and approved in

writing as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, set-back lines and topography and finish grade elevation by the Board or by an Architectural Committee composed of not less than 3 or more than 5 representatives all of whom shall be appointed by the Owners including their replacements.

In the event of the death or resignation of any member of the Architectural Committee, a successor shall be appointed by the person, entity or group which appointed such member to the committee, and thereafter the Board shall have full authority to designate such a successor. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto.

Section 2. Submission of Plans; Action by Committee. Plans and specifications shall be submitted to the Architectural Committee by personal delivery or certified mail to the Secretary of the Association or the Chairman of the Architectural Committee. In the event the Architectural Committee fails to approve or disapprove such design and locations within 45 days after said plans and specifications have been submitted to it, the request shall be deemed denied. Under such circumstances, the written request may be resubmitted.

Section 3. Architectural Committee Rules. The Architectural Committee may, from time to time and in its sole discretion, adopt, amend and repeal, by unanimous vote, rules and regulations to be known as "Architectural Committee Rules." Said rules shall interpret and implement the provisions of this Declaration by setting forth the standards and procedures for Architectural Committee review and guidelines for architectural design, placement of any work of improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Properties; provided, however, that said rules shall not be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Committee Rules and this Declaration, the provision of the Declaration shall prevail.

ARTICLE VI

Use of Properties and Restrictions

In addition to such restrictions as may be established by law or made a part of the Association Rules (consistent with this Declaration) from time to time promulgated by the Board of Directors, the following restrictions are hereby imposed upon the use and enjoyment of the Properties (including, without limitation, the individual Units):

Section 1. Single Family Residential Use. The use of any Condominium within the Properties is hereby restricted to Single Family Residential Use; provided, however, that nothing in this Declaration shall prevent an Owner from leasing or renting his Condominium, subject to Article II, Section 4 hereof.

Section 2. Maintenance and Repair.

(a) No improvement, excavation or work which in any way alters any Common Area from its natural or existing state on this date shall be made or done except upon strict compliance with, and within the restrictions and limitations of, the following provisions of this section.

(i) No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub or other vegetation from, or plant any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area.

(ii) The Association may at any time, and from time to time:

(1) Install, construct, reconstruct, replace or refinish any Common Facility or other improvement or portion thereof upon Common Area in accordance with the original design, finish or standard of construction of such improvement or similar improvements within the Common Area which was approved by the governmental entity having jurisdiction.

(2) Construct, reconstruct, replace, refinish any road improvement or surface upon any portion of Common Area designated on a subdivision map as a private road or parking area.

(3) Replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of Common Area.

(4) Place and maintain upon the Common Area and Common Facilities such signs as the Association may deem necessary for the identification of the development of roads, the regulation of traffic, including parking, the regulation and use of Common Area and Common Facilities and for the health, welfare and safety of Owners, tenants and guests. Any such signs to be placed within the street area shall be subject to County approval.

(iii) The Association shall repair and maintain the common water heaters, underground water, sewer and electrical lines servicing solely the Properties from the point where such utilities enter the Properties until they enter the inside perimeter of the exterior bearing walls of the Units together with the maintenance of any easement areas granted by public agencies to the Association for the specific purpose of maintaining such utility lines.

(iv) Without limiting the generality of the foregoing, the Association shall repair and maintain any portion or all of the Common Area damaged by wood-destroying pests or organisms. The Association may cause the temporary, summary removal of any occupant of a Unit for such periods and at such times as may be necessary for prompt, effective treatment of wood-destroying pests

or organisms. The Association shall give notice of the need to temporarily vacate a Unit to its occupants and Owner, if the two are not the same person or persons, not less than fifteen (15) nor more than thirty (30) days prior to the date of the temporary relocation. The notice shall be sent to such occupants and Owner in the manner provided in Article XV, Section 3 and shall state the reason for the temporary relocation, the date and time of the beginning of treatment, the anticipated date and time of termination of treatment, and that the occupants will be responsible for their own accommodations during such temporary relocation. The costs of such temporary relocation shall be borne by the Owner of the Unit affected by such repair and maintenance, unless the Owner and the occupants agree otherwise. For purposes of this paragraph, the term "occupant" means an Owner, resident, guest, invitee, tenant, lessee, sublessee, or other person in possession of a Unit. The association shall bear the costs for the repair and maintenance of common area damaged by the presence of wood-destroying pests or organisms.

(b) Each Owner of a Condominium shall be responsible for maintaining and repairing that Owner's Unit and Restricted Common Area, if any including the following:

(i) Maintain the Owner's Unit in a clean, attractive and sanitary condition and promptly exterminate insects, ants, roaches, etc., inside the Unit.

(ii) Maintain, repair, replace and restore the plumbing, air conditioning compressor and related components, mail box locks, electrical lines, cable television service, water heaters and other utilities and all equipment for the exclusive use and enjoyment in the Owner's Unit and which are located within the inside perimeter of the exterior bearing walls of said Unit, and all appliances and equipment located in said Unit. The Owner shall also maintain, repair and replace the windows and other glass surfaces of the Owner's Unit and/or within the Common Area.

(iii) Maintain, repair, replace and restore all portions of the Owner's Unit, including, without limitation, the interior walls, ceilings, floors and doors in a clean, sanitary and attractive condition and any portion of the heating, ventilation and air conditioning system which exclusively services the Owner's Unit, but may be situated outside the exterior bearing walls of said Unit and/or within the Common Area. In the event an owner fails to undertake any maintenance, repair, replacement or restoration project enumerated herein in a timely fashion, the Association, its agents, contractors or delegates shall have the right to enter the Unit, at reasonable times, to effect such maintenance, repair, replacement or restoration and the cost thereof shall be charged to the Owner of the Unit and, if not paid in a timely fashion, shall be collected as a Special Individual Assessment. Any Association action hereunder shall be undertaken in strict compliance with requirements and procedures set forth in Article II, Section 3(d) of this Declaration.

(iv) Notwithstanding the provisions of this declaration, internal and external wiring designed to serve a single separate interest, are exclusive use areas allocated exclusively to that separate interest. Subject to the consent of the association, the owner of the separate interest shall be entitled to reasonable access to the common areas for the purpose of maintaining the internal and external telephone lines. The association's approval shall not be unreasonably withheld, and may include its approval of telephone wiring upon the exterior of the common areas, and other conditions as the association determines reasonable.

(c) Each Owner shall have complete discretion as to the choice of furniture, furnishings, and interior decorating, but windows can be covered only by drapes or shades and cannot be painted or covered by foil, cardboard, or other similar materials.

(d) An Owner shall not make structural modifications or alterations in his Unit or installations located therein without the approval of the Architectural Committee.

(e) An Owner shall do no act or any work that will impair the structural soundness or integrity of another Unit or impair any easement or hereditament, or do any act or allow any condition to exist which will adversely affect the other Units or their Owners. Any cooperative action necessary or appropriate to the proper maintenance of all exterior roofs of Units and upkeep of the Common Area, including but not limited to, recreation and parking areas and walks, shall be taken by the Board of Directors or by its duly delegated representative.

(f) Notwithstanding the provisions of subparagraph (b) above, the Association may, by Association Rule, agree to maintain, repair or replace any portion of the Restricted Common Areas if the Board determines that such action is in the best interest of the Owners in common and is otherwise reasonable in light of the Association's Common Area and Common Facility maintenance responsibilities.

Section 3. Use of the Properties. The use of all Properties shall be limited to those uses, as strictly interpreted, which are specified in this Declaration. Any change in use of the Properties, or any part thereof, shall require the vote by written instrument of two-thirds (2/3) of the voting power of the Members of the Association.

Section 4. Prohibition of Noxious Activities.

(a) No noxious or offensive activities shall be carried on within or conducted upon any portion of the Properties nor shall any things be done within any Unit that shall be or become an unreasonable annoyance or nuisance to the neighborhood.

(b) Without limiting any of the foregoing, no Owner shall permit noise of any sort (including, but not limited to, barking dogs, stereo amplifier systems, television sets, motor vehicles and power tools) to emanate from an Owner's Unit or any portion of the Common Area which would unreasonably disturb other Owner's Unit enjoyment of Owner's Unit or the Common Area. Excessive noise levels may be determined in the

sole discretion of the Board which may, but shall not be obligated to, rely on the County Code or other applicable governmental regulation dealing with such matters.

(c) The Board may, in its sole discretion, prohibit maintenance within the Properties of any animal that constitutes a nuisance (whether due to its size, viciousness, unreasonable noise or otherwise) with respect to any other Owner(s).

Section 5. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, or other outbuilding shall be use on the Properties at any time as a residence, either temporarily or permanently.

Section 6. Household Pets. A single dog, cat or bird and a reasonable number of other common household pets such as fish may be kept by an Owner in each Unit so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised in any Unit. Dogs shall only be allowed on the Common Area when they are leashed and otherwise under the supervision and restraint of their Owners. No household pet shall be left chained or otherwise tethered in front of a Unit or in the Common Area. Pet owners shall be responsible for the prompt disposal of pet wastes deposited by their pets in the Common Area or any other portion of the Properties. The Board of Directors shall have the right to establish and enforce additional rules and regulations for the reasonable control and maintenance of household pets in, upon and around the Properties, to insure that the same do not interfere with the quiet and peaceful enjoyment of the Properties by the other Owners. Each person bringing or keeping a pet on the Properties shall be solely responsible for the conduct of such pets and the Association, its Board, officers, employees and agents shall have no liability (whether by virtue of the Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any such pet.

Section 7. Signs. No advertising signs shall be displayed to the public view on any Unit or posted within or upon any portion of the Common Area except signs of reasonable dimensions advertising (a) that the property is for sale, lease or exchange by the Owner or the Owner's agent, (b) the Owner's or agent's name, and (c) the Owner's or agent's address and telephone number. Signs permitted hereunder shall not be nailed to the exterior of any Unit.

Section 8. Business Activities. No business activities of any kind whatsoever shall be conducted within any building or in any portion of any Unit; provided, however, that the foregoing covenants shall not apply to the activities, signs or maintenance of buildings by the Association in furtherance of its powers and purposes as set forth herein or be construed in such a manner as to prohibit any Owner from engaging in any of the following activities within the Owner's Unit: (a) maintaining the Owner's personal library; (b) keeping personal business records or accounts; (c) handling personal or professional telephone calls or correspondence therefrom; or (d) conducting any other activities in the Owner's Unit otherwise compatible with residential use

and the provisions of this Declaration which are permitted under applicable zoning laws or governmental regulations without the necessity of first obtaining a special use permit or similar specific governmental authorization. Such uses are expressly declared to be customarily incident to the Unit's principal residential use and not in violation of any provision of this Article VI. Notwithstanding the restrictions of this Section 8, so long as Declarant retains an interest in any Condominium Unit within the properties, Declarant shall have the right to maintain an office and model Unit within the Properties for the purpose of retail sale of such Condominium Unit. This provision shall cease after all original sales are completed or three years from date of first sale, whichever occurs first.

Section 9. Garbage and Storage. No rubbish, trash or garbage shall be allowed to accumulate on the Properties and any trash created by an Owner's use of the Owner's Unit shall be stored entirely within appropriate covered disposal containers located within said Unit. Owners shall deposit their accumulated trash only within the community disposal containers maintained by the Association. No disposal containers will be allowed in the Common Area except as maintained by the Association. Any extraordinary accumulation of rubbish, trash, garbage or debris such as is often generated upon vacating of premises or during holidays, including Christmas trees) shall be removed promptly from the properties to a public dump or trash collection area by the Owner or tenant at the Owner's or tenant's expense. Storage of personal property shall be maintained within each Unit. There shall be no woodpiles nor storage piles accumulated in any area outside of a Unit.

The Association shall be entitled to impose reasonable fines and penalties for collection of garbage and refuse which is disposed of in any manner inconsistent with this Section. The Association shall also have the right to establish and maintain on the premises appropriate storage yards and storage buildings for the maintenance and retention of materials and equipment needed for planting, building, repair, maintenance and preservation of the structures, gardens, and other improvements of the Units and the Common Area.

Section 10. Clotheslines. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on the balconies, patios, porches or other area in any manner which is visible from any neighboring Unit or from the Common Area.

Section 11. No Exterior Maintenance by Owners. No planting or gardening shall be done on any Condominium, and there shall be no exterior painting of Units by or on behalf of the Owners thereof, or any person holding thereunder, nor repair or replacement of original roofs or utility laterals by said persons, it being the intention hereunder that such items be maintained and replaced by the Association in conjunction with latter's maintenance of the Common Area in order to preserve the external harmony of the Properties. Nothing herein shall be construed as preventing an Owner from maintaining common household plants entirely within the Owner's Unit.

Section 12. Cooperative Maintenance Obligations. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the Common Area all exterior walls and roofs of Condominiums, including but no limited to recreation and parking area and walks, shall be taken by the Board of Directors or by its duly delegated representative and, to the extent necessary or desirable to accomplish such maintenance, individual Owners shall cooperate with the Association and its agents in the prosecution of its work.

Section 13. Interior Improvements. No Owner shall undertake any action or work on the interior that will impair the structural soundness or integrity of the Owner's or some other Condominium or impair any easement or hereditament, or do any act or allow any condition to exist which will adversely affect the other Condominiums or their Owners.

Section 14. No Alterations or Antennas. In order to insure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner, resident or lessee shall construct fences, walls, or make any alterations, additions or modifications to or on any part or portion of the Common Area or exterior surfaces of residential Units, or place or maintain any object, such as masts, towers, poles, or television and radio antenna, on or about the exterior of any building within the Properties, except as authorized by the Association. No construction or alteration of improvements may be undertaken on or within any Condominium without approval of the Architectural Committee.

Section 15. Guest Parking Areas. Guest parking areas are to remain open for guest parking and are not to be used for the parking of boats, trailers, campers, or other recreational vehicles.

Section 16. Barbecues. There shall be no exterior fires what so ever except barbecue fires located on the Properties and contained within receptacles designed for such purpose.

Section 17. Basketball Standards. No basketball standards or fixed sports apparatus shall be attached to any exterior building surface or carport within the Properties.

Section 18. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Unit by any Owner, except such machinery or equipment as is usual or customary in connection with the use, maintenance or construction of a private residence or appurtenant structures within the Properties.

Section 19. Disease and Insects. No Owner shall permit any thing or condition to exist upon or within his or her Unit which shall induce, breed, or harbor infectious plant diseases, rodents, or noxious insects.

Section 20. Parking; Trailers, Boats and Motor Vehicles. Unless otherwise permitted by the Board, no automobiles, shall be parked or left on any street or on any portion of the Properties other than on or within an assigned carport or parking space. No vehicle, including mopeds and motorcycles, shall be parked on any area surrounding the front of residential Units, including sidewalks that surround the

buildings. No mobile home, trailer or any kind, permanent tent, or similar structure, recreational motor home, trailer or boat, and no truck camper larger than a 3/4 ton pickup truck, shall be kept, place, maintained, constructed, reconstructed or repaired within any carport or on any street within the Properties; provided, however, that the temporary parking of any such vehicle, boat or trailer for a period not to exceed four hours during any 48-hour period for purposed of loading or unloading the same shall not constitute a violation of this Section, so long as any such temporary parking does not block the entrance to the carport or parking space of any Owner (or any guest parking space) and does not block ingress to or egress from the Properties. Vehicles parked or stored in violation of this Section may be towed at owner expense at the request of the Association. No motor vehicle shall be constructed, reconstructed or repaired within the Properties and no dilapidated or inoperable vehicle including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided, however, that the provisions of this paragraph shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, or used exclusively in connection with, the construction of any work or improvement approved by the Architectural Committee. No commercial vehicles of any nature shall be parked or stored in a carport or on the streets within the Properties, except for commercial vehicles providing services to Owners or the Association, and in that event only for the duration reasonably necessary to provide such service.

Section 21. Children. Each Owner shall be accountable to the remaining Owners, their families, visitors, guests and invitees, for the conduct and behavior of their children and that of children temporarily residing in or visiting the Owner's Condominium and for any property damage caused by such children.

Section 22. Activities Affecting Insurance. Nothing shall be done or kept in any Condominium or within the Common Area which will increase the rate of insurance relating thereto without the prior written consent of the Association and no Owner shall permit anything to be done or kept in his or her Condominium or within the Common Area which would result in the cancellation of insurance on any Condominium or any part of the Common Area or which would be in violation of any law.

Section 23. Restriction on Further Subdivision and Severability. No Condominium shall be further subdivided nor shall less than all of any such Condominium be conveyed by an Owner thereof and no Owner of a Condominium within the properties shall be entitled to sever that Condominium from the Common Area portion of the Properties.

Section 24. Use of Parking Area and Walkways in Common Area. The parking area and walkways within the Common Area shall not be used for recreational purposes, including "joy riding", racing, etc. Motorcycles, bicycles, mopeds, or cars shall be allowed within the parking area only for ingress and egress and shall not be used on walkways.

ARTICLE VII
Easements

Section 1. Encroachment Easements. Each Unit is hereby declared to have an easement over adjoining Units and Common Area for the purpose of accommodating any encroachment due to roof overhang and fences or walls which are built in accordance with the original design, plans and specifications of Declarant, and are encroachments due to engineering errors, errors in original construction, settlement or shifting of the building, or similar causes. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurs due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and is repaired or rebuilt, the Owners of each adjoining unit agree that minor encroachments over adjoining Units shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 2. Street Easements. Each Owner and the Association shall have and are hereby granted a non-exclusive easement for street, roadway and vehicular traffic purposes over and along the paved parking areas within the Properties, subject to termination of such easement and the rights and restrictions set forth in this Declaration.

Section 3. Utility Easements Granted by Association. Declarant or the Association shall have the power to grant and convey to any third party easements and rights-of-way in, on, over or under the streets and Common Area for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, subject to prior written approval thereof by the County of Douglas. Each Owner, in accepting a deed to a Condominium, expressly consents to such easements and rights of way and authorizes and appoints the Association as attorney-in-fact of such Owner to execute any and all instruments conveying or creating such easements or rights-of-way. An easement is hereby created and reserved for installation, maintenance and use of horizontal and vertical utility lines, ducts and appurtenances thereto in area adjoining ceilings, walls, columns and interior spaces between columns, within the Units. No removal, repair or modification of these lines is permitted without specific written authorization from the Association.

Section 4. Other Easements. Each Unit, its Owner and the Association, as the case may be, is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Properties and each Condominium as shown on the Condominium Plan and as provided in the Orion Condominium Association Declaration (particularly Article III of said Declaration).