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(c) expenditures necessary to deal with emergency conditions in which the Board of Directors reasonably believes there is insufficient time to call a meeting of the Owners.

Section 3.09. Compensation. No Director shall receive any compensation for his services as such except to such extent as may be expressly authorized by a majority of the Percentage Vote. The Managing Agent shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 3.10. Meetings. The Board shall meet each year within ten (10) days following the date of the annual meeting of the Corporation, which time and place shall be fixed at the annual meeting, for the purpose of organization, election of officers and consideration of any other business that may properly be brought before the meeting, and no notice shall be necessary to any newly elected Directors in order legally to constitute such meeting if a quorum is present.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. The Secretary shall give notice of regular meetings of the Board to each Director personally or by United States mail at least five (5) days prior to the date of such meeting.

Special meetings of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail, and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Except with respect to the Initial Board, such meeting shall be held at such place and at such time within Sarpy County, Nebraska, or any of the contiguous counties, as shall be designated in the notice.

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Section 3.11. Waiver of Notice. Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting or his subsequent consent to the actions taken thereat, shall, as to such Manager, constitute a waiver of notice of the time, place and purpose thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.12. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if a consent in writing setting forth such action so taken is signed by all Directors and such written consent is filed with the minutes of the proceedings of the Board.

Section 3.13. Quorum. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business and the votes of the majority of the Directors present at a meeting at which a quorum is present shall be the decision of the Board.

Section 3.14. Non-Liability of Directors. The Directors shall not be liable to the Owners or any other persons for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Directors, except for their own individual willful misconduct, bad faith or gross negligence. The Corporation shall indemnify and hold harmless and defend each of the Directors against any and all liability to any person, firm or corporation arising out of contracts made by the Board on behalf of Tregaron Ridge or the Corporation, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or By-Laws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of Tregaron Ridge or the Corporation and that in all matters the Board is acting for and on behalf of the Owners as their agent. The liability of any Owner

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arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Directors shall be limited to such percentage of the total liability or obligation thereunder as is equal to his Percentage Interest. Every contract made by the Board or the Managing Agent on behalf of Tregaron Ridge shall provide that the Board of Directors and the Managing Agent, as the case may be, are acting as agent for the Owners and shall have no personal liability thereunder, except in their capacity as Owners (if applicable) and then only to the extent of their Percentage Interest.

Section 3.15. Additional Indemnity of Directors. The Corporation shall indemnify, hold harmless and defend any person, his heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that he is or was a Director of the Corporation, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director is liable for gross negligence or misconduct in the performance of his duties. The Corporation shall also reimburse to any such Director the reasonable costs of settlement of or judgment rendered in any action, suit or proceeding, unless it is determined by a majority of the Percentage Vote that such Director was guilty of gross negligence or misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against a Director, no Director shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of his duties where, acting in good faith, such Director relied on the books and records of the Corporation or statements or advice made by or prepared by the Managing Agent of Tregaron Ridge or any officer or employee thereof, or any accountant, attorney or other

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person, firm or corporation employed by the Corporation to render advice or service unless such Director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director be deemed guilty of or liable for negligence or misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Directors.

Section 3.16. Transactions Involving Affiliates. No contract or other transaction between the Corporation and one or more of its Directors, or between the Association and any Person (including Declarant and/or shareholders or members of Declarant) in which one or more of the Directors are directors, officers, partners, or employees or are pecuniarily or are otherwise interested shall be void or voidable because such Director or Directors are present at the meeting of the Board that authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose if:

(a) the contract or transaction is between the Corporation and Declarant or any affiliate of Declarant and entered into prior to the Applicable Date; or

(b) the fact of the affiliation or interest is disclosed or known to the Board or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(c) the fact of the affiliation or interest is disclosed or known to the Owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(d) the contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved or executed. Affiliated

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or interested Directors may be counted in determining the presence of the quorum at any meeting of the Board that authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if they were not so affiliated or not so interested.

Section 3.17. Bonds. Blanket fidelity bonds shall be maintained by the Corporation for all officers, directors and employees of the Corporation or all other persons handling, or responsible for, funds of or administered by the Corporation. Where the Managing Agent has the responsibility for handling or administering funds of the Corporation, the Managing Agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of the Corporation and the Corporation shall be named as an additional obligee thereon. Such fidelity bonds shall name the Corporation as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Corporation or Managing Agent, as the case may be, at any given time during the term of each bond. In no event, however, may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Condominium Units plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The expense of all such bonds shall be a Common Expense. The bonds may not be canceled or substantially modified without thirty (30) days notice in writing to the Corporation, the Insurance Trustee and each servicer of a FNMA (Fannie Mae) owned mortgage in the Property.

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ARTICLE IV

Officers

Section 4.01. Officers of the Corporation. The principal officers of the Corporation shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person.

Section 4.02. Election of Officers. The officers of the Corporation shall be elected annually by the Board at its duly called annual meeting of the Board. Upon an affirmative vote of a majority of all members of the Board, any officer may be removed either with or without cause and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.03. The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Corporation. He shall preside at all meetings of the Corporation and of the Board, shall have and discharge all the general powers and duties usually vested in the office of president or chief executive officer of an association or a stock corporation organized under the laws of Nebraska, including but not limited to the power to appoint committees from among the Owners as he may deem necessary to assist in the affairs of the Corporation and to perform such other duties as the Board may from time to time prescribe.

Section 4.04. The Vice President. The Vice President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice President shall also perform such other duties as these

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By-Laws may prescribe or as shall, from time to time, be imposed upon him by the Board or by the President.

Section 4.05. The Secretary. The Secretary shall be elected from among the Directors. The Secretary shall attend all meetings of the Corporation and of the Board and shall keep or cause to be kept a true and complete record of the proceedings of such meetings, shall perform all other duties as from time to time may be prescribed by the Board. The Secretary shall specifically see that all notices of the Corporation or the Board are duly given, mailed or delivered, in accordance with the provisions of these By-Laws.

Section 4.06. The Treasurer. The Board shall elect from among the Directors a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Corporation and who shall perform such other duties incident to the office of Treasurer. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Corporation. He shall immediately deposit all funds of the Corporation coming into his hands in some reliable bank or other depository to be designated by the Board and shall keep such bank account or accounts in the name of the Corporation. The Treasurer may permit the Managing Agent to handle and account for monies and other assets of the Corporation to the extent appropriate as part of its duties.

Section 4.07. Assistant Officers. The Board of Directors may, from time to time, designate and elect from among the Owners an Assistant Secretary and an Assistant Treasurer who shall have such powers and duties as the officers whom they are elected to assist shall delegate to them and such other powers and duties as these By-Laws or the Board of Directors may prescribe.

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ARTICLE V

Assessments

Section 5.01. Annual Accounting. Annually, after the close of each fiscal year of the Corporation, the Board shall cause to be prepared and furnished to each Owner a financial statement which shall show all receipts and expenses received, incurred and paid during the preceding fiscal year.

Section 5.02. Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Corporation, the Board shall cause to be prepared a proposed annual budget for the current fiscal year estimating the total amount of the Common Expenses for the current fiscal year and shall furnish a copy of such proposed budget to each Owner at or prior to the time the notice of such annual meeting is mailed or delivered to such Owner. The annual budget shall be submitted to the Owners at the annual meeting of the Corporation for adoption and, if so adopted, shall be the basis of the Regular Assessments for the current fiscal year. At the annual meeting of the Owners, the budget may be approved in whole or in part by a majority of the Percentage Vote, provided, however, that in no event shall the annual meeting of the Owners be adjourned until the proposed annual budget or the proposed annual budget as amended is approved and adopted at such meeting. The annual budget, the Regular Assessments and all sums assessed by the Corporation shall be established by using generally accepted accounting principles applied on a consistent basis. The annual budget and the Regular Assessments shall include the amounts required for funding the reserve accounts required by this Article V. The failure or delay of the Board to prepare a proposed annual budget and to furnish a copy thereof to the Owners shall not constitute a waiver or release in any manner of the obligations of the Owners to pay the Common Expenses as herein provided, whenever determined. Whenever,

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whether before or after the annual meeting of the Corporation, there is no annual budget approved by the Owners as herein provided for such current fiscal year, the Owners shall continue to pay Regular Assessments based upon the last approved budget or, at the option of the Board, based upon an amount no greater than once hundred and ten percent (110%) of such last approved budget, as a temporary budget.

Section 5.03. Regular Assessments. The annual budget as adopted by the Owners shall, based on the estimated cash required for the Common Expenses in the current fiscal year and required reserve amounts as set forth in said budget, contain a proposed assessment against each Condominium Unit based on the Percentage Interest of each Condominium Unit. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessment against his respective Condominium Unit. In the event the Regular Assessment for a particular fiscal year is initially based upon a temporary budget, such Regular Assessment shall be revised within fifteen (15) days following adoption of the final annual budget by the Owners to reflect the Assessment against each Condominium Unit based upon such annual budget as finally adopted by the Owners. The aggregate amount of the Regular Assessments shall be equal to the total amount of expenses provided and included in the final annual budget, including reserve funds as herein provided. The Regular Assessment against each Condominium Unit shall be paid in advance in equal monthly installments, commencing on the first day of each calendar month. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors or the Managing Agent, as directed by the Board of Directors; provided, however, Owners may elect to pay monthly assessments semi-annually or annually, in advance.

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If the Regular Assessment based upon the final annual budget adopted by the Owners exceeds the amount of the Regular Assessment based upon the temporary budget, that portion of such excess applicable to the period from the first day of the current fiscal year to the date of the next payment of the Regular Assessment that is due shall be paid with such next payment and such next payment, and all payments thereafter during such fiscal year shall be increased so that the Regular Assessment as finally determined shall be paid in full by the remaining payments due in such fiscal year.

If the Regular Assessment based upon the temporary budget exceeds the Regular Assessment based upon the final annual budget adopted by the Owners, such excess shall be credited against the next payment or payments of the Regular Assessment coming due until the entire amount of such excess has been so credited; provided, however, that if an Owner had paid his Regular Assessment either semi-annually or annually in advance, then the foregoing adjustments shall be made by a cash payment by or refund to the Owner on the first day of the second month following the determination of the Regular Assessment based upon the annual budget finally adopted by the Owners.

The Regular Assessments shall be payable in advance and shall commence at the time of closing and delivery of a deed. In computing the initial payment the amount of the Regular Assessments shall be calculated by apportioning the payment based upon a thirty (30) day month until the due date for payment of the next Regular Assessment occurs.

The Regular Assessment for the current fiscal year of the Corporation shall become a lien on each separate Condominium Unit as of the first day of each fiscal year of the Corporation, even though the final determination of the amount of such Regular Assessment may not have been made by that date. The fact that an Owner has paid his Regular Assessment for the current

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fiscal year in whole or in part based upon a temporary budget and thereafter, before the annual budget and Regular Assessment are finally determined, approved and adjusted as herein provided, and sells, conveys or transfers his Condominium Unit or any interest therein, shall not relieve or release such Owner or his successor as Owner of such Condominium Unit from payment of the Regular Assessment for such Condominium Unit as finally determined, and such Owner and his successor as Owner of such Condominium Unit shall be jointly and severally liable for the Regular Assessment as finally determined. Any statement of unpaid assessments furnished by the Corporation pursuant to the Declaration or these By-Laws prior to the final determination and adoption of the annual budget and Regular Assessment for the year in which such statement is made shall state that the matters set forth therein are subject to adjustment upon determination and adoption of the final annual budget and Regular Assessment for such year, and all parties to whom any such statement may be delivered or who may rely thereon shall be bound by such final determinations. Monthly installments of Regular Assessments shall be due and payable automatically on their respective due dates without any notice from the Board or the Corporation, and neither the Board nor the Corporation shall be responsible to Owners for the same.

Section 5.04. Special Assessments. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the Owners, unless otherwise provided in these By-Laws, the Declaration or the Act, the Board of Directors shall have the full right, power and authority to make special assessments which, upon resolution of the Board, shall become a lien on each Condominium Unit, prorated in accordance with the Percentage Interest of each Condominium Unit. Without limiting the generality of the foregoing provisions, Special Assessments may be made by the

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Board of Directors from time to time to pay for capital expenditures, to pay for the cost of any repair or reconstruction of damage caused by fire or other casualty or disaster to the extent insurance proceeds are insufficient to pay for such items under the circumstances described herein or in the Declaration.

Section 5.05. Reserve for Replacements. The Board of Directors shall cause to be established and maintained a reserve fund for replacements by the allocation and payment to such reserve fund not less often than annually of an amount determined by the Board to be sufficient to meet the costs of periodic maintenance, repair, renewal and replacement of the Common Areas and Limited Common Areas, including, but not limited to, painting the exterior of buildings and resurfacing, repairing or replacing streets, parking areas, sidewalks, roofs, landscaped areas and other facilities and appurtenances. In determining the amount of such reserve fund, the Board shall take into consideration the expected useful life of such Common Areas and Limited Common Areas, projected increases in the cost of materials and labor, interest to be earned by such funds, and the advice of Declarant, the Managing Agent and consultants the Board may employ. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in an interest bearing account with a bank or savings and loan association authorized to conduct business in Douglas or Sarpy County, Nebraska. The reserve for replacements may be expended only for the purpose of effecting the periodic maintenance, repair, renewal or replacement of the Common Areas and Limited Common Areas and related equipment. The Board shall annually revise the adequacy of the reserve fund. The proportionate interest of any Owner in any reserve for replacements shall be considered an appurtenance of his Condominium Unit and shall not be separately withdrawn, assigned, transferred or otherwise

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separated from the Condominium Unit to which it appertains and shall be deemed to be transferred with such Condominium Unit.

Section 5.06. Working Capital Fund. To meet unforeseen expenditures or to purchase any additional equipment or services, Declarant shall establish a working capital fund equal to two (2) months of the initial estimated Common Expenses for each Condominium Unit in the initial Tract. In each subsequent Tract that may be created by Supplemental Declaration a like working capital fund contribution shall be made. Any amounts paid into this fund shall not be considered as advance payments of Regular Assessments. Each Condominium Unit's share of the working capital fund shall be collected at the time the sale of the Condominium Unit is closed and shall be transferred to the Corporation for deposit to the segregated fund. Within sixty (60) days after closing has been held for the first Condominium Unit in each Tract (including Supplemental Declarations), the Declarant shall pay each unsold Condominium Unit's share of the working capital fund to the Corporation. The Declarant shall then reimburse itself for this payment from the funds collected at closing when the unsold Condominium Units are sold.

Section 5.07. General Operating Reserve. The Board of Directors may establish and maintain a reserve fund for general operating expenses of a nonrecurring nature by the allocation and payment to such reserve fund not less frequently than annually of such amount as the Board in its discretion determines to be reasonable under the circumstances. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in an interest bearing account with a bank or savings and loan association authorized to conduct business in Douglas or Sarpy County, Nebraska. The general operating reserve fund may be expended only for operating contingencies of a non-recurring nature. The proportionate interest of any Owner

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in any reserve fund for general operating expenses shall be considered an appurtenance of his Condominium Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Condominium Unit to which it appertains and shall be deemed to be transferred with such Condominium Unit.

Section 5.08. Failure of Owner to Pay Assessments. No Owner may exempt himself from paying Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and, in the proper case, of the Limited Common Areas of the Buildings, and toward any other expense lawfully agreed upon, by waiver of the use or enjoyment of the Common Areas or by abandonment of the Condominium Unit belonging to such Owner. Each Owner shall be personally liable for the payment of his Percentage Interest of all Assessments. Where the Owner constitutes more than one person, the liability of such person shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Assessment when due, the lien for such Assessment on the Owner's Condominium Unit may be filed and foreclosed by the Board for and on behalf of the Corporation as provided by law; provided, however, any lien for delinquent Assessments or other charges that the Corporation has on a Condominium Unit will be subordinate to a first mortgage on the Condominium Unit if the mortgage was recorded before the delinquent Assessment was due. Upon the failure of an Owner to make payments of any Assessment due, the Board may in its discretion assess reasonable late fees and interest on such payments, accelerate the entire balance of the unpaid Assessments for the remainder of the current fiscal year and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. In any action to foreclose the lien for the Assessments, the Owner and any occupant of the Condominium Unit shall be jointly and severally liable for the payment to the Corporation of reasonable rental for

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such Condominium Unit, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the Condominium Unit and to collect the rentals and other profits therefrom for the benefit of the Corporation to be applied to the unpaid Assessments. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Assessment without foreclosing or waiving the lien securing the Assessment. In any action to recover an Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Corporation, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorneys' fees, from the Owner of the respective Condominium Unit.

Section 5.09. Regular Assessments Prior to Applicable Date. The purpose of this section is to provide for the maintenance and upkeep of Tregaron Ridge and for the payment of the Common Expenses during the period prior to the Applicable Date. Accordingly, and notwithstanding any other provision contained in the Declaration, these By-Laws, the Act or otherwise, prior to the Applicable Date the annual budget and all Regular Assessments and Special Assessments shall be established solely by the Initial Board.

Payment of the Regular Assessments prior to the Applicable Date with respect to each Condominium Unit that has been subjected to the Declaration (including those owned by Declarant) shall commence on the date of the conveyance of the first Condominium Unit to a new Owner. In addition, at the initial closing of each Condominium Unit, the purchaser or new Owner is required to pay a sum equal to the full Regular Assessment applicable to such Condominium Unit for two (2) months as his initial contribution to the working capital of the Corporation as provided in Section 5.06. Additionally as provided in Section 5.03, at each closing, the purchaser of a Condominium Unit shall pay his pro rata share of the Regular

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Assessment due in the month of closing. Thereafter, payment of the Regular Assessment shall be made on the first day of each calendar month.

Declarant or its successors in interest, as an Owner, shall be excused from payment of assessments from the date this Declaration is recorded until the first day of the twenty-fourth (24th) calendar month following the month in which the closing of the sale of the first Condominium Unit occurs in the Buildings committed by this Declaration to the Property; such provision shall also apply to assessments for Condominium Units owned by Declarant in Buildings committed by Supplemental Declarations. Provided, further, that if the annual expenses of the Corporation incurred under the assessment procedure exceed the amount assessed against the other Owners (excluding the Declarant), then the Declarant or its successor shall pay the excess required during this twenty-four (24) month period on an annual basis. Prior to the Applicable Date, Declarant shall bear all expenses incurred with respect to Tract 1 arising out of construction or other activities on any portion of the Real Estate not included in Tract 1, including but not limited to road damage and clean-up of debris caused by construction traffic, connection to any utility lines or mains located on Tract 1 and damage to, or deterioration of, trees, fences or other portions of the Property due to construction off site or the state of areas under development.

Ten percent (10%) of the Regular Assessment paid prior to the Applicable Date shall be designated as a reserve fund for maintenance, repairs or replacement of Common Areas that must be repaired and replaced on a periodic basis as provided in Section 5.05.

That portion of the Regular Assessment collected by the Declarant prior to the Applicable Date applicable to the replacement reserve shall be held by the Initial Board and, if required,

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applied to the replacement of the Property. To the extent that such replacement reserve is not so applied, the balance thereof shall be retained by the Corporation at the Applicable Date.

Section 5.10. Waiver of Lien upon Foreclosure. Notwithstanding anything to the contrary contained in the Declaration and these By-Laws, any sale or transfer of a Condominium Unit to a Mortgagee pursuant to a foreclosure of its mortgage or conveyance in lieu thereof, or conveyance to any Person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid installment of any Assessment as to such installments that became due prior to such sale, transfer or conveyance, but extinguishments of such lien shall not relieve the prior Owner from personal liability therefor. No such sale, transfer or conveyance shall relieve the Condominium Unit or the purchaser at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any installments of Assessments thereafter becoming due or from the lien therefor. Such unpaid share of any Assessments, the lien for which has been divested as aforesaid, shall be deemed to be a Common Expense, collectible from all owners (including the party acquiring the Condominium Unit from which it arose), as provided in the Act.

Section 5.11. Initial Budgets and Assessments. Notwithstanding anything to the contrary contained herein, in the Declaration, in the Act, in the Statute or otherwise, until the Applicable Date, the annual budget and all Assessments shall be established by the Initial Board without meetings of or concurrence of the Owners. The agency, power of attorney and proxy granted to the Declarant by each Owner pursuant to Section 3.02 hereof shall be deemed to cover and include each Owner's right to vote on and approve the annual budget and any Assessments until the Applicable Date.

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Section 5.12. Maintenance and Repairs. Every Owner shall promptly perform all maintenance and repair within his own Condominium Unit which, if neglected, would affect the value of the Property. In addition, each Owner shall furnish, and shall be responsible at his own expense for, the maintenance, repairs and replacements of his Condominium Unit and Limited Common Areas as applicable, and all equipment serving the same. Such maintenance, repairs and replacements which each Owner is responsible to make personally and at his own expense include, but are not necessarily limited to, water lines, gas lines, plumbing and electric lines which service the Owner's Condominium Unit only and are located within exterior walls of the Condominium Unit including any lines in the area from below the floor to above the roof if they are within an extension of the exterior walls of the Condominium Unit; all partitions and interior walls, ceilings and floors; appliances, to include garbage disposals, dishwashers, stoves, ranges and refrigerators, telephones, air conditioning and heating equipment (whether located wholly or partially inside or outside the Condominium Unit), doors, screens and windows (including exterior and interior of all glass and screen surfaces), lamps, and interior and exterior grouting and/or caulking and all other accessories appurtenant to the Condominium Unit or belonging to the Owner thereof. In addition, each Owner is responsible for the maintenance, repair and upkeep of the garage door.

If, due to the willful, intentional or negligent acts or omissions of an Owner or of a member of his family or of a guest, tenant or other occupant or visitor of such Owner, or of an Owner's pet or automobile, damage shall be caused to the Common Areas or to a Condominium Unit or Limited Common Area owned by or reserved for the use of others, or if maintenance, repairs or replacements shall be required thereby which would otherwise be a Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements, as

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may be determined by the Corporation, unless such loss is covered by the Corporation's insurance with such policy having a waiver of subrogation clause. If not paid by such Owner upon demand by the Corporation, the cost of repairing such damage shall be added to and become a part of the assessment to which such Owner's Condominium Unit is subject. Maintenance, repairs and replacements to the Common Areas or the Condominium Units or Limited Common Areas shall be subject to the rules and regulations adopted from time to time by the Board.

To the extent that equipment, facilities and fixtures within any Condominium Unit shall be connected to similar equipment, facilities or fixtures affecting or serving other Condominium Units or any Common Areas or Limited Common Areas, then the use thereof by the owner of such Condominium Unit shall be subject to the rules and regulations adopted from time to time by the Board. The authorized representatives of the Corporation or Board of Directors or the Managing Agent for the Corporation, shall be entitled to reasonable access to any Condominium Unit as may be required in connection with maintenance, repairs or replacements of or to the Common Areas or Limited Common Areas or any parts thereof, or any equipment, facilities or fixtures affecting or serving other Condominium Units or any Common Areas or Limited Common Areas.

Section 5.13. Limitations on Annual Assessments. The Board of the Association shall have no authority to increase the Annual Assessments unless supported by a majority vote (no less than 51%) of the Members of the Association. The aggregate Annual Assessment which may become due and payable in any year shall not exceed the greater of ten (10%) percent of the aggregate Annual Assessments charged in the previous calendar year.

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ARTICLE VI

Restrictions, Entry and Rules and Regulations

Section 6.01. Restrictions on Use. The following restrictions on the use and enjoyment of the Condominium Units, Common Areas, Limited Common Areas and the Property shall be applicable to Tregaron Ridge and are in addition to those set forth in the Declaration:

(a) All Condominium Units shall be used exclusively for residential purposes and for occupancy by a single family or by no more than three (3) unrelated persons, excepting Declarant specifically reserves the right to use Condominium Units as a sales office, sales area or model. Except for any special rights reserved by the Declarant, no Condominium Unit may be partitioned or subdivided.

(b) No additional buildings shall be erected or located on the Tract other than the Buildings designated in the Declaration or a supplement or amendment to the Declaration, and shown on the Plans or plans filed with such supplement or amendment to the Declaration, without the consent of the Board of Directors, except Declarant reserves the right to maintain a mobile office for construction, marketing or management.

(c) Nothing shall be done or kept in any Condominium Unit or in the Common Areas or Limited Common Areas which will cause an increase in the rate of insurance on any Building or the contents thereof. No Owner shall permit anything to be done or kept in his Condominium Unit or in the Common Areas or Limited Common Areas which will result in a cancellation of insurance on any Building or any part of the Common Areas or contents thereof, or which would be in violation of any law or ordinance or the requirements of any insurance underwriting or rating bureau.

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(d) No animals, livestock or poultry of any kind shall be raised, bred or kept in any Condominium Unit or in the Common Areas or Limited Common Areas or on the Property, except that pet dogs, cats or customary household pets may be kept in a Condominium Unit, provided that such pet is not kept, bred or maintained for any commercial purpose, and does not create a nuisance. An Owner shall be fully liable for any injury or damage to persons or property including the Common Areas or Limited Common Areas, caused by his pet. The Board may adopt such rules and regulations regarding pets as it may deem necessary from time to time including, but not limited to, a requirement that any Owner desiring to bring a pet on the Property shall deposit with the Board a security deposit in an amount to be determined by the Board to cover any damage that may be caused by such pet to the Common Areas. Any such security deposit shall be returned to the Owner when the pet is permanently removed from the Property, except to the extent said deposit has been used to repair damage caused by such pet. Any requirement for the depositing of such a security deposit shall not be deemed to release or in any way limit an Owner's responsibility and liability for injury and damage caused by his pets. Any pet which, in the judgment of the Board, is causing or creating a nuisance or unreasonable disturbance or noise, shall be permanently removed from the Property within ten (10) days after written notice from the Board to the respective Owner to do so.

(e) Nothing shall be done or permitted in any Condominium Unit which will impair the structural integrity of any Building or which would structurally change any Building or which would affect the exterior appearance of any Condominium Unit, except as otherwise provided in the Declaration or these By-Laws. No Condominium Unit shall be used in any unlawful manner or in any manner which might cause injury to the reputation of Tregaron Ridge.