

affirmative vote of two-thirds of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation. Notwithstanding the above, the Board of Directors at all times are authorized to increase assessments to the extent necessary to pay insurance premiums and real estate taxes as affect the Property.

(d) Establishment of Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of members required by Subsection (c) of this Section 3.

All sums collected from assessments shall be divided into two parts with one part being used for current operations or recurring expenses and the other part being used as a reserve fund. Said reserve funds shall be maintained by the Association for the periodic maintenance, repair, and replacement of improvements to the common area and any applicable limited common area which the Association may be obligated to maintain.

Two months assessment for each lot shall be required as a working capital fund for the initial months of the project's operation. Each lot's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each lot and maintained in an account for the use and benefit of the Association. The purpose of the fund is to insure that the Association Board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advanced payment of regular assessments.

(e) Lots Owned by Declarant. Notwithstanding anything in this Article VI to the contrary, all lots owned by Declarant and held for sale shall be assessed at an amount equal to the pro rata monthly maintenance expense less reserve payments but in no event less than 25% of the actual monthly assessments paid by owners.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of