

ARTICLE VII

DAMAGE TO OR CONDEMNATION OF ASSOCIATION PROPERTIES

Section 7.1. Damages By Members: Each Member shall be liable to the Master Association for any damage to Association Property not fully covered by insurance which may be sustained by reason of the negligence or willful misconduct of said Member, or the persons deriving their right and easement of use and enjoyment of the Association Property from said Member, or of his respective Family and guests, both minor and adult. Notwithstanding the foregoing, the Master Association reserves the right, after Notice and Hearing, to charge a Special Assessment equal to the amount of such damage not covered by insurance together with the increase, if any, in the insurance premium directly attributable to the damage caused by such member or the Persons for whom such Member may be liable as described above, and to impose a fine upon such Member in accordance with Section 8.21, below. In the case of joint ownership of a Lot or Condominium, the liability of such Owners shall be joint and several, except to the extent that the Master Association has previously contracted in writing with such joint Owners to the contrary.

Section 7.2. Repair of Damage: In the case of damage by fire or other casualty to the Association Property, any insurance proceeds payable by reason thereof shall be paid to the Master Association, which thereupon shall contract to repair or replace all the Association Property so damaged. The Master Association shall levy a Reconstruction Assessment on all Members to make good any deficiency in accordance with Section 6.4, above.

If at any time all or any portion of the Association Property, or any interest therein, be taken for any public or quasi-public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the holder or holders of fee title to such area, and their Mortgagees, as their interests may appear. Any such award shall be deposited in the operating fund. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. The Master Association shall have the exclusive right to participate in such proceeding and shall, in its name alone, represent the interests of all Members.

Section 7.3. Sale by Unanimous Consent: If an action for condemnation of all or a portion of the Association Property is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Owners and after written notice to at

least sixty-seven percent (67%) of all first Mortgagees, the Association Property, or a portion of it, may be sold.

Section 7.4. Distribution of Proceeds of Sale or Condemnation Award: On a sale occurring under Section 7.3, above, or upon a taking through judgment of condemnation, the proceeds shall be retained in the general fund of the Association.

ARTICLE VIII

GENERAL RESTRICTIONS

All real property within the Properties shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Declarant set forth herein.

Section 8.1. Residential Areas: All property within a residential Area (including any Common Areas for the primary benefit of the Owners of Lots or Condominiums on such Residential Area) shall be improved and used solely for single-Family Residential use; provided, however, that this provision shall not preclude any Owner in the Properties from renting or leasing all of his Lot or Condominium by means of a written lease or rental agreement subject to this Master Declaration. The Declaration of Annexation recorded for a Residential Area shall designate such residential use for that area to be single-Family Residences, a Planned Development, Condominium Project, an apartment project, or a combination thereof.

Section 8.2. No Further Subdivision: No Lot, Common Area or Master Association Maintenance Area may be further subdivided without the prior written approval of the Board; provided, however, that nothing in this section shall be deemed to prevent an Owner from, or require the approval of the Board for: (a) selling a Lot or Condominium, or (b) transferring or selling any Lot or Condominium to more than one person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property.

Section 8.3. Improvement, Landscaping and Alterations. Except as set forth in Article X, hereof, without the prior approval of the Architectural Committee as provided in Article IX hereof, there shall be no excavation, construction, alteration or landscaping on any part of the Properties, other than minor repairs or rebuilding pursuant to Section 8.4 or Section 9.9. There shall be no violation of the setback or sideyard requirements of the local governmental authority.