

c. The Association shall be entitled to enforce collection of delinquent assessments by any other means provided by law.

10. All sums collected from annual and special assessments shall be held in trust for the residence owners in the respective shares in which they are paid, and shall be credited to accounts from which shall be paid the expenses for which the respective assessments are made. Such accounts shall be a common expense account to which shall be credited all annual and special assessments.

11. The reserve fund referred to in Article XII, Section 2(b) shall be maintained in an account separate and distinct from that maintained for annual and special assessments and shall not be used for operation. This reserve fund will be the only funds transferred to the Homeowners Association by the Declarant.

12. To the extent permitted by law, any lien of the Association for annual and special assessments becoming payable on or after the date of recordation of the first mortgage on any residence shall be subordinate to such first mortgage. A lien for annual and special assessments shall not be affected by any sale or transfer of a residence, except that a sale or transfer pursuant to a foreclosure of a first mortgage shall extinguish a subordinate lien for assessments which became payable prior to such sale or transfer.

13. All delinquent assessments which were extinguished pursuant to the foregoing provision may be reallocated and assessed to all of the residences as a common expense.

14. Any such sale or transfer pursuant to a foreclosure does not relieve the purchaser or transferee of a residence from liability for, nor the residence from the lien of, any assessments made thereafter.

ARTICLE XII
(Rights and Duties of the Association)

For the purpose, inter alia, of insuring maximum enjoyment of the project property by all of the residence owners, the use of the property of the project shall be in accordance with the following provisions:

1. RIGHTS OF ASSOCIATION. The rights of the Association shall include, but not be limited to, the following:

a. The right to grant permits, licenses, and easements over the common area for utilities, roads and other purposes reasonably necessary or useful for the proper use, maintenance or operation of the project.

(CONTINUED ON NEXT PAGE)