

ARTICLE 7

THE ASSOCIATION POWERS & DUTIES

Section 1. The Developer has heretofore formed a corporation not-for-profit, Sugar Hill Property Owners Association, Inc., referred to herein as the Association, which shall have the powers and duties hereinafter set forth.

Section 2. The Association shall, from time to time, fix and determine the sum or sums necessary and adequate for the continued ownership, maintenance and operation of the private streets and roads located within the Subdivision, maintenance and improvement of the "Reserved Areas" shown on the Plat and owned by the Association, maintenance and beautification of road rights of way owned by the Association, and maintenance of drainage and storm water retention areas located within the subdivision. The sum or sums shall include provisions for property taxes and assessments, insurance premiums for hazard insurance, adequate public liability insurance, legal and accounting fees, management fees, operating expenses of the Association, maintenance, repairs and replacements, expenses and liabilities incurred by the corporation in connection with the indemnifications of officers and directors and the creation of reasonable contingency or reserve requirements.

Section 3. The expenses determined by the Association shall be assessed against the Lots in equal proportions.

ARTICLE 8

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Developer, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. Class B members shall be the Developer and each such Class B membership shall be entitled to three (3) votes for each Lot owned by Developer. The Class B membership shall cease and be converted to a Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) three (3) years after the date on which fifty percent of the lots are sold.

Section 3. Voting, Rights and Obligations. Each member shall have voting rights, privileges and obligations of