

DECLARATION OF RESERVATIONS AND RESTRICTIVE COVENANTS AND CONDITIONS

THIS DECLARATION is made on this 29th day of October, 2011, by Lakes Community Home Owners Assn. Inc., a South Dakota Corporation with its principal office located at PO Box 175, Wentworth, South Dakota, 57075, of Lakes Community, an Addition to Lake County, South Dakota, hereinafter called the "HOA" and hereby modifies and amends the Declarations of Reservations and Restrictive Covenants and Conditions originally passed on September 8, 1998 and subsequently amended which shall affect and apply to property located in Lake County, South Dakota and described as the following:

All Lots in Blocks One (1) through Seven (7) of the Lakes Community Addition in the South Half of Section Thirty – Three (33) Township 106 Range 51 West of the 5th P.M. in Lake County, South Dakota. Also All Lots in Block Eight (8) of Lakes Community Addition in Government Seven (7) the Northeast Quarter (NE1/4), and the Northeast Quarter (NE1/4) of the Southeast Quarter (SE1/4) all in Section Thirty – two (32), Township One Hundred Six (106) North Range Fifty-one (51), West of the 5th P.M. and Government Lots One (1) and Two (2) of Section Five (5), Township One Hundred Five (105) North, Range Fifty-one (51), West of the 5th P.M., in Lake County, South Dakota. Also All Lots in Block Four (4) of Silver Creek Lakes Addition in a part of County Auditor's Subdivision of Lot Four (4), in Government Lot Four (4) of Section Thirty-two (32), Township One Hundred Six (106) North, Range Fifty-one (51) West of the 5th P.M., in Lake County, South Dakota.

WHEREAS, the Developer intends to develop and offer for sale Lots and Tracts to be located within the Lakes Community, an Addition to Lake County (herein sometimes referred to as the "Development") and is desirous of subjecting all of the land located within this Development to certain covenants, easements, restrictions, conditions and charges as hereinafter set forth; and

WHEREAS, the Developer has formed a South Dakota non-profit corporation known as the Lakes Community Home Owners Association Inc., which will have the powers of maintaining and administering the roadways and the common properties as herein provided and enforcing the covenants, conditions and restrictions hereinafter created;

WHEREAS, the HOA has established a Road District by majority vote of the property owners on August 31, 2010. Each DEEDED LOT or LIVING UNIT owner will be assessed their proportionate share of the total cost of road maintenance and repair with a tax assessment amount determined annually by the Road District Board of Directors.

WHEREAS, the Developer has sold to The Lakes Golf Course LLC land to be developed and utilized as a public golf course, and it is mutually understood and agreed between the Golf Course and the Developer that certain Lots and Tracts within the Development to be sold by the Developer will be adjacent to portions of the golf course owned and operated by the Lakes Golf Course LLC; and

WHEREAS. The Developer reserves for itself, its successors and assigns easements for public utilities, drainage and storm sewers, landscaping and for constructing improvements thereon, which are identified and shown on the plat or plats of The Lakes Community, Addition to Lake County, South Dakota, filed and to be filed by the Developer to insure the harmonious and systematic development of the Property;

NOW, THEREFORE, the Developer and the Owner hereby declare that the real property located in Lake County, South Dakota, and legally described as All Lots in Blocks One (1) through Seven (7) of the Lakes Community Addition in the South Half of Section Thirty – Three (33) Township 106 Range 51 West of the 5th P.M. in Lake County, South Dakota. Also All Lots in Block Eight (8) of Lakes Community Addition in Government Seven (7) the Northeast Quarter (NE1/4), and the Northeast Quarter (NE1/4) of the Southeast Quarter (SE1/4) all in Section Thirty – two (32), Township One Hundred Six (106) North Range Fifty-one (51), West of the 5th P.M. and Government Lots One (1) and Two (2) of Section Five (5), Township One Hundred Five (105) North, Range Fifty-one (51), West of the 5th P.M., in Lake County, South Dakota. Also All Lots in Block Four (4) of Silver Creek Lakes Addition in a part of County Auditor’s Subdivision of Lot Four (4), in Government Lot Four (4) of Section Thirty-two (32), Township One Hundred Six (106) North, Range Fifty-one (51) West of the 5th P.M., in Lake County, South Dakota, (hereinafter referred to as the “Property”) shall be held, transferred, sold, conveyed and occupied subject to the conditions, restrictions, easements, charges and liens as hereinafter set forth, which covenants, restrictions and easements shall run with the Property and shall be binding upon all parties having any right, title or interest in the Property or any part thereof, together with their heirs, successors and assignee, and shall inure to the benefit of each Owner thereof.

Article I. DEFINITIONS

- 1.1 Definitions. The following words, when used in this Declaration, shall have the following meanings:
- a. “Developer” shall mean and refer to The Lakes Community LLC, a South Dakota corporation, its successors and assigns.
 - b. “Association” shall mean and refer to The Lakes Community Home Owners Association Inc., a South Dakota non-profit corporation.
 - c. “Member” shall mean and refer to all those owners who are members of the Association as provided herein.
 - d. “Lot” shall mean and refer to any tract or parcel of land designated as a Lot shown upon any recorded plat or subdivision map of the property.
 - e. “Owner” shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot (excluding, however, contract sellers and including in their place their contract purchasers), and excluding any person having such interest merely as security for the performance of an obligation.
 - f. “Lakes Community Addition” shall mean and refer to all of the Lots and Tracts which will be a part of Lakes Community, an Addition to Lake County, South Dakota, herein sometimes referred to as the “Addition”.
 - g. “HOA Board of Directors” shall mean and refer to the principal officers elected by the Association. The officers shall include a President, Vice-President, a Secretary, a Treasurer and a Member At Large.

Article II.
ADDITIONAL PLATTING OF LAKES COMMUNITY ADDITION

2.1 Additional Plats. The Developer shall have the right, without obtaining the consent of the Owners, to bring within the scheme of Lakes Community Addition and this Declaration additional real property which will be described in additional plats to be real property which will be described in additional plats to be recorded. Such supplemental plats and Declarations may contain certain modifications and complimentary additions to reflect the different character, if any, of the additional property will become a part of Lakes Community Addition.

Article III.
MEMBERSHIP IN THE ASSOCIATION

3.1 Every person or entity who is the Owner of a fee or undivided interest in a fee or has any interest in any lot which is subject by covenants of record to assessment by the Association shall be a Member of the Association; provided, however, that any person or entity that holds such interest merely as security for the performance of an obligation, such as a mortgagee, shall not be a Member unless and until through foreclosure or otherwise the security interest and title shall merge in the owner of the security. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

Article IV.
EASEMENTS

- 4.1 Easements. Easements are hereby reserved by the Developer for water, sewer, electricity, gas, telephone, storm sewers, drainage, telecommunications, street lights, signage, and landscaping and for constructing improvements thereon, all as more particularly shown on the plat or plats of Lakes Community Addition.
- 4.2 Use of Easements. Said reserved easement areas may be utilized for the purposes of ingress, egress, maintenance of landscaping and improvements, and for the installation, replacing, repairing and maintaining of utilities placed within the easement areas.
- 4.3 Dedication. The easement areas reserved by the Developer as shown on the recorded plats of Lakes Community Addition are hereby dedicated to those utilities and entities that provide the various services referred to in paragraph 4.1.
- 4.4 Maintenance of Easement Areas. The Owner of a Lot shall maintain the easement area located upon his Lot, except for those improvements for which a public utility or public authority is responsible or a Home Owners Association assumes such obligations thereon. No structure, planting or other materials shall be placed or permitted to remain

or to interfere with the dedicated easement areas except landscaping and improvements that are put in place by the Developers.

Article V.
GOLF COURSE LOTS

- 5.1 Golf Course Lots. Certain Lots are adjacent and contiguous to The Lakes Golf Course which adjoins but is not a part of the Property.
- a. All purchasers of Lots which abut or adjoin the golf course are hereby placed on notice that such Lots may be affected by acts and occurrences resulting from the use, operation and maintenance of a public golf course.
 - b. By accepting a conveyance of a Lot abutting or adjoining the golf course, any Owner for himself, his heirs, personal representatives, assigns, his family and invitees assume the risk of injury or damage to their person or property resulting from the use, operation and maintenance of a public golf course.
 - c. By accepting a conveyance of a Lot abutting or adjoining the golf course, any Owner for himself, his heirs, personal representatives and his family agrees to release and hold harmless the Developer and Lakes Community LLC and The Lakes Golf Course LLC of South Dakota (including in connection with the foregoing, elected and appointed officials, directors, officers, employees, servants and agents) from the use, operation and maintenance of a public golf course.

Article VI.
ARCHITECTURAL REVIEW COMMITTEE TO APPROVE PLANS PRIOR TO CONSTRUCTION

- 6.1. Architectural Review Committee. In order to maintain the criteria for standards, to prevent the impairment of the attractiveness of the individual Lots, and to maintain the desired tone of the residential community, and thereby secure to each Owner the full benefit and enjoyment of his Lot with no greater restriction on the free and undisturbed use of a Lot than is necessary to ensure the same advantages for the other Owners, an Architectural Review Committee is hereby established, and shall consist of the HOA Board of Directors.
- 6.2. Procedure. Before commencing any permanent improvement on or to any of the described Lots, including landscaping, the construction or external alteration of any building, enclosure, fence or any other structure, the Owner shall first submit a site plan and plans and specifications, including as applicable, architectural, engineering and landscape plans for the written approval of the HOA Board of Directors. In the event that the Committee fails to approve or disapprove plans submitted to it or to request additional information reasonably required within sixty (60) days after the receipt of such plans and specifications, the plans as submitted shall be deemed approved.
- 6.3. Right to Inspect. Any member of the HOA Board of Directors shall have the right, during reasonable hours and after reasonable notice, to inspect for the purpose of ascertaining whether or not the covenants contained in this Declaration have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry.

- 6.4. No Waiver of Future Approvals. The approval of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the HOA Board of Directors, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent.
- 6.5. No Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the HOA Board of Directors shall not bear any responsibility of ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes, land use regulations or any other governmental regulations or requirements. Neither the Developer, it's Board of Directors, any committee or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any unit.

Article VII. Restrictions

- 7.1 Zoning and Yard Requirements. Notwithstanding the minimum yard requirements permitted by Lake County, the minimum yard requirements for the Lots are as follows: front yard setback 30 feet; side yard setback 10 feet; rear yard setback 25 feet. Corner lots may have one front yard reduced to 30 feet. Lots adjacent to the public golf course shall have minimum rear yard setback of 35 feet. If a side yard of a Lot is adjacent to the public golf course, the set back of that side yard shall be determined by the HOA Board of Directors, but in no event shall the side yard be less than 30 feet. No enclosed or covered structures of any type or swimming pools shall be allowed in the 35 foot rear yard setback of Lots adjacent to the golf course.
- 7.2 Land use. No lot shall be used for any purpose except for a single family residential dwelling, twin home, triplex home or town house development. Notwithstanding the above, the Developer shall have the right to designate Lots as common use areas for the benefit of the Lot Owners. If a previously platted lot is subdivided, reduced in size or re-platted, the Homeowners will be charged annual dues for the portion of lot that was acquired.
- 7.3 Style and Nature of Buildings. No building shall be constructed, altered or permitted to remain on any Lot in the Addition other than a single family dwelling, twin home, triplex home or town house. No structure shall exceed two stories in height above the highest point on the Lot where the surface of the earth contracts the structure. All building construction must comply with the restrictions and requirements of these covenants, any County or City Ordinances, amendments or building code requirements of Lake County, South Dakota. All external furnaces, air conditioners, heat pumps and other items or devices of like or similar nature shall be concealed from the public view by foliage or appropriate screening devices. Construction, once commenced on any Lot, must be diligently and steadily pursued until completion not to exceed 270 days.

- 7.4 Each dwelling constructed on the Property shall conform to the following requirements listed below. Any plans or special circumstances that do not conform with the requirements below shall be brought forth to the HOA Board of Directors prior to construction.
- a. No single-level structure shall be constructed with a fully enclosed surface level of less than 1200 square feet.
 - b. No two story or higher structure shall be constructed with less than 1800 square feet for the two floors and the second floor shall have a minimum of 800 square feet.
 - c. No tri-level structure shall be constructed having a fully enclosed floor area of less than 1600 square feet.
 - d. Where permitted by applicable zoning, town houses, twin-homes and triplexes may be built on the lots, provided that no town houses, twin-homes or triplexes shall be built with less than 900 square feet per living unit.
 - e. For purposes of these restrictions, "surface level" is the first floor level that is entirely upon the surface of the earth. Any floor level that is in the whole or in part below the surface of and/or surrounded by earth shall not be considered a "surface level". Garages and open porches are excluded in calculating the above areas.
 - f. All dwellings shall have a fully enclosed double garage, no larger than 1200 square feet, to serve the principal residence. All such garages must be permanently constructed on concrete foundations, and the exterior design shall be in conformance with the principal residence.
 - g. Only natural wood, brick, stucco, natural stone, vinyl, aluminum or cement fiber shall be used as siding materials on the structures located within the Lot. No plywood, hardboard or oriented strand board siding shall be used in siding. All roofs shall be covered with cedar shingles, cedar shakes, clay tile, concrete tile, slate or laminated tab asphalt shingles or overlay shingles. Pre-finished gutters, downspouts, soffits and fascia are permitted. Any siding or roof types not aforementioned shall be submitted to the HOA Board of Directors for approval prior to construction.
 - h. Except as may be required for the construction of a particular dwelling, the grade of a Lot shall not be altered or changed in any significant fashion.
 - i. All roofing, siding and colors shall be submitted to the approval by the committee.
 - j. Dog runs or kennels shall not be permitted in the front yard or the required rear yard and side yard setbacks, and the dog runs or kennels must be approved by the HOA Board of Directors. The location, plans, specifications and materials must be submitted to the HOA Board of Directors prior to the commencement of construction.
 - k. Notwithstanding the above, the Developer shall have the right to erect, construct or install and maintain facilities and equipment for personal use of the Lot Owners on Lots designated as common use areas. Such facilities and equipment may include but shall not be limited to, gazebos, flower gardens, fountains, benches and tables.
 - l. All driveways shall be of re-enforced concrete or asphalt and all sidewalks shall be of re-enforced concrete, or as otherwise reviewed and approved by the developer or its representatives in writing.

7.5 Prohibited Activities.

- a. The following activities listed below and structures are hereby prohibited on the Property. Any plans or special circumstances that do not conform with the

requirements below shall be brought forth to the HOA Board of Directors prior to construction:

- (1) Modular homes, mobile homes, tents, shacks, barns, temporary buildings, structures of a temporary character or existing houses and garages. Temporary Sales Offices to be used by the Developer shall be permitted.
- (2) All satellite dishes not attached to the main residence dwelling.
- (3) Recreational vehicles (RV's), boats, pontoons, personal water craft, trailers of all types, campers of all types unless garaged. Recreational vehicles that are owned by guests, of a HOA member are limited to a stay of 7 consecutive days or less, unless garaged.
- (4) Animals, livestock or poultry of any kind raised, bred or kept on any Lot, except that of dogs or cats, may be kept provided that they are kept, bred or maintained for no reason other than as household pets.
 - a. No person shall own, keep or harbor within the boundaries of Lakes Community Home Owners Association Inc outside the boundaries of the Owner's property, any dog which is not firmly restrained by a leash by a person who shall have control of such dog.
 - b. No Owner shall fail to exercise proper care and control of his dog or other animals to prevent them from becoming a public nuisance. Excessive or untimely barking, molesting passersby, chasing vehicles, habitually attacking people or other domestic animals, or trespassing upon private property in such a manner as to damage property, shall be prohibited and deemed a nuisance.
 - c. Any person, owning, keeping or harboring a dog that chases, worries, injures or kills any domestic animals guilty of a Class 2 misdemeanor, and is liable for all damages to the Owner thereof for any injury caused by the dog to any animal. All property except such as is absolutely exempt, is subject to execution issued upon a judgment for such damages and costs (SDCL 40-34-14).
 - d. Any person owning or keeping a vicious dog, as defined in South Dakota statutes, has committed a public nuisance and is subject to the provisions of the criminal code. (SDCL 40-34-14).
- (5) Business enterprises, including self-employed businesses where the public is invited. No profession or home industry shall be conducted in or on any Lot without the specific written approval of the HOA Board of Directors.
- (6) Any person operating snowmobiles, road and recreational vehicles in a careless manner will be reported to law enforcement.
- (7) No noxious or offensive trade or activity, as defined by law, shall be carried on upon a Lot in the Property, nor shall anything be done which may become an annoyance or nuisance, as defined by law.
- (8) Window or wall heating units and window or wall air conditioning units.
- (9) Mining activities and private water wells.
- (10) Spot lights, flood lights or other lighting that interferes with the enjoyment of adjoining or neighboring Lots.
- (11) Above grade swimming pools.
- (12) No existing house or garage may be moved onto or relocated on any Lot.
- (13) Chain link type fencing without the specific written consent of the HOA Board of Directors.

- (14) Free standing storage buildings and garage without the specific written consent of the HOA Board of Directors.
 - (15) Trailers unless garaged. No trailers, of any type, may be parked in the Development. The exception is trailers involved with a construction project. Trailers involved with a construction project must be parked as not to block or impede traffic or snow removal on the Development roads. Trailers involved with a construction project must be removed immediately when construction is completed.
- b. In addition to said prohibited activities, Owners of Lots within the Development shall do and perform the following:
- (1) Owners of vacant Lots must keep and maintain those Lots in a neat and clean appearance. Each Lot shall be regularly mowed to keep the length of grass growing thereon at six inches or less, and weeds shall be regularly sprayed or controlled to not impede or spread to adjacent Lots. Upon failure to comply with this covenant, and after three days notice is given, the Developer or agent selected by the Board of Directors may perform such maintenance as is necessary and bill the Lot Owner, as provided herein, for all expense incurred. Failure to pay the bill will result in late fees set by the HOA Board of Directors and additional possible legal action.
 - (2) .
 - (3) Trees and Landscaping. Trees and landscaping are an essential part of the Development. Consequently, the following covenants apply:
 - (a) All lawns and landscaping must be completed within 1 year after construction is initiated.
 - (4) Each lot owner, within one year after construction, shall plant a minimum of two trees. Trees shall be 5 feet in height or larger. All trees planted shall be of a seedless variety, no cottonwood, box elder or elm allowed.
 - (5) Refuse and rubbish. No Lot shall be used or maintained as dumping ground for rubbish or a storage area for any trash, garbage or other waste. Any such trash, garbage or other waste shall be kept within sanitary containers, and shall be stored either underground or within garages, or within a screened device for that purpose.
 - (6) Signs. No sign of any kind shall be displayed to the public view on any Lot except one sign of not more than 6 square feet advertising a residence for sale or rent, or signs used by the Developer or a Contractor to advertise the property during the construction and sales period. Exception: Permanent identification signs may be constructed by the Developer at the perimeter of the area, and signs of a temporary nature may be placed by the Developer to advertise the Development during the development and sale of Property.
 - (7) Removal of Soil and Grade Level. No soil shall be removed from the Addition resulting from any excavation without first obtaining the written approval of the Developer. There shall be no material change in grade levels as they now exist without approval of the Committee.
 - (8) Trees and Landscaping. Trees and landscaping are an essential part of the Development. Consequently, the following covenants apply:
 - (a) All lawns and landscaping must be completed within 1 year after construction is initiated.
 - (9) Each lot owner, within one year after construction, shall plant a minimum of two trees. Trees shall be 5 feet in height or larger. All trees planted shall be of a seedless variety, no cottonwood, box elder or elm allowed

- (10) Pools. In ground swimming pools are permitted. However, in ground swimming pools may not be constructed in the 35 foot rear yard setback of lots adjacent to the golf course except that the HOA Board of Directors may consider a deviation from this restriction providing that any deviation does not affect the sight lines of neighboring lots and does not affect safety specifications for swimming pool. Plans must be submitted to the HOA Board of Directors for its review and approval in writing.
- (11) Fences. Front yards shall not be fenced. Rear yards of Lots adjacent to the public golf course may be fenced provided that prior approval has been received from the HOA Board of Directors. Net type fences or fences constructed of chains or ropes are not permitted.
- (12) Runoff and erosion shall be controlled on site during construction with erosion control barriers. All disturbed ground areas of a building site shall be sodded, seeded, covered with plants or mulched with approved landscape materials.

7.6 Utilities. All utilities shall be installed beneath the surface of the earth.

7.7 Elevations and Drainage. The construction of any improvements on a lot must be engineered in a manner which shall insure that there will be proper drainage which is not detrimental to adjoining properties. The existing elevations at all property lines adjacent to golf course or existing roadways shall not be altered.

7.8 Lot Use by Developers. Any lot within the Addition owned by the Developer may be used for a model home or for a temporary structure during the development and sales period by the Developer or for a real estate office with customary development signs during the development period of the Property.

7.9 Enforcement. If the Owners of any of the Lots to which these covenants apply, or their heirs, assigns or successors in interest shall violate any of the covenants herein set out, it shall be lawful for any other person or entity owning real property in the Addition to prosecute any proceedings at law or in equity against the person or persons violating such covenants, either to prevent him doing so or recover damages for such violation, or both.

(1) Penalties. Penalties for a violation of any provision in the Declaration of Reservation and Restrictive Covenants and Conditions of the Lakes Community Homeowners Association, will be imposed by the Board of Directors (hereinafter referred to as the "Board") as follows:

(2) Initial Notification. Prior to the assessment of a fine, the Board will perform a periodical inspection and will mail certified written notification to the owner of the property regarding the nature of violations as stated in the Declaration of Reservations and Restrictive Covenants and Conditions. The owner will have 30 days to resolve the issue(s) without additional intervention from the Association.

(3) Opportunity for Hearing. Each owner has the opportunity for a hearing with the board before a fine is actually assessed. A property owner may appeal any violation to the Board of Directors by providing a written request for a hearing to the Association with ten (10) days of the initial notice date by mailing or faxing an appeal to the President of the Board.

(4) Second Notification. If the violation is not resolved by a following inspection and if a hearing request has not been submitted, a written notification to the property owner, along with a \$100.00 fine is sent via certified mail. Voting rights of the property owner are suspended until the violation is corrected.

(5) Additional Notification. If the violation remains unresolved upon the third consecutive inspection following the Second Notification, written notification to the property owner including a \$200.00 fine is sent via certified mail. Voting rights remain suspended until violation is corrected.

If the violation remains unresolved, the Association may take any or all of the following actions:

- 1) Mail Notices of Additional Fines of \$200.00 for each month the violation remains unresolved.
- 2) Enter onto the property and correct violation, in which case the owner shall be liable for repayment in full of any and all costs associated with the Association's correction of the violation.
- 3) The Board, at their discretion, may remand the matter to judicial remedy at any time.

Any fine is due and payable upon notification and is considered delinquent if not paid within 30 days of the due date. Any unpaid fine can become a lien on the property and shall be subject to applicable late charges and interest costs for each month the assessment remains unpaid.

A violation by a tenant or guest shall be treated as a violation by the property owner of the property occupied by the tenant. The property owner shall receive letters as cited above which shall outline a complaint for a rules violation committed by a tenant.

7.10 Invalidity. Invalidation of any one or more of these covenants by judgment or court order or any other reason shall in no way affect any of the other provisions, which shall remain in full force and effect.

7.11 Supplemental Declarations. The Developer may file Supplemental Restrictive Covenants and Conditions which establishes for the care and maintenance of any common areas or easements dedicated for landscaping.

Article VIII. ASSESSMENTS

8.1 Payment of Assessments and Charges. The HOA declares that each Owner of any lot by acceptance of a deed is to pay to the Association annual assessments and charges.

8.2 Purposes of Assessments. Assessments shall be utilized for the payments of insurance, repairs, replacements, additions, and for the cost of labor, equipment, materials, management, and supervision to promote the safety and welfare of residents within the Addition.

8.3 Amount of Assessments. The amount of the annual assessment for each **DEEDED** lot or **LIVING UNIT** within the Addition will be voted by the majority of the HOA Members present during the Fall meeting. **THE HOA BOARD OF DIRECTORS WILL RECOMMEND THE AMOUNT TO BE ASSESSED DURING THE MEETING**

BASED ON FINANCIAL INFORMATION. SUCH ASSESSMENT RECOMMENDATION SHALL HAVE THE ASSENT OF THE MAJORITY OF MEMBERS PRESENT AND ENTITLED TO VOTE TO DEEM THE ASSESSMENT AMOUNT APPROVED

- 8.4 Special Assessments. The HOA Board of Directors may levy in any assessment year a special assessment for the purpose of capital improvements to defray the cost of any new construction, repair or replacement of existing capital improvements including the necessary fixtures and personal property related thereto; provided, however, that such assessment shall have the assent of a majority of the members entitled to vote and present at a meeting called for such purpose.
- 8.5 Due Dates of Assessments. The annual assessment shall be due and payable in full on the first day of January of each year. If the annual assessment is not received by the 1st of February of each year, a late fee will be incurred that is set by the Board of Directors. The due dates of any special assessment shall be as indicated by the resolution authorizing such special assessment. The pro-ration of any annual or special assessment may be negotiated between the transferor and transferee of lots within the Addition.
- 8.6 Written Notice of Assessments. At least thirty (30) days prior to the due date of the assessment, the Association shall provide Members with written notice of the amount of the annual or special assessment due. Notice shall be deemed to have been duly given when sent via electronic mail or when mailed, postage prepaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of the mailing.
- 8.7 Lien for Assessments and Charges. The annual and special assessments together with interest and special fees thereon and costs of collection thereof, shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made if the assessment is not paid when due. In addition, the annual and special assessments together with interest thereon shall be the personal obligation of the Owner of the property when the assessments fall due.
- 8.8 Subordination of Lien. The lien for assessments shall be subordinated to the lien of any mortgage or mortgages now or hereafter placed on the property subject to the assessment; provided, however, that such subordination shall apply to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment.
- 8.9 Certification of Payment. The Association shall upon demand at any time furnish to any Owner a certificate in writing signed by an officer of The Lakes Community Home Owners Association Inc. setting forth whether said assessment has been paid. Said certificate shall be conclusive evidence of the fact of such payment if so indicated.

Article IX.
GENERAL PROVISIONS

- 9.1 Term. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten years unless an instrument signed by a majority of the then owners of the **DEEDED lots or LIVING UNITS** within the Addition has been recorded in Lake County, South Dakota, Register of Deeds office agreeing to change said covenants in whole or in part.
- 9.2 Enforcement. Enforcement shall be proceedings at law or in equity against any person or persons violating or attempting to violate any covenants either to restrain violation or to recover damages.
- 9.3 Severability. Invalidations of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

Article X.
Waste Water Collection Facilities

10.1 The owners of Lots 2 through 8 of Block 7 of Lakes Community LLC shall use a specific sewer system and meet the sanitary sewer specifications attached hereto and made a part hereof.

(SEAL)

Notary Public, South Dakota

My commission expires: _____

Jodi McBeth

Todd Nelson

Molly Knutson

Mike Malone

Lois Nebben

(signatures of additional HOA Members to be listed here) HOA Member