

## Proposed Amendments to Covenants and Bylaws ESRPOA Annual Meeting – 2016

### Amendment to Covenants

The changes marked below reflect proposed amendments to select sections of the Association's Declaration of Covenants, Conditions and Restrictions ("Covenants"), which will be voted on as a collective amendment to the Covenants at the Association's Annual Meeting on August 13, 2016:

- 6.03 *Assessment period.* The General Assessment period shall commence on ~~January 1~~the first day of each fiscal year of the Association and terminate ~~December 31 of each~~ on the last day of such fiscal year.
- 6.04(d) *Default Budget.* If the Owners fail to ratify the Association's annual budget ~~for any calendar year prior to January 1 of that calendar year~~ at the Association's annual meeting, the Owners shall pay the General Assessment to the Association at the rate payable during the prior ~~calendar~~fiscal year until such time as the Owners ratify a new annual budget for the then current ~~calendar~~fiscal year. Once the Owners ratify a new annual budget, the Association shall levy against each Parcel the General Assessment for the then current ~~calendar~~fiscal year.
- 6.04(e) *No Waiver.* The failure of the Association to levy a General Assessment for any ~~calendar~~fiscal year shall not be deemed a waiver, modification or release of an Owners liability for the share of the Common Expenses allocated to such Owner's Parcel for that fiscal year.
- 6.05(a) *Special Assessment for Budget Shortage.* In the event that the Board shall determine that the General Assessment for a given ~~calendar~~fiscal year is or will become inadequate to meet the Common Expense liability of the Association for any reason including, but not limited to, costs of maintenance and unexpected repairs upon the Common Elements, the Board shall determine the approximate amount necessary to defray such expenses and shall give notice to the Owners of a Special Meeting to address the matter, describing the need for and the anticipated amount of the Special Assessment. A Special Assessment regarding a budget shortage shall require a budget amendment made in accordance with the Association Bylaws.
- 6.09 *Reserve Funds.* The Association shall have the right to maintain a reserve fund, or multiple reserve fund accounts, for future or anticipated Common Expenses. The reserve fund(s) may be funded through the annual budget process and the amount of funds placed in reserve in any ~~calendar~~fiscal year shall be determined based on the most recent reserve fund assessment or plan of the Association. Any amount of any Assessment paid by the Owner of any Parcel that is attributed to any reserve fund account shall be considered to be a paid Assessment, and amounts contributed by Owners to reserve fund accounts shall not be returned to the Owner of any Parcel upon the sale of a Parcel.

## Amendment to Bylaws

The changes marked below reflect proposed amendments to select sections of the Association's Bylaws, which will be voted on as a collective amendment to the Bylaws at the Association's Annual Meeting on August 13, 2016:

- 5.11(a)(i) the Board's estimates of Common Expenses for the next ~~calendar~~fiscal year;
- 5.12 Financial Statements. – Delete Section 5.12 in its entirety and renumber remaining sections of Article 5. [Financial statements will be distributed to Members in accordance with the Annual Disclosure required by Section 5.7 of the Bylaws.]
- 9.02(a) Fiscal and Tax Years. The fiscal year of the Association shall commence on August 1 of each year and end on July 31 of the following year; however, a calendar year of January 1 through December 31 shall be used for tax reporting purposes. ~~The fiscal year of the Association for tax reporting purposes shall be from January 1 through December 31 of each year.~~