
**The Harbors at Lake Chesterfield Homeowners'
Association**

**DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS**

SUPERSEDES

Indenture of Trust The Harbors at Lake Chesterfield

St. Louis County, Missouri

This document comments on the comparisons between the current Indenture and the proposed Declaration

Comparison: Current Indenture to Proposed Declaration

**The Harbors at Lake Chesterfield Homeowners' Association
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

PART ONE: INTRODUCTION

ARTICLE I: DEFINITIONS

There are a number of definitions added to the proposed Declaration and a few have been removed.

Removed: First Parties and Mixed Use Development were removed as the developer is no longer in the picture and the community was developed entirely as residential as opposed to mixed use.

The term Indenture was changed to Declaration.

The definitions for Lot and Living Unit were clarified.

Ordinance was expanded to refer to any applicable ordinance.

Trustees was replaced with Board.

New definitions include:

Association, By-Laws, Common Expenses, Governing Documents, Member, Nonprofit Corporation Act, Original Declaration, Person and Plat.

ARTICLE II: LOCATION, LOTS, BOUNDARIES, ALLOCATED INTERESTS

This Article describes the community with respect to its location within the City of Wildwood, the phases of development with the number of Lots and Living Units and the potential for a subcommunity to further restrict a Lot or Living Unit.

It clarifies that the Common Ground shall not be subject to separate taxation and includes reference to the City of Wildwood.

It restricts subdividing, converting or relocating Lot boundaries to require Board approval. The current Indenture (Article IX) currently restricts resubdivision of Lots to require Board approval. Whereas the current Indenture calls for assessment allocation to be modified in such an instance, the proposed documents require all voting rights and assessment allocation to remain the same.

PART TWO: COMMUNITY GOVERNANCE

ARTICLE III: ASSOCIATION

The Subdivision's success as a residential community is dependent on the support and participation of the Owners. This Declaration establishes the Association as the mechanism by which each Owner is able to provide that support and participation. While certain powers and responsibilities are vested in the Association's Board of Directors, significant decisions are reserved for the Association's membership -- the Owners.

This Article establishes the Association, naming it "The Harbors at Lake Chesterfield Homeowners Association" which is the name under which the Association is currently registered with the Missouri Secretary of State. It maintains that the Association is successor in interest to the original developer. It maintains that each owner of a Lot or Living Unit is a member of the Association.

Items in this Article that are new to this document include:

1. The requirement that a Member be in "Good Standing" in order to exercise his/her right to vote, serve on the Board, run for the Board and to use the recreational facilities.
2. Establishment of By-Laws for the Association as a separate document. By-Laws are required for an entity organized as a nonprofit corporation. Currently the recorded Indenture serves as the By-Laws. By-Laws address issues related to the administration of the Association whereas an Indenture addresses restrictions on the land. By separating the By-Laws, we are able to lower the threshold for changing administration issues by amendment. (Amendment thresholds are addressed later).

ARTICLE IV: ASSOCIATION POWERS AND DUTIES

The Association is the entity responsible for governance and administration of the Subdivision, for performance of certain maintenance responsibilities, enforcement of covenants and restrictions, and otherwise for implementation of the Governing Documents. The powers and duties of the Association, acting by and through the Board except for such matters reserved exclusively for the Owners, shall include those set forth in the Governing Documents and NCA, and as inferable therefrom. The Association shall be entitled to exercise any of the rights conferred upon it and shall be subject to all of the obligations imposed upon it under law and the Governing Documents.

This Article sets out the powers and duties of the Association. The powers and duties are not necessarily limited to what is set out in this section, but makes it clear that these powers and duties are authorized by the proposed Declaration.

Comparison: Current Indenture to Proposed Declaration

4.1 Budgets. The power to adopt a budget is implied in the current Indenture, but authority to levy and collect assessments is clearly stated in Article IX of the current Indenture.

4.2 Control of Common Property. This paragraph is identical to the current Indenture (Article V, Section 2), except that the word “monuments” is added. Monuments were not included in the current Indenture until the First Amendment to the SubIndenture was adopted.

4.3 Maintenance. This paragraph is substantially similar and mostly identical to the current Indenture (Article V, Section 3). There are no substantive changes made.

4.4 Dedication and Easements. This paragraph combines from the current Indenture Article V, Sections 4 and 5. It is substantively the same, but includes the authority to release any such dedication or easement.

4.5 Contracting. The authority in this paragraph is found in the current Indenture under Article V, Section 9. There are no substantive changes made.

4.6 Rulemaking. Rulemaking authority is found in the current Indenture (SubIndenture Article V, Section 10). Whereas currently, there is no requirement for notice to Owners, the proposed Declaration includes a requirement for a Notice and Comment period prior to final adoption of a rule.

4.7 Standing. The authority in this paragraph is found throughout the current Indenture, but is specifically stated in the proposed Declaration. This authority may be found in the current Indenture in Article V, Sections 4, 5, 6, 9 and 10, and Article X, Sections 1 and 2.

4.8 Penalties. This paragraph authorizes the imposition of fines for violations of the governing documents. Prior to the imposition of a fine, there is a requirement for notice and an opportunity to be heard. There is no authority for fining in the current Indenture. Fining authority provides an opportunity for enforcement of governing documents without necessarily having to resort to litigation.

4.9 Neglected Lots and Residences. The current Indenture authorizes the Board to enter a vacant or neglected Lot to correct neglected conditions and allocate the expense to the Owner (Article V, Section 7). This paragraph in the proposed Declaration adds the requirement for a notice and opportunity to be sent to the Owner, allowing an opportunity to cure the condition him/herself. This paragraph in the proposed Declaration also includes

Comparison: Current Indenture to Proposed Declaration

the right of access for the Board to any Lot or Living Unit if necessary for accessing the Common Ground.

4.10 Administrative Charges. This particular authority is not specifically stated in the current Indenture. The purpose is to allocate administrative charges onto the Owner who is requesting or benefitting from a service or cost incurred.

4.11 Deposits. This authority is present in the current Indenture (SubIndenture Article V, Section 9)

4.12 Insurance. This authority is present in the current Indenture (Article V, Section 8)

4.13 Borrowing. Borrowing is authorized in the current Indenture (Article IX, Section 11), but only in the event of a deficiency. To secure a loan does not require any approval by or notice to the Owners. The language in the proposed Declaration authorizes borrowing for any project undertaken for carrying out the Association's purposes. This is a method for financing large projects while avoiding a large special assessment. Under the proposed Declaration, borrowing would require a ratification by the Owners.

4.14 Trash and Recycling. The current Indenture provides the authority to spend assessments "for the purpose of promoting the recreation, health, safety and welfare of the Owners and occupants in the Properties and in particular for the rendering of services in the furtherance of such purposes" (Article IX, Section 2). This paragraph in the proposed Declaration clarifies that providing community-wide trash and recycling services would be an approved purpose.

4.15 Community Activities. The current Indenture provides the authority to spend assessments "for the purpose of promoting the recreation, health, safety and welfare of the Owners and occupants in the Properties and in particular for the rendering of services in the furtherance of such purposes" (Article IX, Section 2). This paragraph in the proposed Declaration clarifies that providing community activities would be an approved purpose

4.16 Change Use of Common Ground. This authority is found in the current Indenture (Article V, Section 2). The proposed Declaration adds the requirement for the Owners to vote on a change of use. There is no voting requirement under the current Indenture.

4.17 Conveyance and Acquisition of Common Property. This authority is found in the current Indenture (Article V, Sections 1 and 2). The proposed Declaration adds the requirement for the Owners to vote on a conveyance of Common Property. There is no voting requirement under the current Indenture.

Comparison: Current Indenture to Proposed Declaration

4.18 Enforcement of Restrictions. The current Indenture contains the power to enforce the provisions of the governing documents and to recover damages, attorney’s fees and costs (Article V, Section 6 and Article X, Section 1). The proposed Declaration adds the authority to impose fines for the purpose of enforcement.

4.19 Resale Certificate. Providing a resale certificate is a service provided by the Association to Owners when they are buying, selling or refinancing a home. This service typically has costs associated with it. This provision specifies that the Owner is responsible for the cost of this service.

4.20 Merger and Consolidation. The current Indenture includes the authority to cooperate and contract with Trustees of adjoining properties. The proposed Indenture expands this to authorize a merger or annexation of adjoining properties.

4.21 Improvement District. Although not specifically stated in the current Indenture, the authority to create an Improvement District currently exists. The creation of an Improvement District is governed by Missouri Statute and would have to meet all such criteria, included but not limited to a vote of the Owners and cooperation with local government.

4.22 Interpretation. The role of interpreting the governing documents currently lies with the Trustees, as they are the individuals elected to the Board and tasked with carrying out the Association’s duties and enforcement of the governing documents.

4.23 Limitations on Board. This paragraph is consistent with the current Indenture. It simply spells things out to avoid questions or confusion.

4.24 General. This paragraph is consistent with the current Indenture. It simply spells things out to avoid questions or confusion.

PART THREE: PROPERTY RIGHTS AND RESPONSIBILITIES

ARTICLE V: MAINTENANCE RESPONSIBILITIES

Effective maintenance, repair and replacement of the improvements in the Subdivision are vital to preserving an attractive appearance and property values in the community. The provisions of this Article allocate the responsibilities for maintenance, repair and replacement to the Association and the individual Owners.

Comparison: Current Indenture to Proposed Declaration

5.1 Association Responsibilities.

(a) Title to Common Ground. This paragraph clarifies that the proposed Declaration does not serve to convey title of any real property owned by the Association.

(b) Control of the Common Ground. This paragraph is consistent with Article V, Section 2 of the current Indenture. With respect to maintenance, the Association has control over the Common Ground.

(c) Maintenance of Common Ground. This paragraph is consistent with Article V, Section 3 of the current Indenture. With respect to maintenance, the Association has the duty to maintain, repair and replace the common property.

5.2 Owner Responsibilities. This paragraph does not expand the responsibilities of the Owners any more than in the current Indenture or otherwise by law. This section simply expands the language to avoid any question or confusion.

5.3 Failure to Maintain. This paragraph provides when the Association would perform maintenance on an Owner's Lot or Living Unit. The authority for doing so is found in the current Indenture.

ARTICLE VI: EASEMENTS

6.1 Easement Appurtenant. An easement appurtenant is an easement that runs with the land. This paragraph provides for all Owners to have an easement for the use and enjoyment of the Common Ground.

6.2 Easements in Gross. An easement in gross is a personal easement. This paragraph provides for the Association to have an easement for the purpose of performing its obligations and duties.

6.3 Existing Easement. This paragraph provides notice that there are easements throughout the Property for public and private utility purposes.

6.4 Effect of Easements. This paragraph provides notice that the easements are binding, even if not specifically mentioned in an Owner's deed.

6.5 Encroachment Easement. This paragraph provides an easement for any Residence as originally built by the Developer that encroaches on a neighboring Lot or Common Ground. This does not apply to any encroachment resulting from any construction or installation performed by an Owner.

PART FOUR: FINANCIAL MATTERS

ARTICLE VII: COMMON EXPENSE ASSESSMENTS, BUDGET

The objectives of this Article are to foster financial stability of the Association, establish a budget process to meet the reasonable and necessary expenses of the Association with oversight by the Owners, and to provide flexibility to meet unanticipated circumstances over time.

7.1 Covenant to Pay. The current Indenture currently creates a covenant for each Owner to pay assessments (Article IX, Section 1).

7.2 Common Expenses Attributable to Fewer than all Lots or Living Units. The current Indenture allows for certain expenses to be allocated to a single Owner. For example, if the Association performs maintenance to a neglected Lot or Living Unit. This expands the scope of such instances.

7.3 Preparation and Adoption of Budget. This section describes the annual assessment, places a cap on increases in the assessment, supplemental assessments, special assessments and storm water assessments. It also describes the ratification process, providing the Owners to vote down particular assessments.

Annual Assessment. Under the current Indenture, the annual assessment is a set figure subject to an annual increase based upon the Consumer Price Index. It limits the assessment for Living Units to Sixty Six and Two- Thirds of the annual assessment for Lots. This basis and increase cap may be modified by a majority of votes cast by Owners present (in person or by proxy) at a meeting.

Under the proposed Declaration, the annual assessment is a set figure (using the current 2021 assessment amount). It is subject to an annual increase of not more than 10%. Any increase above 10% may be approved by a majority of votes cast by Owners present at a meeting. There is a cap of a 15% increase in a 5 year period.

There is no vote of the Owners required for the annual assessment under either document, unless the increase is higher than authorized.

Supplemental Assessment. The proposed Indenture allows for a supplemental assessment in the event that there is a deficiency in the operating budget. This is still subject to the increase cap.

Storm Water Assessment. The current Indenture calls for 5% of the annual assessment to go specifically toward a storm water fund. This is retained in the proposed Declaration.

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Special Assessment. Under the current Indenture, a special assessment requires a majority votes cast at a meeting OR a majority vote of total Owners in the subdivision. This is a steep threshold to meet, especially if the funds are necessary for the Association to meet its duties to the Owners. Under the proposed Declaration, a special assessment may be passed without a vote of the Owners. However, if any additional assessment (supplemental, special, or combination thereof) exceeds 15% of the annual assessment for that year, the Owners shall have an opportunity to vote it down pursuant to the ratification process.

Recreational Assessment. The current Indenture authorize an additional uniform assessment to be imposed for the recreational facilities (Article X, Section 4 of the SubIndenture). There is no cap or formula associated with this assessment. The proposed Declaration eliminates this additional assessment.

Ordinance Assessment. The current Indenture authorizes an assessment in order to bring the Property into compliance with government ordinances. There is no cap on this assessment. The proposed Declaration retains this authority.

7.4 Certificate of Payment. This paragraph is new under the proposed Declaration. It allows an Owner to request a statement of his/her account with the Association.

7.5 Payment Schedule. This paragraph is new under the proposed Declaration and allows for assessments to be payable in installments at the discretion of the Board.

7.6 Accounting. This paragraph is new under the proposed Declaration. It requires the Board to provide to the Owners a statement of the income and expenses from the previous year.

ARTICLE VIII: COLLECTION AUTHORITY

Assessments are the lifeblood of the Association, necessary to provide insurance, maintenance of Common Ground, utilities and other critical services to protect the Subdivision and to preserve property values. The provisions in this Article relate to payment by the Owners and authority of the Association to collect unpaid assessments, fines, fees and other charges.

8.1 Personal Liability of Owners. Owners are personally responsible for assessments under both the current Indenture and the proposed Declaration.

8.2 No Waiver of Liability. Owners may not waive the responsibility for assessments under any circumstance. The proposed Declaration specifically states this.

8.3 Interest and Late Fees. Under the current Indenture, the interest for unpaid assessments is based upon a calculation of the prime interest rate. Under the proposed

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Indenture, the Board may adopt a resolution for late fees and interest (interest not to exceed 18%).

8.4 Lien for Assessments.

(a) Under the current Indenture, the Association has the right to record a lien against a Lot or Living Unit for unpaid assessments. Under the proposed Declaration, the Association's lien would be automatic and the Association has the option to record a notice of lien with the Recorder of Deeds.

(b) This paragraph gives the Association's lien priority over any new deeds of trust or mortgages.

(c) This paragraph provides the Association the option to record a notice of lien.

(d) This paragraph tolls the statute of limitations for the Association's lien in the event that an Owner files bankruptcy.

(e) This paragraph authorizes the Association to institute legal action against an Owner individually for the collection of unpaid assessments or to take a deed in lieu of foreclosure.

(f) This paragraph authorizes the Association to proceed with foreclosure of its lien.

(g) This paragraph authorizes the Association to include a lender in a foreclosure action.

(h) This paragraph authorizes the Association to copy an Owner's lender of delinquency notices.

(i) This paragraph prevents an Owner from claiming a homestead exemption in the event of an execution of their property.

8.5 Acceleration. In the event that a special assessment is payable in installments, this paragraph makes the entire amount delinquent in the event that an Owner is delinquent in the payment of installments

8.6 Costs and Attorney's Fees. Under the current Indenture, the Association is entitled to recover reasonable attorney's fees and court costs (Article X, Section 1). This authority is retained in the proposed Declaration and expanded to specify that an actual

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court filing is not required in order for the Association to collect its attorney's fees from the delinquent Owner.

8.7 Enforcement. This paragraph is new to the proposed Declaration, however the Association currently has this authority as a matter of law. Its purpose is to provide notice of the Association's rights in the event that a judgment is taken against an Owner.

8.8 Exemptions. Under both the current Indenture and the proposed Declaration, Common Property and property otherwise exempt from taxation are exempt from assessments.

8.9 Priority of Mortgages. Nothing contained in this Article shall abridge or limit the rights or responsibilities of mortgagees as set forth in the Governing Documents.

PART FIVE: RESTRICTIONS ON USE; COMMUNITY STANDARDS, ARCHITECTURAL COVENANTS

ARTICLE IX: RESTRICTIONS ON USE OF PROPERTY

This Article contains certain restrictions on the Lots in the Subdivision that are deemed reasonable for the preservation of an attractive residential neighborhood over time. These restrictions are applicable upon the Effective Date of this Declaration. Existing uses on the Effective Date shall not be deemed to be in violation of this Declaration, but violations existing under the Original Declaration may be enforced pursuant to the provisions of said document after the Effective Date of this Declaration. The use of Lots and Residences shall also comply with all applicable Ordinances.

This section restricts each Lot to one residence, and to be used for residential purposes. Any limitation on the number of occupants shall be governed by local ordinance requirements and fair housing standards (both state and federal).

ARTICLE X: COMMUNITY STANDARDS

This Article contains community standards that are deemed reasonable for conduct in the Subdivision to preserve an attractive residential neighborhood over time. These standards are applicable upon the Effective Date of this Declaration. Existing conduct on the Effective Date shall not be deemed to be in violation of this Declaration, but violations existing under the Original Declaration may be enforced pursuant to the provisions of said document after the

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Effective Date of this Declaration. Conduct of Owners shall also comply with all applicable Ordinances.

10.1 Pets. Under the current Indenture, pets are extremely restricted. Pets are limited to two (2). The proposed Declaration lifts that restriction but authorizes the Board to adopt a rule regulating the number of pets at a later date if it becomes necessary.

10.2 Signs and Flags. Under the current Indenture, signs are strictly prohibited (Article IX, Section 11 of the SubIndenture). Under the proposed Declaration, they are permitted but regulated. The proposed Declaration outlines certain signs that are allowed: open house, for sale, public notice (as required by ordinance, i.e. a building permit), political signs (as defined by statute), alarm signs and American flags. The Board may adopt rules allowing additional signs or flags.

10.3 Vehicles and Parking. Vehicles within the Subdivision are subject to the following limitations:

(a) Impermissible Visible Vehicles. This section is modified slightly from the current Indenture. Trucks and motorcycles are no longer impermissible visible vehicles. Added to list of impermissible visible vehicles are: derelict, abandoned or unlicensed vehicle, any vehicle over one (1) ton, and mobile homes. "Commercial vehicle" is further defined.

(b) Maintenance and Repairs. This paragraph is new to the proposed Declaration. Emergency repairs and washing of vehicles is permitted, but any extensive repairs must be performed in an enclosed garage.

(c) Vehicle Sightlines. The current Indenture contains this prohibition (Article IX, Section 9 of the SubIndenture).

(d) Prohibited Motorized Vehicles. This is not a new restriction, as all Lots and Living Units are subject to the Ordinances of The City of Wildwood.

(e) Dumpsters and Storage Containers. This is a new restriction/permission. It allows temporary dumpsters and storage containers with written consent.

(f) Rulemaking. The Board has the authority under the current Indenture to adopt rules pertaining to the common areas (Article V, Section 10 of the SubIndenture).

(g) Remedies. Authority to impose fines and tow unauthorized vehicles

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are new to the proposed Declaration.

10.4 Commercial Activities. The current Indenture prohibits commercial activities in Article IX, Section 3 of the SubIndenture.

10.5 Obstructions. The current Indenture prohibits obstructions in Article IX, Section 6 of the SubIndenture.

10.6 Nuisances. The current Indenture prohibits nuisance in Article IX, Section 4 of the SubIndenture. The prohibition in the proposed Declaration expands the scope of the definition.

10.7 Satellite Dishes, Antennas. The regulation of these items are under the current Indenture under Article VI the SubIndenture. Under the proposed Declaration, they are still regulated, but there is a reference to provide notice that an Owner has certain rights under Federal Law.

10.8 Additional Structures. The current Indenture includes this restriction in Article IX, Section 10 of the SubIndenture. The proposed Declaration allows for the Board to adopt future rules authorizing certain structures. It also specifically allows for basketball nets and trampolines.

10.9 No Unlawful Use. No portion of the Subdivision, Lots or Living Units shall be used for any purpose prohibited by law or Ordinance. This restriction, though not specifically stated, applies to all Lots and Living Units within the subdivision.

10.10 Hazardous Materials. This prohibition is new to the proposed Declaration.

10.11 Abusive Behavior. This prohibition is new to the proposed Declaration.

10.12 Trash. The current indenture prohibits any garbage or recycling on the exterior of the Lot (Article IX, Section 12 of the SubIndenture). Under the proposed Declaration, trash receptacles may be stored outside with Board approval.

10.13 Fences. The regulation of fences is found in both the current Indenture (Article IX, Section 16 of the SubIndenture) and the proposed Declaration.

10.14 Swimming Pools. The regulation of swimming pools is found in both the current Indenture (Article VI of the SubIndenture) and the proposed Declaration.

10.15 Solar Panels. The regulation of solar panels is found in both the current Indenture (Article VI of the SubIndenture) and the proposed Declaration.

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10.16 Driveways. The regulation of changes in a driveway is found in both the current Indenture (Article VI of the SubIndenture) and the proposed Declaration. The requirement to keep one's Lot (which includes a driveway) is addressed in Article IX, Section 5 of the SubIndenture.

10.17 Outdoor Sculptures or Objects. These items are prohibited as obstructions in the current Indenture (Article IX, Section 6 of the SubIndenture). The proposed Declaration authorizes them with restrictions and requiring Board authorization.

10.18 Water and Sewer. This restriction is not specifically addressed in the current Indenture.

10.19 Oil, Drilling. The prohibition of oil drilling activities is addressed in Article IX, Section 14 of the SubIndenture.

10.20 Street Structures. The current Indenture contains this restriction in Article IX, Section 15 of the SubIndenture.

10.21 Unmanned Aircraft Systems. This restriction is new to the proposed Declaration.

10.22 Technological Advances. This restriction is new to the proposed Declaration.

10.23 Yard Sale. This restriction is new to the proposed Declaration. However, under the current Indenture this activity could be prohibited as commercial use under Article IX, Section 3 of the SubIndenture.

ARTICLE XI: ARCHITECTURAL REVIEW AND COVENANTS

This Article contains the procedure for review and approval of exterior alterations of the Lots and Residences. The purpose of this review is to maintain the quality and aesthetics of exterior architectural design for the best interests of the community as a whole. This Article shall apply to all applications submitted for approval after the Effective Date of this Declaration; however, violations existing under the Original Declaration may be enforced pursuant to the provisions of said document after the Effective Date of this Declaration. Each Owner is also responsible for compliance with applicable Ordinances.

Although Architectural and Environmental Control is addressed in the current Indenture (Article VI of the SubIndenture), the proposed Declaration goes into further detail describing the process and criteria for Architectural Review Procedures. This helps to

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provide fair and consistent dealings from one application to the next and to ensure objective review of applications.

PART SIX: GENERAL PROVISIONS

ARTICLE XII: RELIEF AND REMEDIES

The authority and procedures for enforcement of the provisions of the Governing Documents, and the corresponding rights of the Owners, are provided in this Article.

12.1 Relief, Attorney's Fees. This paragraph provides a summary of the remedies that are found throughout the proposed Declaration.

12.2 Board Discretion in Enforcement. Under the current Indenture, the Board has the authority and the duty to act in good faith believed to be in the best interest of the Owners (Article X, Section 2). This paragraph in the proposed Declaration provides some examples of when the Board may not wish to pursue enforcement. Such a decision would be made in the best interest of the community and would not be deemed a waiver of future enforcement.

12.3 Alternative Dispute Resolution. This allowance for alternative dispute resolution is new to the proposed Declaration.

ARTICLE XIII: AMENDMENT OF DECLARATION AND BY-LAWS

13.1 Declaration: General. Under the current Indenture, an amendment requires written consent of two-thirds (2/3rds) of all of the Owners. The proposed Declaration reduces this requirement to a majority of all Members in Good Standing.

(a) Limitation of Challenges. Any challenge to the validity of any amendment must be brought within one year of recording.

(b) Recordation of Amendments. No amendment would be effective until recorded. This is consistent with the current Indenture.

(c) Execution of Amendments. This is an additional requirement under the proposed Indenture. Although it would be required currently to meet the requirements for the Recorder of Deeds Office.

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13.2 By-Laws. This provision is not covered in the current Indenture, as there are not currently By-Laws. By-Laws may be amended by a majority approval of the votes that are cast. The time limit for challenging By-Law amendments is six months.

13.3 Board Amendments. This provides the Board with authority to amend the proposed Declaration or By-Laws only in the event that a modification is necessary for lending compliance with respect to government-insured loans or to otherwise correct technical or clerical errors (typos).

ARTICLE XIV: MORTGAGEE PROVISIONS

The provisions of this Article are for the benefit of holders, insurers and guarantors of first Security Interests on Lots in the Subdivision, and shall apply to the Governing Documents. The term "Eligible Mortgagee" means any institutional holder, insurer, or guarantor of a first Security Interest in a Lot which provides a written request to the Association, stating the name and address of such holder, insurer or guarantor and the identifying number of the Lot to which its Security Interest relates.

This entire Article is new to the proposed Declaration. It contains rights of the lenders with respect to the loans issued to Owners with their Lot or Living Unit as collateral. It contains language that the lenders like to see in order to adequately evaluate their risk in issuing a loan. They evaluate not only the borrower (Owner) but also the community where the security interest (Lot or Living Unit) is located.

ARTICLE XV: LEASING

The Association deems it to be in the best interests of the community as a whole to preserve the Subdivision as a community in which the Lots are occupied predominantly by the Owners but also to permit leasing. Accordingly, the purpose of this Article is to foster Owner-occupancy and thereby improve stability among residents, inhibit transiency and protect property values, by establishing a limit on the number of Lots that may be leased after the Effective Date.

This Article is new under the proposed Declaration. In summary, it limits leasing as follows:

1. The maximum number of leased properties in the community would be 10% or 62 Lots or Living Units;
2. A Lot or Living Unit would be deemed owner-occupied if occupied by the Owner of record or a direct family member;
3. A Lot or Living Unit must be owner-occupied for 12 months after acquisition in order to be leased;

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4. No Owner shall own more than 2 Lots or Living Units in the community;
5. Any current Owner is exempt from this limitation but shall remain subject to the lease regulations;
 - a. A minimum of 12 month initial lease term;
 - b. No VRBO or Airbnb;

There are additional details to this leasing section, however this provides an overview. Except for the leasing regulations, this restriction applies to future Owners. It does not impact any current Owner's right to lease any Lot or Living Unit that is currently in their name.

ARTICLE XVI: COMMON WALLS

The provisions addressing party walls shall remain the same as the Original Declaration and are inserted herein as per Article VII of the Original Declaration.

This Article is identical to that in Article VII of the current Indenture with the exception of the paragraph reference.

ARTICLE XVII: GENERAL PROVISIONS

17.1 Validity. The following provisions are to protect the integrity of the Governing Documents:

(a) Severability. This paragraph is identical to Article X, Section 6 in the current Indenture.

(b) Invalidation. This paragraph is the same as Article X, Section 7 of the current Indenture but inserts a few examples of how a provision might be deemed invalid "by judgment, order or decree".

(b) Rule Against Perpetuities. The rule against perpetuities shall not be applied to defeat any provision of the Governing Documents.

(c) Recitals. This paragraph incorporates all of the provisions of the first couple of pages of the proposed Declaration. These paragraphs are titled "Recitals" and are listed before Article I.

(d) Compliance With Nonprofit Corporation Act; Conflicts. This paragraph explains how to interpret the hierarchy of any conflicts between the Nonprofit Corporation Act and the proposed Declaration. This hierarchy applies to the current

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Indenture as well, even though not specifically stated. It is included to assist Owners and the Board with proper interpretation of the law.

17.2 Interpretation. This is standard language that conveys that the document should be interpreted in a manner to carry out its purpose, that any reference to gender should be deemed to apply all persons and is not an indication that certain restrictions apply to only one gender, and that any captions are for a matter of convenience.

17.3 Persons Bound by the Documents. This provision is contained in the current Indenture in Article II “Duration of Trust”.

17.4 Condemnation. The current Indenture addresses condemnation in Article V, Section 10, authorizing the Trustees to negotiate with the public agency and execute necessary documents. This is authorized even without eminent domain. The proposed Declaration has the same authority, but also expands on how to allocate funds for compensation to impacted Owners.

17.5 Termination of Subdivision. Under the current Indenture, (Article X, Section 9) the term of the Indenture automatically renews in ten (10) year increments unless the Owners of 2/3 of the Lots and Living Units sign an instrument agreeing to terminate the Indenture at the end of any ten (10) year term. Under the proposed Declaration, the Owners may agree to terminate at any time (no ten year terms restriction), however the termination requires an 80% agreement of the Owners. The following language is consistent between the current Indenture and the proposed Declaration, *“No such agreement of termination or sale shall be effective unless made and recorded at least one year in advance of the effective date of such termination or sale, and unless written notice of the proposed agreement of termination or sale is sent to every Owner at least 90 days in advance of any action taken”*.

17.6 Term. This paragraph differs from the current Indenture as explained in the above paragraph.

17.7 Effective Date. The proposed Declaration would not go into effect until BOTH passing by 67% of the Owners and being recorded with St. Louis County Recorder of Deeds.

17.8 Applicability. The proposed Declaration would apply to events and circumstances after the Effective Date unless otherwise specifically stated.

[Intentionally left blank. Signatures to follow on the next page.]

Comparison: Current Indenture to Proposed Declaration

EXHIBIT "A"
THE HARBORS AT LAKE CHESTERFIELD HOMEOWNERS' ASSOCIATION
LEGAL DESCRIPTION

The legal description compiles the legal description from the Original Indenture, the additional parcel added by the Second Amendment to the Indenture, and the correction of the legal description made in the Third Amendment and the additional parcel added by the Third Amendment.