

year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the percentage increase reflected in the U. S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U. S. Bureau of Labor Statistics, Washington, D. C.), or such other index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding July 1.

(Explanatory Note - It is the objective of this paragraph (b) to enable the Board of Directors to increase dues sufficient to assure the maintenance to which every homeowner is entitled. On the other hand, the Board of Directors should not have unlimited authority to raise dues without the consent of at least two-thirds of the homeowners. The Consumer Price Index, which is published by the Federal Government, reflects rises and falls in the cost of living. However, it is formulated by tabulating the price of many factors, such as wages, food, clothing, housing, etc. The items included in the Consumer Price Index, which would directly affect the need to lower or raise the dues of homeowners in order to properly maintain homes, landscaping, parking areas, and other common facilities, would be such items as costs of labor, roofing, and landscape maintenance. Conceivably, during some years the cost of these items may rise more than the average increase in the Consumer Price Index.

To allow for such a possibility, the Declarant has provided that the Board of Directors may raise dues from year to year in order to assure proper maintenance and thereby protect property values of the homeowners. On the other hand, the Declarant feels that the homeowners must be protected against any excessive increases in dues by the Board of Directors without the consent of the homeowners. To accomplish such objectives it is essential to use some formula. The Consumer Price Index is used by many associations because it provides a generally accepted measurement of the rise in cost of living.

If the Consumer Price Index formula should ever prove inadequate to provide for the maintenance which the Board of Directors feels is necessary, the Board must then obtain the consent of two-thirds of the homeowners as provided in paragraph (c) of this Section 3 in order to increase dues to an amount greater than is permitted under the Consumer Price Index formula).

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