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COMMUNITY COVENANT FOR WARD VILLAGE

PARTIES TO DOCUMENT:

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1240 Ala Moana Boulevard, Suite 200, Honolulu, Hawaii 96814

COMMUNITY COVENANT

FOR

WARD VILLAGE

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COMMUNITY COVENANT FOR WARD VILLAGE

"**Ward Village**" is an urban, mixed-use development located in the City and County of Honolulu, Hawaii. This Community Covenant for Ward Village (as may be amended and supplemented from time to time, the "**Community Covenant**") establishes a governance structure and a flexible system of standards and procedures for the overall development, expansion, administration, and maintenance of Ward Village. Victoria Ward, Limited, a Delaware corporation, is the master developer of Ward Village and, along with its successors and assigns, is referred to as the "**Declarant**."

The Ward Village Owners Association (the "**Owners Association**"), has been or shall be incorporated as a Hawaii nonprofit corporation to own, operate, and/or maintain various common areas and improvements within Ward Village and to administer and enforce the Governing Documents, including this Community Covenant, pertaining to the development.

DECLARATION OF COVENANT

By executing and recording this Community Covenant, Declarant declares that the property described on Exhibit "A," and any additional property made subject to this Community Covenant in the future by amendment or supplement, shall constitute "**Ward Village**" or the "**Community**," as referred to in this Community Covenant. The covenants, conditions, restrictions, and easements set forth in this Community Covenant constitute equitable servitudes and this Community Covenant shall run with the title to all portions of Ward Village, shall govern the development and use of such property, and shall be binding upon and benefit Declarant and any other person or entity that now or hereafter has any legal, equitable, or beneficial interest in any portion of such property, and their respective heirs, successors, successors-in-title, and assigns. This Community Covenant shall also be binding upon and benefit the Owners Association, its successors and assigns.

This document does not and is not intended to create a condominium under Hawaii law.

PART ONE: INTRODUCTION TO THE COMMUNITY

Chapter 1 Governing Documents

Ward Village shall be guided and governed by certain governing documents, which bind the community together, give it structure, and provide guidance to all who participate in its growth and evolution.

Community Covenant: (recorded)	this Community Covenant for Ward Village, which creates obligations that are binding upon the Owners Association and all present and future owners of property in Ward Village
Supplement: (recorded)	a recorded Supplement to this Community Covenant (which may take any form or be denominated in any manner (e.g., a recorded supplement, plat, deed restriction, easement, etc.)), which may submit a portion of the Additional Property (as defined in Section 2.1) to this Community Covenant, create easements, impose additional obligations or restrictions, designate Area of Common Responsibility, Service Areas, or Election Districts, or any of the foregoing
Plat (recorded)	any subdivision plat, survey, or condominium instrument recorded from time to time affecting Ward Village which, among other things, may describe Parcels, Common Areas, Limited Benefit Areas, Area of Common Responsibility, streets, utility and other easements, and other aspects of Ward Village
By-Laws: (attached and recorded with this Community Covenant as Exhibit "E")	the By-Laws of Ward Village Owners Association, adopted by its Board of Directors, which govern the Owners Association's internal affairs, such as voting, elections, meetings, etc.
Articles of Incorporation: (filed with the State of Hawaii Department of Commerce and Consumer Affairs)	the Articles of Incorporation of Ward Village Owners Association, which establishes the Owners Association as a nonprofit corporation under Hawaii law
Design Guidelines: (Declarant adopts)	the design standards and architectural and aesthetics guidelines adopted pursuant to Chapter 5, which govern new construction and modifications, including structures, landscaping, and other improvements on a Parcel (as defined in Section 3.1)
Rules: (initial set attached and recorded within this Community Covenant as Exhibit "C")	the rules of the Owners Association adopted pursuant to Chapter 7, which regulate use of property, activities, and conduct within Ward Village
Board Resolutions: (Board adopts)	the resolutions which the Board adopts to establish rules, policies, and procedures for internal governance and Owners Association activities and to regulate the operation and use of property which the Owners Association owns, maintains, or controls

Table 1.1 Governing Documents

1.1. Scope and Applicability

Ward Village is administered through various documents that have a legal and binding effect on all owners and occupants of property subject to this Community Covenant, as well as on anyone else that now or in the future has an interest in any portion of the property comprising the Community. Such documents, referred to in this Community Covenant as the "**Governing Documents**," include the documents described in Table 1.1, each as may be amended and/or supplemented from time to time. All Parcel Owners and Sub-Unit Owners (each as defined in Section 2.4), as well as their tenants, guests, and invitees, are required to comply with the Governing Documents.

1.2. Additional Covenants

The owner of any property within Ward Village may impose covenants on its property, in addition to the Governing Documents, with Declarant's approval as required pursuant to Section 18.6. As between this Community Covenant and any such additional covenants, the more restrictive provisions control. If given such authority in the instrument setting forth such covenants, the Owners Association shall have standing and the power, but not the obligation, to enforce any such additional covenants.

1.3. Conflicts

If there are conflicts between any of the Governing Documents and Hawaii law, Hawaii law shall control. If there are conflicts between the Governing Documents and any covenants recorded on any property within the Community (or the rules or policies adopted pursuant to any such additional covenants) previous to the recording of this Community Covenant, the previously recorded covenants shall control unless specifically made subordinate to the Governing Documents. If there are conflicts between or among any of the Governing Documents, then this Community Covenant, the Articles, and the By-Laws (in that order) shall control. If there are conflicts between the Governing Documents and any additional covenants recorded on any property within Ward Village (or the rules or policies adopted pursuant to any such additional covenants) following the recording of this Community Covenant, the Governing Documents shall control.

The Governing Documents use italicized summaries at the beginning of each Chapter. In addition, diagrams and tables are used to illustrate concepts and assist the reader. **In the event of a conflict between any italicized summary, diagram, or table and the text of the Governing Documents, the text shall control.**

If any court determines that any provision of this Community Covenant is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

1.4. Definitions

The defined terms used in this Community Covenant have the meaning described in the paragraph where they first appear in bold print. An index to defined terms follows the Table of Contents. All other terms used in this Community Covenant have their natural, commonly accepted definitions.

1.5. Interpretation of Certain References

The following references used in any of the Governing Documents shall be generally interpreted as described below unless otherwise provided in the particular Governing Document:

Village Standard. Where the Governing Documents require compliance with the "**Village Standard**," the standard to be applied is the higher of: (a) the standard of use and operations, conduct, maintenance, and appearance generally prevailing in Ward Village, or (b) the minimum standards described in the Master Plan, this Community Covenant, the Design Guidelines, the Rules, and Board resolutions. The Village Standard may contain objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the discretion of the Board or the Reviewer (as defined in Chapter 5). All aspects of the Village Standard need not be set out in writing as elements comprising the standard may require the exercise of subjective judgment and cannot be reduced to written criteria. Declarant initially shall establish the Village Standard and the Village Standard may evolve as development progresses and as Ward Village matures.

Maintenance. All references in this Community Covenant to "**maintenance**" shall refer to maintenance, repair, and, except as otherwise specifically conditioned in this Community Covenant, replacement.

Majority. All references in the Governing Documents to a "**majority**" shall refer to means those votes, Parcel Owners, Sub-Unit Owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

Consent or Approval. All references in the Governing Documents to "**consent**" or "**approval**" shall refer to permission or approval, which unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the Person whose consent or approval is required.

Discretion and Determination. All references in the Governing Documents to "**discretion**" or to the right to "**determine**" any matter shall refer to the sole and absolute power or right to decide or act. Unless otherwise expressly limited in the Governing Documents or by law, anyone authorized in the Governing Documents to exercise its discretion or make a determination may do so without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

Person. References in the Governing Documents to a "**Person**" or "**Persons**" shall mean an individual, a corporation, a partnership, a limited liability company, or any other legal entity.

Recording. All references in the Governing Documents to a "**recorded**" legal instrument, or to "**recording**" or the "**recording**" of a legal instrument, shall mean an instrument recorded or the recording of a legal instrument in the official records of the Bureau of Conveyances of the State of Hawaii, or such other place designated as the official location for recording or filing documents affecting title to real estate in order to make them a matter of public record.

Notice. All references in this Community Covenant to "**notice**" or "**notify**" or any derivative of such terms shall be deemed to refer to written notice by personal delivery, United States mail, private carrier, or, with written confirmation of transmission, by facsimile or electronic mail.

Notices shall be deemed to have been duly given and effective:

(a) if sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(b) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery or by written confirmation from the deliverer that delivery was accepted; or

(c) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

Chapter 2 Community Administration

Declarant, the Owners Association, and the Parcel Owners all have a role in the functioning of Ward Village and in helping to fulfill the vision and goals for Ward Village. This Chapter identifies those parties and describes their roles in administering the Community.

2.1. Declarant

Declarant, as the developer of Ward Village, has established the vision for the Community and, through the Governing Documents, has set forth the founding principles that will guide the development and operation of Ward Village.

Declarant's proposed plan for development of Ward Village is described in the various land use plan(s), permits, and other applications and approvals for Ward Village approved by the City and County of Honolulu and the Hawaii Community Development Authority ("HCDA"), as may be supplemented and amended from time to time, which encompass the property described in Exhibit "A" and all or any portion of the property described in Exhibit "B" (collectively, the "**Master Plan**"). However, Declarant is not obligated to submit property shown on the Master Plan to this Community Covenant. In addition, Declarant may submit property to this Community Covenant that is not shown on the Master Plan.

Declarant has reserved various rights for itself in the Governing Documents with respect to development and administration of Ward Village, including the right to submit additional property to this Community Covenant, the right to appoint a majority of the members of the Owners Association's board of directors ("**Board**"), and those rights set forth in Chapters 17 and 18. Unless otherwise specified, Declarant may exercise its reserved rights during the "**Development and Sale Period.**"

The Development and Sale Period shall continue until the later of (i) such time as all Parcels planned for development or redevelopment as part of Ward Village have been so developed pursuant to the Master Plan and are improved with structures for which all necessary approvals constituting a condition for occupying such structures (*e.g.*, a certificate of occupancy issued by the City and/or County of Honolulu and any similar instrument which may be issued by HCDA) have been issued; (ii) such time as Declarant or any "Declarant Affiliate" (defined below) no longer owns real property in Ward Village; or (iii) the expiration of Declarant's option to expand the Community pursuant to Chapter 17; provided, in no event shall the Development and Sale Period expire prior to the expiration or termination of the Declarant Control Period (defined below). Notwithstanding the above, Declarant, in a recorded instrument, may terminate any or all of its rights prior to the termination of the Development and Sale Period.

A "**Declarant Affiliate**" is any Person that controls, is controlled by, or is under common control with Declarant, and any Person that is owned by, or is an owner, a member, a partner, a joint venture partner, or a shareholder of, Declarant.

During the "**Declarant Control Period**," Declarant is entitled to appoint a majority of the members of the Owners Association's board of directors ("**Board**"). The Declarant Control Period begins on the date of the Owners Association's incorporation and terminates upon the first of the following to occur:

- (a) when 100% of the total number of Parcels permitted by applicable zoning for the property described in the Master Plan have been conveyed to or are owned by Persons other than Declarant, a Declarant Affiliate, or a Parcel Developer;
- (b) December 31, 2045; or
- (c) when, in its discretion, Declarant so determines and declares in a recorded instrument.

A "**Parcel Developer**" is any Person who purchases a Parcel for development and resale in the ordinary course of its business. For purposes of determining the Declarant Control Period, a Parcel Developer shall be deemed to hold title to a Parcel for so long as it continues to own any portion of the Parcel, including any Sub-Unit, for purposes of development, construction, and/or resale.

Declarant may assign its status as Declarant under the Governing Documents, any Declarant rights, and any obligations of Declarant to any Person who takes title to any portion of Ward Village or any property described in Exhibit "B" attached hereto (the "**Additional Property**") or otherwise assumes development rights and obligations with respect to Ward Village. Such assignment shall be made only in a recorded instrument signed by both the assigning Declarant and the assignee.

2.2. The Owners Association

The Owners Association is the entity primarily responsible for managing and administering Ward Village in accordance with the Governing Documents. The Owners Association may exercise all rights and powers which the Governing Documents and Hawaii law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. It may also take any action reasonably necessary to effectuate any such right or privilege.

2.3. The Board

The Board is responsible for administration, management, and operation of the Owners Association. The Board is selected as provided in the By-Laws. Unless the Governing Documents or Hawaii law specifically provide otherwise, the Board may exercise the Owners Association's rights and powers without a vote of the membership.

In exercising the Owners Association's rights and powers, making decisions on the Owners Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances) and conducting the Owners Association's affairs, Board members and the Owners Association's officers may exercise discretion to the fullest extent permitted under Hawaii law subject to the standards of conduct set forth in the By-Laws.

The Board may institute, defend, settle, or intervene on behalf of the Owners Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, as defined in Section 3.1, enforcement of the Governing Documents, or any other civil claim or action. However, the Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Owners Association or its members.

2.4. The Parcel Owners

Except as provided below with respect to Sub-Units and Parcel Associations, each Person that holds record title to a Parcel is referred to in the Governing Documents as a "**Parcel Owner**." However, any Person who holds title merely as security for the performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered a "Parcel Owner." In addition, if a Parcel is subject to a long-term ground lease as of the date such Parcel is made subject to this Community Covenant, and if so provided in the Supplement submitting the Parcel to this Community Covenant, the ground lessee (rather than the holder of fee simple title) will be considered the Parcel Owner. If a Parcel has more than one Parcel Owner, each co-Owner is jointly and severally obligated to perform the responsibilities of the Parcel Owner under the Governing Documents.

Every Parcel Owner has a responsibility to comply with the Governing Documents and uphold the community standards described in this Community Covenant.

One or more Parcels within Ward Village may include condominium units or subdivided lots (as defined in Section 3.1, "Sub-Units") for which a separate condominium or other owners association is formed to administer additional covenants applicable to that particular development ("**Parcel Covenants**"). Any such condominium or other owners association is referred to in this Community Covenant as a "**Parcel Association**;" provided, in the case of a Parcel which is governed by a master condominium or other master owners association containing one or more subordinate sub-associations, the master condominium or master owners association for the Parcel, and not the sub-association(s), shall be the Parcel Association with respect to such Parcel.

Unless otherwise provided in the Governing Documents, if a Parcel Association is formed for a Parcel, the Parcel Association (i) shall act on behalf of the owners of Sub-Units ("**Sub-Unit Owners**") within the Parcel, (ii) shall be deemed the Parcel Owner for such Parcel for all purposes under this Community Covenant, and (iii) shall be the member of the Owners Association with respect to such Parcel. Sub-Unit Owners shall *not* be Parcel Owners under this Community Covenant and are *not* members of the Owners Association.

References to Owners in the Governing Documents shall be deemed to refer to Parcel Owners and/or Sub-Unit Owners (or Sub-Unit Owners entitled to vote or obligated directly for payment of assessments), as applicable.

2.5. Mortgagees; Ground Lessors

If a Parcel is made subject to a mortgage or other form of security instrument affecting title to a Parcel ("**Mortgage**"), then the holder or beneficiary of that Mortgage ("**Mortgagee**") also has an interest in the administration of Ward Village. The Governing Documents contain various provisions for the protection of Mortgagees, including those set forth in Chapter 16.

Certain Parcels may be subject to long term ground leases in addition to being subject to this Community Covenant. For purposes of this Community Covenant, a ground lessor under a long-term ground lease in existence and recorded prior to the date this Community Covenant is recorded against the ground leased property (and the ground lessee of which is deemed a Parcel Owner under this Community Covenant) shall have the same rights, protections, responsibilities, and obligations as do Mortgagees and any reference to first Mortgagees in this Community Covenant shall be deemed to include such ground lessors; provided, as applied to such ground lessors, a reference to foreclosure or deed in lieu of foreclosure by a first Mortgagee shall be deemed to refer to eviction, dispossessory proceedings, or other actions taken under a ground lease by a ground lessor to remove a ground lessee from possession of all or a portion of a Parcel.

Notwithstanding anything to the contrary herein, a ground lease shall not be deemed part of the Governing Documents, but shall be an independent instrument, and any amendment, modification, or termination of a ground lease shall be governed by the terms of the ground lease and not the provisions of this Community Covenant.

2.6. Estoppels

Within 30 days after the written request of any Parcel Owner or Sub-Unit Owner, the Owners Association shall issue for the benefit of such Owner or its actual or prospective transferee or Mortgagee, an estoppel certificate representing (a) the status of such Owner and its Parcel or Sub-Unit with respect to payment of assessments and compliance with the Governing Documents; (b) the status of the Owners Association, including its current and planned budgets, financial statements, and current and intended assessment schedule, and the existence and nature of any litigation involving the Owners Association; and (c) such other reasonably requested information customarily provided by owners associations in Hawaii.

Chapter 3 Community Structure and Organization

Ward Village consists of Parcels intended for operation and control by individual Parcel Owners, as well as property that the Owners Association operates and controls and that is intended for common use by all Parcel Owners and the members of the general public. Parcels may be assigned to Service Areas to permit the Owners Association to provide special services and benefits to particular Parcels within the Community.

3.1. Property Designations Within Ward Village

Parcels. Except as provided below, a "**Parcel**" is a portion of Ward Village, whether improved or unimproved, which may be independently owned and conveyed and is intended for development, use, and occupancy in a manner consistent with the Master Plan; provided, Common Area and property dedicated for public use shall not be Parcels. A Parcel shall include the land or air space that is part of the Parcel as well as any improvements thereon. Without limitation, a Parcel may be comprised of contiguous or non-contiguous real property, including airspace.

With respect to any portion of Ward Village that is governed by a Parcel Association, the term Parcel refers collectively to all lots and units (*i.e.*, independently conveyable parcels or lots or condominium units ("**Sub-Units**")) and any common area or common elements subject to such Parcel Association.

Parcels are subject to further subdivision, including the creation of Sub-Units within a Parcel, subject to this Community Covenant and Hawaii law.

Area of Common Responsibility. The phrase "**Area of Common Responsibility**" refers, collectively, to any properties and facilities for which the Owners Association has maintenance or other responsibility under the Governing Documents, or for which the Owners Association otherwise agrees to assume responsibility, regardless of ownership. The Area of Common Responsibility includes property that the Owners Association owns or otherwise holds possessory or use rights in, and also includes portions of Parcels, public open space and parks, and property dedicated to the public, such as public rights-of-way. The Area of Common Responsibility, and the process by which Area of Common Responsibility is identified, is described further in Section 10.2.

Common Area. The "**Common Area**" includes those portions of the Area of Common Responsibility, if any, that the Owners Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Parcel. The Common Area also includes any property that the Owners Association holds under a lease.

Limited Benefit Area. Any portion of the Area of Common Responsibility may be designated as "**Limited Benefit Area**" and assigned for the exclusive use or primary benefit of less than all Parcels or Sub-Units. Limited Benefit Areas might include such things as entry features, parking areas, recreational or social facilities, and components of infrastructure or utility systems designed to serve only particular Parcels, among other things.

Declarant may designate property as Limited Benefit Area and assign it to particular Parcels on the recorded Plat or plans depicting such property, in a deed conveying such property to the Owners Association or a Parcel Owner, or in a Supplement. At any time during the Development and Sale Period, Declarant may assign use of the same Limited Benefit Area to additional Parcels.

3.2. Service Areas

Parcels or Sub-Units may also be part of one or more "**Service Areas**" which share Limited Benefit Areas and/or receive benefits or services from the Owners Association that the Owners Association does not provide to all Parcels or Sub-Units within Ward Village. For example, and without limitation, a Service Area may be created for:

- similarly situated Parcels or Sub-Units which receive maintenance services that are not provided to other Parcels, Sub-Units, or uses;
- particular Parcels or Sub-Units that share the use of a common recreational or social amenity or facility (*e.g.*, an amenity or facility created for the use and enjoyment of residential properties within Ward Village);
- particular Parcels or Sub-Units that share the use of parking facilities which are not available to all Parcel Owners, Sub-Unit Owners, or occupants; and/or
- uses which receive or benefit from services the Owners Association provides that do not similarly benefit other uses.

A Parcel or Sub-Unit may be assigned to more than one Service Area, depending on the number and types of special benefits or services it receives. A Service Area may be comprised of Parcels or Sub-Units that are not contiguous.

Declarant may designate Service Areas (by name or other identifying designation) and assign Parcels or Sub-Units to a particular Service Area in a Supplement, which Declarant may record and impose upon a Parcel without the consent of the Parcel Owner. During the Development and Sale Period, Declarant may unilaterally amend this Community Covenant or any Supplement to change Service Area boundaries, subject to existing service contracts between the Owners Association and service vendors, and subject to the consent of the owner(s) of any property being added to or removed from the Service Area by such amendment.

In addition, the Board may, by resolution, designate Service Areas and assign Parcels and/or Sub-Units to Service Areas upon petition of the Parcel Owners and/or Sub-Unit Owners affected by the proposed designation pursuant to Section 11.2.

The Parcel Owners of Parcels and the Sub-Unit Owners of Sub-Units within each Service Area may elect a "**Service Area Committee**" in accordance with the By-Laws to represent and act on behalf of the Service Area with respect to the services and benefits that the Owners Association provides to the Service Area; provided, for so long as Declarant or any Declarant Affiliate is the Owner of a Parcel or Sub-Unit within a Service Area, Declarant may appoint the members of the Service Area Committee.

3.3. Election Districts

Declarant, during the Declarant Control Period, or the Board, following termination of the Declarant Control Period, may designate "**Election Districts**" for the purpose of electing directors to the Board. The By-Laws set forth the method of establishing Election Districts. The number of Election Districts shall not exceed the total number of directors on the Board. The purpose of Election Districts is to provide for representation on the Board by groups with potentially dissimilar interests and to avoid a situation in which particular groups are able to elect the entire Board due to the number of votes they represent.

Chapter 4 Association Membership and Voting Rights

The Owners Association is the entity through which each Parcel Owner participates in the governance and administration of Ward Village. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, and without limiting the Board's authority, the Parcel Owners have vested membership and voting rights which allow their participation in the administration of the Community.

4.1. Membership

The Owners Association initially has two classes of membership: the Parcel Owner membership, which is comprised of all Parcel Owners, and Declarant membership, which consists solely of Declarant and any Declarant Affiliate that owns a Parcel. All Persons holding a membership in the Owners Association are referred to in this Community Covenant as "**Members.**"

(a) **Parcel Owner Membership.** Every Parcel Owner is automatically a Member of the Owners Association. However, there shall be only one Parcel Owner membership per Parcel. Thus, if a Parcel has more than one Parcel Owner, all co-Owners of the Parcel share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in this Community Covenant and in the By-Laws.

If a Parcel Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee, or other individual the Parcel Owner designates from time to time in a writing to the Owners Association's Secretary, except that only the individuals residing in the Parcel shall be entitled to use any Area of Common Responsibility facilities available for the exclusive use of Parcel Owners.

Notwithstanding the above, all co-Owners of a Parcel are jointly and severally obligated to perform the responsibilities of a Member.

(b) **Declarant Membership.** Declarant and any Declarant Affiliate holding title to a Parcel shall be Declarant members. Declarant membership shall terminate two years after expiration of the Declarant Control Period or on such earlier date as Declarant determines and declares in a recorded instrument. After termination of Declarant membership, Declarant and any Declarant Affiliate owning a Parcel shall be Parcel Owner Members for all purposes with respect to each Parcel they own.

Unless Declarant specifically delegates such authority, Declarant shall act as Declarant Member and on behalf of the Declarant membership on all matters.

(c) **Additional Membership Classes.** Declarant may, by Supplement, create additional classes of membership comprised of the owners of Parcels within any portion of the additional property submitted to this Community Covenant. Declarant shall specify in any such Supplement the rights, privileges, and obligations of the Members of any class of membership created by that Supplement.

4.2. Voting

(a) **Equivalent Units.** Each Parcel and each Sub-Unit shall be allocated the number of votes corresponding to the number of "**Equivalent Units**" assigned in accordance with the formula set forth in Exhibit "D," subject to any limitations on voting set forth in this Community Covenant and the other Governing Documents. Votes allocated to residential uses (*i.e.*, multi-family rental apartments and for-sale residential units (including all single family attached, detached, and condominium units which may be individually conveyed)) are referred to in the Governing Documents as "**Residential Votes**." Votes allocated to non-residential uses (*i.e.*, retail, general office, etc.) are referred to in the Governing Documents as "**Non-Residential Votes**."

(b) **Exercise of Voting Rights.** Parcel and Sub-Unit Owners may exercise voting rights as set forth in this Community Covenant and the By-Laws.

Subject to Section 4.2(c) and governing documents of any Parcel Association having jurisdiction over the Parcel (which shall control over this paragraph), if more than one Person is the Parcel or Sub-Unit Owner, the vote for such Parcel or Sub-Unit shall be exercised as the co-Owners holding a majority of the ownership interest in the Parcel or Sub-Unit determine among themselves. Any co-Owner may cast the vote for the Parcel or Sub-Unit, and majority agreement shall be conclusively presumed unless another co-Owner of

