

8.6 Computation of Annual Assessments; Annual Budget. The Board shall adopt a budget for each fiscal year of the Master Association, commencing with the year in which any Master Common Areas are conveyed to the Master Association, which budget shall serve as the basis for determining the Annual Assessments for the applicable fiscal year (subject to the limitations of *Section 8.8* hereof). Within a reasonable period following the meeting of the Board at which it adopts the budget for the year in question, the Board shall deliver or mail to each Owner or Builder a copy of the budget and a statement of the amount of Annual Assessments to be levied against such Owner's or Builder's Lot(s) for that year. In the event the Board fails to adopt a budget for any fiscal year prior to commencement of such fiscal year, then until and unless such budget is adopted, the budget (and the amount of the assessments provided for therein) for the year immediately preceding shall remain in effect. Except as provided in *Section 8.8*, neither the budget nor any Annual Assessment levied pursuant thereto shall be required to be approved by the Owners.

8.7 Due Dates. Assessments for each fiscal year shall be due and payable as determined by the Board. Assessments shall be deemed "paid" when actually received by the Master Association or by its designated manager or agent (but if any Assessments are paid by check and the bank or other institution upon which such check is drawn thereafter dishonors and refuses to pay such check, those Assessments shall not be deemed "paid" and shall remain due and payable with interest accruing from the date such Assessments were originally due).

8.8 Maximum Annual Assessment. The Assessments provided for under *Section 8.6* shall not at any time exceed the "Maximum Annual Assessment," as determined in accordance with this *Section 8.8*. For the fiscal year ending December 31 of the year in which the Master Common Areas are conveyed to the Master Association, the Maximum Annual Assessment for each Lot shall be determined by the Board. Thereafter, except as provided below, unless a greater increase is approved by a vote of fifty percent (50%) of the votes of each class of Members represented in Person or by proxy at a meeting of Members called for such purpose at which a quorum is present, the Maximum Annual Assessment for any fiscal year shall be equal to the Maximum Annual Assessment for the immediately preceding fiscal year increased at a rate equal to or less than twenty percent (20%) of the previous Annual Assessment. Further, notwithstanding the foregoing, the Board may, without the approval of the Members, increase the Maximum Annual Assessment for any fiscal year by an amount sufficient to permit the Board to meet any increases over the preceding fiscal year in: (i) premiums for any insurance coverage required by this Declaration to be maintained by the Master Association; and (ii) charges for utility services necessary to the Master Association's performance of its obligations under this Declaration, notwithstanding the fact that the resulting increase in the Maximum Annual Assessment is greater than otherwise permitted under the third sentence of this *Section 8.8*. Increases in Annual Assessments shall be subject to any limitations imposed by the applicable Arizona law.

8.9 Special Assessments. The Master Association may, in addition to the Annual Assessments under *Section 8.6*, levy a Special Assessment but only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a Capital Improvement owned by the Master Association or for defraying other extraordinary expenses, provided, however, that such Special Assessment must be approved by at least two-thirds (2/3rds) of