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DECLARATION
OF
COVENANTS, RESTRICTIONS AND CONDITIONS
FOR THE
INDIGO LAKES COMMUNITY

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DECLARATION OF COVENANTS, RESTRICTIONS AND CONDITIONS
FOR THE
INDIGO LAKES COMMUNITY

THIS DECLARATION (the "Declaration") made the 3rd day of DECEMBER, 1996, by MORRISON HOMES OF FLORIDA, INC., a Florida corporation (the "Developer").

W I T N E S S E T H:

WHEREAS, Developer is the owner of the real property described in Article II of this Declaration and desires to create thereon a residential community with open spaces, and other common facilities for the benefit of such community, which has been named the "INDIGO LAKES COMMUNITY" (the "Community") by the Developer; and

WHEREAS, Developer desires to provide for the preservation of the values of the properties within the Community; and, to this end, the Developer desires to subject the real property described in Article II, together with such additions as may be made to such real property in accordance with the provisions in this Declaration, to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of such property and each owner of such property; and

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values of the properties within the Community, to create an agency to which should be delegated and assigned the powers of maintaining and administering and enforcing these covenants and restrictions and collecting and disbursing the assessments and charges created herein; and

WHEREAS, the Developer has incorporated under the laws of the State of Florida, as a not-for-profit corporation, INDIGO LAKES COMMUNITY ASSOCIATION, INC., for the purposes of exercising the functions stated above, which Association is not intended to be a "Condominium Association" as such term is defined and described in the Florida Condominium Act (Chapter 718 of the Florida Statutes).

NOW, THEREFORE, the Developer declares that the real property described in Article II, and such additions to such real property as may be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

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Final draft

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TABLE OF CONTENTS TO
DECLARATION OF COVENANTS, RESTRICTIONS AND CONDITIONS
FOR THE
INDIGO LAKES COMMUNITY

<u>ARTICLE/EXHIBIT</u>	<u>PAGE</u>
I. DEFINITIONS	2
II. PROPERTY SUBJECT TO DECLARATION/ADDITIONS TO PROPERTY..	5
III. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION.....	6
IV. PROPERTY RIGHTS IN COMMON AREAS/EASEMENT RIGHTS.....	8
V. COVENANTS FOR ASSESSMENTS.....	14
VI. ARCHITECTURAL REVIEW COMMITTEE.....	22
VII. INSURANCE.....	26
VIII. MAINTENANCE RESPONSIBILITIES OF THE OWNER AND OF THE ASSOCIATION.....	35
IX. PERMITTED AND PROHIBITED USES.....	39
X. ENFORCEMENT.....	47
XI. GENERAL PROVISIONS.....	49
XII. ADDITIONAL RIGHTS OF INSTITUTIONAL MORTGAGEES.....	54

Schedule of Exhibits

- A - Legal Description
- B - Site Plan
- C - By-Laws
- D - Articles
- E - Fence Plan

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ARTICLE I

DEFINITIONS

Section 1. The following terms when used in this Declaration shall have the following meanings, unless the context provides otherwise:

(a) "Articles" means the Articles of Incorporation of the Association, a copy of which is attached to this Declaration as Exhibit "B".

(b) "Association" shall mean and refer to Indigo Lakes Community Association, Inc., whose purpose is to administer The Properties in accordance with the provisions of this Declaration and the governing documents of the Association.

(c) "Board" or "Board of Directors" means the Board of Directors of the Association.

(d) "By-Laws" means the By-Laws of the Association, a copy of which is attached to this Declaration as Exhibit "D".

(e) "Common Areas" shall mean and refer to those areas of land shown on the Site Plan, as such term is described below in this Section 1, and intended to be devoted to the common use and enjoyment of the owners of The Properties in accordance with the terms of this Declaration, plus all other property designated as Common Areas in this Declaration or in any future recorded supplemental declaration, together with the landscaping and any improvements thereon. Common Areas shall include, without limitation, parking areas, lakes, recreational facilities, open spaces, roadways (other than those dedicated to the public), walkways, sprinkler systems and street lights, if any, but shall exclude any public utility installations thereon. Land which is not owned or to be owned by the Association may be declared as Common Areas in the manner described in the preceding sentence, in which event the Association shall be responsible for the maintenance and insurance thereof as fully as if the land was owned or intended to eventually be owned by the Association.

(f) "Community" shall mean and refer to the property comprising the INDIGO LAKES COMMUNITY, as shown on the Site Plan described below in this Section 1.

(g) "Developer" shall mean and refer to Morrison Homes of Florida, Inc., a Florida corporation, its successors and such of its assigns as to which the rights of Developer hereunder are

specifically assigned. Developer may assign all or only a portion of its rights hereunder, or all or a portion of such rights in connection with appropriate portions (i.e. less than all) of The Properties. In the event of such a partial assignment, the assignee shall not be deemed the Developer, but may exercise such rights of Developer specifically assigned to it. Any assignment of the Developer's rights may be made on a non-exclusive basis and may be collateral in nature.

(h) "Institutional Mortgage" means a first or second mortgage on a Lot or Living Unit held by an Institutional Mortgagee.

(i) "Institutional Mortgagee" shall mean and refer to any of the following which holds an Institutional Mortgage on a Lot or Living Unit: a bank, a savings and loan association, an insurance company, an FHA- or VA- approved mortgage lender, a pension fund, a real estate or mortgage investment trust, the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA"), an agency of the United States government, a mortgage banker, or any other lender generally recognized in the community as an institutional-type lender or its loan correspondent, of the Developer or a Developer-affiliated entity holding an Institutional Mortgage on a Lot or Living Unit; and the successors, assigns, insurers, or guarantors of any of the foregoing. The term "First Mortgagee", whenever used in the Land Use Documents, shall mean an Institutional Mortgagee, unless specifically stated otherwise.

(j) "Land Use Documents" shall mean this Declaration, the Articles, By-Laws, and the Rules.

(k) "Living Unit" shall mean and refer to any building or portion of a building situated upon The Properties and designed and intended for the use and occupancy as a residence by a Single Family, together with the Lot or portions of a Lot which contains the Living Unit.

(l) "Lot" shall mean and refer to that portion of The Properties, as such term is defined below in this Section 1, with the exception of the Common Areas, and which has been designated by the Developer to contain a Living Unit.

(m) "Master Association" shall mean and refer to the Indigo Lakes Master Property Owners Association, Inc., a Florida corporation not-for-profit, of which the Association is a member and which has various rights with respect to the operation of the Community in accordance with the provisions of the Master

Declaration of Covenants and Restrictions, as such term is defined in the following sub-Section.

(n) "Master Declaration of Covenants and Restrictions" means and refers to that certain document recorded in Official Records Book 2455, at Page 928, of the Public Records of Broward County, Florida, and subsequently recorded amendments thereto.

(o) "Member" shall mean and refer to each Owner who is a member of the Association as provided in Article III, Section 1 hereof.

(p) "Notice" shall mean and refer to written notice given in the manner provided in the By-Laws of the Association.

(q) "Open Space" shall mean and refer to those areas of The Properties which constitute open area, clear from the ground upward, devoid of residential and commercial buildings, accessory structures and impervious areas (except, however, those buildings used exclusively for recreational purposes), and any other areas described as Open Spaces in the City of Coconut Creek Building and Zoning Code published as of the date of this Declaration.

(r) "Owner" shall mean and refer to the record owner (including the Developer, unless specifically excluded), whether one or more persons or entities, of the fee simple title to any Lot of Living Unit situated upon The Properties; but, notwithstanding any applicable theory of law, "Owner shall not mean or refer to a mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(s) "The Properties" shall mean and refer to all the "Existing Property" described in Article II, Section 1 hereof, less any withdrawals therefrom permitted by the terms of this Declaration. If and when additions to the Existing Property are subjected to this declaration under the provisions of Article II hereof, such additions shall automatically become part of The Properties.

(t) "Rules" or "Rules and Regulations" mean any and all rules and regulations of the Association promulgated by the Board pursuant to its powers under any of the Land Use Documents, and amendments and modifications to any of the foregoing.

(u) "Site Plan" shall mean and refer to the site plan of The Properties attached as Exhibit "B" to the Declaration.

(v) "Single Family" means and refers to either one or more related or unrelated persons occupying a Living Unit and

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maintaining a common household; or two (2) or more persons related by blood, marriage, or adoption, occupying a Living Unit and maintaining a common household.

(w) "Tract" shall mean and refer to each such parcel so described in the Site Plan.

(x) "Voting Interest" shall mean the voting rights as distributed to the Members of the Association, pursuant to this Declaration.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS TO SUCH PROPERTY

Section 1. Legal Description of the Existing Property. The real property which initially is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration is located in the City of Coconut Creek, Broward County, Florida, and is more particularly described in Exhibit "A" attached to this Declaration. All of the foregoing real property shall sometimes be referred to as "Existing Property". Developer reserves the right to make changes and modifications to any recorded subdivision of the Existing Property and additions to such property as are required by appropriate governmental authorities.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions and Withdrawals by the Developer: The Developer may from time to time bring other land and improvements under the provisions hereof and withdraw portions of The Properties and improvements from the provisions hereof by recorded amendments or supplemental declarations (which shall not require the consent of Owners or the Association or any mortgagee) and thereby add to or withdraw from The Properties. Nothing contained in this Declaration, however, shall obligate the Developer to add to the Existing Property. All Owners, by acceptance of a deed to a Lot or Living Unit, shall thereby automatically consent to any such change, addition or deletion thereafter made by the Developer and shall at any time evidence such consent in writing if requested to do so by the Developer.

(b) Additions by Approval of Members: Without restriction upon the Developer to add to The Properties in the manner

provided in the foregoing Paragraph (a), upon approval in writing of the Association pursuant to a vote of its Members as provided in its Articles of Incorporation, the owner of any property who desires to add to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Supplemental Declaration with respect to the additional property, which shall extend the scheme of the covenants and restrictions of this Declaration to such property.

(c) Additions by Merger: Upon a merger or consolidation of the Association with another association as provided in its Articles of Incorporation, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Covenants and Restrictions established by this Declaration within the Existing Property together with the Covenants and Restrictions established upon any other property as one scheme.

(d) H.U.D. Approval: Notwithstanding anything to the contrary in this Section or other parts to the Declaration, as long as there is a Class B Membership, and the Veterans Administration (V.A.) or the Federal Housing Agency (H.U.D.) insures or guarantees any outstanding loan on a Living Unit, at the time of the annexation, or addition, or withdrawal, no lands may be annexed or added to or withdrawn from the Community without the prior written approval of the V.A. or H.U.D.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION: TURNOVER

Section 1. Membership: Every person or entity who is a record owner of a fee or undivided fee interest in any Lot or Living Unit which is subject by covenants of record to assessment by the Association shall be a Member of the Association, provided that any such person or entity who holds an interest merely as security for the performance of an obligation shall not be a Member.

Section 2. Voting Interest: The Association shall have two classes of voting membership:

(a) Class "A" - Class "A" Members shall be all those owners as defined in Section 1 with the exception of the Developer.

Class "A" Members shall be entitled to one vote for each Lot or Living Unit in which they hold the interest required for membership by Section 1. When more than one person holds such interest or interests in any Lot or Living Unit, all such persons shall be Members, and the vote for such Lot or Living Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot or Living Unit. The By-Laws may establish procedures for voting when the title to a Lot or Living Unit is held in the name of a partnership, a corporation, or more than one person or entity.

(b) Class "B" - Class "B" Members shall be the Developer. The Class "B" Members shall be entitled to three (3) votes for each Lot or Living Unit in which it holds the interest required for membership by Section 1, provided that the Class "B" Membership shall cease and become converted to Class "A" Membership on the happening of the earlier of either of the following events:

(i) when the total votes outstanding in the Class "A" Membership equal the total votes outstanding in the Class "B" Membership; or

(ii) seven (7) years, from the date of recording this Declaration in the Public Records of Broward County, Florida, unless an earlier date is required by the regulations of V.A., F.H.A., F.N.M.A., or F.H.L.M.C., in order to qualify the Community for mortgage financing of Living Units (in which event such earlier date shall determine the conversion date of Class "B" membership); or

(iii) at any earlier time that the Developer, in its sole discretion, voluntarily converts its Class "B" Membership to Class "A" Membership.

From and after the happening of the earlier of these events, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one vote for each Lot or Living Unit in which it holds the interest required for Membership under Section 1.

Section 3. Turnover: Within one hundred twenty (120) days after the happening of the earlier of the events described in Paragraph (b) of Section 2 of this Article III, the Members shall assume control of the Association (such assumption of control is sometimes hereinafter called "Turnover"), and the Association shall conduct a Special Meeting of the Membership (hereinafter called

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"Turnover Meeting") for the purpose of electing the Board of Directors. Provided, however, that so long as the Developer holds for sale in the ordinary course of business at least five (5%) percent of all Lots and Living Units in the Community, the Developer shall be entitled to appoint one Member of the Board of Directors.

Section 4. Additional Membership Categories: The By-Laws may provide for additional membership categories, which categories shall not have any voting privileges. The term "Member" or "Membership" as used in the Land Use Documents shall not apply to any such additional membership categories. The By-Laws shall provide for the rights and obligations of any additional membership categories.

Section 5. General Matters: When reference is made in any of the Land Use Documents, or otherwise, to a majority or specific percentage of Members, such reference shall be deemed to be a reference to a majority or specific percentage of the Voting Interests of Members and not of the Members themselves or their Lots.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON AREAS/EASEMENT RIGHTS

Section 1. Members' Easements: Subject to the provisions of Section 3 and additional provisions of this Declaration, every Member, the household occupants of such Member, and the Member's agents, licensees and invitees, shall have a permanent and perpetual easement over and upon the Common Areas for the use and enjoyment of the Common Areas; and each easement shall be appurtenant to and shall pass with the title to every Lot or Living Unit. Such easement of enjoyment shall include, but not be limited to, a Member's right of ingress and egress over the streets, roadways and walkways of the Common Areas for purposes of access to a Lot or Living Unit. The term "invitee" when used in any of the Land Use Documents shall mean, without limitation, the tenants of an Owner and the occupants of such tenants' household.

Section 2. Conveyance of Title to the Common Areas: The Developer may retain the legal title to the Common Areas until such time as it has completed improvements thereon and until such time, as in the opinion of the Developer, the Association is able to maintain the Common Areas. Notwithstanding any provision herein, the Developer hereby covenants for itself, its successors and assigns that it shall convey by Quit-Claim Deed (and the

Association shall accept such conveyance) the Common Areas to the Association, free and clear of all liens and encumbrances, except this Declaration, covenants and restrictions which are common to the plat affecting The Properties, real and personal property taxes for the year in which the conveyance takes place, and any easements created or allowed by the terms of this Declaration, not later than sixty (60) days after the date of the Turnover of the Association.

Section 3. Limitation of Members' Easements: The rights and easements of use and enjoyment of the Common Areas created by this Article IV shall be subject to the following:

(a) The right and duty of the Association to levy assessments against each Lot and Living Unit for the purpose of maintaining the Common Areas and portions, if any, of each Lot and Living Unit in compliance with the provisions of this Declaration and with any other restrictions on The Properties from time to time recorded.

(b) The right of the Association to adopt and enforce at any time and from time to time rules and regulations governing the use of the Common Areas and all facilities at any time situated thereon, including the right to fine Members as hereinafter provided. Any rules or regulations so adopted shall apply until rescinded or modified as if originally set forth at length in this Declaration, but no amendment to this Declaration shall be required to adopt, modify or rescind any such rule or regulation.

(c) The right of the Developer to permit such persons as Developer shall designate to use the Common Areas and such other rights of the Developer as are set forth elsewhere in this Declaration.

(d) The right of the Association to suspend the right to use the Common Areas (other than vehicular and pedestrian ingress and egress from the Lot of Living Unit and the right to park such vehicle at the Lot or Living Unit) recreational facilities for any Member or the Member's permitted users for any period during which any assessment against such Member's Lot remains unpaid, and for a period not to exceed sixty (60) days for any other infraction of any of the Land Use Documents.

(e) The right of the Association to charge reasonable admission and other fees for the use of the recreational facilities situated on the Common Areas.

(f) The right of the Association, by the affirmative vote of sixty-seven (67%) percent of the Voting Interests of the

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Association, to dedicate portions of the Common Areas to the public or a public agency under such terms as the Association deems appropriate and to create or contract with special districts for lighting, roads, recreational or other services, security, or communications and other similar purposes deemed appropriate by the Association (to which such dedication, creation or contract all Owners shall be deemed to have consented by virtue of their acceptance of a deed to, or other conveyance of, their respective Lots); provided, however, that any conveyance of or encumbrance on the roadway portions of the Common Areas shall be specifically subject and subordinate to the easements of the Owners herein declared.

(g) Access to Tract C: A Member shall have access for ingress and egress through the gate of the specific Tract in which such Member's Lot or Living Unit is located. All Members shall have access through the gate for Tract C for use of the recreational facilities and related parking which are part of the Common Areas located in Tract C.

Section 4. Utility and Irrigation Easements: In addition to those easements reserved as shown on recorded plats or other provisions of this Declaration, there is reserved unto the Developer and its affiliates and their designees, so long as it owns a Lot or Living Unit, and to the Association and its designees for the duration of the covenants established by this Declaration, the right to grant reasonable easements over, upon and under the Lots, Living Units and Common Areas, for the installation, maintenance and replacement of temporary roads, cable television services and other communication lines, security system services, public and private utilities (including, but not limited to, electrical and telephone services), irrigation systems (including, without limitation, the installation of irrigation pumps) and other similar underground television, radio, and security cables (and all future technological advances not now known), for service to the Lots, Living Units, or the Common Areas.

Within these easements, no structure, planting or other material may be placed or permitted to remain that will interfere with or prevent the maintenance of utilities, except at the sole risk of the applicable Owner; provided, however, that common utilities lines within The Properties shall not pass over, under or through a Living Unit and no connecting line shall run under any Living Unit other than the one it serves. The area of each Lot covered by an easement shall be maintained continuously by the Owner of the Lot, except as provided in this Declaration to the contrary and except for installations for which a public authority or utility company is responsible.

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Section 5. Easement for Governmental, Health, Sanitation and Emergency Services: A non-exclusive easement over the Lots and Common Areas is hereby granted to the appropriate governmental authorities and to the appropriate private organizations supplying health, sanitation, police services, cable television services, security services and any emergency services such as fire, ambulance and rescue services, for purposes of ingress and egress over the Common Areas. Without limiting the generality of the foregoing sentence, there shall be unlimited access to and throughout the Community by all governmental agencies having jurisdiction within the Community to enforce all of their applicable codes.

Section 6. Easement of Maintenance of Peripheral Walls and Fences: A five-foot wide nonexclusive easement over the Lots and Common Areas along the fences and masonry walls surrounding The Properties is hereby granted to the Association for purposes of maintenance and/or replacement of such fences and walls; provided, however, such easement shall not extend over that part of The Properties which is occupied by a building or structure erected by the Developer.

Section 7. Additional Easement Rights of Association and Owners: Without limiting the generality of any other provision of this Declaration, portions of The Properties specified below shall also be subject to the following easements:

(a) Easements are hereby reserved and granted over each Lot and the Common Areas in favor of each other Lot and the Common Areas in order to permit drainage and run-off from each Lot and Living Unit over each other Lot and Living Unit and the Common Areas, and vice-versa. Accordingly, no Owner shall alter the grading of his Lot in such a manner that prevents or interferes with the drainage and run-off as described in the preceding sentence.

(b) All Lots, if any, on which the Developer initially installs special grading and catch basins for drainage shall be subject to an easement therefor and for the maintenance, repair and replacement of such improvements.

(c) The Owner of each Lot shall have an easement of access over and upon a portion of the Common Areas for the purpose of allowing such Owner to maintain and repair air-conditioning compressors, air-conditioning equipment, meters and other equipment serving such Owner's Lot which may be located on the Common Areas.

(d) If any encroachment shall exist because of construction, reconstruction, repair, shifting, settlement or moving of any portion of The Properties upon any adjoining portions of The Properties, an easement for the encroachment shall exist encumbering portions of The Properties and upon the adjoining portion of The Properties upon which the encroachment exists. In addition, an easement for the construction, repair, painting and maintenance of the roof overhangs, exterior walls, and party walls shall exist in favor of the Association and the Owners of the encroaching Lot or Living Unit. Provided, however, no such easement shall exist for the purposes described in the preceding sentence if an encroachment results from the violation of this Declaration by a Unit Owner. The Association is granted an easement over each Lot for the purpose of enforcing the provisions of this Declaration and may go upon the Lot to remove or repair any existing cause of a violation of these provisions.

(e) The Association and the Unit Owner shall have a non-exclusive easement over the necessary portions of yard areas of any adjoining Lot for the purposes of constructing, maintaining and repairing that portion of the Unit (including, without limitation, a zero Lot line wall), and accessory privacy walls built adjacent to the common property line.

(f) In the event that the Association, after notice to the Owner and failure to cure by the Owner, does in fact exercise its right to cure a violation or defect, then all costs incident to said action by the Association shall become the personal obligation of the Owner and be imposed as a lien against the Lot or Living Unit in the same fashion as if said sums represented monies due for unpaid assessments.

(g) The Association shall have the right, but not the obligation, to enter into any Living Unit for emergency, security, and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Living Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

(h) Each Lot on which the Developer initially installs a portion of the entranceway plantings for the Community shall be

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subject to an easement therefor and for the maintenance, repair and replacement of such plantings by the Association.

Section 8. Common Areas/Real Estate Taxes/Use by Developer:

(a) It is intended and assumed that all real estate taxes assessed against the Common Areas owned by the Association shall be proportionally assessed against and payable as part of the taxes of the applicable Lots and Living Units with The Properties (the value of the Common Areas is presumed to be reflected in the assessed values of the Lots and Living Units, without any basis for adding to such assessed value). In the event, however, that any such taxes are assessed directly against the Common Areas, the Association shall be responsible for the payment of such taxes, including taxes on any improvements and any personal property located thereon and which accrue from and after the date of recordation of this Declaration, and such taxes shall be prorated between Developer and the Association as of the date of the recordation.

(b) The Developer and its designees shall have the right from time to time to enter upon the Common Areas and other portions of The Properties for the purpose of construction, reconstruction, repair, replacement and/or alteration of any improvements or facilities on the Common Areas or elsewhere on The Properties the Developer and its affiliates elect to effect, and to use the Common Areas and other portions of The Properties for sales, parking, displays and signs or for any other purpose during the period of the Developer's use of any portions of The Properties. Without limiting the generality of the foregoing, the Developer and its designees shall have the specific right to maintain upon any portion of The Properties, sales, administrative, construction or other offices without charge, and appropriate easements of access and use are expressly reserved unto the Developer and its designees, and its and their successors, assigns, employees, contractors and invitees, for this purpose. Any obligation to complete portions of the Common Areas shall at all times be subject and subordinate to these rights and easements and to these activities. Accordingly, the Developer shall not be liable for delays in such completion to the extent resulting from such activities.

Section 9. Limitation on Dedication of Common Areas: As long as there is a Class B Membership and the V.A. or F.H.A. guarantees or insures any outstanding loan on a Living Unit, no dedication of the Common Areas may be made without the prior written consent of the V.A. or the F.H.A.

ARTICLE V

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments: Except as provided elsewhere in this Declaration, the Developer, for each Lot and Living Unit now or hereafter located within The Properties, hereby covenants and agrees, and each Owner of any Lot or Living Unit, jointly and severally, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association the following types of Assessments, at the times, for the purposes, and in the manner described in this Declaration: (a) Annual Assessments; or (b) Special Assessments. The Annual and Special Assessments, together with such interest thereon, late fees, attorneys' fees and costs of collection thereof as hereinafter provided, shall be a continuing lien and charge upon the Lot or Living Unit against which such Assessment is made and shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and all subsequent Owners until paid. No owner may waive or otherwise exempt himself from liability for an Assessment, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of his Living Unit. No diminution, set-off, or abatement of an Assessment shall be claimed or allowed by reason of an alleged failure of the Association, the Developer, or the Board to take some action or perform some function required to be taken or performed by the Association, the Developer, or the Board under the Land Use Documents, or for the inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association or the Developer, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, because the obligation to pay Assessments is a separate and independent covenant on the part of each Owner.

Section 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used for maintenance, improvement, repair and replacement of property, facilities and services related to the use and enjoyment of the Common Areas and for the maintenance of designated portions (if any) of Lots and Living Units, reserves and taxes (if any), collection of assessments (if any) due pursuant to the provisions of the Master Declaration of Covenants and Restrictions, and to provide recreational opportunities for the Members of the Association and their families residing with them, their guests and

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tenants, all as provided for herein. Association Assessments may also be used for the reimbursement of the Developer for any sums advanced to the Association as "start-up" funds or for other purposes.

Section 3. Special Assessment for Specific Damages. Any Owner other than the Developer (on his behalf and on behalf of his relatives, guests, licensees and invitees) causing damage to any portion of the Common Areas as a result of misuse, negligence, failure to maintain or otherwise, shall be directly liable to the Association for such damage, and a Special Assessment may be levied therefor by the Board of Directors against such Owner and his Living Unit. The provisions of this Section 3 shall not apply to the Developer or any portion of The Properties owned by the Developer.

Section 4. Special Assessment for Exterior Maintenance of Living Units. The maintenance responsibilities of an Owner regarding his Lot and Living Unit is set forth in Article VIII of this Declaration. Upon the Owner's failure to maintain the exterior of his Lot or Living Unit as required by the terms of this Declaration or the Master Declaration of Covenants and Restrictions, the Board of Directors may, at its option, after giving the Owner thirty (30) days prior written notice sent to his last known address or the address of the Living Unit, make repairs and improve the appearance in a reasonable and workmanlike manner. The cost of any of the work performed by the Association, including, without limitation, any related administrative costs, resulting from the Owner's failure to carry out any required maintenance responsibility shall be immediately due and owing from the Owner of the Lot or Living Unit and shall constitute a Special Assessment against the Lot or Living Unit on which the work was performed, collectible in a lump sum and secured by the lien against the Lot and Living Unit as herein provided. No bids need to be obtained by the Association for such work and the Association may designate any contractor in its sole discretion. No Special Assessment in accordance with this Section 4 shall be made against the Developer or any portion of The Properties owned by the Developer.

Section 5. Other Special Assessments. The Board may adopt and levy Special Assessments to meet unforeseen, unbudgeted or other extraordinary expenses (including those for capital improvements); provided, however, any one such Special Assessment which exceeds fifty thousand dollars (\$50,000.00) or any Special Assessment which exceeds one hundred thousand dollars (\$100,00.00) when aggregated with other such Special Assessments levied in the same fiscal year, shall have the affirmative vote or written

consent of fifty-one percent (51%) of the Voting Interests of Members from Class "A" and Class "B". So long as the Developer owns a Lot or Living Unit within the Community, any Special Assessment levied in accordance with this Section 5 must have the prior written approval of the Developer.

Section 6. Payment Dates for Assessments: The Annual Assessments shall commence on the date of the conveyance of the first Living Unit to a person other than the Developer or a builder holding title for construction and resale, and shall be applicable through December 31 of such year. Each subsequent Annual Assessment shall be imposed for a fiscal year ending December 31, unless otherwise changed in accordance with the By-Laws. The Annual Assessment for a fiscal year shall be payable in advance in monthly installments on the first day of each calendar month, or, if determined by the Board, in annual, semi- or quarter-annual installments. The Annual Assessment levied for any calendar year (or other twelve-month budget year that the Board may adopt in accordance with the By-Laws) may be reconsidered and amended periodically, if necessary, but the amount of any revised Annual Assessment to be levied during any period shorter than a full calendar or other twelve-month budget year shall be in proportion to the number of months (or other appropriate installments) remaining in such calendar or budget year. The due date of any Special Assessment shall be fixed in the resolution of the Board authorizing such Assessment.

Section 7. Duties of the Board of Directors: At least forty-five (45) days prior to the commencement of each fiscal year, the Board of Directors of the Association shall prepare and adopt a budget of the estimated costs of operating the Association during the forthcoming fiscal year and fix the date of commencement and the amount of the Assessment against each Lot or Living Unit subject to the Association's jurisdiction. The Budget shall include reserves for future repairs and replacements to the extent required by Section 11 of this Article.

Written notice of the Annual Assessment, together with a copy of the budget for the forthcoming fiscal year, shall be sent to every Owner subject thereto at least thirty (30) days prior to the due date of the first installment thereof. In the event no such notice of a change in the Annual Assessment for a new assessment period is given, or the Annual Assessment has not been established for whatever reason, the amount payable shall continue to be the same as the amount payable for the previous period, unless changed in the manner provided for herein.

Notwithstanding any other provision contained in the Land Use Documents, the Board may not, without the vote or written consent of the Class "B" Members (if such exists) and the vote of a majority of the Class "A" votes of the Association, which shall include a majority of the vote of the Association held by Members other than the Developer, impose an Annual Assessment per Living Unit which exceeds the Annual Assessment per Living Unit for the immediately preceding fiscal year by more than fifteen percent (15%). Provided, however, in determining whether any increase is within the limitation imposed by this paragraph, the amount of any increase due to the increase in the cost of utilities or insurance, damage by acts of God, and increases in the reserves for future repairs and replacements shall not be included.

Subject to other provisions hereof, the Association shall, upon demand at any time, furnish to any Owner liable for an Assessment a certificate in writing signed by an officer or agent of the Association and setting forth whether such Assessment has been paid as to any particular Lot or Living Unit. Such certificate shall be conclusive evidence of payment of any Assessment to the Association therein stated to have been paid.

The Association, through the action of its Board of Directors, shall have the power, but not the obligation, to enter into an agreement or agreements from time to time with one or more persons, firms or corporations (including affiliates of the Developer) for management services.

Section 8. Effect of Non-Payment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association; Late Fees; Resale Certificate: If an Assessment is not paid on the date when due as specified in this Article, then such Assessment shall become delinquent and shall, together with attorneys' fees incident to the collection and irrespective of whether suit be brought, interest and late fees thereon and costs of collection thereof, all of which as hereinafter provided, thereupon become a continuing lien on the Lot or Living Unit which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such Assessment and related interest, costs and attorneys' fees, however, shall remain his personal obligation for the statutory period. Provided, however, that no voluntary sale of any Living Unit shall be effective, nor shall any marketable title be conveyed, unless and until the seller has obtained from the proper officer or agent of the Association a certificate, in recordable form, attesting to the fact that the Seller has paid all Assessments and other outstanding amounts to date. If no such certificate is obtained and recorded, without prejudice to other

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remedies of the Association, the purchaser shall be conclusively presumed to have assumed such liability for past-due Assessments. The Owner requesting the certificate shall pay to the Association a reasonable sum, not to exceed fifty dollars (\$50.00), as set by the Board, to cover the costs of examining records and preparing the certificate.

If the Assessment is not paid within thirty (30) days after the delinquency date, the Assessment shall bear interest from the date of delinquency at the rate established by the Board of Directors, not to exceed the maximum legal rate of interest allowed by Florida Law be charged under the circumstances, and the Board may authorize the preparation and recordation of a lien against the title to the Lot or Living Unit in the Public Records of the County in which the Community lies securing all delinquent amounts due to the Association for that Unit, together with the amounts set forth in the next sentence and the costs and reasonable attorneys' fees for the preparation of the lien. Thereafter, the Association may bring an action at law against the Owner personally obligated to pay the outstanding Assessments and/or bring an action to foreclose the lien against the property in the same manner as mortgage liens on real property are foreclosed and to have a receiver appointed if it so requests; and there shall be added to the amount of such outstanding Assessment(s), interest and late fees thereon as provided herein, all costs of collection, including, but not limited to, late fees, administrative fees, the cost of preparing and filing the complaint in such action, the cost of all attorneys' fees incident to collection whether or not suit is brought, including attorneys' fees on appeal, and all unpaid Assessments coming due through the date of the public sale of the property. In the event a judgment is obtained, such judgment shall include interest on the Assessments as provided above and a reasonable attorneys' fee to be fixed by the Court (including attorneys' fees in connection with the appeal of such action), together with costs incident to the action.

If, after any such foreclosure by the Association, the former Owner or anyone claiming through him shall remain in possession of the Living Unit, he shall be required to pay a reasonable rental for the Living Unit, and the Association shall be entitled as a matter of law to the appointment of a receiver to collect the same. The Board may settle or compromise any personal action or to enforce or foreclose a lien as it may deem in the best interest of the Association. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose a lien for any Periodic Assessment and/or Special Assessments, and to apply as a cash credit against its bid all sums due as provided herein, and covered by the lien enforced.

EX-107-10010

In addition to the foregoing, the Board of Directors may assess a "Late Fee" of as much as twenty-five (\$25.00) dollars for each Assessment which is more than ten (10) days delinquent, for the purposes of helping defray collection costs. Such Late Fee, at the discretion of the Board, may be charged either in addition to or in lieu of interest on the delinquent Assessment as provided above. The Board of Directors may increase the period of time an Assessment is delinquent before a Late Fee is assessed.

Section 9. Subordination of the Lien to Mortgages: The lien of the Assessments provided for in this Declaration shall be subordinate to the lien of any Institutional Mortgagee now or hereafter placed upon The Properties subject to Assessment; provided, however, that if an Institutional Mortgagee of record, or other purchaser, obtains title to such property as a result of foreclosure of the lien of such Institutional Mortgagee or as a result of a deed given in lieu of foreclosure thereof, such acquirer of title and his successors and assigns shall not be liable for the Assessments by the Association chargeable to the former Owner of such property which became due and payable prior to the acquisition of title as a result of the foreclosure or deed given in lieu of foreclosure, unless such Assessments are secured by a Claim of Lien for Assessments that is recorded prior to the recording of such Mortgage. Such sale or transfer shall not relieve such property from liability for any Assessments thereafter becoming due, or from the lien of any such subsequent Assessment; provided, however, that any such Assessment shall be subordinate to the lien of an Institutional Mortgage placed upon The Properties prior to the time of the recording of such subsequent Assessment lien.

Section 10. Exempt Property: The Common Areas and all properties to the extent any easement or other interest therein is dedicated and accepted by the local public authority and devoted to the public use shall be exempted from the assessments, charges and liens created by this Declaration.

Section 11. Reserves for Future Repairs and Replacements: Unless a majority of the Voting Interests of Members at a meeting of the Owners called for such purpose votes to waive or decrease the reserve requirement, the Association shall provide for an adequate reserve fund for the periodic repair and replacement of the improvements to the Common Areas and those portions (if any) of the Lots and Living Units maintained by the Association. The vote described in the preceding sentence of this Section shall only be valid for the budget year in which the waiver vote was obtained. Unless prohibited by law or by the regulations of the V.A., F.H.A.,

F.N.H.A. or F.H.L.M.C., so long as the agency with such prohibition holds, insures, or guarantees a mortgage on a Living Unit, the Developer shall have no responsibility to fund reserves in accordance with the terms of this Section so long as it has exercised its option to fund operating deficits pursuant to Section 15 below.

Section 12. Assignment of Claim: The Association, acting through the Board, shall have the right to assign its claim and lien rights for the recovery of any unpaid Annual Assessments and/or Special Assessments to the Developer, or to any Living Unit Owner or group of Living Unit Owners, or to any third party.

Section 13. Application of Payments and Commingling of Funds: Unless otherwise provided in this Declaration or by the V.A., F.H.A., F.N.M.A., or F.H.L.M.C., (so long as the agency with such prohibition holds, insures, or guarantees a mortgage on a Living Unit and requires special treatment of the funds), all sums collected by the Association from Assessments may be commingled in a single fund or divided into more than one fund, as determined by the Board. Unless otherwise established by a resolution of the Board, any delinquent payment by an Owner shall be applied first to any accrued interest and late fees, then to costs, attorney's fees, and other charges, expenses and advances, and then to Annual Assessments or Special Assessments in the chronological order of their due dates.

Section 14. Acceleration of Assessment Installments Upon Default: If an Owner shall be in default in the payment of an installment upon any Annual Assessment for more than thirty (30) days, the Board or a management firm, if such firm is engaged by the Association, may accelerate the remaining installments of the fiscal year. A notice of acceleration shall be sent to the Owner, and thereupon, the unpaid balance of the Assessment shall become due upon the date stated in the notice, which shall not be less than fifteen (15) days after the delivery or mailing of such notice.

Section 15. Effect on the Developer: Notwithstanding any provision that may be contained to the contrary in this Declaration, for as long as the Developer is the Owner of any Lot or Living Unit, the Developer shall be liable for Assessments only in accordance with this Section. The Developer shall have the option (which may be exercised as to a specific year or portion thereof and therefore changed by the Developer from time to time) of (i) paying Annual Assessments in the same manner as Class "A" Members; or (ii) being completely excused from Annual Assessments so long as the Developer funds any operating deficits during the

EX 25785 PG 10.2

period in which option (ii) is in effect. The foregoing deficit funding shall be made within sixty (60) days after the end of any period in which option (ii) was in effect and shall be computed by subtracting the sum of (i) all income receivable by the Association (including, without limitation, assessments, fines and incidental income), (ii) any surplus carried forward from the previous year(s), and (iii) all capital contributions described in Section 17 below, from actual operating expenses incurred by the Association (exclusive of capital improvement costs and other extraordinary expenses). Regardless of the option selected by the Developer as stated above, there shall be credited to the Developer any sums it advances or has advanced to the Association (except those paid on behalf of other Members pursuant to separate agreements between the Developer and such Members). When all Lots and Living Units within The Properties are sold and conveyed to purchasers, neither the Developer, nor its affiliates, shall have further liability of any kind to the Association for the payment of further Assessments, deficits or contributions.

Included within the concept of payment by the Developer for purposes of this Section 15 are the value of any "in kind" contribution of services or materials or a combination of services and materials. The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials, or a combination of services and materials, with the Developer or other entities for the payment of its portions of any Assessment for which the Developer is liable to the Association; provided, however, the V.A. or the F.H.A. shall be advised of, and approve of any form of subsidy contract entered into between the Developer of the Association if the V.A. or F.H.A. has guaranteed or insured any outstanding loan on a Living Unit.

Section 16. Miscellaneous: In the case of an acceleration of the unpaid installments of the Annual Assessment, each installment so accelerated shall be deemed, initially, equal to the amount of the then most recent delinquent installment, provided that if any such installment so accelerated would have been greater in amount by reason of a subsequent increase in the applicable budget, the Owner of the Lot or the Living Unit whose installments were so accelerated shall continue to be liable for the balance due by reason of such increase, and Special Assessments against such Lot or Living Unit shall be levied by the Board of Directors for such purpose.

In addition to the rights of collection of Assessments stated in this Article, any and all persons acquiring title to or an interest in a Lot or Living Unit as to which the Assessment is delinquent, including without limitation persons acquiring title by

operation of law and by judicial sales, shall not be entitled to the occupancy of such Lot or Living Unit or the enjoyment of the Common Areas until such time as all unpaid and delinquent Assessments due and owing from the selling Owner have been fully paid and no sale or other disposition of Lots or Living Units shall be permitted until an estoppel letter is received from the Association acknowledging payment in full of all Assessments and other sums due; provided, however, that the provisions of this sentence shall not be applicable to the mortgagees and purchasers contemplated by Section 9 of this Article. Failure of the Association to send or deliver bills or assessment notices shall not relieve Owners from their obligations hereunder. Without limiting the generality of any other Section of this Article V, the rights set forth in this Section shall be cumulative and in addition to all other rights of the Association in such regard, whether at law or in equity and whether stated in this Declaration or not. All Assessments, interest, fines, attorney's fees and other sums provided for herein shall accrue to the benefit of the Association.

Section 17. Capital Contributions: Upon the acquisition of title to a Living Unit by the first purchaser of such Living Unit other than the Developer or an Owner who purchases a Lot solely for purposes of constructing a Living Unit thereon for resale, a contribution shall be made by or on behalf of such purchaser to the working capital of the Association in an amount equal to one-sixth (1/6) of the amount of the Annual Assessment per Living Unit for the fiscal year in which the acquisition occurs.

ARTICLE VI

ARCHITECTURAL REVIEW COMMITTEE

Section 1. Members of the Committee: The Board is authorized, but not required, to establish an Architectural Review Committee (sometimes referred to in this Declaration as the "ARC"). In the event that the Board chooses not to establish such a Committee, the powers and duties of the ARC shall remain in the control of the Board; and in such event, any approval required by the ARC in the Land Use Documents shall be given by the Board. The Architectural Review Committee, if established by the Board, shall consist of no less than three (3) members, no more than five (5) members. At least one (1) member of the Board of Directors, and one Member from each of Tracts A, B and C shall be represented on the ARC. The initial members of the ARC shall consist of persons designated by the Developer. Each of said persons shall hold office until all Living Units planned for the Community have been constructed and conveyed, or sooner at the option of the Developer.

Thereafter, each new member of the ARC shall be appointed by the Board of Directors and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the ARC may be removed at any time without cause. The Board of Directors shall have the right to appoint and remove all members of the ARC.

Section 2. Review of Proposed Construction: Subject to Section 9 below, no building, fence, wall or other structure or improvement (including landscaping) shall be commenced, painted, erected or maintained in the Community, nor shall any addition, change or alteration visible from the exterior be made, nor shall any awning, canopy or shutter be attached to or placed upon outside walls or roofs of buildings or other improvement, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to, and approved in writing by, the ARC. The ARC shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the Community as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise desirable. The ARC may condition its approval of proposals and plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The ARC may also issue rules or guidelines setting forth procedures for the submission of plans for approval. The ARC may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the ARC of any required plans and specifications, the ARC may postpone review of any plans submitted for approval. The ARC shall have forty-five (45) days after delivery of all required materials to approve or reject any such plans, and if not rejected within such 45-day period, said plans shall be deemed approved. The ARC herein shall be the ultimate deciding body and its decisions shall take precedence over all others, unless appealed to the Board as prescribed below. All changes and alterations shall also be subject to all applicable permit requirements and to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees. Any decision of the ARC may be appealed to the Board within fifteen (15) days from the date of rendition of the decision of the ARC pursuant to procedures established by the Board.

ARC 5765 PG 1035

Section 3. Meetings of the ARC: The ARC shall meet from time to time as necessary to perform its duties hereunder. The ARC may from time to time, by resolution unanimously adopted in writing, designate an ARC representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the ARC, except the granting of variances pursuant to Section 8 hereof. In the absence of such designation, the vote of a majority of the members of the ARC shall constitute an act of the ARC. Meetings of the ARC must be open to all Members, and notices of such meetings must be posted in a conspicuous place within the Community at least forty-eight (48) hours in advance of such meeting or mailed or delivered to each Member at least seven (7) days before such meeting.

Section 4. No Waiver of Future Approvals: The approval of the ARC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ARC, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent.

Section 5. Compensation of Members: The members of the ARC shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder. The ARC, however, shall have the power to engage the services of professionals for compensation for purposes of aiding the ARC in carrying out its functions.

Section 6. Inspection of Work: Inspection of work and correction of defects therein shall proceed as follows:

(a) During the construction, at reasonable times and intervals, the ARC or its duly authorized representative may inspect the progress and details of the construction.

(b) Upon the completion of any work for which approved plans are required under this Article VI, the applicant (the "Applicant") shall give written notice of completion to the ARC.

(c) Within sixty (60) days thereafter, the ARC or its duly authorized representative may inspect such improvement. If the ARC finds that such work was not effected in substantial compliance with the approved plans, it shall notify the Applicant in writing of such noncompliance within such sixty- (60-) day period, specifying the particulars of noncompliance, and shall require the Applicant to remedy the same.

BR25765PG1036

(d) If, upon the expiration of thirty (30) days from the date of such notification, the Applicant shall have failed to remedy such noncompliance, the Committee shall notify the Board in writing of such failure. The Board shall then determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Applicant does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Applicant to the Association, the Board shall levy a Special Assessment against such Applicant for reimbursement.

(e) If for any reason the ARC fails to notify the Applicant of any noncompliance within sixty (60) days after receipt of said written notice of completion from the Applicant, the improvement shall be deemed to have been made in accordance with said approved plans.

Section 7. Non-Liability of ARC Members: Neither the ARC nor any member thereof, nor its duly authorized ARC representative, shall be liable to the Association or to any Owner or any other person or entity for any loss, damage or injury arising out of or in any way connected with the performance or non-performance of the ARC's duties hereunder, unless due to the willful misconduct or bad faith of a member and only that member shall have any liability. The ARC shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and to the Community. The ARC shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 8. Variance: The ARC may authorize variances from compliance with any of the architectural provisions of this Declaration when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations require. Such variance must be evidenced in writing which must be

signed by a majority of the members of the ARC. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matters for which the variances are granted. The granting of such variance shall not, however, operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including, but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental or municipal authority, nor to obtain a similar variance from other architectural committees having jurisdiction.

Section 9. Developer's Exemption: Developer shall be exempt from the provisions hereof with respect to alterations and additions desired to be effected by Developer and, in addition, shall not be obligated to obtain ARC approval for any construction or changes in construction which the Developer may elect to make at any time.

Section 10. Attorneys' Fees: For all purposes necessary to enforce this Article, the Association shall be entitled to collect reasonable attorneys' fees, court costs and other expenses against the Owner of the Lot or Living Unit, whether or not litigation is instituted, and the Board may assess such amounts in the form of a Special Assessment.

Section 11. Rules or Guidelines: The ARC shall have the power, but not the obligation, to promulgate written rules or guidelines with respect to any provision set forth in this Article VI or in Article IX of the Declaration or in any other provision of the Land Use Documents which provides for or requires the approval of the ARC. In the event that the ARC promulgates such written rules or guidelines, they shall provide in detail the types of buildings, structures, additions, changes or other alterations which shall be acceptable to the ARC without the necessity of obtaining the approval of the ARC, provided such addition, change, modification or alteration strictly complies with such written rules or guidelines.

ARTICLE VII

INSURANCE

Section 1. Property Insurance:
(a) Living Units:

(i) Policy and Provisions: Each Owner shall obtain and maintain insurance for his Lot or Living Unit providing coverage for fire and windstorm insurance with extended coverage endorsements, water damage, vandalism and malicious mischief endorsements and, if applicable, flood insurance, in such amounts sufficient to cover the full replacement value of the property. Each policy shall contain a loss payment provision which provides that the proceeds of any loss shall be payable to such institution or other trustee or other person as may be required by governmental agencies or applicable mortgagees, who shall hold such funds in trust to insure that repairs are made as herein set forth. If requested by the Association, each Owner shall be required to furnish the Association with evidence of insurance coverage which complies with the provisions of this Declaration. The Association shall be a third-party beneficiary to any insurance proceeds arising from such insurance coverage which is required by the Association to repair, restore or replace any damage to a Lot or Living Unit which the Association, through its Board, chooses in its sole and absolute discretion to repair, restore or replace.

(ii) Repair or Replacement of Damaged Property: In the event of damage or destruction by fire or other casualty to any Lot or Living Unit, the Owner shall immediately clear the Lot of all debris and re-sod damaged portions of the Lot; and, within thirty (30) days of the receipt of the insurance proceeds paid pursuant to an insurance policy covering such Living Unit, but in no event later than six (6) months from the date of such damage or destruction, the Owner shall commence reconstruction of the Living Unit. In the event restoration of the Living Unit is commenced but is terminated before completion of the Living Unit, and such termination continues for a period of at least thirty (30) days, or the Lot is not cleared of debris or restoration, or commencement of clearance of the Lot does not occur as provided above, the Association shall have the right, but shall not be obligated, to clear the Lot of debris and re-sod it. The cost of such repairs shall be an expense attributable to the Living Unit and become an immediately due and payable Special Assessment against the Living Unit collectible in the same manner as any other Assessment.

(iii) Association's Right to Repair: Each Owner shall be required to promptly reconstruct or repair his Living Unit damaged or destroyed by fire or other casualty. If no repair or rebuilding has been contracted for or otherwise substantially started and continued by the Owner within the time period specified in sub-paragraph (ii) above, the Association may, but shall not be obligated, to initiate the repair or rebuilding of the damaged or destroyed portions of the Lot or Living Unit in a good and

workmanlike manner in conformance with the original plans and specifications. The Association may advertise for sealed bids from any licensed contractors and may then negotiate with said contractors. The contractor(s) selected to perform the work may, in accordance with procedures established by the Board, be required to provide full performance and payment bonds for such repair or rebuilding. In the event the insurance proceeds are insufficient to fully pay the costs of repairing and/or rebuilding the damaged or destroyed portions in a good and workmanlike manner, including other costs incurred pursuant to sub-paragraph (ii) above, the Association shall levy a Special Assessment against the Owner of the Living Unit or Lot in whatever amount is required to make up the deficiency. If the insurance proceeds exceed the cost of repairing and/or rebuilding, such excess shall be paid to the Owner and its mortgagee in accordance with the applicable mortgage, if any, or as the Owner and mortgagee otherwise agree.

(b) Common Areas: The Association shall purchase and maintain at all times a policy of property insurance, naming the Association and the Developer (so long as it owns any portion of The Properties) as insureds and covering the Common Areas and any improvements, buildings, fixtures, personal property, and equipment, supplies and materials located on and used in connection with the operation of the Common Areas, in an amount not less than the maximum insurable replacement value thereof, excluding land, foundation, excavation and other items normally excluded from such coverage. Such coverage shall afford protection against loss, damage or destruction by fire, and other hazard or casualty as may be covered by a standard extended coverage endorsement, and all other such risks as may be covered with respect to buildings, improvements and other items similar in nature, construction, location or use, including, but not limited to, theft, vandalism, malicious mischief, and windstorm. In the event that the Common Areas or any other property owned by the Association is damaged by reason of any act or omission of any Owner (including his guests, invitees and agents), such Owner shall be fully responsible for paying the costs of any repair and replacement of such damage, but nothing in this paragraph is intended to relieve any insurance company from its duties and obligations under any policy issued by it.

Section 2. Flood Insurance: In the event The Properties are located within an area that has been designated a special flood zone, as defined by the Federal Emergency Management Agency, the Association shall purchase and maintain at all times a policy of flood insurance, naming the Developer (as long as it owns any portion of the Properties) and the Association as insureds, and

covering the Common Areas and any improvements, buildings, fixtures, personal property, equipment, supplies and materials located on and used in connection with the operation of the Common Areas. The coverage shall be in an amount not less than the lesser of (a) the maximum coverage available under the National Flood Insurance Program for all buildings and other improvements located on any portion of The Properties that falls within a designated special flood zone; and (b) one hundred percent (100%) of the current replacement cost of such improvements, buildings and other insurable property.

Section 3. Liability Insurance: The Association shall purchase and maintain a policy of comprehensive general liability insurance, naming the Association and the Developer as insureds. The coverage shall be in an amount not less than one million dollars (\$1,000,000.00) for bodily injury, death and property damage arising out of a single occurrence. Coverage shall include liability of the Association and the Developer (so long as it owns any portion of The Properties) for bodily injury, death and property damage; and, where applicable and available and commonly required by private mortgage investors for developments similar in construction, design, and use, the following: bailee's liability, garage keeper's liability, host liquor liability, and contractual liability. An Owner is responsible for purchasing and maintaining, at his own expense, a policy of comprehensive general liability insurance providing coverage related to the ownership of his Living Unit, if he desires such coverage.

Section 4. Fidelity Insurance: The Association shall purchase and maintain a policy of insurance or fidelity bond, naming the Association as the insured or as the obligee, to protect the Association against the wrongful acts or omissions of any officer, director, trustee, agent or employee of the Association and all other persons who handle or are responsible for handling funds of, or funds administered by, the Association. Any such policy or bond shall be in an amount determined by the Board of Directors, in their best business judgment, but in no event shall the amount of any such policy or bond be less than three months' portion of the Annual Assessments plus reserves on hand at any time for the current year during the term of each such policy or bond. The bond or policy shall contain waivers by the issuer of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms and expressions. Where the management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

Section 5. Workers' Compensation Insurance: The Association shall purchase and maintain Workers' Compensation insurance and other mandatory insurance, when applicable, so as to meet the requirements of law.

Section 6. Directors' and Officers' Liability Insurance: The Association shall purchase and maintain Directors' and Officers' Liability Insurance in an amount established by the Board.

Section 7. Distribution of Proceeds; Reconstruction of Buildings and Improvements; Insurance Trustee: All insurance policies purchased by the Association shall provide that all proceeds covering property losses shall be paid to an Insurance Trustee and distributed in the manner set forth in this Section 7. The Insurance Trustee shall be the Board of Directors or its designee, unless the Veterans Administration, the Federal Housing Administration, or the Federal National Mortgage Association holds an outstanding mortgage on a Living Unit, in which event the Insurance Trustee shall be a person required by any one of these Institutions.

(a) Distribution of Proceeds Received by the Association: All proceeds received by the Association for any loss, damage or destruction of any building, improvement, landscaping, equipment, supplies or materials located on and used in connection with the Common Areas, shall be utilized to repair, replace or reconstruct any such building, improvement, landscaping, equipment, supplies or materials. Any difference between the amount of insurance proceeds received and the amount required to complete the repair, replacement or reconstruction shall be an expense of the Association for which the Association shall levy a Special Assessment against all Owners to obtain that difference within forty-five (45) days from the date the loss, damage or destruction occurred. Any repair, replacement or reconstruction that is the responsibility of the Association as provided in this Declaration shall be substantially in accordance with the plans and specifications of the original building or improvement, or as the building or improvement was last repaired or reconstructed, and shall be of similar quality and value in the case of equipment, personal property, landscaping, supplies or materials as that previously purchased and maintained by the Association; provided, however, that such repair, replacement or reconstruction shall be modified when necessary to conform with the then current restrictions, ordinances and codes of any government entity that has jurisdiction over the use and occupancy of The Properties.

(b) Association as Agent: The Association, through its Board of Directors, is hereby irrevocably appointed agent, with full power of substitution, for each Living Unit Owner and for each Owner of any other insured interest in The Properties, to adjust all claims arising under insurance policies purchased by the Association, to bring suit thereon in its name and/or in the name of the other insured, to deliver releases upon payment of claims, to compromise and settle such claims and otherwise to exercise all of the rights, powers and privileges of the Association and each Owner or any other holder of an insured interest in The Properties under such insurance policies.

(c) Developer's Discretion: Notwithstanding anything to the contrary stated in this Article VII, so long as the Developer owns any Living Unit subject to the Declaration, it shall be in the Developer's sole discretion as to whether to rebuild, repair or reconstruct any loss, damage or destruction to the Living Units, the Common Areas (other than the recreational facilities), or any portion thereof.

Section 8. Estimates for Repair, Replacement, or Reconstruction: In the event any loss, damage, or destruction occurs that is covered by an insurance policy purchased and maintained by the Association pursuant to the terms of this Declaration, the Association shall, immediately after the occurrence of such loss, damage or destruction, obtain a reliable, detailed estimate of the cost to place the damaged property in as good a condition as that which existed immediately prior to the loss, damage or destruction. The Association shall establish a separate account with a bank or savings and loan association located in Broward County, Florida, and shall deposit into such account all insurance proceeds and any Special Assessments collected by the Association by virtue of the occurrence of any loss, damage or destruction as provided in this Declaration. Disbursements from such account shall be made in the manner provided in this Article VII as the required repair, replacement and reconstruction progresses.

(a) Fund Disbursements: The Association shall make payments for such repair, replacement or reconstruction upon the written request for a disbursement by the person or entity responsible for the repair, replacement or reconstruction, which in the case of the repair, replacement or reconstruction of a building or other improvement, shall be accompanied by an appropriate certificate signed by the architect, engineer or contractor in charge of such repair, replacement or reconstruction stating (a) that the requested payment has either been made or is justly due, and certifying that the payment requested does not exceed the value of the services and materials already in place pursuant to such

repair, replacement or reconstruction; (b) that, except for the payment requested, there are no outstanding payments for the repair, replacement or reconstruction being performed which may provide a basis for a vendor's or mechanic's lien; and (c) that the cost of the repair, replacement or reconstruction to be done subsequent to the date of such certificate does not exceed the amount of funds remaining in the repair, replacement and reconstruction fund after the requested payment is made.

(b) Balance Remaining in Fund: If there is a balance in the repair, replacement and reconstruction fund after the Association has made all payments for any such repair, replacement or reconstruction pursuant to the terms of this Declaration, the Association shall be entitled to retain such balance and add it to the Association's reserve; provided, however, that in the event Special Assessments were collected and utilized for such repair, replacement or reconstruction, then a majority vote of the Owners, at a special meeting called for that purpose and held in accordance with the terms and provisions of the By-Laws, shall determine whether the balance shall be retained by the Association and added to the Association's reserves, or shall be returned pro rata to the Owners who paid such Special Assessments.

(c) Deductibles: Any policy may contain a deductible which, in the best business judgment of the Board, is reasonable in amount, taking into account, among other factors, the amount of the premium. Provided, however, unless not reasonably available in the marketplace, that the deductible for loss from property damage to the Common Areas shall not exceed the lesser of ten thousand dollars (\$10,000.00) or one percent (1%) of the applicable amount of coverage. Provided, further, that deductibles for Flood Insurance may not exceed the lesser of five thousand dollars (\$5,000.00) or one (1%) percent of the applicable amount of coverage for loss in the Common Areas. Funds for the deductibles described in the two preceding sentences, may, at the discretion of the Board, be included in the reserves of the Association. In the event of damage to property, the deductible shall be paid by the party who would be responsible for the repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

Section 9. Developer Named as Insured: Whenever the Association is required to purchase and maintain a policy of insurance or bond which shall, according to the terms of this Article VII, name the Developer as an insured, such obligation to name the Developer as an insured shall cease upon the later of the Developer's conveyance of title to the last Living Unit owned by

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the Developer or the conveyance of the Common Areas to the Association.

Section 10. Additional Provisions of Policies:

(a) The Board of Directors shall utilize every reasonable effort to secure policies that will provide the following:

(i) In no event shall such insurance be brought into contribution with insurance purchased by the Owners or their mortgagees; and

(ii) Coverage shall not be prejudiced by any act or neglect of any Owner when such act or neglect is not within the control of the Association, or the failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has control; and

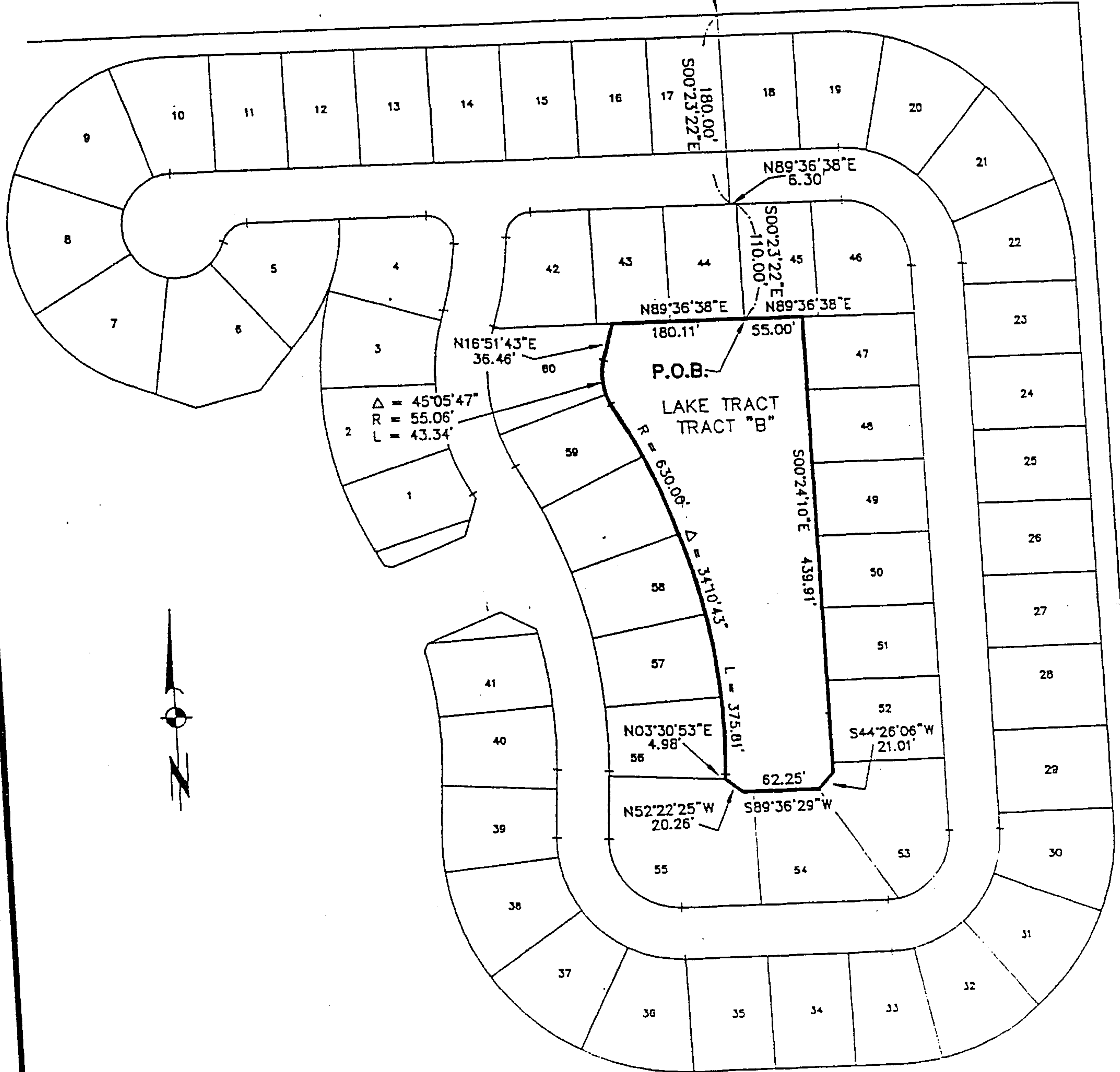
(iii) Coverage may not be canceled, renewed, or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insureds named therein;

(iv) The insurer will supply upon request one copy of each of such policies, or a certificate evidencing each such policy and the amounts and types of coverage, and all endorsements thereon, to each Institutional Mortgagee of a Living Unit covered by the policy, except that such copies or certificates need not be furnished more than ten (10) days prior to the beginning of the term of the policy that is being renewed or replaced, whichever date shall occur first; and provided further, that such certificates of insurance must contain the information required in Paragraph (iii) above to be stated in the policy, include a statement as to the amounts and types of coverage afforded, indicate by descriptive name any special endorsements to the policy, and be executed by an authorized company representative; and

(v) A waiver of subrogation by the insurer as to any and all claims against Owners, the Association, and their respective agents, representatives, employees, licensees, family members, invitees, tenants and guests and a waiver of all defenses based upon co-insurance or upon invalidity arising from the acts of the insured; and

PROPOSED
LAKE TRACT - TRACT "B"
WILES/BUTLER PARCEL "A"

P.O.C.
N.E. CORNER TRACT "A-1"
WILES/BUTLER PLAT ONE AND
N.W. CORNER TRACT "A-2"
WILES/BUTLER PLAT TWO



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KATHLEEN L. HALL LAND SURVEYING, INC.
LAND SURVEYING/ CAD SERVICES
23257 S.R. 7, SUITE 207
BOCA RATON, FL. 33428
TEL. (407) 487-2447 FAX. (407) 487-3356

SCALE: 1" = 150'
DATE: 9/04/96
SHEET 2 OF 2
JOB NO.: 2343.4

(vi) The policy may not be jeopardized, canceled, or substantially modified without at least thirty (30) days' prior written notice to the Board of Directors; and

(vii) The policy cannot be canceled, invalidated, or suspended on account of the conduct of any director, officer, or employee of the Association or the managing agent without a prior demand in writing delivered to the Association and to all mortgagees of Living Units to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured; and

(viii) A waiver by the insured of its rights to repair, and reconstruct, instead of paying cash; and

(ix) All property insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Broward County, Florida, areas; and

(x) All policies shall be written with a company licensed to do business in Florida which holds a Best's rating of B or better and is assigned a financial size category of 11 or larger, as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating, or any other company licensed to do business in Florida which meets the minimum requirements of FNMA.

(b) All policies of property insurance shall provide that, notwithstanding any provisions thereof which gives the insurer the right to restore the damage in lieu of making a cash settlement, such election shall not be exercisable without the prior written consent of the Association or the Insurance Trustee, whichever of them is entitled to receive the proceeds of the insurance, or when such election would be in conflict with any requirement of law. Such policies shall insure all of the Common Areas, including, where practicable, all fixtures, installations, or additions comprising that part of the improvements initially installed or replacements thereof, in accordance with any plans and specifications by the Developer with Broward County, Florida, as of the date of completion of the Common Areas by the Developer. Such policies and endorsement thereon shall be deposited with the Insurance Trustee or the Association.

(c) All property insurance policies, to the extent available, shall include an "Agreed Amount Endorsement", or its

equivalent, and a "Demolition Endorsement", or its equivalent, allowing for coverage of the cost of demolition in the event of destruction and the decision not to rebuild. The policy shall also include an "Increased Cost of Construction Endorsement". The policies may contain reasonable deductibles, and the amount thereof shall be added to the face amount of the policies in determining whether the insurance equals at least full replacement cost. The coverage of these policies shall afford protection against:

(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement and cost of demolition, vandalism, malicious mischief, windstorm and water damage; and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as The Properties.

Section 11. Payment of Premiums: All premiums for insurance coverage obtained by the Association shall be part of the Annual Assessments of the Association.

Section 12. Review of Insurance Coverages: The Association shall, at least annually, review the adequacy of the insurance coverages required pursuant to this Declaration and shall make a determination as to the adequacy of the amounts and types of coverage then in effect.

ARTICLE VIII

MAINTENANCE RESPONSIBILITIES OF THE OWNER AND THE ASSOCIATION

Section 1. Preamble: The Responsibility of the maintenance of The Properties is divided between the Association and the Owners. The maintenance of Lots and Living Units is the responsibility of the Owners, unless otherwise stated in this Declaration. The maintenance of the Common Areas is the responsibility of the Association. A map illustrating the division of the maintenance responsibilities between the Owners and the Association is included within the Site Plan attached to this Declaration as Exhibit "B". Any maintenance responsibilities of the Owners set forth in the map but not included within this Article VIII shall also be the obligation of the Owners. The Board of Directors has the right to require the Members to maintain their portions of their Lots or Living Units not maintained by the Association in a manner befitting the standards of the Community. After notice by the Board of Directors to correct deficient maintenance of their Lots

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or Living Units, if said deficiencies remain uncured, then the Board of Directors shall have the right to hire maintenance people to perform maintenance work as shall be prescribed by the Board of Directors and for this purpose the Members grant unto the Board of Directors, its agents, employees, and all other designated by the Board of Directors, the right to enter upon the Lot or Living Unit of the Members for the purpose of completing such maintenance work, all without liability or responsibility, criminal or civil, for trespass or any other action. The cost of such work required by the Board of Directors to cure maintenance deficiencies shall be an assessment against the Lot or Living Unit of the deficient Member as provided in Section 2 hereof.

Section 2. Maintenance of Common Areas: Unless otherwise stated in this Declaration, the maintenance of the Common Areas shall be the obligation of the Association. Commencing with the date of recordation of this Declaration, and irrespective of whether the Association holds title to the Common Areas, the Association shall at all times maintain in good repair and manage, operate and insure, and shall replace as often as necessary, the Common Areas and the paving, drainage structures and swales, irrigation, street lighting fixtures and appurtenances, landscaping, berms (if any) adjacent to a Lot, permanent signage for the Community, Tract T as shown on the Site Plan and improvements and other structures (except public utilities) situated on the Common Areas. All such work shall be done as ordered by the Board of Directors, at a minimum, as to avoid the incurring of any cost or expense thereof by the taxpayers of Broward County other than the Owners. Maintenance of the street lighting fixtures, if any, shall include and extend to payment for all electricity consumed in their illumination. Without limiting the generality of the foregoing, the Association shall assume all of the Developer's and its affiliates' responsibility of any kind to Broward County, the City of Coconut Creek, South Florida Water Management District, and any other public agency, with respect to the Common Areas upon the dedication and/or conveyance thereof to the Association and shall indemnify and hold the Developer and its affiliates harmless with respect thereof.

Notwithstanding the fact that such areas may be located on Lots and/or in public rights of way, the paved or landscaped areas along or within the rights of way of public roads or located outside of enclosed private yards shall be deemed Common Areas for the purpose of maintenance by the Association. The Association's maintenance duties in such regard shall include, but not be limited to, the maintenance, repair and replacement of all landscaping, grading and structures located in such areas to the extent that Broward County, the City of Coconut Creek, or the Master

Association are not obligated to perform such duties or do not perform such duties to Community standards in the event one or more of such entities is obligated to perform any of them or do not perform them to the level of Community standards.

All work pursuant to this Section and all expenses incurred hereunder by the Association shall be paid for by the Association through assessments (either Annual or Special) imposed in accordance herewith. No Owner may waive or otherwise escape liability for assessments by the voluntary or involuntary non-use of the Common Areas or abandonment of the right to use the Common Areas.

Section 3. Maintenance of Lots and Living Units:

(a) Responsibility of the Living Unit Owner: Each Unit Owner shall maintain and keep in good repair the exterior portions of the Living Unit and Lot, including, but not limited to, paint of exterior surfaces and maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon such areas. Such exterior maintenance shall include, without limitation, glass surfaces and exterior light fixtures located on the Lot or Living Unit. Any Unit Owner who paints the exterior portions of the Living Unit or re-roofs the Living Unit shall use the same color and quality as the original paint or tile, respectively, unless the Owner applies to and is approved by the Architectural Review Committee, as described in Article VI. Any owner whose Lot is adjacent to a lake shall maintain any portion of the Common Areas between the edge of the Lot and the top of the lake bank. Any Owner whose Lot is adjacent to a berm which is part of the Common Areas shall maintain the berm between the edge of the Owner's Lot and the commencement of the slope of such berm.

In the event that the need for maintenance, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his or her family, guest, lessees, or invitee, and is not covered or paid for by insurance, in whole or in part, the Association may perform the repair, replacement, or maintenance at the Owner's sole cost and expenses, and all cost thereof shall be added to and become a part of the Assessment to which such Owner is subject and shall become a lien against the Living Unit in the same manner as a Special Assessment.

The Association may, in the discretion of its Board, assume certain maintenance responsibilities of the Owners for some or all Lots and exterior portions of Living Units. In such event, all

costs of such maintenance shall be assessed only against those Living Units to which the services are provided. This assumption or responsibility may take place either by contract or agreement or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community standard for The Properties.

(b) Failure of the Living Unit Owner to Perform Maintenance Responsibilities: The Owner, except as contemplated specifically herein, shall maintain the structures and grounds not maintained by the Association on each Lot at all times in a neat and attractive manner as provided elsewhere herein. Upon the Owner's failure to do so, the Association may at its option, after giving the Owner five (5) days written notice sent to his last known address, or to the address of the subject premises, have that portion of the grass, weeds, shrubs and vegetation which the Owner is to maintain cut when and as often as the same is necessary in its judgment, and dead trees, shrubs and plants removed from such Lot, and other areas and replaced, and may have any portions of the Lot, and other areas resodded or landscaped, and all expenses of the Association under this sentence shall be a lien and Special Assessment charge against the Lot on which the work was done and shall be the personal obligation of all Owners of such Lot. Upon the failure of the Owner to perform any maintenance required of the Owner hereunder, including but not limited to maintenance of the exterior doors (including, without limitation, the garage door) and windows, the Association may at its option, after giving the Owner thirty (30) days written notice sent to his or its last known address, make repairs and improve the appearance in a reasonable and workmanlike manner. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the owner of the Lot and shall constitute a Special Assessment against the Lot(s) on which the work was performed, collectible in a lump sum and secured by the lien against the Lot(s) as herein provided. No bids need to be obtained by the Association for any such work and the Association shall designate the contractor in its sole discretion.

Section 4. Access at Reasonable Hours: For the purpose solely of performing the exterior maintenance authorized by this Article, the Association through its duly authorized agents or employees shall have the right, after reasonable notice to the Owner, to enter upon the exterior of any Lot or Living Unit at reasonable hours on any day except Sunday.

Section 5. Dissolution of Association: In the event of the dissolution or termination of the Association, the Board of County

Commissioners of Broward County shall not be obligated to carry out the maintenance obligations of the Association unless such obligations are undertaken by way of a resolution by such Board.

Section 6. Management Services: The Association may contract for the management of all or part of The Properties for purposes of carrying out all or a portion of the maintenance service provided for in this Declaration. The provisions of any management contract must meet the minimum requirements of FNMA/FHA.

Section 7. Utility Services: The Association may contract with public or private utility companies for purposes of supplying utility services to The Properties and may assess the costs and expenses charged by such utility companies as part of the Annual Assessments or as a Special Assessment.

Section 8. Maintenance of Peripheral Walls and Fences: Any walls or fences which are a part of the Community, excluding walls or fences on a Lot (which shall be the maintenance responsibility of the Unit Owner) or which surround portions of the Community, shall be maintained by the Association. An easement for such maintenance purposes has been granted to the Association in Article IV, Section 6 of this Declaration.

ARTICLE IX

PERMITTED AND PROHIBITED USES

Section 1. Applicability: The provisions of this Article IX are applicable to all of The Properties, but they are not applicable to the Developer or property owned by the Developer, as long as the Developer holds title to The Properties. The Developer is extended the right to enter upon The Properties at any time and in any way reasonably necessary to allow the Developer to develop, construct, sell, or promote the Community, or to carry out its obligations to Owners within the Community.

Section 2. Driveways: The driveways shall be maintained in the style originally established by the Developer.

Section 3. Clothes and Drying Facilities: Clothing, laundry or wash shall not be aired or dried on any portion of The Properties, except within Living Units and so as none of the items are visible from outside the Living Unit.

Section 4. Antennas: No exterior antenna, aerial, satellite dish, or other apparatus for the transmission of television, radio, or other signals of any kind shall be placed, allowed, or maintained upon any portion of The Properties, unless in accordance with written guidelines promulgated from time to time by the ARC. Only architectural guidelines deemed reasonable by the regulations promulgated by the Federal Communications Commission (FCC) from time to time, including those intended to minimize unsightliness, visual intrusion, or danger to surrounding portions of The Properties, and which do not impair signal reception or unreasonably delay or increase the cost of installation, maintenance or use, will be permitted to restrict satellite receiving dishes less than one (1) meter in diameter and multipoint distribution service (MDS) antennas less than one (1) meter in diameter (or such MDS antennas which are mounted on masts to reach the height needed to establish line-of-sight contact with the transmitter, and which masts do not exceed twelve feet above the roofline).

The Developer and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna or cable system for the benefit of all or a portion of The Properties, should any such master system or systems be utilized by the Association and require any such exterior apparatus.

Section 5. Nuisances: No Living Unit shall be used, in whole or in part, for the storage of any property or thing that will cause such Living Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Living Unit that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious, offensive, or unlawful activity shall be carried on upon any Living Unit, nor shall anything be done thereon tending to cause a nuisance to any person using any property adjacent to Living Unit. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of The Properties.

Section 6. Temporary Structures: No Structure of a temporary character, or trailer, tent, mobile home or recreation vehicle, shall be permitted on The Properties at any time or used at any time as a residence, either temporarily or permanently. Provided, however, this sentence shall not preclude the use of cooking grills

manufactured for outdoor use, as long as such grills otherwise comply with the provisions of this deed.

Section 7. Mailboxes: No mailbox or paper box or other receptacle of any kind for use in the delivery of mail or newspapers or magazines or similar material shall be placed upon any Lot or Living Unit, other than one (1) standard mailbox with the specifications and in the location established by the Developer or the ARC.

Section 8. Games and Play Structures: No basketball/backboard nor any other fixed game play or structure, platform, doghouse, play house or structure of a similar kind or nature shall be constructed on any Lot located in front of the residence constructed thereon, unless such structure is approved in advance by the ARC.

Section 9. Pets, Livestock and Poultry: Except for household pets defined below which are not kept, bred or raised for any commercial purpose and which do not become a nuisance or annoyance to any neighbor, no fish, birds, animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or in any Living Unit. Household pets shall not be permitted on Common Areas unless held by a responsible person or on a leash. No household pets shall be permitted to have excretions on any Common Areas, except areas designated by the Association, and Owners shall be responsible to clean up any such improper excretions. For purposes hereof, "household pets" shall mean no more than two (2) dogs and two (2) cats per Lot or Living Unit, and domestic birds and fish. Pets shall also be subject to applicable Rules and Regulations as may be adopted by the Board.

Section 10. Visibility at Intersection: No obstruction to visibility at street intersections or intersections of the Common Areas shall be permitted.

Section 11. Landscaping: A Unit Owner may not modify the type or style of landscaping contained on a Lot without ARC approval.

Section 12. Signs: No sign of any nature, except for one "for sale" sign not to exceed two feet by two feet in size, shall be erected or displayed upon any Lot or Living Unit unless the prior written approval of the size, shape, content and location thereof has been obtained from the ARC, which approval may be arbitrarily withheld, except that withholding of consent by the ARC for advertising and promotion of The Properties shall not be arbitrary or unreasonable.

BR 25765 PG 10 of 14

Section 13. Commercial Activities: No Lot or Living Unit shall be used or occupied for any purpose other than as a residential dwelling by a Single Family, its household servants and guest. No business or commercial building shall be erected on any Lot, nor shall any business be conducted on any part thereof. This provision, however, shall not be to prohibit the Association from acquiring any Lot within The Properties for such purpose as it may be deemed necessary or beneficial for the Members, including, but not limited to, recreational purposes.

Section 14. Air conditioning Units and Reflective Materials: No air conditioning units may be mounted through windows or walls or in any other location which is visible from any portion of the Common Areas. No building shall have any aluminum foil placed in any window or glass door or any reflective substance or other materials (except standard window treatments) placed on any glass, except such as may be approved by the ARC for energy conservation purposes.

Section 15. Exterior Alterations: No structural changes, exterior color changes, or alterations shall be made or added to any building or Living Unit without approval of the ARC.

Section 16. Destruction of a Building: In the event that any building is destroyed by or removed for any cause whatsoever, any replacement must be with a building of a similar size and type. The plans and specifications for any new building must be approved, in writing, by the ARC and shall contain substantially the same square footage as the original structure.

Section 17. Oil and Mining Operation: No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in The Properties, nor on dedicated areas, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in The Properties. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any portion of the land subject to these restrictions.

Section 18. Parking Spaces and Prohibited Vehicles: Vehicles which are not prohibited by the Land Use Documents shall be permitted to park only in the garages or in the driveways serving the Living Unit or appropriate spaces or designated areas. Parking spaces which are located exclusively on the Common Areas may be used for temporary parking on a first-come first-served basis. No trucks of any kind, commercial vehicles, campers, mobile homes, motorhomes, house trailers or trailers of every other description, boats, "wave-runners" or jet-skis, boat trailers or horse trailers,

motorcycles, scooters or bicycles (collectively the "Prohibited Vehicles"), shall be permitted to be parked or to be stored on the Common Areas or outside a Living Unit, nor in dedicated areas. This prohibition of parking shall not apply to temporary parking of trucks and commercial vehicles, such as for pick-up and delivery and other commercial services, nor to vans of personal use (with no commercial markings) and which are in acceptable condition in the sole opinion of the Board (which favorable opinion may be changed at any time), nor to any vehicles of the Developer or its affiliates and designees. Any Prohibited Vehicle, parked in violation of these or other restrictions contained herein or in the Rules and Regulations may be towed by the Association at the sole expense of the owner of such Prohibited Vehicle if such Prohibited Vehicle remains in violation for a period of 24 hours from the time a notice of violation is placed upon it. The Association shall not be liable to the owner of the Prohibited Vehicle for trespass, conversion or otherwise, nor guilty of any criminal act, by reason of such towing and once the notice is posted, neither its removal, nor failure of the owner to receive it for any other reason, shall be grounds for relief of any kind. An affidavit of the person posting such notice stating that it was properly posted shall be conclusive evidence of proper posting.

Section 19. Garbage and Trash Disposal: No garbage, refuse, trash or rubbish shall be deposited except as permitted by the Association. The requirements from time to time of the applicable governmental authority for disposal or collection of waste shall be complied with and, when in conflict, shall supersede those set forth in this Section. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. Containers must be rigid plastic, no less than twenty (20) gallons or more than thirty-two (32) gallons in capacity, and well sealed. Trash disposal receptacles shall be located or screened so as to be concealed from view of neighboring Living Units, streets and property adjacent to the Living Unit. Such containers may not be placed out for collection sooner than twelve (12) hours prior to scheduled collection and must be removed within twelve (12) hours of collection. In the event that governmental disposal or collection of waste is not provided to individual Living Units or Lots, garbage, refuse, trash or rubbish shall be deposited by each Owner in a container designated by the Association and shall be collected by a private entity hired by the Association.

Section 20. Fences: No fence, wall or other structure shall be erected in the front yard, back yard, or side yard setback, except as (i) originally installed by the Developer, or its designees, or (ii) approved by the ARC as above provided, or (iii) reflected on the Master Fence Plan, a copy of which is attached to

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this Declaration as Exhibit "E". However, each Owner shall be responsible for the replacement of any fences or walls initially constructed on his Lot, as and when such replacement becomes necessary. Any such fence or wall, as replaced, shall have the same dimensions, materials and colors and be in the same location as originally installed by the Developer. In the case of a fence situated on or near the common property line of two (2) or more Lots, when the fence is shared by the Owners of said Lots, such Owners shall be jointly and severally responsible for the maintenance, repair and replacement of such fence. Additional restrictions regarding fences are contained in the Master Fence Plan.

Section 21. Recreational Facilities: The Board of Directors shall have the right to promulgate Rules and Regulations regarding the use of the recreational facilities located within the Common Areas.

Section 22. Occupants Bound: All provisions of the Land Use Documents which govern the conduct of Owners and which provide for sanctions against the Owners shall also apply to all occupants of any Living Unit.

Section 23. Unsightly or Unkempt Conditions: It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Living Unit. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of The Properties.

Section 24. Guns: The discharge of firearms within The Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size.

Section 25. Security Bars and Hurricane Shutters: No security bars or decorative structure of any type shall be installed on the exterior of a living Unit or the exterior or interior or any window or door of any Living Unit. Hurricane Shutters may be placed on doors and windows in the event of a hurricane watch; provided, all such shutters shall comply with the standards promulgated by the Board or the ARC and shall be removed within forty-eight (48) hours after the hurricane ceases to be a threat.

Section 26. Irrigation: All sprinkler and irrigation systems shall be subject to approval in accordance with the requirements of the ARC.

Section 27. Drainage: Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No person other than the Developer may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. The Developer hereby reserves a perpetual easement across The Properties for the purpose of altering drainage and water flow.

Section 28. Tree Removal: No trees shall be removed, except for (a) diseased or dead trees; and (b) trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved by the ARC and any governmental authority having jurisdiction.

Section 29. Lighting: Except for seasonal or holiday decorations and lights (the time limitations for the use and display of which shall be established by the Board or the ARC), all exterior decorations and lights must be approved by the ARC.

Section 30. Artificial Vegetation, Exterior Sculpture, and Similar Items: No artificial vegetation shall be permitted on the exterior of any portions of The Properties. Exterior sculpture, fountains, flags (other than the flag of the United States of America, which may be displayed only in a manner and at the times established by the ARC or the Board), and similar items must be approved by the ARC.

Section 31. Window Treatments: Any portion of an interior window treatment which is visible from outside the Living Unit which, in the opinion of the Board or its designee, does not meet the standards established by the ARC shall be removed upon written request of the Board or the ARC.

Section 32. Energy Conservation Equipment: No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the ARC.

Section 33. Leases: No portion of a Lot and Living Unit (other than an entire Lot and Living Unit) may be rented. No lease shall be for a term of less than twelve (12) months. All leases shall be in writing and deemed to provide (whether or not actually

stated in the lease) that (i) the Association shall have the right to terminate the lease in the name of and as agent for the lessor upon default by the tenant in observing any of the provisions of the Land Use Documents, or other applicable provisions of any agreement, document or instrument governing The Properties or administered by the Association, (ii) the tenant shall comply with all of the foregoing and (iii) the Owner will be jointly and severally liable with the tenant to the Association for any amount which is required by the Association to effect such repairs and to pay any claim for injury or damage to property caused by the negligence of the tenant. This Section shall also apply to subleases and assignments and renewals of leases. A copy of the signed lease and a tenant information form promulgated by the Board shall be delivered to the Association prior to the commencement of the lease and the occupancy of the Living Unit by the tenant. If a tenant takes possession of a Living Unit prior to the delivery of a copy of the signed lease to the Association, the Board may levy a fine against the Owner for each day of occupancy prior to the delivery of the lease.

Section 34. Resale Restrictions: No owner may sell or convey his interest in a Lot or Living Unit unless all sums due the Association shall be paid in full and an estoppel certificate in recordable form to such effect shall have been received by the Owner. If all such sums shall have been paid, the Association shall deliver such certificate within ten (10) days of a written request therefor. This Article IX shall not apply to the Developer (i.e., either of its constituent entities). Owners shall be obligated to deliver copies of the Land Use Documents originally received from the Developer to any grantee of such Owner. The new Owner shall deliver to the Association a copy of the recorded deed to his Living Unit and other information required by the Association within forty-five (45) days after the transfer of title. The right of an Owner to sell his Living Unit shall not be subject to the right of first refusal or similar restriction.

Section 35. Occupancy Limitations: No more than two (2) persons per bedroom shall be permitted to reside in a Living Unit.

Section 36. Use of Lakes: The use of motor boats or motorized vehicles on or swimming in any lake located in the Community is strictly prohibited. Other restrictions on the use of a lake within the Community, including, without limitation, those related to fishing and unmotorized boats and vehicles, may be established by the Board from time to time.

Section 37. Access at Reasonable Hours: For the purpose of performing the Lot maintenance and exterior maintenance to Living

Units, and other functions authorized by this Declaration, the Association, through its duly authorized agents or employees or independent contractors, shall have the right, after the required notice to the Owner, to enter upon any Lot at reasonable hours on any day to accomplish such work.

Section 38. Rules and Regulations: The Developer, until Turnover, and thereafter the Board of Directors of the Association, may establish (and thereafter modify and amend such rules and regulations) rules and regulations as may be deemed in the best interests of the Association and its Members regarding the use of the Common Areas and the Living Units. Whenever prior written approval of the ARC is required before any action or activity described in this Article IX can be taken by an Owner, such written approval shall be deemed given if the Board or the ARC prior to the commencement of the action or activity has promulgated rules and regulations specifically permitting such action or activity.

Section 39. Right to Abate Violations: The Association or the Developer, prior to Turnover, and the Association thereafter, after reasonable notice and opportunity to cure a violation given to an Owner, may enter upon a Lot for the purposes of curing the violation. The cost thereof may be charged against an Owner as a Special Assessment. In the event a violation involves more than one Lot or Living Unit, the Board is hereby granted the right to allocate the cost of curing the violation among the Owners of the Living Units involved in any manner it deems reasonable.

Section 40. Exemption for Developer: The Developer, provided that it owns any Lot or Living Unit in the Community or in the event that the Developer is doing construction work or repair work in the Community, shall be exempt from the provisions of this Article IX.

ARTICLE X

ENFORCEMENT

Section 1. Compliance by Owner and Other: Every Owner and other user of any portions of The Properties (except the Developer) shall comply with the restrictions and covenants set forth herein and any and all rules and regulations which time to time may be adopted by the Developer or the Board of Directors of the Association.

EX 25785 PG 1060

Section 2. Enforcement: Failure of an Owner or other user described in this Declaration to comply with such restriction, covenants or rules and regulations shall be grounds for immediate action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof. The Association shall have the right to suspend the right of the violating Owner (and his family and guests) to use the Common Areas (except for legal access). The offending Lot Owner shall be responsible for all costs of enforcement, including attorneys' fees actually incurred and court costs (whether or not litigation is instituted).

Section 3. Fines: In addition to all other remedies, the Board of Directors of the Association may, in its sole discretion, adopt a system of imposing and collecting fines for the violation of the provisions of this Declaration or any other of the Land Use Documents; provided, however, that such system of fines shall, at a minimum: (i) not be applied retroactively (i.e., to any violation occurring before the system is instituted, regardless of whether or not any action was taken thereon, or notice thereof given, by the Association) and (ii) afford the subject Owner the Opportunity to be represented by counsel, cross-examine witnesses and present evidence why a fine should not be imposed. Any fine levied or in accordance with a duly adopted system shall be deemed a Special Assessment hereunder and be payable, enforceable and secured in the same manner as other assessments.

Section 4. Negligence or Carelessness of an Owner: All Owners shall be liable for the expenses of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by the negligence of any member of his family, his or their guests, pets, employees, agents, licensees, or lessees. Such liability shall be limited to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or Living Unit or its appurtenances. However, nothing contained herein shall be construed as modifying any waiver by an insurance company as to its rights of subrogation. The cost of any maintenance, repair or replacement performed pursuant to this Section, shall be charged to said Owner as a specific item, which shall, until paid in full, be a lien against his Lot Living Unit with the same force and effect as if the charges were a part of an Annual Assessment.

Section 5. Cost and Attorneys' Fees: An Owner shall be liable for all costs, expenses and reasonable attorney's fees incurred by the Association to enforce the terms of the Land Use Documents or the Rules and Regulations, regardless of whether suit

BR25785PG1061

is instituted. Such costs, fees and expenses may be assessed by the Board of Directors as a Special Assessment against the Owner.

Section 6. No Waiver of Rights: The failure of the Association to enforce any rights, provisions, covenant or condition which may be granted by the Land Use Documents shall not constitute a waiver of the right of the Association to enforce such right, provisions, covenant or condition in the future.

Section 7. Election of Remedies: All rights, remedies, and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of the Land Use Documents shall be deemed to be cumulative and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other additional rights, remedies, or privileges as may be granted by the Land Use Documents.

Section 8. Generally: Each Owner of a Lot or Living Unit, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy utilized by the Association and regardless of the availability of other equally adequate legal procedures. It is the intent of all Owners to give to the Association a method and procedure which will enable it at all times to operate on a business-like basis, to collect these monies due and owing it from Owners and to preserve each other's right to enjoy his Lot or Living Unit free from unreasonable restraint and nuisance.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Duration: The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time the covenants and restrictions contained in this Declaration shall be automatically extended for successive periods of ten (10) years unless prior to the end of such thirty- (30-) year period, or each successive ten- (10-) year period, an

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instrument signed by the then Owners of two-thirds (2/3) of the Lots or Living Units agreeing to terminate the covenants and restrictions at the end of such thirty- (30-) year or ten- (10-) year period has been recorded in the Public Records of Broward County. Provided, however, that no such agreement to terminate the covenants and restrictions shall be effective until the date of such change. This Section may not be amended.

Section 2. Enforcement: Enforcement of these covenants and restrictions shall be permissible by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenants or restriction, either to restrain the violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenants or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Severability: Invalidation of any one of these covenants or restrictions or any part, clause, or word hereof, or the application thereof in specific circumstances, by judgment or court order shall not affect any other provisions or applications in other circumstances, all of which shall remain in full force and effect.

Section 4. Amendment:

(a) In addition to any other manner herein provided for the amendment of this Declaration, the covenants, restrictions, easements, charges and liens of this Declaration may be amended, changed or added to at any time and from time to time upon the execution and recordation of an instrument executed by the Developer alone, for so long as it or its affiliates hold title to any portion of The Properties; or alternatively, by approval at a meeting of Owners holding not less than sixty (60%) percent of the Voting Interests of the Members of the Association present in person or by proxy.

(b) Notwithstanding the foregoing and anything else in this Declaration to the contrary, no provisions of this Declaration shall be amended or deleted:

(i) If the provision is required to be included herein by the Code of Broward County or the City of Coconut Creek, Florida, any plat restrictions, zoning requirements or resolutions or other agreements with or commitments to Broward County or the City, unless such requirement is later removed or the County or the City through the County or City Attorney's Office or the Board of

County Commissioners of Broward County or the City, as appropriate, consents to the amendment or deletion;

(ii) If the provision adversely affects the lien or priority of any mortgage(s) on a Lot or Living Unit, or other portions of The Properties or materially affects the rights of the holder of such mortgage, unless such holder(s) consents thereto;

(iii) If the Developer holds title to any portion of The Properties or if the provision adversely affects any right or privilege of the Developer, unless the Developer consents thereto;

(iv) As long as there is a Class B Membership and the V.A. or H.U.D. has insured or guaranteed an outstanding loan on a Living Unit, unless the V.A. or H.U.D. consents thereto;

(c) As used in this Section, "consent" shall be the express written consent of the party whose consent is required.

Section 5. Effectiveness: This Declaration shall become effective upon its recordation in the Broward County Public Records.

Section 6. Conflict: This Declaration shall take precedence over conflicting provisions in the Articles of Incorporation, By-Laws and Rules and Regulations of the Association; the Articles shall take precedence over the By-Laws and the Rules and Regulations; and the By-Laws shall take precedence over the Rules and Regulations.

Section 7. Standard for Consent, Approval, Completion, Other Action and Interpretation: Whenever this Declaration shall require the consent, approval, completion, substantial completion, or other action by the Developer or its affiliates, the Association or the ARC, such consent, approval or action may be withheld in the sole and unfettered discretion of the party requested to give such consent or approval or take such action, and all matters required to be completed or substantially completed by the Developer or its affiliates or the Association shall be deemed so completed or substantially completed when such matters have been completed or substantially completed in the reasonable opinion of the Developer or Association, as appropriate. This Declaration shall be interpreted by the Board of Directors and an opinion of counsel to the Association rendered in good faith that a particular interpretation is not unreasonable shall establish the validity of such interpretation.

Section 8. Easements: Should the intended creation of any easement provided for in this Declaration fail by reason of the fact that at the time of creation there may be no grantee in being having the capacity to take and hold such easement, then any such grant of easement deemed not to have been so created shall nevertheless be considered as having been granted directly to the Association as agent for such intended grantees for the purpose of allowing the original party or parties to whom the easements were originally intended to have been granted the benefit of such easement and the Owners designate hereby the Declaration and the Association (or either of them) as their lawful attorney-in-fact to execute any instrument on such Owners' behalf as may hereafter be required or deemed necessary for the purpose of later creating such easement as it was intended to have been, created herein. Formal language of grant or reservation with respect to such easements, as appropriate, is hereby incorporated in the easement provisions hereof to the extent not so recited in some or all of such provisions.

Section 9. Plat Restrictions: Each Owner, by the acceptance of a deed to a Lot, or Living Unit, shall be deemed to have become bound by and comply with each and every plat restriction applicable to the Lot, and the Association shall be empowered (but not obligated) to enforce same as if such restrictions were part of this Declaration.

Section 10. No Waiver: Any forbearance by the Association in exercising any rights or remedies contained in the Land Use Documents shall not be a waiver of or preclude the exercise of any right or remedy.

Section 11. Use of the Words/Names "Indigo Lakes": So long as the Developer owns any portion of the Community, use of the words "Indigo Lakes" in relationship to the promotion of the Community is restricted to the Developer and its agents, employees and designees.

Section 12. Availability of Land Use Documents: The Association shall make available to Owners and Institutional Mortgagees current copies of the Land Use Documents and other books, records and financial statements of the Association. The Association shall also make available to prospective purchasers current copies of the Land Use Documents and the Association's most recent annual financial statement. "Available", as the term is used in this Section 12, shall at least mean available for inspection upon request, during normal business hours or under other reasonable circumstances.

Section 13. Compliance with F.H.A., etc.: Should the Veterans Administration, the Federal Housing Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate certain designated provisions in this Declaration which mention one or more of them by name or make such requirements less stringent, the Board, without approval of the Owners, may amend such provisions to reflect the changes.

Section 14. Information Regarding Mortgagees: Upon request, each Owner shall be obligated to promptly furnish to the Association the name and address of the holder of any mortgage encumbering his Living Unit.

Section 15. Covenants Running With The Land: ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING AND WITHOUT LIMITING THE GENERALITY (AND SUBJECT TO THE LIMITATIONS) OF SECTION 1 HEREOF, IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREOF, (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVE, SUCCESSORS AND ASSIGNS) THAT THESE COVENANTS AND RESTRICTIONS SHALL RUN WITH THE LAND AND WITH TITLE TO THE PROPERTIES. WITHOUT LIMITING THE GENERALITY OF SECTION 4 HEREOF, IF ANY PROVISION OR APPLICATION OF THIS DECLARATION WOULD PREVENT THIS DECLARATION FROM RUNNING WITH THE LAND AS AFORESAID, SUCH PROVISION AND/OR APPLICATION SHALL BE JUDICIALLY MODIFIED, IF AT ALL POSSIBLE, TO COME AS CLOSE AS POSSIBLE TO THE INTENT OF SUCH PROVISION OR APPLICATION AND THEN BE ENFORCED IN A MANNER WHICH WILL ALLOW THESE COVENANTS AND RESTRICTIONS TO SO RUN WITH THE LAND; BUT IF SUCH PROVISION AND /OR APPLICATION CANNOT BE SO MODIFIED, SUCH PROVISION AND/OR APPLICATION SHALL BE UNENFORCEABLE AND CONSIDERED NULL AND VOID IN ORDER THAT THE PARAMOUNT GOAL OF THE PARTIES AFFECTED HEREBY (THAT THESE COVENANTS AND RESTRICTIONS RUN WITH THE LAND AS AFORESAID) BE ACHIEVED.

Section 16. Security: THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, FROM TIME TO TIME UNDERTAKE MEASURES OR SPONSOR ACTIVITIES DESIGNED TO IMPROVE SAFETY WITHIN THE COMMUNITY. HOWEVER, NEITHER THE ASSOCIATION, THE BOARD OF DIRECTORS OR ANY OF ITS COMMITTEES, NOR THE DEVELOPER SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES AND NEITHER THE ASSOCIATION NOR THE DEVELOPER SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE DEVELOPER, THE ASSOCIATION, ITS BOARD OF DIRECTORS, AND COMMITTEES ESTABLISHED BY ANY OF THE FOREGOING ENTITIES, ARE NOT INSURERS AND THAT EACH OWNER, TENANT, GUEST AND

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INVITEE ASSUMES ALL RISK OF LOSS OR DAMAGE TO PERSONS, TO LIVING UNITS AND TO THE CONTENTS OF LIVING UNITS AND FURTHER ACKNOWLEDGE THAT DEVELOPER, THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, TENANT GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE RELATIVE TO ANY SECURITY MEASURES RECOMMENDED OR UNDERTAKEN.

Section 17. C.P.I. Adjustment: Whenever specific dollar amount are mentioned in the Land Use Documents, unless limited or prohibited by law, such amounts may be increased from time to time by the Board by written notice to the Membership, by application of a nationally recognized consumer price index chosen by the Board, using the date this Declaration is recorded as the base year. In the event no such consumer price index is available, the Board shall choose a reasonable alternative to compute such increases.

Section 18. Litigation: No judicial or administrative proceeding shall be commenced or prosecuted by the Association against the Developer unless approved by a vote of seventy-five (75%) percent of the Board of Directors and a vote of seventy-five (75%) percent of the Voting Interests of the Members of the Association.

ARTICLE XII

ADDITIONAL RIGHTS OF INSTITUTIONAL MORTGAGEES

In addition to any rights provided elsewhere in the Land Use Documents, any Institutional Mortgagee which makes a request in writing to the Association for the items provided in this Article shall have the following rights:

(a) to be furnished with at least one copy of the annual financial statement and report of the Association prepared by or for the Association, providing a detailed statement of actual receipts and expenditures; such financial statement and report shall be furnished within ninety (90) days following the end of each fiscal year;

(b) to be given timely written notice by the Association of the call of a meeting of the Owners of the Living Units or the Board of Directors to be held for the purpose of considering any proposed amendment to this Declaration, the

Articles or the By-Laws, which notice shall state the nature of the amendment being proposed;

(c) to be given timely written notice of any proposed dissolution of the Association, or any other proposed action that requires the consent of a specified percentage of mortgage holders by the terms of the Land Use Documents.

(d) to be given a copy of all insurance policies and endorsements of the policies covering The Properties with regard to which such Institutional Mortgagee is entitled to be given notice of cancellation, and to be given reasonable written notice by the Association of any lapse or cancellation;

(e) to be given prompt written notice of any condemnation or casualty loss which affects a material portions of the Common Areas or Living Units on which the Institutional Mortgagee holds an outstanding mortgage;

(f) to be given timely written notice of any lapse, cancellation or material modification of any insurance policy maintained by the Association;

(g) to be given timely written notice of any delinquency of at least sixty (60) days in the payments of Assessments or charges owed by an Owner of a Living Unit encumbered by an outstanding mortgage of such Institutional Mortgagee.

(h) so long as required by the Federal Home Loan Mortgage Corporation, the Veterans Administration, or the Federal Housing Administration, the following provisions apply in addition to and not in lieu of any other rights provided to Institutional Mortgagees in this Declaration. Unless at least sixty-seven (67%) percent of the First Mortgagees or at least sixty-seven (67%) percent of the Voting Interests of Members consent, the Association shall not:

[i] by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Areas which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Areas shall not be deemed a transfer within the meaning of this subsection);

[ii] change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Living Unit (a decision, including contracts,

by the Board regarding Assessments shall not be subject to this provision where such decision is otherwise authorized by this Declaration or the By-Laws);

[iii] by act or omission change, waive, or abandon any scheme of regulations or enforcement thereto pertaining to the architectural design or the exterior appearance and maintenance of Living Unit and of the Common Areas (the issuance and amendment of architectural standards, procedures, Rules and Regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

[iv] fail to maintain insurance, as required by this Declaration; or

[v] use hazard insurance proceeds for losses related to Common Areas for other than the repairs, replacement, or reconstruction of such property.

(i) jointly or singly pay taxes or other charges which are in default and which may or have become a charge against the Common Areas and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and First Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

EXECUTED as of the date first above written.

[SIGNATURE ON NEXT PAGE]

-DCR 56-

Final draft

11/14/96

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Signed, Sealed and Delivered
in the Presence of:

[Signature]

JEFFREY DWORNIK

[Signature]

DONNA FRIED

[Signature]

MORRISON HOMES, OF FLORIDA, INC.,
a Florida Corporation

BY: EDUARDO A. CAMET

Its VICE-PRESIDENT
(CORPORATE SEAL)

STATE OF FLORIDA)

COUNTY OF DADE)5:

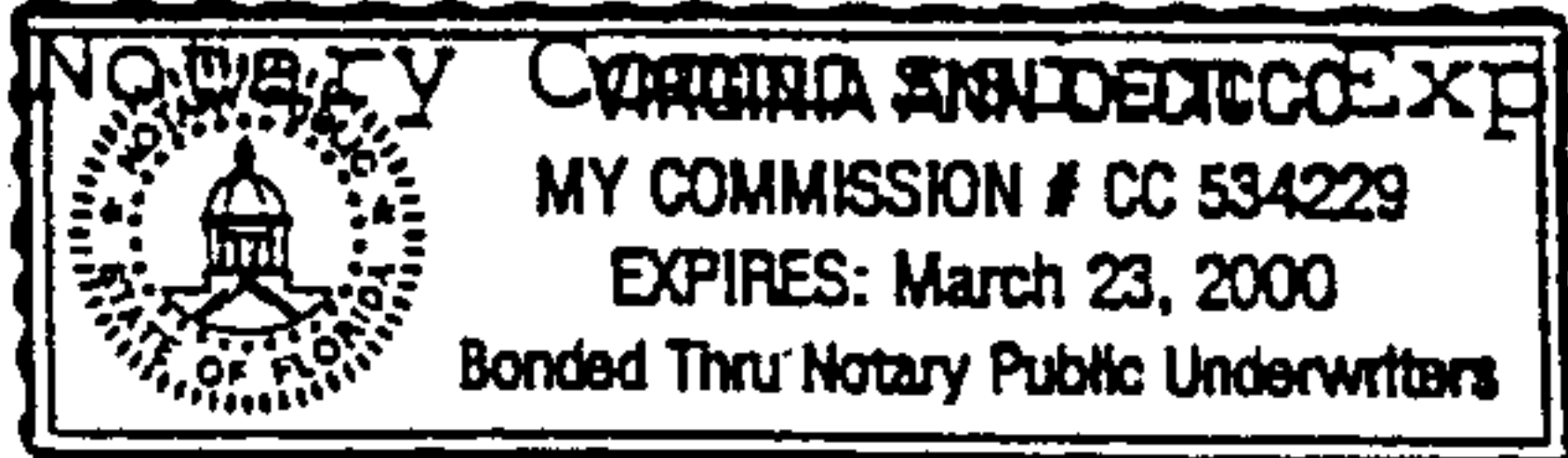
The foregoing instrument was acknowledged before me this
3 day of Dec, 1996, by EDUARDO CAMET,
who is personally known to me or produced _____
as identification.

Virginia Ann DeCicca

NOTARY PUBLIC

STATE OF FLORIDA AT LARGE (SEAL)

My NOTARY COMMISSION expires:



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