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LARRY WHALEY
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CLERK OF CIRCUIT COURT

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DECLARATION OF CONDITIONS, COVENANTS,
EASEMENTS AND RESTRICTIONS
FOR
CRESTWYND

THIS DECLARATION OF CONDITIONS, COVENANTS, EASEMENTS AND RESTRICTIONS FOR CRESTWYND (hereinafter referred to as the "Declaration") is made as of this 20th day of December, 2005, by KB HOME ORLANDO LLC, a Delaware limited liability company, whose address is 8403 S. Park Circle, Suite 670, Orlando, Florida 32819 (hereinafter the "Declarant"), which declares hereby that the "Property" described in Article II of this Declaration is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

WHEREAS, Declarant is the owner of certain property located in Osceola County, Florida, as more particularly described in Paragraph 2.1 below, (hereinafter collectively referred to as the "Properties" or the "Community"); and

WHEREAS, Declarant has established a land use plan for the Community and desires to provide for the preservation of the values and amenities hereby established and as may be established for the Community hereafter committed to a land use plan and to this end does hereby subject the Community to use covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities established as aforesaid to create a corporation known as CRESTWYND BAY HOMEOWNERS ASSOCIATION, INC. to which there has been and will be delegated and assigned certain powers and duties of ownership, operation, administration, maintenance and repair, the enforcement of the covenants, restrictions, and easements contained herein and the collection and disbursement of the assessments and charges hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, Declarant hereby declares that the Community shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth.

ARTICLE I.
DEFINITIONS

The following words when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

1.1 ~Articles" means and refers to the Articles of Incorporation of the Crestwynd Bay Homeowners Association, Inc, a Florida corporation not for profit. A copy of the Articles are attached hereto as Exhibit ~B".

1.2 ~Assessment" means and refers to a share of the funds required for payment of the expenses of the Association, which funds shall be assessed against a Lot Owner from time to time.

1.3 ~Association" means and refers to Crestwynd Bay Homeowners Association, Inc., a Florida corporation not for profit, its successors and assigns.

1.4 ~Board of Directors" means and refers to the board of directors of the Association.

1.5 ~Bylaws" means and refers to the Bylaws of the Association. A copy of the Bylaws are attached hereto as Exhibit ~C".

1.6 ~Common Area" means and refers to all real property and all personal property owned by the Association within easements or tracts of land, if any, shown or drawn on the Plat as owned or to be owned by the Association for the common use, enjoyment and benefit of the Owners and all property designated as common areas in any future recorded Supplemental Declaration (but not including any tract dedicated on the Plat to Osceola County or another public utility provider); together with the landscaping and any improvements thereon, including, without limitation, all structures, open space, conservation areas, retention areas, masonry walls, walkways, entrance markers, signs, private Streets and Street lights, if any, but excluding any public utility installations thereon.

1.7 ~Community Beneficiaries" means the Owners, the Declarant, the Declarant's Permittees, the Association and, as applicable, the members, families (provided that the Owner or other permitted occupant must reside with his/her family), tenants, licensees, guests, invitees, members, agents, employees, contractors and Institutional Mortgagees thereof, and, in the case of Owners which are corporations, partnerships or trusts, the officers and directors, members, partners and beneficiaries (as the case may be) thereof, a fiduciary or beneficiary of an Owner which is a trust, or occupants named or described in a lease or sublease approved in accordance with this Declaration.

1.8 "Declarant" means and refers to KB Home Orlando LLC, a Delaware limited liability company, and its successors and assigns by virtue of such written instruments assigning the rights and obligations of Declarant hereunder which are recorded in the Public Records of Osceola County, Florida. A Lot purchaser, Lot Owner or Lot mortgagee shall not be deemed to be the Declarant by the mere act of purchase or mortgage of a Lot.

1.9 "Declaration" means and refers to this Declaration of Conditions, Covenants, Easements, and Restrictions for Crestwynd as recorded in the Public Records of Osceola County, Florida, and as the same may be amended from time to time.

1.10 "Drainage Easements" means and refers to the drainage easements declared and reserved on the Plat.

1.11 "Entitled To Vote" means and refers to that Lot Owner who shall cast a vote for a Lot at an Association meeting. If more than one person or legal entity shall own any Lot, the Owners thereof shall determine among themselves who shall be the Member Entitled To Vote. Said determination shall be manifested upon a voting certificate, signed by all Owners of said Lot, and given to the Association Secretary for placement in the Association records. Notwithstanding anything contained herein to the contrary, all Lot Owners, whether or not Entitled To Vote, are assured of all other privileges, rights, and obligations of Association membership and shall be Members of the Association. In no event shall any mortgagee or other party holding any type of security interest in a Lot or the Residence constructed thereon is Entitled To Vote for purposes hereof, unless and until any of said parties obtain or receive fee simple title to such Lot.

1.12 "Governing Documents" shall mean and collectively refer to this Declaration, the Articles and Bylaws of the Association.

1.13 "Institutional Lender" or "Institutional Mortgagee" means and refers to a bank, savings and loan association, insurance company, mortgage company, real estate investment trust, pension fund, pension trust, or any other generally recognized institutional-type lender or its loan correspondent, the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Federal Housing Administration (FHA) or the Veteran's Administration (VA) and to any successor or assignee thereof.

1.14 "Lot" means and refers to any parcel of land as shown on the Plat of the Property which Lot is intended to have a single family dwelling unit, including but not limited to a townhome, constructed thereon and any other property hereafter declared as a Lot by the Declarant and thereby made subject to this Declaration.

1.15 "Member" means and refers to all those Owners who are Members of the Association as provided in Article III hereof.

1.16 "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Property.

1.17 "Plat" means and refers to the plat of Crestwynd Bay, as recorded among the Public Records of Osceola County, Florida, and more particularly described in Section 2.1

below, and all additions or supplements thereto, now or hereafter made subject to this Declaration, except such as are withdrawn from the provisions hereof in accordance with the procedures hereinafter set forth in Section 11.6.

1.18 "Property" means and refers to all of the property as described in Section 2.1 of this Declaration, and additions thereto, as are now or hereafter made subject to this Declaration and to the jurisdiction of the Association, except such as are withdrawn from the provisions hereof in accordance with the procedures hereinafter set forth in Section 11.6.

1.19 "Properties" means the Property, together with all improvements now or hereafter thereon, and any and all additions or supplements thereto, now or hereafter made subject to this Declaration, except such as are withdrawn from the provisions hereof in accordance with the procedures set forth in Section 11.6.

1.20 "Residence" means and refers to any residential building constructed on a Lot for which a certificate of occupancy has been duly issued.

1.21 "SFWMD" means the South Florida Water Management District.

1.22 "Supplemental Declaration" means an instrument executed by the Declarant and recorded in the Public Records of Osceola County, Florida for the purpose of adding to the Properties, or withdrawing any portion(s) thereof from the effect of this Declaration, or designating a portion of the Properties as Common Areas, Limited Common Areas or Association Property hereunder, or for any other purposes provided in this Declaration.

ARTICLE II.

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Legal Description. The real property which, initially, is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Osceola County, Florida, and is more particularly described as follows:

CRESTWYND BAY, according to the Plat thereof, as recorded in Plat Book 18, Pages 61 through 62, of the Public Records of Osceola County, Florida.

all of which real property, and all additions thereto, is herein referred to collectively as the "Property".

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.1 Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot and any person or entity obligated by the Governing Documents to pay an assessment or amenity fee shall be a Member of the Association, shall acknowledge the authority of the Association as herein stated, and shall agree to abide by and be bound by the provisions of this Declaration, the Articles, the Bylaws and other rules and regulations of the Association. Notwithstanding anything else to the contrary set forth in this Section 3.1, any such person or

entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Association. Membership in the Association shall be appurtenant to each Lot and may not be separated from ownership of said Lot. The record titleholder to each Lot shall automatically become a Member of the Association and shall be assured of all rights and privileges thereof upon presentation of a photostatically or otherwise reproduced copy of said Owner's deed to the Association Secretary for placement in the records of the Association. To the extent that said deed shall pass title to a new Lot Owner from an existing Lot Owner, membership in the Association shall be transferred from the existing Lot Owner to the new Lot Owner. In no event shall any mortgagee or other party holding any type of security interest in a Lot or the Residence constructed thereon be a Member of the Association unless and until any of said parties obtain or receive fee simple title to such Lot.

3.2 Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A Membership shall be all the Owners of Lots except the Declarant, and any other person or entity that is obligated by the Governing Documents to pay an Assessment or amenity fee. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interests required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, but the vote for such Lot shall be exercised only by that one person who is Entitled To Vote. In no event shall more than one vote be cast with respect to any such Lot.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to fifteen (15) votes for each Lot owned by the Class B Member. All voting rights of Class B Membership shall be freely transferable, subject to this Declaration, to third parties. The Class B membership shall cease and terminate upon the earlier to occur of the following: (i) ten (10) years from the date of the recording of the Declaration.; (ii) at such time when the votes outstanding in the Class A Membership equal seventy-five percent (75%) of the total votes outstanding in the Class B Membership (iii) three months after 90% of the Lots have been conveyed to Owners; or (iv) sooner at the election of the Declarant (but only if KB HOME ORLANDO LLC consents in writing to the transfer during any period of time during which KB HOME ORLANDO LLC, is the holder of all or any portion of the Declarant's voting rights, which consent shall not be unreasonably withheld). Upon the happening of any of these events, Declarant shall call a special meeting of the Association to advise of the termination of Class "B" membership. From and after the happening of these events, whichever occurs earlier, the Class B members shall be deemed Class A members entitled to one (1) vote for each Lot in which they hold the interest required for membership.

3.3 Assignment of Voting Rights. For as long as the Declarant is a Class B Member, Declarant shall have the specific right to delegate all voting rights of the Class B Membership to a builder specializing in the development and building of residential homes upon multiple Lots within the Properties.

3.4 General Matters. When reference is made herein, or in the Articles, Bylaws, Association rules and regulations, management contracts or otherwise, to a majority or specific percentage of Members, such reference shall be deemed to be reference to a majority or specific percentage of the votes of Members Entitled To Vote and not of the Members themselves.

ARTICLE IV.
FUNCTIONS OF THE ASSOCIATION

4.1 Through Board Action. The affairs and decisions of the Association shall be conducted and made by the Board of Directors (hereinafter the "Board"). The Members shall only have such power or rights of approval or consent as is expressly specified herein, or in the Association Articles of Incorporation or Bylaws. In the absence of a specific requirement of approval by Members, the Board may act on its own through its proper officers.

4.2 Required Services. In addition to those other responsibilities specific in the Association Articles of Incorporation or Bylaws, the Association, or its management company, if applicable, shall be required to provide the following services as and when deemed necessary and appropriate by the Board and shall have easement rights necessary to perform same:

A. All painting and maintenance of the Common Area, and all improvements thereon, including but not limited to paving, drainage structures, walls, lighting fixtures and appurtenances, landscaping, sprinkler systems, entrance markers, signs, improvements and other structures installed by the Declarant or the Association situated on the Common Area, if any, as and when deemed necessary by the Board.

B. Maintenance and care for all landscaped areas within the Common Areas. Maintenance shall include the replacement of fallen or dead trees throughout these areas.

C. Mowing and maintenance of lawns.

D. Painting and non-structural, cosmetic maintenance of the exterior surfaces of walls and trim of any improvement on an Lot; and painting of any framing located on each Residence on any Lot; and painting and structural maintenance, repair, or replacement of roofs (including shingles), as the Board deems proper in their sole discretion, provided, however, that such painting and structural maintenance, repair, or replacement shall be for ordinary wear and tear from time to time and not for damages caused by fire, hazards, or any other perils or any casualty loss. Maintenance and repair of doors, door frames, glass surfaces, locks and garage doors shall not be provided by the Association and is the responsibility of the Owner.

E. Garbage and trash collection and disposal.

F. Conducting such recreation, sport, craft, and cultural programs of interest to Owners, including their families, tenants, guests and invitees, as may be deemed appropriate by the Board.

G. Installation, operation and maintenance of cable television facilities or other communication systems throughout the Property.

H. Protection and security, including, but not limited to, the employment of stationary or patrolling security guards within the Property and operation of a guardhouse, if approved by a majority of Lot owners.

- I. Maintenance of electronic and other surveillance devices, if any.
- J. To provide termite protection and/or repairs for termite damages.
- K. Such other services as are authorized in the Association's Articles of Incorporation or Bylaws.
- L. Cleanup, landscaping, maintenance, dredging, water treatment or other care of ponds, roads or other property (public or private) adjacent to or near the Property to the extent such care would, in the reasonable determination of the Board, be beneficial to the Property and to the extent that the Association has been granted the right to so care for the affected property by the owner thereof or other person authorized to grant such right, including, but not limited to, any appropriate governmental authority.
- M. Emergency repairs and other work on Lots reasonably necessary for the proper maintenance and operation of the Project, including, but not limited to wall repairs as stated in Article V hereof.

ARTICLE V.
PROPERTY RIGHTS IN THE COMMON AREAS; OTHER EASEMENTS

5.1 Members' Easements. Each Member, and each tenant, agent and invitee of such Member or tenant, shall have a nonexclusive permanent and perpetual easement over and upon the Common Area for the intended use and enjoyment thereof in common with all other such Members, their tenants, agents and invitees, in such manner as may be regulated by the Association.

Without limiting the generality of the foregoing, such rights of use and enjoyment are hereby made subject to the following:

- A. The right and duty of the Association to levy Assessments against each Lot for the purpose of maintaining the Common Area and facilities and providing services to Owners in compliance with the provisions of this Declaration and with the restrictions on the Plats covering the Properties, as recorded from time to time;
- B. The right of the Association to suspend the Owner's voting rights for the nonpayment of Assessments against the Owner's Lot, which Assessments are delinquent in excess of ninety (90) days;
- C. The right of the Association to suspend the Owner's use of the Common Area for a period not to exceed sixty (60) days and/or to levy fines against the Owner in accordance with Section 8.1 hereof in response to any infraction of lawfully adopted and published rules and regulations of the Association;
- D. The right of the Association to adopt at any time and from time to time and enforce rules and regulations governing the use of the Lots and Common Area and all facilities at any time situated thereon, including the right to fine Members as

hereinafter provided. Any rule and/or regulation so adopted shall apply until rescinded or modified as if originally set forth at length in this Declaration; and

E. The right to the use and enjoyment of the Common Area and facilities thereon shall extend to all permitted user's immediate family who reside with him, subject to regulation from time to time by the Association in its lawfully adopted and published rules and regulations.

5.2 Easements Appurtenant. The easements provided in Section 5.1 shall be appurtenant to and shall pass with the title to each Lot.

5.3 Maintenance. The Association shall at all times maintain in good repair and manage, operate and insure, and shall replace as required, the Common Area, together with the paving, drainage structures, walls, lighting fixtures and appurtenances, landscaping, sprinkler systems, entrance markers, signs, improvements and other structures installed by the Declarant or the Association situated on the Common Area, if any, with all such work to be done as ordered by the Board of Directors of the Association. In order to maintain, manage and operate the Common Area, and such appurtenances as are described above, the Association shall have the right and authority to enter into such contracts or agreements as the Board of Directors of the Association deem appropriate. Maintenance of any lighting fixtures shall include and extend to payment for all electricity consumed in their illumination.

Each Owner shall be responsible for the maintenance, replacement, and repair of all walls, gates, paving, structures and improvements located on his Lot, other than those specifically provided to be maintained by the Association.

5.4 Utility Easements. The Association shall have the right to grant permits, licenses, and easements over the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Properties and the provision of services thereto. In addition, easements over, upon, under, through and across the Common Area are reserved to the Association and the Declarant, and may be declared or granted from time to time by the Declarant during any period that the Declarant shall own at least one (1) Lot, for such further utility, egress, ingress, or drainage easements over and across the Properties as may be required from time to time to serve any other or additional lands during the course of development of same, whether such additional lands become subject to the jurisdiction of the Association and part of the Properties or not. Regarding any easement declared by the Declarant, the joinder of the Association or any Lot Owner or Lot Owner's mortgagee shall not be required.

5.5 Drainage Easements. Drainage Easements have been declared and reserved as shown on and created by the Plat. Each Owner of any Lot encumbered by a Drainage Easement upon which a drainage swale is located shall be solely responsible for the repair, replacement, and maintenance of such drainage swale. Alteration, obstruction or removal of any drainage swales or drainage control facilities or structures is expressly prohibited. In the event any Owner fails to repair, replace and maintain any drainage swales, or alters or obstructs any piping, drainage swales, facilities or structures, the Association may repair, replace and maintain such drainage swales, facilities and structures and assess such Owner for the costs and expenses

incurred in order to accomplish the foregoing. Each Owner hereby grants an easement and license to the Declarant and the Association over, upon and across such Owner's Lot in order to facilitate and accomplish the foregoing. Further, no Owner shall place, erect or construct any improvements or otherwise permit anything to occur within any Drainage Easement area which would in any way effect said Drainage Easement or any swale, pipe or drainage control facility or structure located therein or thereon, unless, in the event of construction of any improvements, such improvements have been approved by Declarant or the Architectural Review Board (as hereinafter defined).

5.6 Ownership. As shown on the Plat, certain of the Common Area is to be owned by the Association for the joint and several use, in common, of the Owners of all Lots that may from time to time constitute part of the Properties and such Owners' tenants, guests and invitees. Prior to conveyance of any Lot to a Class A Member, which is financed by a mortgage insured by HUD, FHA and/or VA, the Common Area shall be conveyed to the Association free of all liens and encumbrances except taxes for the year of conveyance, matters set forth on the Plat and those exceptions common to the Properties, which shall accept such conveyance. Beginning on the date this Declaration is recorded, the Association shall be responsible for the maintenance of the Common Area (whether or not then conveyed or to be conveyed to the Association), and such maintenance to be performed in a continuous and satisfactory manner. It is intended that all real estate taxes and Assessments, if any, assessed against that portion of the Common Area owned or to be owned by the Association shall be proportionally assessed against and payable as part of the taxes of the Lots within the Properties. However, in the event that, notwithstanding the foregoing, any such taxes are assessed directly against the Common Area, the Association shall be responsible for the payment of the same, including taxes on any improvements and any personal property located thereon, which taxes accrue from and after the date this Declaration is recorded.

The Common Area cannot be mortgaged or conveyed without the approval of two-thirds (2/3) vote of the Members (with no distinctions between classes) voting at an annual or special meeting of the membership of the Association.

5.7 Declarant Offices. Notwithstanding anything herein to the contrary, but subject to approval by the applicable government entities, if required by its laws and ordinances, the Declarant and/or its designated builders shall have the specific right to maintain upon any portion of the Properties (exclusive of Lots which have been conveyed to other Owners) sales, administrative, construction or other offices without charge, and appropriate easements of access and use are expressly reserved unto the Declarant and its successors, assigns, employees and contractors, for this purpose.

5.8 Provision of Services. The Association is authorized, but shall not be required, to enter into agreements with service providers for the furnishing to all Lots and to all other appropriate locations on the Properties, cable or similar services for television, radio and other communication services, security systems, fire alarm systems and other similar systems and amenities.

5.9 Costs of Work and Services. All work performed and services provided pursuant to this Article and all expenses incurred hereunder shall be paid for by the Association through

Assessments (either general or special) imposed in accordance herewith. No Owner may waive or otherwise escape liability for Assessments by non-use of the Common Area or Lots, abandonment of the right to use the Common Area, or by declining or refusing to utilize services provided by the Association.

5.10 Private Roads. The Community shall be a community with private roads, which shall be maintained by the Association. Any amendment to this Declaration, which alters or deviates from the conditions of approval for the Community or any developer's agreement and conditions of approval of the final site plan, as a community with private streets, as approved by Osceola County must have the prior written approval of Osceola County. The Association shall resurface all streets within the Property at least every fifteen (15) years and shall budget funds for this purpose.

5.11 Lot Line Encroachment. If any portion of the Properties (including, without limitation, any Residences or other improvements constructed thereon) encroaches upon any other portion of the Properties (including, without limitation, any Residences or other improvement constructed thereon); or if any encroachment shall hereafter occur as the result of construction of any Residence or other improvement, settling or shifting of any Residence or other improvement; any alteration or repair to any portion of the Properties (or improvements thereon or after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any improvement or portion of the Properties, a valid easement and appurtenant rights are granted and shall exist for such encroachment, including the right of ingress and egress, in favor of the encroaching portion of the Properties and/or improvements thereon and its respective Owner, which easement and appurtenant rights shall be for the purpose of (i) permitting the existence of the encroachment, and (ii) allowing ingress and egress for the performance of proper and normal maintenance to the encroaching improvement, including meter reading. All of such improvements which have been constructed by Declarant and approved by applicable building authorities are deemed to have been reasonably constructed, notwithstanding any such encroachment. In no instance shall the exercise of any such easement and appurtenant rights created pursuant to this section unreasonably interfere with the use of the Lot subject to same.

5.12 Easements for Support. Whenever any structure included in the Properties adjoins any structure included in any other portion of the Properties, each said structure shall have and be subject to an easement of support and necessity in favor of the other structure.

ARTICLE VI.
ASSOCIATION-COVENANT
FOR ASSESSMENTS

6.1 Creation of the Lien and Personal Obligations of the Assessments. Except as provided elsewhere herein, the Declarant (and each party joining in this Declaration or in any Supplemental Declaration), for all Lots within the Properties, hereby covenant and agree, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association the Working Capital Reserve Charges, Transfer Fees, annual Assessments or charges for the maintenance, management, operation and insurance of the Common Areas and

other properties that may be otherwise used for the benefit of the Properties as provided elsewhere herein, including such reasonable reserves as the Association may deem necessary, capital improvement Assessments, as provided elsewhere herein and all other charges and Assessments hereinafter referred to, all such Assessments to be fixed, established and collected from time to time as herein provided. In addition, individual Assessments may be levied against particular Owners and Lots for expenses incurred against particular Lots and/or Owners to the exclusion of others. The Working Capital Reserve Charges, Transfer Fees and the annual, special and other Assessments, together with such interest thereon, attorneys fees and other costs of collection thereof, and any applicable late fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. The Working Capital Reserve Charges and Transfer Fees, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the Buyer of such property. Each Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such property at the time when the Assessment fell due. Except as provided herein with respect to individual Assessments which may be imposed on one or more Lots and Owners to the exclusion of others, and with respect to Assessments payable by the Declarant, all Assessments imposed by the Association shall be imposed against all Lots subject to its jurisdiction equally. Reference herein to Assessments shall be understood to include reference to any and all of said charges whether or not specifically mentioned.

6.2 Purpose of Assessments. The regular Assessments levied by the Association shall be used exclusively for maintenance, repair, renovation, and construction upon the Common Area and Drainage Easements, the maintenance and resurfacing of the Community's private roads, the maintenance and repair of such other properties as may be used for the benefit of the Properties, as specifically provided herein, capital improvements, reserves, operating costs of the Association, to pay any service provider for the cost of cable television, radio or other communication service, fire alarm, security alarm, or similar service, which is uniformly provided to all Lots without separate charge to the recipient, and to promote the health, safety, welfare and aesthetics of the Members of the Association and their families residing with them, their guests and tenants, all as provided for herein.

6.3 Working Capital Reserve Charge and Transfer Fee. Upon each closing of the sale of a Residence from the Declarant or a builder, the buyer of such Residence shall pay to the Association the sum of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00), as a contribution to the working capital of the Association (the "Working Capital Reserve Charge"). Upon each closing of a subsequent sale of a Residence from an Owner (other than the Declarant or a builder) to a buyer, the buyer shall pay to the Association a transfer fee (the "Transfer Fee") of \$500.00. Said amounts shall not be considered as advance payments of annual Assessments. Declarant and builder(s) shall be exempt from paying any Working Capital Reserve Charges and Transfer Fees. In addition, upon each closing of the sale of a Residence from the Declarant or a builder, the buyer of such Residence shall pay the amount of the Association's current annual Assessment as a prepayment for the first year of dues.

6.4 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Assessment (not

including special and other assessments) per Lot per annum shall be established by the Board of Directors, in its sole and absolute discretion.

A. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Assessment may be increased by the amount of thirty percent (30%) or less of the maximum Assessment for the previous year without approval of the Members.

B. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Assessment may be increased by an amount greater than thirty percent (30%) above the maximum Assessment for the previous year, as hereinabove provided, upon approval of a two-thirds (2/3) vote of the Members present (in person or by proxy and with no distinction between classes) and voting at a meeting duly called for such purpose.

6.5 No Assessments on Declarant. As referenced in Section 6.3 here, there shall not be imposed on any Lot owned by Declarant any individual Lot Assessment, special Assessment, Working Capital Reserve Charge or other charge provided for herein because Declarant is obligated to pay any deficits of the Association.

6.6 Exterior Maintenance. Except for such exterior maintenance items that are the responsibility of the Association as outlined herein, the Owner of each Lot shall maintain the exterior of the Residence and the Lot at all times in a neat and attractive manner and as provided elsewhere herein. Upon the Owner's failure to do so, or to comply with other provisions of this Declaration, the Association may at its option, after giving the Owner fifteen (15) days' prior written notice sent to his last known address, or to the address of the subject premises, perform such reasonable maintenance and make such repairs as may be required to restore the neat and attractive appearance of the Lot and the exterior of the Residence located thereon or to comply with other provisions of this Declaration. The cost of any of the work performed by the Association, which the Association is not otherwise obligated hereunder to perform, upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an individual Assessment against the Lot on which the work was performed, collectible in a lump sum and secured by the lien against the Lot 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 absolute discretion. Declarant, the Association and any and all officers, directors, employees and agents and the Members shall have no liability to the Owner, whether for trespass or otherwise, as a result of such entry upon the Lot, or for any actions taken pursuant to this Section.

6.7 Capital Improvements. Funds which are necessary for the addition of improvements relating to the Common Area or other properties used for the benefit of the Properties and which have not previously been collected as reserves or are otherwise available to the Association shall be levied by the Association as special Assessments only upon approval by two-thirds (2/3) vote of the Members present (in person or by proxy and with no distinction between classes) and voting at a meeting duly called for such purpose.

6.8 Notice and Quorum for Any Action Authorized Under Sections 6.4 and 6.7. Written notice of any meeting called for the purpose of taking any action authorized under Sections 6.4 or 6.7 shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast thirty percent (30%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

6.9 Date of Commencement of Annual Assessments; Due Dates. The annual Assessments provided for in this Article shall commence on the first day of the month next following the recordation of these covenants and shall be applicable through December 31 of such year. Each subsequent annual Assessment shall be imposed for the year beginning January 1 and ending December 31. The annual Assessments shall be payable in advance in quarterly installments or by such other periodic installments as may be imposed in the discretion of the Board of Directors of the Association. At the time of the closing of the sale of any Lot (except for the sale of a Residence from the Declarant or a builder), the purchaser thereof shall pay to the Association an amount equal to the lesser of: (i) the full annual Assessment multiplied by a fraction, the numerator of which is the number of days remaining in the year of closing (including the date of closing) and the denominator of which is 365 or (ii) the portion of the full annual Assessment otherwise due and owing for the remainder of the year. The due date of any special Assessment shall be fixed in the Board resolution authorizing such Assessment.

6.10 Certain Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the Assessment against each Lot subject to the Association's jurisdiction for each Assessment period, to the extent practicable, at least thirty (30) days in advance of such date or period, and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the Assessment shall thereupon be sent to every Owner subject thereto at least thirty (30) days prior to the date for payment of the first installment thereof, except as to emergency Assessments. 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 of the Association, setting forth whether such Assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment of any Assessment to the Association therein stated to have been paid. The Association may charge a reasonable fee for such certificate. 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 Declarant) for management services or for other services beneficial to the Association or the proper operation and maintenance of the Properties. The Association shall have all other powers provided elsewhere herein, in its Articles of Incorporation and its Bylaws.

6.11 Effect of Non-Payment of Assessment; the Personal Obligation; the Lien; Remedies of the Association. If the Assessments (or installments), whether general or special, are not paid on the date(s) when due, then such Assessments (or installments) shall become

delinquent (and, at the option of the Declarant, all general Assessments and special Assessments attributable to the Lot for the existing fiscal year shall be accelerated and shall become immediately due and payable) and shall, together with late charges, bear interest at the maximum legally allowable rate and the cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot which shall bind such property. Each Assessment against a Lot shall also be the personal obligation of the Owner at the time the Assessment fell due.

If any installment of an Assessment is not paid within fifteen (15) days after the due date, at the option of the Association, a late charge not greater than TWENTY-FIVE AND NO/100 DOLLARS (\$25.00) in each calendar month may be imposed and all such sums shall bear interest from the dates when due until paid at the highest lawful rate and the Association may bring an action at law against the Owner(s) personally obligated to pay the same and/or may record a claim of lien against the Lot on which the Assessments and late charges are unpaid and may foreclose the lien against the Lot on which the Assessments and late charges are unpaid, and/or may pursue one or more of such remedies at the same time or successively. The Association shall also have the right to recover its attorneys' fees (including paralegal fees) and costs, including without limitation costs and expenses for consultation with an attorney because any such sums have not been paid, and costs and expenses charged by such attorney for services related in any way to the failure by an Owner to pay such sums (such as without limitation fees for telephone calls, preparation of correspondence, attendance at meetings, etc.), whether or not suit is filed. Further, in addition to the foregoing, in the event suit is filed, the Association shall have the right to recover all attorneys' fees, paralegals' fees and costs incurred before trial, at trial and upon all appellate levels.

In addition to the rights of collection stated above, if any installment of an Assessment is not paid within fifteen (15) days after the due date, the Board of Directors of the Association may impose a fine on the Lot for which the Assessment was not paid (and the fine shall also be the personal obligation of the Owner).

If any such fine is not timely paid, then the fine, together with reasonable costs of collection thereof as provided herein, shall be the personal obligation of the Owner at the time the fine is assessed. The Association may, at its option, bring an action at law against the Owner personally obligated to pay the fine.

Any and all persons acquiring title to or an interest in a Lot 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 the enjoyment of the Common Area 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 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 6.12 of this Article.

It shall be the legal right of the Association to enforce payment of the Assessments hereunder. Failure of the Association to send or deliver bills shall not, however, relieve Owners from their obligations hereunder.

In addition to the rights of collection of Assessments, late charges, and fines stated in this Section, the Association has the right to suspend an Owner's voting rights for any Assessment against the Owner's Lot when payment of the Assessment is delinquent in excess of sixty (60) days.

6.12 Subordination of the Lien. The lien of the Assessments provided for in this Article shall be subordinate to the lien of any first mortgage to any Institutional Lender and which is now or hereafter placed upon any property subject to Assessment; provided, however, that any such mortgagee when in possession of any receiver, and in the event of a foreclosure, any purchaser at a foreclosure sale, and any such mortgagee acquiring a deed in lieu of foreclosure, and all persons claiming by, through or under such purchaser or mortgagee, shall hold title subject to the liability and lien of any Assessment coming due after such foreclosure (or conveyance in lieu of foreclosure). Any unpaid Assessment which cannot be collected as a lien against any Lot by reason of the provisions of this Section shall be deemed to be an Assessment divided equally among, payable by and a lien against all Lots subject to Assessment by the Association, including the Lots as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

6.13 Collection of Assessments. The Association shall collect the Assessments of the Association.

6.14 Effect on Declarant. Notwithstanding any provision that may be contained to the contrary in this Declaration, the Articles or the Bylaws, for as long as (i) Declarant or its successors and assignees is the Owner of any Lot on which a Residence has not yet been constructed, and (ii) Declarant has Class B voting rights, in lieu of payment of the full Assessments for each such Lot, Declarant or its successors and assignees shall pay the amount of any deficits incurred by the Association for expenses incurred in excess of the amounts collected as Assessments. For purposes hereof, the existence, or nonexistence of a deficit for the Association shall be determined on cash basis accounting basis instead of an accrual basis. At the earlier of the time (i) Declarant has turned over the Association and no longer has Class B voting rights or (ii) Declarant has sold and conveyed all its Lots in the Properties, Declarant shall not have further liability for funding any deficits of the Association.

ARTICLE VII. CERTAIN RULES AND REGULATIONS

7.1 Land Use and Building Type. No Lot shall be used except for residential purposes. No building constructed on a Lot shall be used except for residential purposes. No business, commercial, industrial, trade, professional or other non-residential activity or use of any nature or kind shall be conducted on any Lot. No building shall be erected, altered, placed or permitted to remain on any Lot other than one Residence. Temporary uses by Declarant or its assigns for model homes, sales displays, parking lots, sales offices, construction offices and other offices, or any one or combination of such uses, shall be permitted. No changes may be made in buildings erected by the Declarant (except if such changes are made by the Declarant) without the consent of the Architectural Review Board as provided herein.

7.2 Opening Walls; Removing Fences or Landscaping. No Owner shall make or permit any opening to be made in any Declarant or Association erected wall or fence, except as such opening is installed by Declarant or the Association. No such building wall or masonry wall or fence, or any associated landscaping or buffer improvements, shall be demolished or removed without the prior written consent of the Declarant and the Architectural Review Board. Declarant shall have the right but shall not be obligated to assign all or any portion of its rights and privileges under this Section to the Association.

7.3 Easements. Easements for installation, replacement, connection to, disconnection from, and maintenance of utilities are reserved as shown on the recorded Plats covering the Properties and as provided herein. 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, unless said structure, planting or other material has been so placed by the Declarant or the Association or has been so placed with the permission of the Architectural Review Board. The area of each Lot covered by an easement and all improvements in the area shall be maintained continuously by the Owner of the Lot, except as provided herein to the contrary and except for installations for which a public authority or utility company is responsible. The appropriate water and sewer authority, electric and gas utility company, telephone company, the Association, and Declarant and their respective successors and assigns, shall have a perpetual easement for the installation, replacement, connection to, disconnection from, and maintenance, all underground, of water lines, sanitary sewers, storm drains, gas and electric, telephone and security lines, cables and conduits, under and through the utility and drainage easements, as the case may be, as shown on the Plats. Declarant and its designees, successors and assigns, shall have a perpetual easement for the installation and maintenance of cable, radio, television and security lines within utility easement areas shown on the Plat as well as a perpetual easement for such purpose under and across each Lot from such easement areas to the Residence and other improvements constructed on such Lot.

7.4 Nuisances. No noxious, offensive or unlawful activity shall be carried on upon or about the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance to other Owners.

7.5 Temporary and Other Structures. No structure of a temporary character, or storage shed, utility shed or similar structure, greenhouse, trailer, tent, mobile home, motor home, or recreational vehicle, shall be permitted on the Properties at any time or used at any time as a residence, either temporarily or permanently, except by the Declarant during construction. No gas tank, gas container or gas cylinder shall be permitted to be placed on or about the outside of any Residence or on or about any ancillary building, unless approved by the Architectural Review Board, and if approved must be buried or enclosed by a structure approved by the Architectural Review Board.

7.6 Flags. Any permanent flagpole or flagpole affixed to a residence for display of the American flag or any other flag shall be permitted only if first approved in writing by the Architectural Review Board, as to its design, height, location and type of flag. Notwithstanding the foregoing, any Member may display one portable, removable United States flag or official flag of the State of Florida in a respectful manner, and on Armed Forces Day, Memorial Day, Flag Day, Independence Day, and Veterans Day may display in a respectful manner portable,

removable official flags not larger than 4 ½ feet by 6 feet, which represents the United States Army, Navy, Air Force, Marine Corps, or Coast Guard.

7.7 Signs. No sign of any kind shall be displayed to the public view on the Properties, except: (i) any sign used by the Declarant to advertise the company or builder, project, sales or other matters during the construction and sales period; and (ii) a sign of reasonable size provided by a contractor for security services within ten (10) feet of the entrance to the home. No sign of any kind shall be permitted to be placed inside a home or on the outside walls of the home so as to be visible from the exterior or on any fences on the Properties, nor on the Common Area, nor on dedicated areas, if any, nor on entryways or any vehicles within the Properties, except such as are placed by the Declarant. Provided, however, one (1) discreet, professionally prepared "For Sale" sign of not more than three (3) square feet may be placed on the Street side of the Lot, subject to prior approval by the Architectural Review Board.

7.8 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 excavation 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.

7.9 Animals and Pets. No reptiles, livestock, poultry or animals of any kind, nature or description shall be kept, bred or raised upon the Properties, except for dogs, cats, aquarium-kept fish or birds ("Authorized Pets") which may be kept, raised and maintained upon the Properties, provided that the same are not kept, raised or maintained thereon for business or commercial purposes or in number deemed unreasonable by the Declarant or the Association, in the exercise of their reasonable discretion. Numbers in excess of two (2) of each type of Authorized Pets (other than aquarium-kept fish) shall, prima facie, be considered unreasonable. Notwithstanding the foregoing, no Authorized Pet may be kept, raised or maintained on the Properties under circumstances which, in the good faith judgment of the Declarant or the Association, shall constitute an unreasonable annoyance, hazard, or nuisance to residents in the vicinity or an unreasonable interference with the comfortable and quiet use, occupation and enjoyment of other Lots or portions of the Properties. The Association may investigate all complaints received with respect to any pet being maintained on any property and shall notify the property Owner of such complaint. If three or more complaints of behavior constituting an annoyance, hazard or nuisance with respect to a pet shall be received and, upon investigation, found to be justified, the Association may, by written notice to the Owner, require the permanent removal of such pet; provided however, that if such pet shall be deemed to constitute an imminent danger to others, the Association may without prior notice to the owner of such pet, effect, or require, immediate removal thereof. The Association may utilize self-help in effecting the removal of any such offending pet, may obtain the assistance of appropriate governmental agencies or animal control officials, or may seek appropriate affirmative injunctive relief. The grant to the Association of the foregoing powers concerning removal of pets shall not be deemed to impose any duty or obligation to take any such action upon the Association, its directors or members, or any liability for failure to take such action under any circumstances.

For purposes of Section 8.1 hereof, a separate violation shall be deemed to exist for each day an Owner fails to comply with a request from the Association to remove an offending pet.

7.10 Architectural Control. No building, addition, wall, fence or other structure or improvement of any nature or kind (including mailboxes, landscaping and exterior paint and finish) shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping, or composition of the materials used therefor, as may be required by the Architectural Review Board (sometimes referred to herein as the "ARB") have been approved in writing by the ARB named below and all necessary governmental permits are obtained. Each building, addition, wall, fence, mailbox or other structure or improvement of any nature, together with the landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved and applicable governmental permits and requirements. The ARB shall have the right, in its sole and absolute discretion, to refuse approval of plans, specifications and plot plans, or any of them, based on any ground, including purely aesthetic grounds. Any change in the exterior appearance of any building, wall, fence, mailbox or other structure or improvements, and any change in the appearance of the landscaping, shall be deemed an alteration requiring approval. The ARB shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this Section.

So long as the Class B Membership exists, the ARB shall be appointed by the Declarant. Thereafter, the ARB shall be a committee composed of or appointed by the Board of Directors of the Association. During the period in which the Declarant appoints the membership of the ARB, the ARB shall have three (3) members. At such time as the Board of Directors appoints the ARB members, the ARB shall have any number of members, but never less than three (3), as deemed appropriate by the Board of Directors.

The address of the ARB shall be the address of the Declarant or the Association, depending on which party appoints its membership. The Board of Directors of the Association and the ARB may employ personnel and consultants to assist the ARB at the expense of the Association. The members of the ARB shall not be entitled to any compensation for services performed pursuant to this Declaration. The ARB may at its option charge a reasonable fee to act on submissions to it. Additionally, the ARB shall act on submissions to it, or request further information thereon, within thirty (30) days after receipt of the same (and all further documentation required) or else the request shall be deemed approved. The foregoing provisions regarding ARB approval shall not be applicable to the Declarant or to construction activities conducted by the Declarant.

Notwithstanding anything herein to the contrary, the ARB, in its sole and absolute discretion, may grant a variance as to any of the restrictions, conditions and requirements set forth in this Article so long as, in the judgment of the ARB, the noncompliance for which the variance is granted is not of a substantial nature and the granting of the variance shall not unreasonably detract from the use and enjoyment of adjoining Lots and the Properties. In no event shall the granting of a variance in one instance require the ARB to grant a similar or other type of variance in any other instance, it being understood that the granting of variances from the restrictions, conditions and requirements of this Article shall be in the sole and absolute discretion of the ARB.

Notwithstanding anything herein to the contrary, prior to commencing construction of improvements approved by the ARB, the Owner of the Lot upon which such improvements shall be installed shall obtain any and all appropriate governmental permits and approvals and shall construct the improvements in compliance with all terms and conditions of such permits and approvals.

The ARB, the Association and any and all officers, directors, employees and agents and the Members of the Association shall not, either jointly or severally, be liable or accountable in damages or otherwise to any Owner or other person or party whomsoever, by reason of or on account of any decision, approval or disapproval of any plans, specifications or other materials required to be submitted for review and approval pursuant to provisions of this Section of this Declaration, or for any mistake in judgment, negligence, misfeasance, or nonfeasance related to or in connection with any such decision, approval or disapproval, and each Owner, by acquiring title to any Lot or interest therein, shall be deemed to have agreed that he, she or it shall not be entitled to and shall not bring any action, proceeding or suit against such parties.

Notwithstanding any contained herein, for as long as Declarant and/or any of its designated builders own fee title to any Lot, this Article shall not apply to or bind either Declarant or any of its designated builders. This provision may not be modified, amended or deleted without the express, written consent of the Declarant for so long as it owns any Lot.

7.11 Exterior Appearances and Landscaping. The paint, coating, stain and other exterior finishing colors on all Residences, walls and fences may be maintained as that originally installed, without prior approval of the Architectural Review Board, but prior approval of the Architectural Review Board shall be necessary before any such exterior finishing color is changed.

7.12 Commercial Trucks, Trailers, Campers and Boats. No trucks except trucks which (1) have one-half ton capacity or less, (2) have no lettering, (3) have no roof racks or similar racks and (4) do not appear to be commercial trucks (the determination about appearance shall be made by the ARB in its sole discretion) or commercial vehicles, or campers, mobile homes, motor homes, house trailers or trailers of every other description, recreational vehicles, motor cycles, boats, boat trailers, horse trailers or vans, shall be permitted to be parked or to be stored at any place on the Properties, nor in dedicated areas, unless same shall be parked or stored entirely within and fully enclosed by a garage. 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 non-commercial vans for personal use which are in acceptable condition in the sole opinion of the Board of Directors (which favorable opinion may be changed at any time), nor to any vehicles of the Declarant or those required by any builder during construction on any Lot. No on-Street parking shall be permitted that either impairs traffic flow or is not permitted by applicable governmental regulations. In the event any provision of this covenant is breached, the Declarant or the Association may have said truck, commercial vehicle, camper, mobile home, motor home, house trailer, other trailer, recreational vehicle, boat, boat trailer, or horse trailer towed from the Properties at the Lot Owner's sole cost and expense, and an individual Assessment may be levied therefor against such Owner.

7.13 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. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. All garbage and trash containers and their storage areas and the like shall be kept within a garage, placed inside an enclosure approved by the ARB, or behind opaque walls attached to and made a part of the Residence on each Lot, and otherwise in conformity with applicable rules, regulations and approvals. Such containers may not be placed out for collection sooner than the night prior to scheduled collection and must be removed within the night of collection.

7.14 Fences. No fence, wall or other similar structure shall be erected on any Lot unless the materials therefor and color thereof are in accordance with such standards as may be adopted by the ARB and the location and dimensions thereof are approved by the ARB. The ARB shall have the right to adopt such standards, as it deems advisable in regard to the location and height of and colors and materials for any fences installed within the Properties. In no event shall any wall or fence exceed six (6) feet in height or be composed of chain-link material.

7.15 Mailboxes. No mailboxes or similar improvement shall be installed on any Lot unless the location thereof has been approved by the ARB and the materials therefor and color thereof have been approved by the ARB and are in accordance with such standards for materials and colors as may be adopted by the ARB.

7.16 No Drying. To the extent lawful, no clothing, laundry or wash shall be aired or dried on any portion of the Properties which is visible from the adjacent Lots, or the Streets, or any other adjoining portion of the Properties.

7.17 Unit Air Conditioners. ~~No air~~ conditioning units may be mounted through windows or walls or on any roof.

7.18 Chain Link Fences. No chain link fences shall be permitted on any Lot or portion thereof, unless installed by Declarant during construction periods or around any retention or detention areas as required by the applicable government authorities.

7.19 Restrictions on Fixed Game and Play Structures. If permitted by the ARB, all basketball backboards and other fixed game and play structures shall be located at the side or rear of the Residence, or on the inside portion of the corner Lots within the setback lines and in no event shall be visible from the street. Tree houses, skateboard ramps, bicycle ramps or platforms of a like kind or nature shall not be constructed on any part of any Lot.

7.20 Swimming Pools and Screening. Plans and specifications for any swimming pool, including screening, to be constructed on any Lot shall be subject to the prior approval of the ARB.

7.21 Alteration of Lots. No Owner, without the express prior written consent of the ARB, shall construct any improvements or make any changes to a Lot which shall have the result of changing, altering or affecting the natural or artificial water courses, canals, ditches, swales,

ponds or drainage of the Property. All construction, grading and landscaping shall conform to the drainage swale requirements set forth on the plan of the Properties.

7.22 Storage of Materials. Except for the Declarant and/or any of its distinguished builders, no Owner may store construction materials on a Lot for a period exceeding thirty (30) days without commencing construction, and if construction does not commence within said thirty (30) day period the Declarant may remove such stored materials. Costs incurred in such removal by the Declarant will become a lien on said Lot, accruing interest at the highest rate permitted by law. Construction, once commenced, shall be diligently pursued to completion. No building, material or refuse shall be placed or stored on any Lot within twenty (20) feet of any park or edge of any open water or drainage course except that clean fill may be placed nearer, provided that the water or drainage course is not altered or blocked by such fill.

7.23 Destruction By Fire or Other Casualty. No building or improvement which has been partially or totally destroyed by fire or other casualty shall be allowed to remain in such condition for more than six (6) months from the time of destruction. If reconstruction or repair of any such Residence is not commenced within said six (6) month period, the Owner thereof shall raze or remove the same promptly from the Owner's Lot.

7.24 Completion of Development. Nothing contained in this Declaration shall be interpreted or construed to prevent Declarant, its express successors or assigns, its designated builders, or the Declarant's or its designated builders' contractors or subcontractors, from doing or performing on all or any part of the Properties owned or controlled by them whatever they deem reasonably necessary in connection with completion of the development, including without limitation: (a) erecting, constructing and maintaining such structures as may be reasonably necessary for the conduct of the their business of completing the development and establishing the Properties as a residential community and disposing of the same in Lots and Residences by sale, lease or otherwise; or (b) conducting thereon its or their business.

7.25 Allowable Trim. No Owner or tenant of a Residence shall install shutters, awnings or other decorative exterior trim, except small exterior decorations such as address plates and name plates, without the prior approval of the ARB.

7.26 Window Coverings. No reflective foil, tinted glass, sheets, newspapers or any other similar material shall be permitted on any windows except for tinted bronze glass and any such installation shall require approval of the ARB.

7.27 Access at Reasonable Hours. For the sole purpose of performing any maintenance or repairs authorized agents, contractors or employees shall have a license which shall be exercisable after reasonable notice to the Owner to enter upon any Lot or exterior of any Residence.

7.28 Tree Removal Restrictions. Trees situated on any Lot between building set back lines and the property lines having a diameter of four inches (4") or more (measured four feet (4') from ground level) may not be removed without prior approval of the ARB. All requests for approval of tree removal shall be submitted to the ARB along with a plan showing generally the location of such trees (s).

7.29 Replacement of Trees. Anyone violating the provisions of Section 7.28 will be required to replace such trees with trees of like kind, size and condition within thirty (30) days after demand by the ARB. If the Owner fails or refuses to replace the trees as demanded, the ARB shall cause suitable replacement to be planted and the cost thereof shall be a lien against the property of the Owner. The Owner grants to the ARB, its agents and employees an easement of ingress and egress over and across said Lot to enable it to comply with Section 7.27 above and this Section 7.29.

7.30 Antenna Restrictions. Except for one (1) satellite reception dish of not greater than eighteen inches (18") in diameter on each Lot, which dish shall not be visible from any street, no one shall be permitted to install or maintain on any Lot, or Residence, any outside television or radio antenna, disc, mast aerial or other tower for the purpose of audio or visual reception unless the same is approved by the ARB. This restriction shall not serve to prohibit Declarant, a builder or the Association from installing an antenna or satellite antenna disc, or contracting with a third party to install such antenna, for the purpose of providing master or cable television, radio or other electronic service to the Owners.

7.31 Clotheslines. No clotheslines which are visible from the Street in front of any Lot shall be erected or installed on any Lot without prior approval by the ARB.

7.32 Exterior Paint. All exterior paint colors shall be subject to prior approval of the ARB.

7.33 Residence. Each Residence constructed on a Lot shall have a minimum 1,100 square feet of heated and cooled living area.

7.34 Roofs. The roofs of the main body of all buildings and other structures, including the Residence, shall be pitched. No flat roofs shall be permitted without the approval of the Declarant (for as long as Declarant is a Class B Member) and the ARB. The Declarant and ARB may, in their discretion, approve flat roofs on part of the main body of a building if architecturally compatible with the remainder of the roof structure, the particular building on which it is to be constructed and all adjacent residences and other structures. All roofs shall be constructed of shingles or other materials approved by the ARB. The ARB, in its sole and absolute discretion, must approve all roof colors.

7.35 Solar Panels. Solar panels may only be constructed on the roof of a Residence so as not to be visible from the adjacent Street (or configured so as to minimize visibility in the case of corner Lots) and only after review and approval by the ARB, in its sole and absolute discretion. The ARB reserves the right to promulgate such performance standards and requirements, as it may deem desirable in regard to the installation of solar panels. To the extent applicable laws require otherwise, then the terms and conditions of applicable laws shall control.

7.36 Short Term Rentals. Short term rentals are expressly permitted in accordance with and so long as permitted by the governing jurisdiction setting regulations and zoning for the Properties.

7.37 Waiver of Violations of Covenants and Restrictions. When a building or other structure has been erected, its construction commenced and the building is located on any Lot in

a manner so as to constitute a violation or violations of this Declaration, the Declarant shall have the right, but not the obligation, at any time to release the Lot, or portions of it, from any part of the covenants and restrictions as may be violated, so long as the violation or violations do not conflict with the regulations of Osceola County.

7.38 Precedence Over Less Stringent Governmental Regulations. In those instances where the covenants, conditions and restrictions set forth herein set or establish minimum standards in excess of the ordinances, regulations and requirements of the applicable government authorities, including without limitation, building and zoning regulations, the covenants, conditions and restrictions set forth herein shall take precedence and prevail over any such less stringent ordinances, regulations and requirements.

7.39 Access Ramp. Any Owner of a Lot may construct an access ramp if a resident or occupant of the Lot has a medical necessity or disability that requires a ramp for egress and ingress under the following conditions:

A. The ramp must be as unobtrusive as possible, be designed to blend in aesthetically as practicable, and be reasonably sized to fit the intended use.

B. Plans for the ramp must be submitted in advance to the ARB. The ARB may make reasonable requests to modify the design to achieve architectural consistency with surrounding structures and surfaces.

C. The Owner of the Lot must submit to the association an affidavit from a physician attesting to the medical necessity or disability of the resident or occupant of the Lot requiring the access ramp. Certification used for Section 320.0848, Florida Statutes, as amended from time to time, shall be sufficient to meet the affidavit requirement.

7.40 Additional Rules and Regulations. In addition to the foregoing, the Association shall have the right, power and authority, subject to the prior written consent and approval of Declarant, to promulgate and impose rules and regulations governing and/or restricting the use of the Properties and Lots, including without limitation rules and regulations relating to the placement or installation of any type of improvement on any Lot, and to thereafter change, modify, alter, amend, rescind and augment any of the same; provided, however, that no rules and regulations so promulgated shall be in conflict with the provisions of this Declaration. Any such rules and regulations so promulgated by the Association shall be applicable to and binding upon all the Properties and the Owners thereof and their successors and assigns, as well as all guests and invitees of and all parties claiming by, through or under such Owners.

ARTICLE VIII. ENFORCEMENT

8.1 Compliance by Owners. Every Owner shall comply with the terms, provisions, restrictions and covenants set forth herein and any and all rules and regulations, which from time to time may be adopted by the Board of Directors of the Association. The Association may suspend an Owner's, tenant's, guest's, or invitee's use of the Common Area for a period not to exceed sixty (60) days and/or the Association Board of Directors may levy fines against an

Owner, tenant, guest, or invitee if such person is in violation of any of the terms, provisions, restrictions and covenants set forth herein and/or the rules and regulations of the Association. Suspension of the right to use the common area cannot include impairment of an Owner's right to have ingress to and egress from the Owner's Lot. The Association may levy reasonable fines, not to exceed ONE HUNDRED AND NO/100 DOLLARS (\$100.00) per violation, against any Owner, tenant, guest or invitee. A fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, except that no such fine shall exceed ONE THOUSAND AND NO/00 DOLLARS (\$1,000.00) in the aggregate. A fine shall not become a lien against a Lot. In any action to recover a fine, the prevailing party is entitled to collect its reasonable attorney's fees and costs from the non-prevailing party as determined by the court.

Prior to imposing a fine or suspension on an Owner for the violation of the terms, provisions, restrictions and covenants set forth herein and/or the rules and regulations of the Association, the Association shall provide the Owner with fourteen (14) days notice and an opportunity for a hearing before a committee of three (3) members appointed by the Board who are not officers, directors, or employees of the Association, or the spouse, parent, child, or sibling of an officer, director or employee.

The Association Board of Directors shall have the power to waive, cancel or reduce any fine imposed upon any Owner.

8.2 Enforcement. The Declarant, the Association, the Association Board of Directors, the ARB, each Owner, or any other party as provided herein shall have the right to enforce this Declaration and the covenants, restrictions and provisions hereof including without limitation bringing the actions and filing and foreclosing the liens described in Article V hereto. In addition, the applicable county or governing water management district shall have the right to enforce this Declaration with respect to the operation and maintenance of the storm water management system for the Properties. Enforcement of this Declaration and the covenants, restrictions and provisions hereof may be accomplished by any proceeding at law or in equity, including without limitation, an action for damages and injunctive relief. The Association shall have the right to suspend the voting rights and use of the Common Area of any defaulting Owner. Failure to enforce any covenant, restriction or provision hereof shall not be deemed a waiver to do so thereafter. The defaulting and/or offending Owner shall be responsible for all costs incurred in enforcement of this Declaration, including but not limited to, attorney, paralegal and legal assistant fees, costs and expenses, related fees, costs and expense, court costs and witness and expert fees and costs, whether suit be brought or not, and whether in settlement, in any declaratory action, at trial or on appeal.

8.3 Dispute Resolution. Disputes between the Association and a Member regarding use of or changes to a Lot or the Common Areas and other covenant enforcement disputes, disputes regarding amendments to the Governing Documents, disputes regarding meetings of the Board and committees appointed by the Board, membership meetings not including election meetings, and access to the official records of the Association shall be filed with the Florida Department of Business and Professional Regulation for mandatory mediation pursuant to Section 720.311(2), Florida Statutes, as amended from time to time, before the dispute is filed in court.

ARTICLE IX.
DRAINAGE SYSTEM

9.1 Drainage Easements. Drainage flow shall not be obstructed or diverted from Drainage Easements. The Association may, but shall not be required to, cut drainways for surface water wherever and whenever such action may appear to the Association to be necessary to maintain reasonable standards of health, safety and appearance. The rights reserved hereunder shall extend to reasonable use of drainways on a Residence. These rights include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other action reasonably necessary to install utilities and to maintain reasonable standards of health and appearance but shall not include the right to disturb any improvements erected within the Properties that are not located within the specific easement areas designated on the plat of the Properties or in this Declaration. Except as provided herein, existing drainage and drainage channels (or areas reserved for such purposes) shall not be altered so as to divert the flow of water onto adjacent parcels or into sanitary sewer lines. The Association shall have the sole control over elevations and slopes within Drainage Easements and no Owner may alter any such elevations except upon written consent of the Association and Osceola County. No person shall alter the drainage flow of the surface water or storm water management system, including buffer areas or swales, without the prior written approval of the applicable governing water management district and the Association.

9.2 Maintenance, Operation, and Repair of Surface Water or Storm Water Management System and Mitigation Areas. The Association shall operate and maintain the surface water or storm water management system within the Properties and such system is and shall hereafter be owned by the Association. Maintenance of the surface water or storm water management system shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance, or other surface water or storm water management capabilities as permitted by the SFWMD. Any repair or reconstruction of the surface water or storm water management system shall be as permitted or, if modified, as approved by the applicable governing water management district. The Association shall operate, maintain, and manage the surface water or storm water management system in a manner consistent with the applicable water management district permit requirements and applicable water management district rules, and shall assist in the enforcement of that portion of this Declaration relating to the surface water or storm water management system. The Association shall adopt standards of maintenance and operation for the surface water or storm water management system required by this Declaration. The Association is responsible for assessing and collecting fees for the operation, maintenance, and, if necessary, replacement of the surface water management system. Fees shall be assessed and collected through annual or special assessments as described herein.

Monitoring and maintenance of any and all mitigation areas, described in the applicable SFWMD Permit, shall be the responsibility of the Association. The Association must successfully complete the mitigation and satisfy permit conditions. The success criteria are described in the permit which is attached as an exhibit hereto.

The Environmental Resource or Surface Water Management Permit is made a part of this document and attached hereto as an exhibit. Copies of the permit and any future permit actions

of the SFWMD shall be maintained by an authorized officer or agent of the Association for the benefit of the Association.

ARTICLE X.
ASSIGNABILITY OF DECLARANT'S RIGHTS

For as long as Declarant is a Class B Member, as provided herein and governed by Section 3.2 above, Declarant shall have the specific right to delegate all powers and rights granted to the Declarant by this Declaration, the Articles and the Bylaws to any builder specializing in the development and building of residential homes upon multiple Lots within the Properties.

ARTICLE XI.
MODIFICATIONS, SUPPLEMENTS, AMENDMENTS, ASSIGNMENTS AND
RESERVATIONS

11.1 Legal Descriptions. It is understood that this Declaration is being executed prior to the construction of the improvements on certain portions of the Properties. Any legal descriptions attached hereto for any portion of the Properties are based on a surveyor's determination of the lines dividing portions of the Properties, and the actual location may vary somewhat. Therefore, Declarant reserves the right, power and authority by itself, without the joinder or any person or entity whatsoever other than its mortgagee, if any, to modify the legal descriptions of the dividing lines between the portions of the Properties, to conform to the "as built" improvements by recording a Supplemental Declaration in the Public Records of the Osceola County, Florida, in which event the legal descriptions for any portions of the Properties, set forth in or attached to the Supplemental Declaration in the Public Records of Osceola County, Florida, shall supersede those attached hereto.

11.2 Relocation of Utility Facilities. If either the Declarant or the Association needs or desires from time to time to relocate or add to any of the existing utility facilities serving any Residence or other portion of the Properties (including easement areas), the party so adding to, changing, rearranging, altering, modifying, relocating or building upon said facilities shall be responsible, at its cost, for adding to, changing, rearranging, altering, modifying, relocating or building upon such utility facilities, and same shall be accomplished in a manner so as to minimize inconvenience to the Owners and the other Community Beneficiaries.

11.3 Modification of Easements. Subject to the provisions in this Declaration, the Association reserves the right at any time and from time to time, without the need for obtaining consent or approval from the Owner(s) of any Residences, to change, rearrange, alter, modify or otherwise reduce any easements created hereby, provided same does not materially and adversely affect any such other Owner(s). In the event any of same are accomplished with respect to the easement areas located on any Residence, same shall automatically release the area which is so changed, rearranged, altered, modified, or otherwise removed from this Declaration.

11.4 Modifications to the Properties. The buildings and other improvements on a Residence shall not be modified in such a way as to materially and adversely affect an Owner of another Residence. Therefore it is understood and agreed that, after initial construction, the

improvements on a Residence shall not be altered to: (a) materially increase the size or volume, (b) materially change the configuration, or (c) increase the square footage, height or setbacks without, in any such case, the consent of the applicable Owner and any mortgagee of the Residence. In addition, the exterior portions of a Residence shall be maintained substantially in the manner in which they were originally constructed and no material change in or to the exterior portions (such as the color or finishes) of the improvements in a Residence shall be permitted without the prior written consent of the Association.

11.5 Supplements. During the period in which the Declarant is the Class B Member of the Association, and thereafter, to the fullest extent permitted by Applicable Law, the Declarant may, in its sole discretion, from time to time add other property under the provisions of this Declaration by Supplemental Declaration (which shall not require the consent of then existing Owners, the Association, or any other Community Beneficiaries) and thereby add to the Properties. Nothing in this Declaration shall, however, obligate Declarant to add to the Properties, nor to prohibit Declarant from rezoning and changing its development plan with respect to such future portions. All Owners, by acceptance of a deed to or other conveyance of their Residence and all mortgagees of Owners, by acceptance of a mortgage on any Residence, thereby automatically consent to any such rezoning, change, addition or deletion thereafter made by the Declarant and shall evidence such consent in writing if requested to do so by the Declarant at any time (providing, however, that the refusal to give such written consent shall not obviate the general effect of this provision).

A. Upon the recording of such a Supplemental Declaration, the property or properties so annexed shall be subject to the terms and conditions of this Declaration in the same manner as if subjected hereto at the time of recording of this Declaration. In the event the Class B Membership had previously been terminated, the annexation and addition of the property or properties shall reestablish the Declarant's Class B Membership and all rights, privileges and powers pertaining thereto.

B. To the extent that the Declarant elects to annex and subject to this Declaration the property or properties, there is hereby reserved to the Declarant, its successors and assigns, a perpetual non-exclusive easement and license over the roadways, drainage easements and retention ponds located on the Properties for the use by the Declarant, its successors and assigns in connection with the development of the other properties so annexed.

11.6 Withdrawal. During the period in which the Declarant is the Class B Member of the Association, and thereafter, to the fullest extent permitted by Applicable Law, the Declarant reserves the right to amend this Declaration unilaterally at any time, without prior notice and without the consent of any person or entity, for the purpose of removing certain portions of the Properties then owned by the Declarant or its affiliates from the provisions of this Declaration to the extent included originally in error or as a result of any changes whatsoever in the plans for the Properties desired to be effectuated by the Declarant.

11.7 Declarant Amendments. During the period in which the Declarant is the Class B Member of the Association, and thereafter, to the fullest extent permitted by Applicable Law, this Declaration may be amended by the Declarant to correct any errors or omissions or to effect

any other amendment, provided such other amendment does not, in the Declarant's sole reasonable judgment, have a materially adverse effect on substantial rights of any Institutional Mortgagee who has not consented in writing to the amendment. In addition, during the period in which the Declarant is the Class B Member of the Association, and thereafter, to the fullest extent permitted by Applicable Law, the Declarant shall have an absolute right to make any amendments to this Declaration (without any other party's consent or joinder) that are requested or required by an Institutional Mortgagee holding a mortgage from Declarant or any affiliate thereof, or by the FNMA/ FHLMC, the Government National Mortgagee or any other governmental, quasi-governmental or governmental-chartered entity which owns or expects to own one or more Institutional Mortgages encumbering the Properties, or any portion thereof, or to insure the payment of one or more such mortgages, or that are requested or required by any Institutional Mortgagee or prospective Institutional Mortgagee to enhance the marketability of its mortgages to one or more of the foregoing.

11.8 Owner Amendments. This Declaration may also be amended during the first thirty (30) year period by an instrument signed by the President of the Association, attested to by its Secretary and certifying that the amendment set forth in such instrument was adopted by a vote of at least ninety percent (90%) of the Lot Owners, and thereafter by the vote of at least seventy-five percent (75%) of the Lot Owners, at a duly called meeting thereof, provided that so long as Declarant or any of its affiliates is the Owner of any Residence affected by this Declaration, and unless prohibited under Applicable Law, Declarant's consent must be obtained if such amendment, in the sole opinion of Declarant, affects its interest.

11.9 SFWMD Approval. Notwithstanding anything to the contrary in this Section, any amendment proposed to this Declaration, the Articles of Incorporation and/or By-Laws which would affect the Surface Water Management System, including environmental conservation areas, if any, shall be submitted to the SFWMD for review prior to finalization of the amendment. The SFWMD shall ~~determine if~~ the proposed amendment will require a modification of the environmental resource or surface water management permit and if a modification is necessary, the District shall advise the Association. If a permit modification is necessary, the modification must be approved by the SFWMD prior to the amendment of this Declaration, the Articles of Incorporation and/or the By-Laws.

11.10 Declarant Assignments. The Declarant may assign all or any portion of its rights hereunder, or all or a portion of such rights in connection with a portion of the Properties. In the event of a full ("blanket") assignment of all of the Declarant's rights (or remaining rights) hereunder to a successor, assignee or pledgee, the result of which is that the Declarant named herein shall no longer have any rights hereunder (whether immediately, because the assignment is absolute, or after foreclosure of the assignee's security instrument, because the assignment is collateral in nature), such assignee (or the purchaser at the foreclosure sale, if that is the case) shall be deemed the Declarant for all purposes hereunder. In the event of an assignment of less than all of the rights of the Declarant, as aforesaid, the assignee shall not be deemed the Declarant, but may exercise such rights of the Declarant as are specifically assigned to it. Any partial (but not "blanket") assignment of the Declarant's rights may be made on a non-exclusive basis and/or for a limited purpose or period of time. The Declarant may not assign all (or all its remaining) rights hereunder to more than one person or party hereunder at any one time unless the only such prior "blanket" assignment(s) are collateral in nature (as security for a loan), in

which event the Declarant may make subsequent "blanket" collateral assignments which shall be subject and subordinate to the security interest(s) of the prior collateral assignee(s). Any person or entity as to whom or which all or certain of the Declarant's rights hereunder have been assigned may further assign such assignee's rights, in whole or in part, unless restricted or prohibited in the assignment made by the Declarant or a successor assignor thereof. Nothing contained in this Declaration shall be effective or construed to limit any of the foregoing rights of the Declarant (or its or any other assignees or successors) to make any or all of the assignments provided for in this Section. If any assignment of all (or all then remaining) or a portion of the Declarant's rights is given as security for a loan (whether by pledge, mortgage or other device which creates a security interest in all or a portion of such rights), such assignee shall not have the right to exercise such rights of the Declarant except as provided in the instrument of such assignment or, after foreclosure of such security interest, in accordance with Applicable Law. Such assignee's rights will inure to the benefit of any purchaser at a foreclosure sale which includes such rights; provided, however, that such purchaser shall become the Declarant, as provided herein, only if the aforesaid instrument of assignment is a full ("blanket") assignment of all of the Declarant's rights (or remaining rights) hereunder.

11.11 Declarant's Reservation of Rights. Notwithstanding anything to the contrary in this Declaration, and to the fullest extent permitted under Applicable Law, the Declarant reserves unto itself, and its successors and assigns, the ownership of the air space and air rights arising above the level of the roof of the structures constructed within the Properties, having the exterior dimensions of the perimeter walls of each building and extending vertically into infinity, and all transferable and non-transferable development rights relating in any way to the Properties, and any portions thereof, and the development or proposed development thereof. The Association and each Owner do hereby further give and grant to the Declarant, and the Declarant does hereby reserve unto itself, and its successors and assigns, such easements on, over, under, through and across the Properties as may be necessary for the installation, repair, replacement and maintenance of all improvements and installations placed and constructed by the Declarant, or any successor or assign thereof, upon the roof of the Residences or other buildings within the Properties. The Declarant, and its successors and assigns, shall also have an easement of adjacent lateral support and all other support in every portion of a Residence which contributes to the support of any improvements constructed on or above the roof of the buildings thereon. The rights and privileges reserved by the Declarant in this Section may be assigned (in whole or in part), leased, transferred and/or conveyed by the Declarant. The provisions contained in this Section may not be amended, modified or deleted, in whole or in part, without the written consent of the Declarant.

11.12 Effects of Amendments. Any duly adopted amendment to this Declaration shall run with and bind the Properties for the same period and to the same extent as do the covenants and restrictions set forth herein.

ARTICLE XII. PARTY WALLS

12.1 General Rules of Law To Apply. Each wall which is built as a part of the original construction of the townhomes upon the property and placed on the dividing line between the Lots shall constitute a "Party Wall" and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

12.2 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the Party Wall in proportion to such use.

12.3 Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner who has used the Party Wall may restore it, and if the other Owners thereafter make use of the Party Wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to demand a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

12.4 Negligence. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

12.5 Right to Contribution Runs with the Land. The right of any Owner to contribution from the other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

12.6 Arbitration. In the event of any dispute arising concerning a Party Wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all arbitrators.

ARTICLE XIII. GENERAL PROVISIONS

13.1 Municipal Service Taxing Units. Upon acceptance of any deed or other instrument conveying title to any Lot, each Owner thereof acknowledges that each such Lot is or may be located in one or more municipal service taxing units (each is an "MSTU") for the purpose of providing Street lighting and retention pond maintenance or any other purposes for which an MSTU may be established under Florida law. Each Owner agrees to be subject to and bound by such MSTUs and to pay all fees, charges, surcharges, levies and Assessments, in whatsoever nature or form, relating to said districts and/or to the Owner's lot. Further, each Owner agrees that it shall cooperate fully with Declarant or the Association (including joining in any applications for MSTUs) in connection with any efforts of Declarant or the Association to include the Properties in any MSTUs, and to execute any documents or instruments that may be required to do so.

13.2 Insurance and Fidelity Bonds. The Association may obtain and maintain in effect casualty and liability insurance and fidelity bond coverage in form and amounts as may be deemed advisable by the Board of Directors of the Association. Additionally, the Association

may obtain and maintain in effect "directors and officers insurance" in form and amounts as may be deemed advisable by the Board of Directors of the Association.

13.3 Duration. The covenants and restrictions of this Declaration shall run with and bind the Properties for a term of thirty (30) years from the date this Declaration is recorded, after which they shall be automatically extended for successive periods of ten (10) years; unless during the last year of its applicability during the initial term or any extension period no less than seventy-five percent (75%) vote of the Members (with no distinction between classes) at a duly noticed meeting of the Association vote in person or by proxy to terminate this Declaration. Provided, however, no such termination shall void the duty of the Association to maintain the storm water management system unless specifically allowed by the SFWMD. Further, no such termination shall have the effect of terminating any easements herein provided or reserved.

13.4 Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postage prepaid, to the last known address of the person who appears as a Member or Owner on the records of the Association at the time of such mailing.

13.5 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.

13.6 Effective Date. This Declaration shall become effective upon its recordation in the public records of the county in which the Properties are located.

13.7 FHA/VA Approval. Notwithstanding anything herein to the contrary, as long as there is a Class B Membership in the Association, the following actions will require the prior approval of the FHA or the VA: annexation of additional properties; mergers and consolidation; mortgaging and/or dedication of Common Areas; dissolution; and amendment of this Declaration (except amendments by Declarant to clarify ambiguities and scrivener's errors).

13.8 Conflict. This Declaration shall take precedence over conflicting provisions in the Articles and Bylaws of the Association and the Articles shall take precedence over the Bylaws.

13.9 Standards for Consent, Approval, Completion, Other Action and Interpretation. Whenever this Declaration shall require the consent, approval, completion, substantial completion, or other action by the Declarant, the Association or the ARB, such consent, approval or action may be withheld in the sole and absolute 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 Declarant or the Association shall be deemed completed or substantially completed when so determined, in the discretion of the Declarant or Association, as appropriate.

13.10 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 intended to have been granted the benefit of such easement, and the Owners hereby designate the Declarant 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.

13.11 Dissolution of Association. In the event of a permanent dissolution of the Association, (i) all assets of the Association shall be conveyed to a non-profit organization with similar purposes and acceptable to the applicable governing water management district, or (ii) all Association assets may be dedicated to any applicable municipal or other governmental authority. Said successor non-profit organization or governmental entity shall pursuant to this Declaration provide for the continued maintenance and upkeep of the Common Area, including without limitation the storm water management system, the Properties and such other property as may be contemplated herein.

13.12 Waiver of Violations. Declarant and its successors or assigns reserve the right to waive any violations of the covenants contained in this Declaration, in the event Declarant shall determine, in its sole and absolute discretion, that such violations are minor or dictated by the peculiarities of a particular Lot configuration or topography.

13.13 Constructive Notice and Acceptance. Every person or entity that owns or acquires any right, title or interest in or to any portion of the Property, or any portion thereof, is and shall be conclusively deemed to have consented and agreed to every covenant, condition and restriction contained herein, whether or not any reference to this Declaration is contained in the instrument by which such person or entity acquires such right, title or interest.

13.14 Right of Association to Merge. The Association retains the right to merge with other homeowners associations, provided such homeowners associations are FHA or VA approved subdivisions and provided FHA or VA approves such merger. This right shall be exercised by recordation of an Amendment to this Declaration recorded among the Public Records of Osceola County, Florida which Amendment shall set forth a legal description of the property to which this Declaration, as amended, shall apply. The Amendment shall further have attached to it a resolution of the Association and the homeowners association with which a merger is to take place, and such resolution shall be certified by the Corporate Secretary thereof and shall state;

(a) That a meeting of the homeowners association was held in accordance with its Bylaws;

(b) That a two-thirds (2/3) vote of the Members (with no distinction between classes) approved the merger.

The foregoing certificates, when attached to the Amendment, shall be deemed sufficient to establish that the appropriate procedure was followed in connection with the merger. Upon a

merger or consolidation of the Association with another association, its properties, rights and obligations shall, by operation of law, be transferred to another surviving or consolidated association, or alternatively, the property, rights, and obligations of another association shall, 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 shall administer the covenants and restrictions established by this Declaration within the Properties together with the covenants and restrictions established upon any other properties as the overall plan or scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants and restrictions established by this Declaration within the Properties.

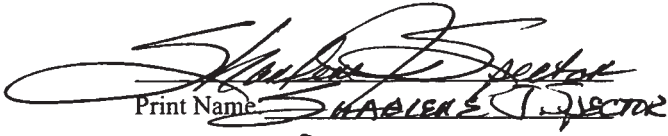
13.15 Bankruptcy. In the event that the Association is dissolved, in bankruptcy, or otherwise unable to fulfill its obligations as provided in the Declaration, the individual homeowners shall be liable for the costs, on a pro-rata (per lot) basis, for the maintenance, upkeep, repair, and/or replacement of any and all private easements, common property, rights of way, and/or improvements .

13.16 Covenants Running With The Land. ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING AND WITHOUT LIMITING THE GENERALITY (AND SUBJECT TO THE LIMITATIONS) OF SECTION 10.3 HEREOF, IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREBY (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS) THAT THESE COVENANTS AND RESTRICTIONS SHALL RUN WITH THE LAND AND TITLE TO THE PROPERTIES. 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.

IN WITNESS WHEREOF, this Declaration of Conditions, Covenants, Easements and Restrictions has been executed as of the date first set forth above.

Signed, sealed, and delivered
In the presence of:

KB HOME ORLANDO LLC, a Delaware
limited liability company


Print Name: SADIA ROMAN

Sadia Roman
Print Name: Sadia Roman

By: 

DANIEL GREEN, Vice President
8403 S. Park Circle, Suite 670
Orlando, Florida 32819

3007

STATE OF FLORIDA

COUNTY OF OSCEOLA

The foregoing instrument was acknowledged before me this 16 day of November 2005, by DANIEL GREEN as Vice President of KB HOME ORLANDO LLC, a Delaware limited liability company, on behalf of said corporation. He is personally known to me or has produced _____ as identification.

(NOTARY SEAL)



TINA L. MOUTOUX
MY COMMISSION # DD 077787
EXPIRES: December 10, 2005
Bonded Thru Budget Notary Services

Tina L. Moutoux
Notary Public

Printed Name: TINA MOUTOUX
Commission Number: DD 077787
My Commission Expires: 12.10.05

COPIES

EXHIBIT ~A"

Legal Description

3006/363

LOTS 3 AND 4, BLOCK D, FLORIDA FRUIT AND TRUCK LAND COMPANY'S SUBDIVISION OF LANDS IN SECTION 10, TOWNSHIP 25 SOUTH, RANGE 27 EAST, ACCORDING TO THE MAP OR PLAT THEREOF, AS RECORDED IN PLAT BOOK B, PAGE 68, PUBLIC RECORDS OF OSCEOLA COUNTY, FLORIDA, LESS AND EXCEPT THE EAST 15 FEET THEREOF.

3006/364