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MASTER
DECLARATION OF COVENANTS,
RESTRICTIONS AND EASEMENTS
FOR
VERONA LAKES

Dated: July 24, 2000

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- Exhibit "A" Legal Description of the Property
- Exhibit "B" Master Common Properties
- Exhibit "C" Articles of Incorporation
- Exhibit "D" Bylaws
- Exhibit "E" Additional Property
- Exhibit "F" Melrose Easement Area

MASTER DECLARATION OF COVENANTS,
RESTRICTIONS AND EASEMENTS FOR
VERONA LAKES

THIS MASTER DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR VERONA LAKES ("Declaration") is made this 24th day of July, 2000, by MELROSE PALM BEACH LIMITED, a Florida limited partnership, its successors and assigns, hereinafter referred to as the "Declarant"), joined in by VERONA LAKES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit (hereinafter referred to as the "Association").

R E C I T A L S:

A. Declarant owns the property located in Palm Beach County, Florida, more particularly described on Exhibit "A" attached hereto (the "Property").

B. Declarant intends to develop the Property as a residential community known as VERONA LAKES (the "Project"). In order to provide for the orderly development and efficient operation of the Property and to maintain the values thereof, Declarant intends to develop the Property, including but not limited to those portions of the Property more particularly described on Exhibit "B" attached hereto (the "Master Common Property") pursuant to a general plan, subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitude, liens and burdens, all running with title to the Property as hereinafter set forth in this Declaration.

C. In connection with the foregoing, Declarant deems it desirable to create the Association to which certain rights, powers, duties and obligations for the Property, have been delegated and assigned including, without limitation, operation, administration, maintenance and repair of the Master Common Property (as hereinafter defined) and administering and enforcing the provisions of this Declaration.

D. Some portions of the Property will be further subject to "Neighborhood Covenants" (as hereinafter defined).

NOW, THEREFORE, Declarant hereby declares that the Property shall be hereafter owned, used, sold, conveyed, improved, encumbered, hypothecated, leased, demised and occupied, all subject to the covenants, restrictions, easements, reservations, conditions, regulations, burdens, liens, equitable servitude and all other provisions of this Declaration as hereinafter set forth, which shall run with,

benefit and burden all of the Property, and shall be binding on all parties having any right, title or interest in the Property, or any portion thereof, including the parties' heirs, personal representatives, successors and assigns.

ARTICLE 1

DEFINITIONS

1.1 "Articles" shall mean and refer to the Articles of Incorporation of the Association which have been filed in the office of the Department of State of Florida, a copy of which is attached hereto as Exhibit "C", as such Articles may be amended from time to time.

1.2 "Assessment(s)" shall mean and refer to "Common Assessments," "Individual Assessments," and "Special Assessments" (as each is hereinafter defined), individually and collectively, as the context may require.

1.3 "Association" shall mean and refer to VERONA LAKES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit, its successors and assigns. The Association is a corporate entity and Owners, by acceptance of a deed conveying property within the Project, thereby acknowledge the valid corporate existence of the Association and thereby covenant and agree to respect the corporate identity of the Association, notwithstanding that Declarant may appoint and/or elect a majority of the Board of such corporate entity.

1.4 "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association.

1.5 "Bylaws" shall mean and refer to the Bylaws of the Association, which have been adopted by the Board, a copy of which is attached hereto as Exhibit "D", as the Bylaws may be amended from time to time.

1.6 "Common Assessment" shall mean and refer to the charge against all Owners and their "Lots" (as hereinafter defined), representing their proportionate share of the routine "Common Expenses" (as hereinafter defined) of the Association.

1.7 "Common Expenses" shall mean and refer to the actual and estimated costs of ownership, maintenance, management, operation, repair and replacement of the Master Common Properties, together with any other portion of the Property which is now or hereafter becomes the maintenance obligation of the Association, including but not limited to, any maintenance easements or other easements covering portions of Lot(s) in favor of the Association, including reserves for the foregoing to the extent adopted as part of the Association's budget, as provided in

the Bylaws, including, without limitation: (a) unpaid Assessments; (b) the costs of any and all commonly-metered utilities, cable or master television charges, if any, and other commonly-metered charges for the Master Common Properties; (c) costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other agents, employees, or independent contractors; (d) costs of all gardening and other services benefiting the Master Common Properties, and all recreational facilities thereon; (e) costs of fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering or connected with the Association or the Master Common Properties; (f) costs of bonding the members of the Board and the "Management Company" (as hereinafter defined); (g) taxes paid by the Association, including real property taxes for the Master Common Properties, if any; (h) amounts paid by the Association for the discharge of any lien or encumbrance levied against the Master Common Properties, or portions thereof; (i) costs and expenses required to be paid by the Association in connection with the maintenance of the Tract C Lake pursuant to that certain Lake Easement Agreement recorded in Official Records Book 9064, Page 1979, of the Public Records of Palm Beach County, Florida, and any subsequent amendments thereto, and pursuant to additional agreements entered into by Declarant and/or the Association relating to the Tract C Lake, and any expansions thereof; (j) expenses of maintaining and operating any Lake or water body located within or adjacent to the Property from time to time, in accordance with all governmental and/or quasi-governmental requirements, which shall include but shall not be limited to the maintenance of any littoral shelves and/or water rights located therein; (k) expenses of maintaining and operating the Surface Water Management System pursuant to Section 5.4 hereof; (l) any amounts due to the Master Community Association as Master Assessments from time to time, as described in Section 6.8 hereof, and (m) costs of any other items or expenses incurred by the Association for any reason whatsoever in connection with the Master Common Properties, the Association's rights or duties hereunder, and/or for the benefit of the Owners or the Property.

1.8 "Condominium" shall mean and refer to any portion or portions of the Property and the improvements thereon subjected to condominium ownership by the recording of a Declaration of Condominium in the Public Records of Palm Beach County, Florida.

1.9 "Condominium Unit" shall mean and refer to any Dwelling Unit within a Condominium.

1.10 "County" shall mean and refer to Palm Beach County, Florida.

1.11 "Declarant" shall mean and refer to MELROSE PALM BEACH LIMITED, a Florida limited partnership, its successors and assigns, presently having an office located in Broward County, Florida, and any assignee of Declarant's rights hereunder in accordance with Section 15.13 hereof, but only to the extent that such assignment is either (i) made by specific assignment set forth in this Declaration; or (ii) evidenced by an express written assignment of Declarant's rights recorded in the Public Records of the County.

1.12 "Declaration" shall mean this instrument, as it may be amended from time to time.

1.13 "Dwelling Unit" shall mean and refer to all units of residential housing situated upon the Property including an attached or detached single family house or a Condominium Unit.

1.14 "Family" shall mean and refer to (i) a group of natural persons related to each other by blood, or legally related to each other by marriage or adoption, or (ii) a group of persons not so related who maintain a common household on a Lot.

1.15 "FHA" and "VA" "FHA" shall mean and refer to the Federal Housing Administration and "VA" shall mean and refer to the Veteran's Administration (being sometimes hereinafter collectively referred to as "FHA/VA").

1.16 "Improvement" shall mean and refer to all structures or artificially created conditions and appurtenances thereto of every type and kind located within the Property, including, but not limited to, buildings, structures, fixtures, walkways, sprinkler pipes and other apparatus, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, antennas or satellite dishes, signs, and exterior air-conditioning and water-softener fixtures or equipment, if any.

1.17 "Individual Assessment" shall mean and refer to a charge against one or more Owners and their Lots, directly attributable to such Owner(s)' failure to duly perform or breach their obligations or burdens hereunder, and the Association's enforcement of this Declaration against such Owner(s) and/or Lot(s), as further described in Section 6.6 hereof.

1.18 "Institutional Mortgage" shall mean and refer to any bona fide first mortgage encumbering a Lot which was made in favor of Declarant, a bank, mortgage company, insurance company, federal or state savings and loan association, real estate or mortgage investment trust, the Federal National

Mortgage Association, FHA, VA or lender who makes residential mortgage loans in the ordinary course of its business and is generally recognized in the community as an institutional lender.

1.19 "Institutional Mortgagee" shall mean and refer to the holder of any Institutional Mortgage.

1.20 "Lot" shall mean and refer to any residential Lot as shown on a plat, as presently or hereafter recorded or modified, or as shown on any plat waiver or record survey filed with the County, or any parcel of land located within the Property which has been or is intended to be conveyed to an Owner (which definition of Lots shall include Condominium Units) and which contains or is intended to contain one dwelling unit, together with any Improvements which may be constructed thereon.

1.21 "Management Company" shall mean and refer to the person, firm, or other entity employed by the Association as its agent to assist it in fulfilling or carrying out certain duties, powers, obligations or functions of the Association.

1.22 "Master Common Properties" shall mean and refer to the Master Common Property (or any interest therein) as defined in and which are declared as Master Common Properties in this Declaration or in any "Supplemental Declaration" (as hereinafter defined), or those portions of the Property (or any interest therein) which are conveyed to the Association as Master Common Properties, including where the context requires or permits, any "Improvements" (as hereinafter defined) thereon or any personal property owned by the Association and used or useful in connection with the operation of the Master Common Properties. Master Common Properties are for the common use and enjoyment of the Owners, subject to the rights hereunder of Declarant and others. Any portion of the Master Common Properties that is located within a Lot (which Lot is presently existing or created after the creation of the Master Common Properties affecting the Lot) shall only be an interest in easement (non-exclusive) and not fee simple and the Owner of that Lot shall own the fee simple title to said portion of the Lot subject to any Master Common Properties easement(s) within a Lot. Declarant hereby declares the real property described in Exhibit "B" hereto to be the initial Master Common Properties, which consist of the following properties as more particularly described in Exhibit "B".

1.23 "Master Community Association" shall mean and refer to the Melrose at Venetian/Verona Master Association, Inc., a Florida not-for-profit corporation.

1.24 "Master Community Covenants" shall mean and refer to the Master Declaration of Restrictions and Covenants for Melrose at Venetian/Verona, recorded in Official Records Book 11517, Page 1441 of the Public Records of Palm Beach County, Florida, as amended from time to time. Each Owner and Lot is subject to the Master Community Covenants and the jurisdiction of the Master Community Association.

1.25 "Melrose Property Owners Association" shall mean and refer to the Melrose Park Property Owners' Association, Inc., a Florida not-for-profit corporation, the homeowners association responsible for the community known as Melrose Park, as described in that certain Declaration of Protective Covenants, Conditions and Restrictions of Melrose Park, recorded in Official Records Book 3264, Page 278 of the Public Records of Palm Beach County, Florida, as amended from time to time (the "Melrose Declaration").

The Association shall never take any action (i) to amend this Declaration, the Articles or the By-laws, or (ii) to impose any lien, assessment, liability, easement, contractual obligation or use restriction (including rules and regulations) on any portion of the property subject to the terms and conditions of the Melrose Declaration and the jurisdiction of the Melrose Property Owners' Association (the "Melrose Property"), without the prior written consent of the Melrose Property Owners' Association, which may be withheld for any reason. The Association shall indemnify and hold the Melrose Property Owners' Association harmless from any assessments or liens imposed on the Melrose Property by the Master Community Association pursuant to this Declaration which assessment or lien has not been approved by the Melrose Property Owners' Association. The Melrose Property Owners' Association shall have no obligation to approve any assessments or lien. Notwithstanding any other provision of this Declaration, this provision may not be amended.

1.26 "Members" shall mean and refer to any Persons who are entitled to membership in the Association, as provided in Article 3 hereof.

1.27 "Neighborhood Association(s)" shall mean and refer to any homeowner's association, property owner's association, condominium association, or similar entity administering any portion of the Property, from time to time.

1.28 "Neighborhood Covenant(s)" shall mean and refer to any declaration of condominium or any other declaration of covenants, restrictions and easements for recorded or to be recorded in the Public Records of the County encumbering portions of the Property, from time to time.

1.29 "Notice and Hearing" shall mean and refer to written notice and a public hearing, before a tribunal appointed by the Board, at which the Owner charged with a particular offense shall have an opportunity to be heard in person or by counsel at such Owner's expense and as otherwise provided in the Bylaws.

1.30 "Owner" shall mean and refer to a record owner of any percentage of the fee simple interest in a Lot within the Property, including Declarant, but excluding those Persons having an interest in a Lot merely as security for the performance of an obligation. For purposes of Article 10 of this Declaration only, unless the context otherwise requires, the term Owner shall also include the Family, invitees, licensees, lessees and sublessees of any Owner, and any other user or occupant of a Lot. If a Lot is owned by more than one Person, the term Owner shall mean each such Person, jointly and severally.

1.31 "Person" shall mean and refer to any of an individual, corporation, governmental agency, trust, estate, partnership, association, two or more persons having a joint or common interest, or any other legal entity with the legal right to hold title to real property.

1.32 "Plat" shall mean and refer to the Plat of Melrose P.U.D. (Verona Lakes), recorded in Plat Book 87, Page 107, of the Public Records of Palm Beach County, Florida, any amendments thereto and/or replats thereof, together with any additional Plats for any portion of portions of the Property.

1.33 "Residential Property" shall mean and refer to all real property within the Property which is not Master Common Properties, and which is not otherwise dedicated, restricted or limited for non-residential use.

1.34 "Rules" shall mean and refer to the rules and regulations which are duly adopted by the Association from time to time.

1.35 "Special Assessment" shall mean and refer to a charge against all Owners and their Lots, representing their proportionate share of the cost incurred by the Association for: (i) reconstruction on the Master Common Properties pursuant to the provisions of this Declaration; (ii) installation or construction of any capital improvements on any portion of the Master Common Properties which the Association may from time to time authorize; or (iii) any other extraordinary expense of the Association, including, but not limited to, amounts necessary to pay shortages in Common Expenses of the Association after collections of Common Assessments, as all are further described in Section 6.7 hereof.

1.36 "Supplemental Declaration" shall mean and refer to any declaration of covenants, restrictions and easements which may be recorded by Declarant for the purpose of supplementing or amending this Declaration.

1.37 "Surface Water Management System" shall mean and refer to the collection of devices, improvements, or natural systems whereby surface waters are controlled, impounded or obstructed. This term includes exfiltration trenches, wetland preservation areas, mitigation areas, lakes, dams, impoundments, reservoirs, drainage maintenance easements and those works defined in Section 373.403(1)-(5) of the Florida Statutes.

The foregoing definitions shall be applicable to this Declaration, as amended from time to time, and also to any Supplemental Declaration, unless specifically stated to the contrary herein or therein.

ARTICLE 2

OWNER'S PROPERTY RIGHTS; EASEMENTS

2.1 Owner's Easements of Enjoyment. Every Owner shall have a non-exclusive, common right and easement of ingress and egress and of enjoyment in, to and over, and use of, the Master Common Properties, which shall be appurtenant to and shall pass with title to every Lot, subject to the following conditions provided, however, that none of the following shall deny the rights of ingress and egress granted in this Declaration and to the extent they attempt to deny any rights of ingress and egress, they shall not be of any force or effect:

A. The right of the Association to reasonably limit the number of guests or invitees of Owners using the Master Common Properties at any one time.

B. The right of the Association to establish Rules pertaining to the use of the Master Common Properties, including, but not limited to, the right and obligation of the Association to enforce all parking and other restrictions within the Master Common Properties.

C. The right of the Association, in accordance with the Articles, Bylaws and this Declaration, with the vote or written assent of Members entitled to cast sixty-seven (67%) percent of the votes of Members in the Association, to borrow money for the purpose of improving the Master Common Properties, in aid thereof, to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such mortgagee shall be subordinate to the use rights of the Owners.

D. Provided a court order has been obtained by the Association, the right of the Association to suspend the right of an Owner to use the Master Common Properties (except for purposes of ingress and egress) for any Owner, except Declarant in accordance with the terms and conditions of the court order and, for: (i) any period during which any Assessment against an Owner's Lot remains unpaid and delinquent; and (ii) a period not to exceed thirty (30) days for any other single infraction of this Declaration or the Rules of the Association, provided that any suspension of such rights to use the Master Common Properties based upon infractions other than non-payment of Assessments shall be made only by the Board after Notice and Hearing as provided in the Bylaws.

E. The right of the Association or Declarant to dedicate, grant, release, convey, alienate or transfer all or any part of the Master Common Properties to any public agency, authority, utility or private party or entity, including but not limited to the Neighborhood Association(s).

F. The right of Declarant (and its sales agents, customers and representatives) to the non-exclusive use of the Master Common Properties and the facilities thereof, without charge, including ingress and egress, as necessary, for purposes of sales, marketing, advertising, display, signs, access, construction, development and any other activities or purposes.

G. The right of the Association, Declarant to construct, replace or refinish any Improvement or portion thereof upon the Master Common Properties, in accordance with the provisions of this Declaration.

H. The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Master Common Properties.

I. The rights of the Master Community Association and its members as set forth in the Master Community Covenants and this Declaration.

J. The right of the Association or Declarant to grant such other easements over the Master Common Properties as Declarant deems appropriate, which easements shall be joined in or similarly granted by the Association as requested by Declarant or sought by the Association.

Anything to the contrary herein notwithstanding, no action authorized in the lettered paragraphs above shall be taken which in any fashion impairs or limits (i) Declarant's rights hereunder without the prior written consent of Declarant, as long as Declarant owns any portion of the Property.

2.2 Delegation of Use. Any Owner may delegate his right of enjoyment to the Master Common Properties and facilities to the members of the Owner's Family, in accordance with the Bylaws. Any Owner may so delegate such rights to the Owner's tenant(s) who reside on the respective Lot, subject to the Rules and other reasonable regulations imposed by the Board.

2.3 Waiver of Use No Owner may be exempt from personal liability for Assessments duly levied by the Association, or cause a release of the Lot owned by the Owner from the liens and charges hereof, by waiver of the use and enjoyment of the Master Common Properties or by abandonment of the Owner's Lot.

2.4 Title to the Master Common Properties. Within a reasonable time after control of the Association is turned over to the Owners other than Declarant, or sooner at the option of Declarant, Declarant shall convey to the Association by quit-claim deed the fee simple title (or appropriate interest therein) of the Master Common Properties and the Association shall be bound to accept said conveyance without the joinder to such deed. As described in Section 1.22 hereof, Declarant, and thereafter the Association, shall hold title to the Master Common Properties for the benefit of those Persons entitled to use same under the provisions hereof. The Master Common Properties shall be free and clear of all mortgages at the time of conveyance to the Association, and the Association shall not be personally liable for payment of any debt secured by such mortgage(s). The Association is obligated to accept any and all conveyances to it by Declarant of a fee simple title, easement or lease to any portion of the Master Common Properties and the personal property and improvements appurtenant thereto, subject to the terms and provisions of this Declaration. At the time of any such conveyance, the Association shall be required to accept such portion of the Master Common Properties and the personal property and Improvements appurtenant thereto "AS IS," without any representation or warranty, expressed, implied, in fact or by law, as to the condition or fitness thereof.

2.5 Access. Declarant reserves unto itself, including its designees from time to time, and hereby grants to the Association, and all Owners, including their respective tenants, guests and invitees, perpetual, non-exclusive easements of ingress and egress over and across any private roads, sidewalks, access ways and parking areas constructed on the Master Common Properties from time to time, it being the specific intent of the Declarant to hereby grant perpetual, uninterrupted and contiguous access for ingress and egress to and from Lots and to and from dedicated rights of way.

2.6 Utilities. The Property shall be subject to such non-exclusive easements as may be determined in the sole discretion of Declarant for utilities, including, but not limited to, water, sewer, telephone, electric and cable television,

as may be reasonably required to properly and adequately serve the Property or other portions of the Project as it exists from time to time, provided, however, that no such easements shall exist so as to unreasonably interfere with the use of the portions of the Property subject to same or so as to cause any encroachments of such easements upon any buildings or other Improvements, wherever said buildings or other Improvements may be located from time to time. Declarant reserves the right to locate water, sewer, gas, electric and other utility meters serving any building or other facilities in one common location on one Lot, and in that event an easement shall exist for the common meters so constructed, and any wires, pipes, or other facilities connecting such meters to the Lots and for the maintenance and repair of the foregoing and for the reading of such meters. Each of said easements, whether now in existence or hereafter created, shall constitute covenants running with the Property and, notwithstanding any other provisions of this Declaration, may not be substantially amended or revoked in such a way as to unreasonably interfere with the proper and intended use thereof.

2.7 Declarant. Declarant hereby reserves such non-exclusive easements as are necessary (in Declarant's reasonable discretion) over, under, through and across the Property in order to exercise its rights hereunder and otherwise construct, develop and market the Property, including but not limited to the installation of any and all entry features, signage, monuments, landscaping features, perimeter walls and/or entry walls. Without limiting the generality of the foregoing, Declarant hereby specifically reserves the right to install or place within the Property, any and all marketing, advertising or decorative features, or any other items in Declarant's sole and absolute discretion, including but not limited to fountain(s) or dock(s) within the lake, if Declarant elects to install or place same in Declarant's sole and absolute discretion. Unless Declarant conveys such item(s) to the Association, such item(s) shall remain the sole property of Declarant and Declarant shall have the right, but not the obligation, to remove all or any one of said item(s), at any time, including but not limited to the fountain(s) or dock(s) in the lake, if any. The Property shall be subject to any and all such easements deemed necessary by Declarant, provided, however, that no such easements shall exist so as to unreasonably interfere with the use of the Property subject to same or so as to cause any encroachments of such easements upon any buildings or other Improvements wherever said buildings or other Improvements may be located from time to time. Any easement rights created by this Declaration, generally or specifically, in favor of Declarant may be assigned by Declarant, partially or otherwise, without the consent or joinder of the Association, or the Owners. Furthermore, Declarant reserves the exclusive right, but not the obligation, to install, from time to time, improvements within the Master Common Properties

consisting of walls, buffers, fences or gates, or other similar Improvements, in Declarant's sole and absolute discretion.

2.8 Water Use. Declarant reserves unto itself the right to withdraw water from all lakes or water retention areas within the Property at any time for the purpose of irrigation, subject to Declarant and/or Association obtaining permits from local, city and state governing authorities, of any or all portions of the Property. Any rights created hereby may be assigned by Declarant, partially or otherwise, without the consent or joinder of the Association or the Owners.

A. Certain Lots are situated so that the boundaries thereof lie adjacent to the lakes or water retention areas located within the Property. A non-exclusive easement is hereby created over the applicable and necessary portions of the adjacent portions of the Common Properties in favor of such Owner and its Lot, to draw water from the lake and/or water retention areas for the purpose of irrigation of such Owner's Lot. In addition, a non-exclusive ingress, egress and access easement is hereby created in, on, under and over the applicable and necessary portions of the adjoining portion of the Common Properties, in favor of such Owner and its Lots, as necessary for the maintenance, repair and/or replacement of the irrigation system. The easement granted herein shall be subject to any Improvement constructed within the Common Properties and Lots, as permitted by controlling governmental authorities from time to time, and such easements shall not unreasonably interfere with the Declarant's or the Association's (including their respective agents, assigns or other designees) intended or permitted use of the Common Properties.

2.9 Services. Declarant hereby grants to courier or delivery services, pick-up and fire protection services, police and other authorities of the law, United States mail carriers, representatives of electrical, telephone, water, sewer, garbage collection and any other municipal services, cable television and other utilities authorized by Declarant to service the Property, and to such other persons as Declarant from time to time may designate, the non-exclusive, perpetual right of ingress and egress over and across the Master Common Properties for the purposes of performing their authorized services and investigation.

2.10 Lot Line Encroachments/Roof Overhang Easements Certain dwellings and other Improvements constructed on Lots may be situated so that a portion thereof, including, without limitation, any exterior wall of such dwelling, fences, driveways, roof overhangs or gutters, may be located upon, immediately adjacent to, overhang, or encroach upon the boundary line (as well as that portion of the adjoining Lot or Master Common Properties subject to such encroachment) between the Lot upon which said dwelling is located and either an adjoining Lot or a portion

of the Master Common Properties. In all such cases, said adjoining Lot or portion of the Master Common Properties shall be subject to an easement and appurtenant rights, including the right of ingress and egress, storm water runoff and drainage in favor of the encroaching Lot and its respective Owner, which easement and appurtenant rights shall be for the purpose of (a) permitting the existence of the encroachment including, but not limited to, storm water runoff from the roofs, roof overhangs and gutters and drainage for said runoff, and (b) 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 2.10 unreasonably interfere with the use of the Lot subject to same.

2.11 Association. Non-exclusive easements are hereby granted in favor of the Association throughout the Property as may reasonably be necessary for the Association to perform its services required and authorized hereunder, so long as none shall unreasonably interfere with the use of any Lot. Furthermore, an easement is hereby granted in favor of the Association, including its agents and designees, for purposes of carrying out all obligations and/or rights of the Association pursuant to the Declaration, including but not limited to, the functions of the Association contained in Article 5 hereof. Furthermore, a non-exclusive easement is hereby created over, under and across all private roads, utility easements and drainage easements located on any Lot, whether now existing or hereafter created and under, over and across all Master Common Properties, including but not limited to all utility easements and drainage easements contained on the Plat, which easement is in favor of the Association, including its agents and designees, in perpetuity, to utilize for all proper purposes of the Association.

2.12 Cross Easements for Drainage. Non-exclusive cross easements for drainage pursuant to the water management system created by Declarant and its predecessors as maintained, improved, repaired and/or replaced by the Lake Worth Drainage District, the South Florida Water Management District and/or the Association in compliance with the applicable governmental regulations is hereby granted to each Owner of any portion of the Property.

2.13 Drainage Easements. An easement for drainage and flowage over, under and upon the Property is hereby granted in favor of the Association and each of the Owners, which shall include but shall not be limited to, reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair the water drainage system and flowage pipes.

2.14 Execution. If and to the extent that the creation of any future easements (exclusive or non-exclusive), deemed necessary by Declarant for any purpose it deems appropriate in its sole discretion, including but not limited to, access, ingress and egress, emergency access, utilities, drainage, water and sewer, gas, cable television and related uses, electric and telephone, requires the joinder of any Owner(s), then Declarant may, by its duly authorized officers, as the agent or the attorney-in-fact for the Owners, execute, acknowledge and deliver such instruments required to create such easements, so long as said easements do not encroach upon any buildings. The easements may be created upon any portion of the Property including but not limited to Lots and Master Common Properties and shall be valid and effective whether created before or after Declarant has conveyed title to any portion of the Property so affected and said easements shall not require the joinder of any Owners, Mortgagees, the Association or any other party holding an interest in the Property affected. The Owners, by the acceptance of deeds to their Lots, irrevocably nominate, constitute and appoint Declarant, through its duly authorized officers, as their proper and legal agent or attorney-in-fact for such purpose. This appointment is coupled with an interest and is therefore irrevocable. Any such instrument executed pursuant to this Article shall recite that it is made pursuant to Article 2 of this Declaration.

2.15 Access Easement. A perpetual non-exclusive easement is hereby granted to the Melrose Park Property Owners Association, its members, guests and invitees, for the purpose of pedestrian and vehicular ingress, egress, and access, over and across that certain property more fully described on Exhibit "F" attached hereto and made a part hereof (the "Melrose Easement Area") which easement rights granted hereunder shall be for the sole purpose of providing ingress, egress and access from that portion of Talway Circle located within the Melrose Park community (as more fully depicted on the Plat of Melrose Park Section 1, recorded in Plat Book 41 Pages 22 through 26 of the Public Records of Palm Beach County, Florida) over and across the Melrose Easement Area to Lyons Road.

2.16 Survival. Any and all easements, licenses, or other rights granted or reserved pursuant to this Article 2 shall survive any termination of this Declaration.

ARTICLE 3

MEMBERSHIP IN ASSOCIATION

3.1 Membership Every Owner of a Lot, including Declarant, shall be a Member of the Association (hereinafter referred to as the "Membership"). Membership in the Association, except for Membership of Declarant, shall be

appurtenant to and may not be separated from the Lot. Except as to Declarant, ownership of a Lot shall be the sole qualification for Membership in the Association.

3.2 Co-Ownership of Lots. When more than one Person owns an interest in any Lot (a "Co-Owner"), all such Co-Owners shall be Members, but only one such Co-Owner shall be entitled to exercise the vote to which the Lot is entitled. All Co-Owners of each Lot shall designate in writing to the Secretary of the Association one of their number to so vote the interests of their Lot. Fractional votes shall not be allowed. The vote for each Lot shall be exercised as a single vote or not at all. Except if a Lot is owned jointly by a husband and wife, where no voting Co-Owner is designated, the Lot shall not be entitled to vote until one individual is designated by all Co-Owners to vote the interests of the Lot. If a unit is owned jointly by a husband and wife, they may, without being required to do so, designate a Voting Member, as more fully set forth in the Bylaws. The nonvoting Co-Owner(s) shall be jointly and severally responsible for all of the obligations imposed upon the Lot and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting procedures established herein, or in the Bylaws, shall be binding on all Co-Owners, their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in this Declaration, any Supplemental Declaration, and in the Articles and Bylaws (to the extent applicable). If a Lot is owned by a corporation or other entity, the individual entitled to vote for the Lot shall be designated by a certificate signed by an appropriate officer or agent of the entity and filed with the Secretary of the Association.

ARTICLE 4

VOTING RIGHTS

4.1 Classes of Voting Membership. The Association shall have two (2) classes of Members, each with voting rights as follows:

Class A. Class A Members shall be all Owners, including Declarant. Class A Members shall be entitled to one (1) vote, in accordance with the Bylaws, for each Lot they own.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to one (1) vote, plus two (2) votes for each vote which the sum of all Class A Members are entitled to cast at any time, thus giving the Class B Member approximately a 2/3 majority of votes in the Association. The Class B Membership shall cease upon the first to occur of the following:

(1) the date which is ten (10) years from the date upon which this Declaration is recorded in the Public Records of the County; or

(2) the date on which Declarant ceases to own at least twenty-five (25%) percent of the Lots; or

(3) termination of the Class B Membership by resignation of all Declarant-appointed directors and delivery to the Secretary of the Association of a certificate in recordable form, signed by Declarant and stating that Declarant elects to terminate the Class B Membership.

4.2 Termination of Class B Membership. Upon termination of the Class B Membership, Declarant shall retain any voting rights it may have as a Class A Member.

ARTICLE 5

FUNCTIONS OF THE ASSOCIATION

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

5.2 Required Services. In addition to those other responsibilities specified in the Articles 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, restoration, repair, replacement and all other maintenance of the Master Common Properties, and all Improvements thereon, as and when deemed necessary by the Board, including but not limited to all recreational facilities and buildings, entry features, wing walls and signage, perimeter wall, if any, guardrails, if any, located within the Master Common Property.

B. Maintenance and care for all landscaped areas within the Master Common Properties, including but not limited to, all landscaping within the medians and islands within the Private Roads, [excluding those portions of Master Common Properties and swales lying adjacent to and contiguous to Lot(s), all of which are the maintenance responsibility of the Owner(s) pursuant to and more

particularly described in Section 9.1 hereof], Lake(s), including any lake maintenance easements contained therein [excluding lake maintenance easements on Lot(s)], Buffer Parcels, Open Spaces and Entry Parcels, together with maintenance and care for all landscaped medians and islands, entry features, signage, decorative roadway (such as pavers or stamped concrete) and other items within the public roadways (including Dedicated Roads), and maintenance of irrigation equipment wherever placed within the Master Common Properties to the extent irrigation facilities have been installed by Declarant. The Board shall be entitled to determine, in its sole discretion and without notice to any Owner, the time of day or night that various portions of the Master Common Properties will be irrigated.

C. Maintenance of any and all streets and roads, lakes, waterways and water bodies, sidewalks, paths, parking areas and entry features, entry gates, guardhouses, gatehouses, signage, monuments and all similar improvements, road and Lot drainage, including curbs, gutters, storm sewers and swales, throughout the Master Common Properties which have not been dedicated to the public or any governmental or quasi-governmental body or conveyed or transferred to any public agency, authority, utility, homeowners association or private party or entity, including but not limited to the Neighborhood Association(s) and the Melrose Park Property Owner's Association, Inc.

D. Payment of ad valorem and commercial personal property taxes, if applicable, with respect to the Master Common Properties, both prior to and after conveyance of same by Declarant to the Association. This provision for payment of taxes prior to conveyance of legal title is fair in light of the Members' use and benefit of such property by virtue of easements created herein.

E. Operation of the Master Common Properties in accordance with the Rules and other standards adopted by the Board from time to time, both prior to and after conveyance of same by Declarant to the Association.

F. Taking any and all actions necessary to enforce all covenants, restrictions and easements affecting the Property and performing any of the functions or services delegated to the Association in any covenants, conditions or restrictions applicable to the Property, or in the Articles or Bylaws.

G. Conducting business of the Association, including arranging for ancillary administrative services such as legal, accounting and financial, and communication services such as informing Owners of activities, notice of meetings, and other important events.

H. Purchasing insurance as may be required hereby or by the Bylaws and any other insurance to the extent deemed necessary or desirable by the Board.

I. Acceptance of any instrument of conveyance with respect to any Master Common Properties delivered to the Association by Declarant.

J. Maintenance of the Tract C Lake in accordance with that certain Lake Easement Agreement recorded in Official Records Book 9064, page 1979, of the Public Records of Palm Beach County, Florida, and any subsequent amendments thereto, and pursuant to additional agreements entered into by Declarant and/or the Association relating to the Tract C Lake, and any expansions thereof.

K. Maintenance and care of any landscape plantings, paver blocks and other similar improvements located in the concrete cutouts within the concrete median of SR 7 road Right-of-way as set forth in Paragraph 24 of Resolution No. R-99-1223 (the "Resolution") which maintenance shall include, but shall not be limited to, pruning, fertilizing and irrigation to the cutout areas, and shall be subject to the standards set forth by the Palm Beach County Streetscape Standards, and any Right-of-Way; Concrete Median Cutout; Landscape and Paver Block Installation Agreement; and Maintenance, Removal and Indemnification Agreement entered into by Declarant pursuant to Paragraph 24 of the Resolution.

L. Maintenance and care of all new and existing landscaping located within the adjacent median of State Road 7 Right-of-Way as set forth in Paragraph 25 of the Resolution, which maintenance shall include, but shall not be limited to, pruning, fertilizing, irrigation and alternative watering of xeriscape material during periods of drought in order to maintain healthy plant material, and shall be subject to the standards set forth by the Palm Beach County Streetscape Standards and any Right-of-Way; Landscape Maintenance Removal and Indemnification Agreement entered into by Declarant pursuant to Paragraph 25 of the Resolution.

M. Assuming and performing all perpetual maintenance obligations contained within the Resolution or any other governmental and/or quasi-governmental Agreement relating to the Property which have been assigned by the Declarant to the Association.

N. In the event Declarant elects to, in its sole and absolute discretion, to locate, construct, create and/or install mitigation upon the Property, Association shall monitor and maintain the Mitigation Area pursuant to and

specifically in accordance with the requirements and restrictions contained in the applicable governmental and/or quasi-governmental permits, and any applicable or governmental or quasi-governmental authority from time to time.

5.3 Authorized Services. The Association shall be authorized, but not required, to provide the following functions and services and shall have easement rights necessary to perform same:

- A. Lighting of roads, sidewalks, walks and paths throughout the Property;
- B. Fire protection and prevention;
- C. Garbage and trash collection and disposal;
- D. Conducting recreation, sport, craft and cultural programs of interest to Owners, including their families, tenants, guests and invitees;
- E. Protection and security, including, but not limited to, the employment of stationary or patrolling security guards within the Property and operation of a guardhouse (manned and/or unmanned);
- F. Maintenance of electronic and other surveillance devices, including security gates;
- G. Installation, operation and maintenance of cable television facilities including but not limited to Bulk Cable Television Service Agreement, or other communication systems throughout the Property;
- H. Such other services as are authorized in the Articles or Bylaws;
- I. Cleanup, landscaping, maintenance, dredging; water treatment or other care of water bodies, roads or other property (public or private) adjacent to 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;
- J. Dedicate, grant, release, convey, alienate or transfer all or any part of the Master Common Properties, including but not limited to any lake, water body or roadway, or any portion thereof, at any time, to any public agency, authority, utility, homeowners association or private party or entity, including but

not limited to the Neighborhood Association(s) and the Melrose Park Property Owners Association, Inc.

K. Emergency repairs and other work throughout the Property reasonably necessary for the proper maintenance and operation of the Project.

5.4 Surface Water Management and Drainage The surface water management and drainage system for the Property is part of one integrated system, is initially owned by the Declarant and will be owned in the future by the Association as part of the Master Common Properties. An easement is hereby created over the Master Common Properties and over all drainage easements throughout the Property whether now or hereafter existing, in favor of the Association, including its agents or other designees, for surface water drainage and for the installation and maintenance of the surface water management and drainage system for the Property; provided, however, that such easement shall be subject to Improvements constructed within the Property as permitted by controlling governmental authority from time to time. The surface water management and drainage system shall be developed, operated and maintained in conformance with the requirements of the Lake Worth Drainage District (the "LWDD") and/or any other controlling governmental authority. The Association shall maintain the entire surface water management and drainage system within the Property including any portion thereof owned but not maintained by the LWDD or the South Florida Water Management District (hereinafter the "SFWMD"). Upon presentation by the Declarant, the Association shall immediately execute all necessary documentation required to be executed by any governmental or quasi-governmental agency, evidencing that the Association shall assume the maintenance responsibilities of the entire surface water management and drainage system. Notwithstanding the foregoing, the Association will have the right but not the obligation, to maintain any Property which is owned and/or maintained by the LWDD or the SFWMD or any other controlling governmental authority subject to the requirements of the LWDD or the SFWMD.

(a) Any proposed amendment to this Declaration, which would affect the surface water management and drainage system, environmental conservation areas, if any, or water management portions of the common areas must be submitted to the SFWMD to determine whether the proposed amendment necessitates a modification of the Surface Water Management Permit (the "Permit"). After a review of the proposed amendment, the SFWMD will advise the Association if a modification of the permit is necessary. The Permit and its conditions shall be attached to the Rules as an Exhibit thereto. The Registered agent for the Association shall maintain copies of all further permitting actions for the benefit of the Association.

(b) The SFWMD, the Association and all other appropriate governmental authorities shall have easements for ingress and egress for and over the Surface Water Management System and other areas reasonably needed for ingress and egress to the Surface Water Management System to enforce and carry out the requirements of the Association and other governmental authorities, and to carry out the SFWMD Permit requirements and other applicable governmental requirements relating to the Surface Water Management System.

5.5 Irrigation System. A non-exclusive easement is hereby created over the applicable and necessary portions of the Property in favor of the Association, including its agents or other designees, for the installation and maintenance of the irrigation system for the Property and/or Master Common Properties; provided, however, that such easement shall be subject to Improvements constructed within the Master Common Property and Lots as permitted by controlling governmental authority from time to time, and provided that such easement shall not unreasonably interfere with the Declarant's or any Owner's (including their respective agents or other designees) intended or permitted use of the Property.

5.6 Actions by Association. Anything herein to the contrary notwithstanding, no general funds of the Association shall be utilized for bringing, supporting, investigating or otherwise abetting any legal action, claim or extra-judicial action except for (i) imposition, enforcement and collection of Assessments, including lien rights, pursuant to Article 7 hereof, (ii) collecting of debts owed to the Association, (iii) bringing any contest or appeal of tax assessments relating to any property owned by the Association, (iv) actions brought by the Association to enforce the provisions of this Declaration, and (v) counterclaims brought by the Association in proceedings instituted against it, unless such legal action, claim or extra-judicial action shall be specifically approved for such purposes by 51% of the total votes of all Members of the Association in existence at any time. If the Association's actions have been approved by the Members in accordance with this Section 5.6, all expenses incurred shall be deemed Common Expenses. In any action brought by or against the Association, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party. This Section 5.6 may not be amended.

5.7 Survival. Any easement rights granted or reserved under Sections 5.4, 5.5 and 5.6 above shall survive any termination of this Declaration.

ARTICLE 6

COVENANT FOR ASSESSMENTS

6.1 Obligation for Assessments. Each Owner of any Lot located within the Property, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, to pay to the Association (1) annual Common Assessments for Common Expenses, (2) Individual Assessments, (3) Special Assessments, and (4) Master Assessments, hereinafter collectively described as the "Assessments." All Assessments are to be imposed and collected as hereinafter provided. The obligation of each such Lot and Owners thereof for its respective Assessments shall commence the day on which title to the Lot is conveyed by Declarant to the first purchaser thereof and shall be prorated from such date.

All Assessments, together with interest, costs, late charges and reasonable attorneys' fees for the collection thereof, shall be a charge on each Lot located within the Property (except for Declarant-owned Lots) and shall be a continuing lien thereon as more particularly described in Article 7 hereof. Each Assessment, together with interest, costs, late charges and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the Assessment fell due. Subject to the provisions of this Declaration protecting Institutional Mortgagees, the personal obligation for delinquent Assessments shall be the joint and several obligation of such Owner and the successors-in-title to such Owner.

6.2 Common Assessments. The Common Assessments levied by the Association shall be used exclusively to pay Common Expenses. Disbursements shall be made by the Board of Directors for such purposes as are deemed necessary for the discharge of its responsibilities herein for the common benefit of the Owners and to reimburse Declarant for any start-up expenses advanced by Declarant.

6.3 Amount of Common Assessments; When Payable. At least forty-five (45) days prior to the beginning of each fiscal year, the Board of Directors shall prepare, adopt and distribute to the Neighborhood Associations, for distribution to the Members, and to each Owner who is a Member of the Association, but not a member of a Neighborhood Association (hereinafter referred to as a "Direct Member"), a written, itemized, estimated budget of the Common Expenses to be incurred by the Association during the coming year in performing its functions under this Declaration. The annual Common Assessment for each Lot shall equal the amount of the estimated operating budget, as adopted pursuant to the Bylaws (less any surplus or plus any deficit from prior years), divided equally by all Lots

subject to this Declaration. On or before the date each Common Assessment is due, each Direct Owner shall pay to the Association the Common Assessment due for their respective Lot, and each Neighborhood Association shall pay to the Association an amount equal to the Common Assessment per Lot multiplied by the number of Lots within the respective Neighborhood Association(s) then owned by Owners (other than Declarant). From time to time during the fiscal year, the Board may modify the budget for the fiscal year and, upon written notice to the Neighborhood Associations and Direct Owners, change the amount, frequency, or due dates of Common Assessments, subject to the limitations and provisions set forth in Section 6.4 hereof. Subject to the right of the Association to accelerate Assessments for delinquencies as provided herein, annual Common Assessments shall be payable in equal quarterly installments unless determined by the Board, from time to time, to be payable more or less frequently. In the event any Assessments for Common Expenses are made payable in equal periodic payments, as provided in the notice from the Association, such periodic payments shall automatically continue to be due and payable in the same amount and frequency unless and until (i) the notice specifically provides that the periodic payments will terminate or change upon the occurrence of a specified event or date or the payment of the specified amount, or (ii) the Association notifies the Owner in writing of a change in the amount and/or frequency of the periodic payments. In no event shall any assessments for Common Expenses be due less than ten days from the date of the notification of such Assessments. The budget and Assessment procedure shall be further subject to the provisions of the Bylaws. It shall be the obligation of the Neighborhood Association(s) to collect the Common Assessments from Owners which own Lots within the Neighborhood Association (other than Declarant), however, notwithstanding whether the Neighborhood Association(s) collect all or any portion of the Common Assessments from Owners (other than Declarant), the Neighborhood Association(s) shall be obligated to timely pay to the Association the proper amounts of the Common Assessments as provided above.

6.4 Maximum Annual Assessment Rate. The maximum annual Common Assessment on a Lot (which does not include any Individual Assessments, Special Assessments or Master Assessments) shall not exceed \$200.00 quarterly, (or \$66.66 per month); except that (i) the Board may, by a majority vote thereof, increase said maximum amount by an amount up to but not more than five (5%) percent over the Annual Common Assessment for the then preceding year, and (ii) any increase in excess of said five (5%) percent limit may be made if same is approved by a vote of at least 67% of each class of Members, at a meeting called for such purpose with at least 60% of the votes of the Members being represented at such meeting in person or by proxy after not less than fourteen (14) days, nor more than sixty (60) days prior notice thereof. If such 60% quorum requirement is not met, a second meeting

may be called by giving notice the same number of days in advance as the first meeting but with the quorum requirement for such meeting to be reduced to 30%.

6.5 Declarant Funding of Deficit. Until such time as Declarant no longer owns any portion of the Property, or until Declarant notifies the Association in writing that Declarant elects to pay Common Assessments for Common Expenses, as in the case of any other Owner, Declarant shall not be liable for Common Assessments for Common Expenses for any Lots owned by Declarant, but in lieu thereof, Declarant shall be responsible for all Common Expenses in excess of: (i) the Common Assessments for Common Expenses receivable from the other Owners; and (ii) the "Contribution" (as defined in Section 6.14 hereof) receivable from the other Owners. During such period when Declarant is not liable for Common Assessments for Common Expenses for Lots owned by Declarant, the Common Assessments for Common Expenses shall be established by Declarant based upon Declarant's good faith estimate of what the expenses of the Association would be if all Lots within the Property were improved, so that Common Assessments for Common Expenses during such period will be approximately what said Common Assessments would be if the development of the Property, as contemplated by Declarant, was complete. Such obligation of Declarant shall be deemed a Common Assessment and if Declarant fails to pay same, then the Association shall have all of the remedies for collection provided in this Declaration. During such period when Declarant is electing to fund the Common Expenses in excess of the Common Assessments for Common Expenses, Declarant shall not be obligated to deficit fund any reserves.

6.6 Individual Assessments. Any maintenance, repair, or replacement within the Property arising out of or caused by the act or failure to act of an Owner and/or the Owner's failure to fulfill any obligations contained in this Declaration, including the Owner's family, tenants, guests or invitees, shall be effected at the Owner's expense and an Individual Assessment therefore shall be made against the Owner's respective Lot, to the extent proceeds of insurance are not collected with respect to such loss. Additionally, any fine imposed by the Board in accordance with the Bylaws or other expense of the Association incurred as a result of any Owner's failure to comply with the provisions of this Declaration, the Articles, Bylaws, or Rules, shall be charged to such Owner and the Owner's respective Lot as an Individual Assessment.

6.7 Special Assessments. In addition to the Common and Individual Assessments authorized above, subject to the provisions in Section 6.9 below, the Board may levy at any time, in accordance with the Bylaws, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a structure or capital Improvement, upon the Master Common Properties, including fixtures and personal property related

thereto, or for defraying any other Common Expenses of the Association not originally budgeted, including shortfalls in Common Assessments. No action authorized in this Section 6.7 shall be taken without the prior written consent of Declarant as long as Declarant owns any Property. Such consent may be granted on the condition that the Special Assessment only be applied to Owners and Lots other than Declarant and Declarant-owned Lots, in which event Declarant and Lots owned by them shall be exempt from such Special Assessment. Special Assessments are not covered by Declarant's funding of the deficit set forth in Section 6.5 hereof.

6.8 Master Assessments. Unless and until such time that the Master Community Association requires otherwise, the Board shall collect as part of the Association's budget the amounts due from time to time to the Master Community Association as provided in the Master Community Covenants and such amounts shall be Assessments, as defined herein. The Master Assessment shall be payable in the same manner as Common Assessments.

6.9 Notice and Approval for any Special Assessment. Written notice of any meeting of Members called for the purpose of authorizing a Special Assessment, or as part of an annual meeting of Members, shall be sent to all Members not less than fourteen (14) days, nor more than sixty (60) days, in advance of the meeting. If the required quorum is not present (which for this purpose is 30% of the votes of the Members being represented at such meeting in person or by proxy), such meeting may be rescheduled, subject to the same notice requirement but with the quorum requirement reduced to 25% of the votes of the Members being represented at such meeting in person or by proxy. No such subsequent meeting shall be held more than sixty (60) days following the preceding scheduled meeting. Any Special Assessment approved by a vote of at least 67% of each class of members at such meeting shall be assessed as provided below. Notwithstanding anything herein to the contrary, approval need not be obtained for any Special Assessment for (i) the replacement or repair of a previously existing improvement (including, but not limited to landscaping) on the Master Common Properties, (ii) repairs of the Master Common Properties if destroyed or damaged, (iii) fulfillment of the mitigation requirements, if any; or (iv) the operation, maintenance and repair of the Surface Water Management System.

6.10 Proportionate Share of Assessment. Common Assessments and Special Assessments provided for in this Article 6 shall be allocated and assessed equally among all Lots required to make such payments pursuant to Section 6.3 hereof, as determined by the Board.

6.11 Financial Reports. Within sixty (60) days following the end of each fiscal year, the Board of Directors shall cause to be prepared an annual balance sheet and operating statement reflecting income and expenditures of the Association for the preceding fiscal year, and shall cause to be distributed a copy of each such statement to each Direct Owner and to each Neighborhood Association for distribution to Members, and to each Institutional Mortgagee who has filed a written request for copies of the same with the Board. Such financial report shall be, at a minimum, reviewed and certified by an independent certified public accountant, and, at the election of the Board, may be audited.

6.12 Assessment Roster and Notices. The Association shall maintain a roster of the amount of all Assessments against each Lot, which shall be calculated in accordance with this Article 6. The roster shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of such Assessments and the due date(s) thereof shall be sent to each Neighborhood Association for distribution to Members. The Association shall, upon reasonable request of any Owner, furnish to such Owner or any prospective purchaser or the purchaser's mortgagee a certificate in writing signed by an officer of the association setting forth the amount of current Assessments and whether any delinquencies exist. Such certificate may be relied upon by any prospective purchaser or mortgagee named in the certificate and, as to such purchaser or mortgagee shall be conclusive as to the information set forth therein.

6.13 Due Dates for Special or Individual Assessments. Any Individual Assessment or Special Assessment shall be payable pursuant to written notice to each Owner by the Board, unless any such Assessment is deemed by the Association to be of an emergency nature, in which case such Assessment shall be payable within ten (10) days after notice thereof.

6.14 Initial Start-Up Contributions. Upon the first conveyance of each Lot and completed residence by Declarant, or by any other builder or developer constructing residences in the ordinary course of business, to any Person, other than an Institutional Mortgagee acquiring title by foreclosure or deed in lieu of foreclosure, the purchasing Owner shall pay to the Association as an initial start-up contribution ("Contribution"), a sum as determined by the Board from time to time, however, not to exceed the sum equal to three months of Assessments. The Contribution shall not be considered an advance payment of Assessments and shall be placed in the general operating fund of the Association so that the Association will have funds available to be used by the Association for start-up expenses or otherwise as the Association shall determine from time to time in its sole discretion, including reimbursement of various expenditures of Declarant or other builders or developers constructing residences upon the Property.

6.15 Collection from Owners. In the event any Neighborhood Association fails or refuses to pay Common Assessments to the Association, the Association shall have the right, but not the obligation, upon written notice to the Owner(s) who are members of the Neighborhood Association, to collect the Common Assessments directly from the Owner(s). In that event, until notice to the contrary from the Association, each such Owner shall be required to pay its share of the Common Assessment payable by the Neighborhood Association, directly to the Association, plus an administrative fee established by the Association not to exceed ten percent (10%). If any such Owner fails or refuses to pay such sums, all of the provisions of this Declaration for the enforcement of the collection of Common Assessments shall apply.

ARTICLE 7

EFFECT OF NON-PAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION

7.1 Effect of Non-Payment of Assessments; Remedies of the Association. A lien is hereby imposed upon each Lot to secure the payment of all Assessments now or hereinafter imposed on the Lot by the Association (the "Assessment Lien"). The Assessment Lien shall relate back to and be effective from the date hereof, and shall include all costs of collection, including reasonable attorneys' and legal assistants' fees and costs incurred at all tribunal levels, as well as late charges and interest as herein provided. Any installment of a Common Assessment, Individual Assessment, Special Assessment or Master Assessment not paid within the time periods as provided in Sections 6.3 and 6.13 hereof shall bear interest from the due date of such installment at the highest rate of interest allowed to be charged under FHA/VA regulations, or any greater interest which may be lawfully charged under any amendments thereto, or if no such rate is applicable, then at the rate of eighteen (18%) percent per annum, computed from the due date until such payment is made. If any installment of an Assessment is not paid when due, as extended by grace periods provided hereunder, the Neighborhood Association and/or the Owner responsible therefore may be required further by the Board to pay a late charge equal to an amount not greater than the amount of the unpaid installment. The Association may bring an action at law against the Neighborhood Association(s) and/or the Owner(s) personally obligated to pay the same, or foreclose its Assessment Lien against the Lot of such Owner(s), or both. No Neighborhood Association and/or Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Master Common Properties or abandonment of the Owner's Lot. If any installment of a Common Assessment is not paid when due, as extended by grace periods provided hereunder, the Board may mail an acceleration notice to the Neighborhood Association and/or the Owner

and to each Institutional Mortgagee which has requested in writing a copy of the notice. The notice shall specify (i) the fact that the installment is delinquent, (ii) the action required to cure the default, (iii) a date, not less than fifteen (15) days from the date the notice is mailed to the Neighborhood Association and/or the Owner, by which such default must be cured, and (iv) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the Common Assessments for the then current fiscal year. If the delinquent installment(s) of Common Assessments and any charges thereon are not paid in full on or before the date specified in the notice, the Board at its option may declare all of the unpaid balance of the annual Common Assessment to be immediately due and payable upon written notice of such election by the Association, which may enforce the collection thereof and all charges thereon in the manner authorized by law and this Declaration.

Any payments made to the Association by any Neighborhood Association and/or any Owner shall be applied or be disbursed by the Association, in order, for (i) any sums advanced and paid by the Association for taxes and payment on account of superior mortgages, liens, or encumbrances which may have been advanced by the Association in order to preserve and protect its Assessment Lien; (ii) reasonable attorneys' fees and costs incurred by the Association incidental to the collection of assessments and other monies owed to the Association by the Neighborhood Association and/or the Owner for the enforcement of its Assessment Lien; (iii) interest on any Assessments or other monies due to the Association, as provided herein; and (iv) any unpaid Assessments owed to the Association with application to the oldest Assessments first.

The foregoing lien as to Lots operated by the respective Neighborhood Association shall specifically extend to all Lots which are subject to the jurisdiction of said Neighborhood Association. However, any Owner of any Lot subject to the jurisdiction of the respective Neighborhood Association shall be entitled to a release of the Association's lien as to said Owner's Lot upon the payment to the Association of a percentage of the total amount secured by the Association's Lien, which percentage shall be equal to such Owner's share of the Common Expenses of the Association, and in addition, reasonable costs of the Association associated with preparing and recording a partial release of lien, plus an administrative fee as determined by the Board. In the event such payment to the Association results in the Owner paying a greater percentage of the Common Expenses of said Owner's Neighborhood Association than the Owner's share, the Owner shall be entitled to reimbursement from the Neighborhood Association for any such excess amount.

7.2 Notice of Lien. No action shall be brought to foreclose the Assessment Lien herein created unless at least thirty (30) days has expired following the date a

"Notice of Lien" is deposited in the United States mail, certified or registered, postage prepaid, addressed to the Owner of the Lot and the respective Neighborhood Association, and a copy thereof has been recorded by the Association in the Public Records of the County. The Notice of Lien must recite a good and sufficient legal description of any such Lot, the record Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid Assessment at the rate set forth in Section 7.1 hereof, plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said Assessment Lien and late charges), and the name and address of the Association as claimant. Such Notice of Lien shall be signed and acknowledged by a duly authorized officer or agent of the Association. Filing of the Notice of Lien shall not be a prerequisite to creating the lien (which is created by this Declaration), nor shall the lien's priority be established by such Notice of Lien (priority being based on the date of recording this Declaration, subject to the provisions of Section 7.3 hereof). The Assessment Lien shall continue until fully paid or otherwise satisfied, and shall secure any and all Assessments, costs, charges, interest and reasonable attorneys' fees which accrue subsequent to filing the Notice of Lien.

7.3 Subordination of the Lien to Institutional Mortgages. Anything herein to the contrary notwithstanding, the lien securing Assessments provided for in this Declaration shall be subordinate to the lien of any Institutional Mortgage, which is arms-length, made in good faith and not intended to avoid said lien, and recorded prior to the date on which a Notice of Lien is recorded. The sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to foreclosure of such Institutional Mortgage or deed in lieu thereof (if such Institutional Mortgage was recorded prior to the recording of a Notice of Lien) shall extinguish the Assessment Lien as to installments and other sums which became due prior to such sale or transfer. Such sale or transfer shall also extinguish the personal liability for such Assessments as to such transferees; provided, however, no sale or transfer shall relieve such Lot from liability for any installments of Assessments thereafter becoming due or from the lien thereof.

7.4 Foreclosure Sale. The Assessment Lien set forth herein may be foreclosed in the same manner as mortgages are foreclosed under Florida law. The Association, through a duly authorized officer or agent, shall have the power to bid on the Lot at foreclosure sale, with credit given for the amount of the judgment, and to acquire and hold, lease, mortgage and convey the same.

7.5 Curing of Default. Upon the timely curing of any default for which a Notice of Lien was filed by the Association (including payment of all delinquent principal, interest, late charges, and costs of collection), a duly authorized officer or agent of the Association shall record an appropriate release of the Assessment Lien

upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Two Hundred Fifty Dollars (\$250.00), to cover the cost of preparing and recording such release.

7.6 Cumulative Remedies. The Assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and under law or in equity, including a suit to recover a money judgment for unpaid Assessments, as above provided.

ARTICLE 8

RIGHTS OF INSTITUTIONAL MORTGAGEES

8.1 General Lender Rights. Upon written request to the Association by an Institutional Mortgagee, or the insurer or guarantor of any Institutional Mortgage held by an Institutional Mortgagee encumbering a Lot or residence on a Lot, conditioned on such notice or request specifying the name and address of the requesting party, then such party shall be entitled to prompt written notice of:

A. any condemnation or casualty loss that affects either a material portion of the Property or any Lot or residence on a Lot encumbered by its Institutional Mortgage;

B. any sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner of any Lot or residence on a Lot on which it holds the Institutional Mortgage;

C. a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

D. any proposed action which requires the consent of a specified percentage of Institutional Mortgagees.

8.2 Financial Statement. Any Institutional Mortgagee, upon written request, shall be entitled to receive from the Association a financial report for the immediately preceding fiscal year, pursuant to Section 6.11 hereof.

8.3 Consent of Institutional Lenders. Whenever the consent or approval of any, all or a specified percentage or portion of the holder(s) of any mortgage(s) encumbering any Lots is required by this Declaration, the Articles, the Bylaws, or any applicable statute or law, to any amendment of the Declaration, the Articles, or the Bylaws, or to any action of the Association, or to any other matter relating to

the Property, the Association may request such consent or approval of such holder(s) by written request sent certified mail, return receipt requested (or equivalent delivery evidencing such request was delivered to and received by such holders). Any holder receiving such request shall be required to consent to or disapprove the matter for which the consent or approval is requested, in writing, by certified mail, return receipt requested (or equivalent delivery evidencing such request was delivered to and received by the Association), which response must be received by the Association within thirty (30) days after the holder receives such request, and if such response is not timely received by the Association, the holder shall be deemed to have consented to and approved the matter for which such approval or consent was requested. Such consent or approval given or deemed to have been given, where required, may be evidenced by an affidavit signed by all of the directors of the Association, which affidavit, where necessary, may be recorded in the public records of the County, and which affidavit shall be conclusive evidence that the applicable consent or approval was given as to the matters therein contained. The foregoing shall not apply where an Institutional Lender is otherwise required to specifically join in an amendment to this Declaration.

8.4 Amendments. Any Institutional Mortgagee who has registered its name with the Association shall be provided with written notice prior to the effective date of any proposed, material amendment to this Declaration, or the Articles or Bylaws, or prior to the effective date of any termination of an agreement with the Management Company.

ARTICLE 9

MAINTENANCE AND REPAIR OBLIGATIONS

9.1 Maintenance Obligations of Owners. Except for the duty of the Association to provide for maintenance and other services as enunciated in Section 5.2 of this Declaration or except as performed by a Neighborhood Association pursuant to a Neighborhood Covenant, it shall be the duty of each Owner, at the Owner's sole cost and expense, to maintain, repair, replace and restore the Lot, including all Improvements located thereon in a neat, sanitary and attractive condition, as may be subject to the Owner's respective control in accordance with the terms of this Declaration; and to maintain and care, including irrigation for those portions of Master Common Properties described as: (i) any and all landscaped areas (the swales) lying adjacent to and between the boundary line of such Lot and the roadway pavement which have been specifically excluded from the maintenance obligation of the Association pursuant to Section 5.2(B) hereof. It shall be the duty of each Owner abutting a waterbody, lake, or water retention area to maintain its Lot to the water's edge. In the event that any portion of such Lot

and/or any portion of Master Common Properties (i) falls into disrepair, (ii) is not properly maintained so as to create a dangerous, unsafe, unsightly, or unattractive condition, or (iii) otherwise violates any of the obligations stated in this Declaration, then the Association shall have the right, but not the duty, upon fifteen (15) days prior written notice, to correct such condition and to enter upon such Lot to make such repairs or to perform such maintenance as is required in the Association's reasonable discretion; provided, however, the Association shall have the right of immediate entry with respect to those portions of the Lot lying outside of the house or other enclosed structures in the event of an emergency. The cost thereof shall be charged to the appropriate Owner and shall be an Individual Assessment as to the respective Lot. The Owner of such Lot shall pay promptly all amounts due for such work, pursuant to written notice received from the Association in like fashion to an Individual Assessment. Any costs and expenses or collection may be added, at the option of the Board of Directors, to the Individual Assessment.

9.2 Maintenance Obligations of Association. The Association shall maintain, or provide for the maintenance of, all of the Master Common Properties and all Improvements thereon, as more fully described in Section 5.2 hereof. The maintenance obligations of the Association shall include all, commonly metered utilities, and any and all utility facilities and buildings or other structures situated on the Master Common Properties, except if such facilities are to be maintained by either private or public utility companies, or some governmental agency. In addition, the Association shall provide all necessary landscaping and gardening to properly maintain and periodically replace when necessary the trees, plants, grass and other vegetation which are on the Master Common Properties. The Association shall further maintain, reconstruct, replace and refinish any paved surface on the Master Common Properties. All of the foregoing obligations of the Association shall be discharged when and in such manner as the Board shall determine, in its sole judgment, to be appropriate.

9.3 Standard of Maintenance. All property, buildings and Master Common Properties within the Project shall be maintained in a safe, neat and well kept manner. It is understood that this Standard of Maintenance is not brand new, but Class A residential condition for its age, reflecting reasonable wear and tear. All sidewalks, roads, streets, driveways, parking areas and other paved or hard surfaced areas located within the Property and intended for use by vehicular or pedestrian traffic shall be kept clean and free of debris at all times, and cracks, damaged, or eroding areas on same shall be repaired, replaced, or resurfaced as necessary or requested by the County. All curbing and bumper stops shall be replaced if damaged. All striping including but not limited to parking space, traffic lane, and directional markings, within any road, street or parking area located within the Property shall be repainted as necessary or as requested by the County,

so that same will be clearly visible at all times. All landscaping shall be regularly maintained in a first class condition and appearance, including without limitations such replanting and, as from time to time necessary, mowing, trimming, fertilization and weed, insect and disease control. All dead or diseased sod, trees, plants, shrubs or flowers shall be promptly replaced. This maintenance standard applies to all landscaped areas within the Property including right-of-ways, swales and other areas within right-of-ways.

ARTICLE 10

USE RESTRICTIONS

The Property shall be held, used and enjoyed subject to all of the terms, limitations and restrictions of the Declaration, including this Article 10; provided, however, these restrictions shall be further amplified and/or limited by the Rules promulgated by the Board from time to time. Declarant is exempt from all of this Article 10, including the Rules promulgated by the Board from time to time applicable to this Article 10. Each of the Use Restrictions stated hereinafter may be regulated, enforced, or waived by the Association, through its Board or its designees. Each use of "Board" in this Article 10 shall include its designees, unless specifically prohibited in this Declaration or under Florida law. The Use Restrictions are as follows:

10.1 Clothes Lines. No outdoor clothes drying lines or related facilities shall be allowed within any portion of the Residential Property without the prior written consent of the Board, which consent may be withheld in the sole discretion of the Board.

10.2 Trash. No trash or garbage cans, supplies, or other articles shall be placed anywhere except in the areas designated by the Board, and the Board shall have the right to prescribe a "standard" trash or garbage container to be used by each Owner. To provide a healthy environment and in order to eliminate odors and vermin, all trash and garbage must be placed in plastic bags in the prescribed garbage container and deposited ONLY in the areas and on the days designated by the Board. The Master Common Properties shall be kept free and clear of rubbish, debris, and other unsightly material.

10.3 Automobiles, Commercial Vehicles and Boats. Except as provided below, no commercial truck, commercial van, bus, recreational vehicle, mobile home, motor home, camper, trailer, or similar vehicle may be kept overnight on the Property (the "Prohibited Vehicles") unless totally enclosed in a garage and not visible from the outside. Prohibited Vehicles include, but are not limited to, those

(i) not designed primarily for the routine transportation of people, rather than equipment or goods, or (ii) bearing any advertising, logo, or other signs or having printed on the sides, front, or rear of same reference to any commercial undertaking or enterprise, excluding any logo, or other signs contained upon or identifying any governmental or quasi-governmental agency or entity, or (iii) containing tool racks, saddle racks, or other elements of a commercial nature. No vehicles shall be repaired within the Property, except on an emergency basis. No vehicle shall be left within the Property for more than one business day if not capable of self-propulsion. All vehicles, including motorcycles, mopeds, etc., shall be equipped with effective sound muffling devices. Except as provided below, no boat or watercraft shall be stored overnight in the Property, unless totally enclosed in a garage and not visible from the outside, or unless permitted and in accordance with the Rules, from time to time. The Association may, but shall not be obligated to, designate certain portions of the Master Common Properties, which may be relocated from time to time, for the parking, storage or keeping of trucks, commercial vehicles, buses, recreational vehicles, mobile homes, trailers, boats, and campers. Any such area(s) designated pursuant to this Section 10.3, in the sole and absolute discretion of the Association, be terminated for such use without cause. The Association shall have the authority to formulate appropriate Rules concerning the use of any such parking/storage area, including reasonable charges therefore.

10.4 Agents of Association. No Owner or resident may direct, supervise, or in any manner attempt to assert control over the employees or agents of the Association, unless such person is an officer or director of the Association acting within their scope of authority.

10.5 Construction of Improvements. During construction of any permitted Improvements on a Lot, the Lot and all other portions of the Property shall be kept in a clean, neat and orderly condition at all times. Any debris, trash or mud resulting from the construction shall be promptly removed or remedied, as appropriate, from the Lot and the Property. After commencement of construction of any permitted Improvements on any Lot, the work thereon shall be diligently pursued and completed so that Improvements shall not remain in a partly finished condition for any period of time longer than that which is absolutely required.

10.6 Nuisances. No Owner shall make or permit (i) any loud and/or disturbing noises of a continuing nature, (ii) any noxious or offensive activity, (iii) any emanation of unpleasant odors, or (iv) any other nuisance or annoyance by himself, his family, employees, agents, visitors, and licensees, nor do or permit anything by such persons that will interfere with the reasonable rights, comforts or conveniences of the Owners. Any ultra-hazardous activity permitted or undertaken

by any Owner within any portion of the Property shall be a nuisance, subject to extra protection and/or assurances of safety provided to the Board.

10.7 Antennas. No radio or television installation may be permitted on a Lot which interferes with the television or radio reception of another Lot. No exterior antenna, aerial, satellite dish or other apparatus for the transmission of television, radio or other signals of any kind shall be placed, allowed or maintained upon any portion of a Lot without the prior written consent of the Board. The Board shall not prohibit or deny approval to any of the foregoing which are not permitted to be prohibited by applicable law. Notwithstanding the foregoing, the Board shall have the right to promulgate and regulate standards and guidelines restricting or limiting the dimensions, including the diameter, height, and length of any improvement, and the location in which any of the foregoing improvements may be erected on the Property. If such improvement is permitted, the Board may, in its discretion, require that parallel shrubbery or other improvements, at the discretion of the Board, be installed to camouflage the presence thereof.

10.8 Signs. No sign, advertisement, notice or other lettering (except street numbers in front of Lots or names and addresses on mail boxes) shall be exhibited, displayed, inscribed, painted or affixed, in, on or upon any part of the Property without the written consent of the Board. The Board shall have the right to prohibit any signs offering property for sale or rent, or limit the size of such sign. No Owner shall cause any sign, advertisement, notice or other lettering to be affixed or attached to, hung, displayed or placed on the exterior walls, doors, patios, windows or roof, unless approved by the Board.

10.9 Overnight Off-Street Parking. No overnight parking shall be permitted on sidewalks or swale areas, and all parking shall be in driveways on Lots and/or designated parking areas within the Property. Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein or in the Rules and Regulations promulgated by the Board from time to time may be towed by the Association at the sole expense of the owner of such vehicle, without warning.

10.10 Rules and Regulations. The Association may adopt reasonable rules and regulations, or amend or eliminate those operative from time to time, pertaining to the use and maintenance of the Property, including rules and regulations relating to any of the Master Common Properties.

10.11 Fences Fences, other than any provided by Declarant, shall not be erected, removed or maintained upon the Residential Property, until all necessary permits and approvals have been issued by the County and/or any other

governmental entity having jurisdiction thereof, and until said fence has been approved by the Board. All fences, if permitted, must be kept in good repair by the Owner, at the Owner's sole cost and expense. The Board shall have the right to promulgate standards and/or guidelines further restricting the height, length, design, composition, material, color and location of any fence to be erected on the Property. If fences are permitted, the Board may, in its discretion, and at the time of installation or at any time subsequent thereto, require a parallel shrubbery to camouflage the presence of such fence. Any fence erected or constructed on a Lot shall be subject to any and all easements located within the Lot, and the Owner thereof, shall be responsible to repair and/or replace, at its expense, any damage caused to the fence and/or landscaping which results from any use of the easement for the purpose for which the easement is intended.

10.12 Pets and Animals. Only common household pets belonging to Owners (or those occupying Lots through the authority of Owners), which pets have been approved by the Board, either by specific approval or by said pet falling within the Board's definition of "Permitted Pet" (which the Board shall have the right to define from time to time and whereby specific individual approval by the Board of a specific pet falling within the definition shall not be required), will be allowed within the Property. Said pets shall be subject to the following further restrictions: (1) Only common household pets may be kept in a Lot; (2) No pet shall be permitted outside a Lot except on a leash and at all times under the control of its Owner; (3) No other animals, livestock or poultry of any kind shall be kept on any portion of the Property; (4) No pets may be kept for the purpose of breeding or for any commercial purposes whatsoever; (5) No pets shall be allowed to constitute a nuisance; (6) Each Owner shall walk his pet only in the areas designated by the Board; (7) Each Owner shall promptly remove and dispose of waste matter deposited by his pet on portions of the Property, other than such Owner's Lot, through a proper sewage receptacle. The Board shall have the right to promulgate Rules further restricting the keeping of pets. The Board may from time to time define "Pet Walk Areas".

10.13 Emergencies. In case of any emergency originating in or threatening any Lot, the Board or any individual authorized by it shall have the immediate right, but not the obligation, to enter any Lot for the purpose of remedying or abating the cause of such emergency, at the Board's discretion, notwithstanding that the Owner of such Lot is present at the time of such emergency.

10.14 Insurance. Nothing shall be done or permitted by any Owner which would increase the rate for any insurance maintained by the Association, or cause such insurance to be canceled or not renewed by the insurer.

10.15 No Interference with Construction. No Owner shall interfere with or impede any of Declarant's construction and marketing activities within the Property so long as Declarant shall be performing same.

10.16 Business Use. No trade or business may be conducted in or from any Lot, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity conforms to all County zoning requirements and other applicable governmental regulations for the Property; (c) the business activity does not involve persons coming on to the Property who do not reside in the Property or door-to-door solicitation of residents within the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board. The terms "business" and "trade" as used in this Section 10.16 shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an on-going basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefore.

10.17 No Temporary Buildings. No out-buildings, portable buildings, temporary or accessory buildings or structures, storage buildings shall be erected, constructed or located upon any Lot for storage or otherwise.

10.18 Solicitation There shall be no solicitation by any person anywhere in the Property for any cause, charity, or any purpose whatsoever, unless specifically authorized by the Board.

10.19 Lake Restrictions No swimming shall be permitted in any lake, or portion thereof, located either upon or adjacent to the Property. Each Owner's use of any lake located either upon or adjacent to the Property, shall be at the Owner's own risk. Neither Declarant, its successors and/or assigns, Pulte (as hereinafter defined in Section 15.25) the Association, nor any of its officers, directors or agents shall be held liable for any loss, injury or damage caused or suffered by any Owner resulting from such Owner's use of any lake located upon or adjacent to the Property.

10.20 Further Restrictions. Nothing herein shall prohibit any Neighborhood Covenants or their respective rules and regulations from being more restrictive as to use restrictions pertaining to those portions of the Property subject to the respective Neighborhood Covenants.

10.21 Exceptions. All of the Use Restrictions set forth in Sections 10.01 through 10.19 hereof shall not apply with respect to the customary and usual activities of Declarant in connection with its construction, development and marketing of the Property. Without limitation, this shall include:

1. The construction of buildings, or any other Improvements within the Property; and
2. The sale of residences by Declarant or any other person or entity initially constructing residences within any portion of the Property.

ARTICLE 11

DAMAGE OR DESTRUCTION TO MASTER COMMON PROPERTIES

Damage to or destruction of all or any portion of the Improvements on Master Common Properties shall be handled in the following manner:

A. In the event of damage to or destruction of Improvements on the Master Common Properties, if insurance proceeds are sufficient to effect total restoration, then the Association shall cause such Improvements on Master Common Properties to be repaired and reconstructed substantially as they previously existed.

B. If the insurance proceeds are within One Hundred Thousand Dollars (\$100,000.00) or less of being sufficient to effect total restoration to the Improvements on the Master Common Properties, then the Association shall cause such Improvements on the Master Common Properties to be repaired and reconstructed substantially as they previously existed and the difference between the insurance proceeds and the actual cost shall be levied as a Special Assessment against each of the Owners and Lots and no consent of Owners shall be required as otherwise would be the case in the event of a Special Assessment over One Hundred Thousand Dollars (\$100,000.00). Declarant and Declarant-owned Lots shall be exempt from such Special Assessments, in accordance with Section 6.7 hereof.

C. If the insurance proceeds are insufficient by more than One Hundred Thousand Dollars (\$100,000.00) to effect total restoration to the Improvements on the Master Common Properties, then the Members shall

determine, by vote of two-thirds (2/3) of Member votes present in person or by proxy at a special meeting of the Members, duly called, whether (1) to rebuild and restore the Improvements on the Master Common Properties in substantially the same manner as they existed prior to damage and to raise the necessary funds over the insurance proceeds by levying a Special Assessment against all Lots, or (2) to rebuild and restore in a way which is less expensive than replacing these Improvements in substantially the same manner as they existed prior to being damaged, or (3) to not rebuild and to retain the available insurance proceeds. If a decision is made to rebuild in a manner which would result in a change in the Improvements such new plans must receive the written approval of the Board, which may pre-approve plans to be submitted to the Members at a special meeting of Members. Declarant and Declarant-owned Lots shall be exempt from such Special Assessments, in accordance with Section 6.7 hereof.

D. Each Owner and/or the Neighborhood Associations shall be liable to the Association for any damage to the Master Common Properties which may be sustained by reason of the negligence or willful misconduct of the Neighborhood Association(s) and/or any Owner, as well as the Owner's Family, tenants, guests and invitees, both minor and adult. In addition, the Association shall have the right to charge such Owner and/or the Neighborhood Associations an Individual Assessment equal to the increase, if any, in any insurance premium due from the Association directly attributable to the damage caused by such Owner or Neighborhood Association. In the case of Co-Owners of a Lot, defined in Section 3.2 of this Declaration, the liability of such Owners shall be joint and several. The cost of correcting such damage shall be an Individual Assessment against the Lot and/or against portions of the Property owned by the respective Neighborhood Association which caused such damage and may be collected as provided herein for the collection of Assessments.

ARTICLE 12

INSURANCE

12.1 Master Common Properties. The Association shall keep all buildings, structures, fixtures and other Improvements located on the Master Common Properties insured against loss or damage by fire or other casualty for the full insurable replacement value thereof (with reasonable deductibles), and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property, whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance for and on behalf of itself and all Owners. The

insurance coverage with respect to the Master Common Properties shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds may be used by the Association for the repair or replacement of the property for which the insurance was carried, at the option of the Board. Premiums for all insurance carried by the Association are Common Expenses included in the Common Assessments made by the Association.

12.2 Replacement or Repair of Property. In the event of damage to or destruction of any part of the Master Common Properties, the Association shall repair or replace the same from the insurance proceeds available, subject to the provisions of Article 11 of this Declaration.

12.3 Waiver of Subrogation. As to each policy of insurance maintained by the Association which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Management Company, Declarant, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

12.4 Liability and Other Insurance. The Association shall have the power to and shall obtain comprehensive public liability insurance, including medical payments and malicious mischief coverages, in such amounts as it shall deem desirable, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each Owner against liability to each other Owner and to the Association and vice versa. The Association may also obtain Workers' Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner and the Association, Board of Directors and Management Company, from liability in connection with the Master Common Properties, the premiums for which shall be Common Expenses and included in the Common Assessments made against the Owners. All insurance policies shall be reviewed at least annually by the Board of Directors and the limits increased in its discretion. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board and the Management Company against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or any committee thereof.

ARTICLE 13

ANNEXATION OF ADDITIONAL PROPERTY
AND WITHDRAWAL OF PROPERTY

13.1 Annexation Without Approval of Class "A" Membership. Subject to the provisions set forth in Section 13.4 below, as the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege and option, from time to time at any time to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the real property described in a Supplemental Declaration. Such Supplemental Declaration shall not require the consent of the Members, the Association, any mortgagee or the Owners. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other person the said right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transfer or assignment is memorialized in a written, recorded instrument executed by Declarant.

13.2 Annexation With Approval of Class "A" Membership. Subject to the consent of the owner thereof, the Association may annex additional real property to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of not less than sixty-seven (67%) percent of the Class "A" Members of the Association. Annexation shall be accomplished by filing of record in the public records of the County, a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by an authorized officer of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the Bylaws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section 13.2 and to ascertain the presence of a quorum at such meeting.

13.3 Acquisition of Additional Master Common Properties. Declarant may convey to the Association additional real property, (or any interest therein) improved or unimproved, and upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense as a Master Common Property for the benefit of all of its Members. Nothing herein shall be deemed to prohibit the Association from acquiring additional Master Common Properties from parties other than the Declarant otherwise in accordance with the provisions of this Declaration.

13.4 Supplementals and Limitations.

a. Supplements. Declarant may from time to time bring other land located within Palm Beach County, as described on Exhibit "E" attached hereto (the "Additional Property"), including any and all Improvements thereon, within the provisions of this Declaration, by recorded Supplemental Declarations (which shall not require the consent of the Association or any Owner(s)) and thereby add to the Property. The Declarant may from time to time declare all or part of the Additional Property (including Improvements located thereon) to be Master Common Properties. Nothing in this Declaration shall, however, obligate Declarant to add to the Property whatsoever or to develop future property (adjacent or otherwise) under the common scheme contemplated by this Declaration.

b. Limitations. Notwithstanding any of the foregoing provision in this Article 13 to the contrary, no additional land may become part of the Property unless: (i) same is located within the Additional Land; (ii) such land is made part of the Property within ten (10) years from the date of this Declaration; (iii) the submission of the additional land is in accordance with the general plan filed with the FHA and/or VA; and (iv) the submission of additional land is otherwise approved by the FHA and/or VA. The approval of the FHA and/or VA shall be deemed given if the FHA and/or VA, as the case may be, fail(s) to deliver written notice of disapproval of any amendment to Declarant or to the Association within twenty (20) days after a request for such approval is delivered to the FHA and/or the VA by certified mail, return receipt requested, or equivalent delivery. Such approval shall be conclusively evidenced by a Certification of Declarant or the Association that the approval was given or deemed given. Any other submission of additional land to the Property shall require the consent of not less than sixty-seven (67%) percent of the Class A Members.

13.5 Withdrawal of Property. Declarant shall be entitled to withdraw portions of the Property owned by Declarant from the terms and conditions of this Declaration, subject to the terms and conditions of this Section 13.5. For purposes of this Declaration, the portion of the Property withdrawn from the terms hereof shall be referred to as the "Withdrawn Property." In order to withdraw such portion of the Property from the terms of this Declaration, Declarant shall record in the Public Records of the County an instrument executed with the formalities of a Deed, which instrument shall make reference to this Declaration, state that the purpose of the instrument is to withdraw the Withdrawn Property from the terms and conditions of this Declaration, and contain a legal description of the Withdrawn Property. Declarant shall have the right to withdraw portions of the Property from the terms and conditions of this Declaration without the joinder, ratification or approval of the Association, any Owner, or any lienholder, provided that Declarant

is the fee simple owner of the Withdrawn Property, and provided that the withdrawal of the Withdrawn Property shall not result in the reduction of the number of Lots within the Property or the substantial material reduction of the size of any Lot within the Property. Upon the withdrawal of the Withdrawn Property from the terms and conditions of this Declaration, the Withdrawn Property shall no longer be subject to the terms of this Declaration, including all exhibits hereto, or any other covenants, restrictions and/or regulations provided herein or adopted hereunder, except for those easements, rights-of-way, or other portions hereof which, by their terms, specifically survive the termination of this Declaration, which shall include the withdrawal of such lands from the terms and conditions of this Declaration. The foregoing rights shall be in addition to those rights of the Declarant and the Association provided in Section 15.5 hereof.

13.6 Amendment. This Article 13 shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any portions of the Residential Property.

ARTICLE 14

ARCHITECTURAL STANDARDS

The Board shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the committee established in Section 14.2 of this Article 14. This Article 14 shall not in any fashion be applicable to or binding upon Declarant and none of the provisions of this Article 14 may be amended without the Declarant's written consent so long as the Declarant owns any Residential Property.

14.1 Architectural Control for Exterior Changes. There shall be no: (i) construction, which term shall include within its definition but shall not be limited to, staking, clearing, excavation, grading, and other site work; (ii) exterior alteration or modification of existing Improvements; or (iii) plantings or removal of plants, trees, or shrubs, except in strict compliance with this Article 14, until the requirements of each have been fully met, and until the approval of the appropriate entities has been obtained.

14.2 Architectural Review Committee. The Board shall have the right, pursuant to the Bylaws, to appoint certain of the Members to an Architectural Review Committee ("ARC"), which shall have exclusive jurisdiction over all original construction on any portion of the Property, as well as over all modifications, additions, or alterations made on or to existing houses and all other Improvements within the Property, subject to each Owner having the right of appealing to the

Board any decisions of the ARC. The ARC shall prepare and, on behalf of the Board of Directors, shall promulgate design and development guidelines, application and review procedures, and building criteria (the "Guidelines"). The Guidelines shall be promulgated on behalf of the Association and shall be binding upon all of its Members. The ARC shall have sole and full authority to prepare and to amend from time to time the Guidelines, and shall make the Guidelines available to Owners, builders, developers and contractors who seek to engage in development of or construction upon all or any portion of the Property, and such Owners, builders, developers and contractors shall conduct their operations strictly in accordance therewith.

14.3 Committee Members. Until all Lots have been developed and conveyed to purchasers in the normal course of development and sale, Declarant retains the right to appoint all members of the ARC, which shall consist of at least three (3), but no more than five (5), persons. There shall be no surrender of Declarant's right hereunder prior to conveyance of all Residential Property, except as otherwise set forth in a written instrument, in recordable form, executed by Declarant, which may be delivered in Declarant's sole and absolute discretion. Upon the expiration of such right, the Board shall appoint the members of the ARC, to consist of at least three (3); and no more than five (5) members.

14.4 Delegation of Authority and Application Procedure. The ARC may delegate its authority, except that all original construction on any portion of the Property may not be delegated, to the appropriate board or committee of any neighborhood association, council or group subsequently created or subsequently subjected to this Declaration so long as the ARC has determined that such board or committee has in force review and enforcement practices, procedures, and appropriate standards at least equal to those of the ARC. Such delegation may be revoked and jurisdiction reassumed at any time by written notice.

The Owner or its agent requesting such approval shall submit to the ARC plans and specifications showing the nature, kind, shape, color, size, materials, and location of such modifications, additions, or alterations, which shall be reviewed by the ARC for its approval as to quality of workmanship and design and as to harmony of external design with existing structures, location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme for a particular structure, or to rebuild in accordance with originally approved plans and specifications for a particular improvement. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of such Owner's residence, or to paint the interior of such residence any color desired. In the event that the ARC fails to approve or to disapprove such plans or to request

additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved.

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

14.6 Variance. The ARC may authorize variances from compliance with any of the provisions of the Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require such waiver, but only in accordance with the Rules. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) estop the ARC from denying a variance in other circumstances. For purposes of this Section 14.6, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

ARTICLE 15

GENERAL PROVISIONS

15.1 Enforcement. This Declaration, including the Articles, Bylaws and Rules, may be enforced against any and all Owners by the Association, as well as Declarant so long as Declarant owns any portion of the Property. Enforcement by the Association (and Declarant) shall include and be governed by the following:

A. Breach of any of the covenants contained in this Declaration, the Articles or the Bylaws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by Declarant or the Association. Any judgment rendered in any action or proceeding to enforce this Declaration or the Bylaws shall include a sum for attorneys' fees, in such amount as the court may deem reasonable, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs.

B. The result of every act or omission whereby any of the covenants contained in this Declaration, the Articles or the Bylaws are violated in whole or in part is hereby declared to be and shall constitute a nuisance, and every remedy

allowed at law or in equity with respect to nuisances, either public or private, shall be applicable and may be exercised by Declarant or the Association.

C. The remedies herein provided for breach of the covenants contained in this Declaration, the Articles or in the Bylaws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

D. The failure of the Association to enforce any of the covenants contained in this Declaration, the Articles or in the Bylaws shall not constitute a waiver of the right to enforce the same thereafter.

E. All remedies provided at law or in equity shall be deemed incorporated herein so as to permit the employment of all remedies permitted under Florida law.

15.2 Severability. Invalidation of any one of these covenants or restrictions or any part thereof by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

15.3 Term. Subject to the amendment provisions of **Section 15.5** hereof, this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Association, Declarant, and their respective successors and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument, approved by 75% of the Members and 75% of the Institutional Mortgagees has been recorded terminating this Declaration. At such point of termination, and unless otherwise required by Florida law, only those easements herein granted which specifically state that they shall survive termination hereof shall survive and no prescriptive rights shall be established regardless of the nature or duration of use of the Master Common Properties or any portion thereof.

Should the Members of the Association vote not to renew and extend this Declaration as provided herein, all Master Common Properties shall be transferred to a Trustee appointed by the Circuit Court for the County, which Trustee shall sell the Master Common Properties free and clear of the provisions hereof upon terms established by the Trustee and approved by the Court. The proceeds of such a sale shall first be used for the sale, operation, maintenance, repair and upkeep of the Master Common Properties, including a Trustee's fee approved by the Court, then for the payment of any debts or obligations constituting a lien on the Master Common Properties. The excess of proceeds, if any, shall be distributed among the

Owners equally. Only those easements which state that they shall survive termination hereof shall so survive unless otherwise required under Florida law.

15.4 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of community facilities and Master Common Properties. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural, the singular and the masculine, feminine and neuter genders shall each include the others. The Board shall be the ultimate interpreter of this Declaration and an opinion of counsel that any such interpretation is not unreasonable shall establish the validity of any such interpretation.

15.5 Amendments/FHA/VA APPROVAL. This Declaration may only be amended (1) by the affirmative vote (at any annual or special meeting of Members) or written approval of Members holding not less than sixty-seven (67%) percent of the votes of the Class A Membership and (so long as Declarant owns any portion of the Property) the affirmative vote or written approval of Declarant; or (2) until such time as Class B Membership terminates pursuant to Section 4.1 hereof, by act (with or without a meeting or notice) of Declarant alone, provided such amendment (i) is necessary to correct errors or omissions; (ii) is requested or required by FHA, VA or any governmental, quasi-governmental or government chartered entity, including one or more such Institutional Mortgages on Lots within the Property or to insure the payment of one or more such Institutional Mortgages; (iii) is requested or required by any Institutional Mortgagee; or (iv) is for the purpose of specifically describing Master Common Properties as provided in Section 1.22 and in Exhibit "B" of this Declaration more specifically referred to as a "Supplemental Declaration Describing Master Common Properties." However, no amendment shall be permitted which has a material and adverse affect upon rights of Declarant or an Institutional Mortgagee without the prior written consent of Declarant or such Institutional Mortgagee, as appropriate. Nothing contained herein shall affect the right of Declarant to make such amendments or Supplemental Declarations without the consent or approval of any Owner, Member, or Institutional Mortgagee, as may otherwise be permitted herein. In the event any amendment is sought other than by Declarant, notice shall be given to all Owners and Institutional Mortgagees who have requested notice pursuant to Article 8 hereof at least forty-five (45) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, an authorized officer of the Association shall execute an amendment to this Declaration which shall set forth the terms of the amendment, which shall be

effective upon its recording. Such amendment shall be recorded in the Official Records of the County. Amendments made by Declarant need be signed only by Declarant with no recitation of the items set forth immediately above. Notwithstanding anything herein to the contrary, as long as there is a Class B membership, the following actions will require the prior approval of the FHA and/or the VA; annexation of additional properties (other than as provided in Section 13.4 of this Declaration), mergers and consolidations, mortgaging of Master Common Properties, dedication of Master Common Properties (other than as provided in Subsection 2(iv) above or as provided in Section 2.4 hereof all of which may be accomplished by act of Declarant alone) dissolution and amendment of this Declaration (other than as provided in Sections 2(i) through (iii) above, all of which may be accomplished by act of Declarant alone). In addition to the matters which may be accomplished by acts of Declarant alone as enumerated in the preceding sentence, such approval shall specifically not be required from the FHA and/or the VA, respectively, to the extent that the FHA and/or VA, as the case may be, do not hold, insure or guarantee any mortgages encumbering any Lot(s) at the time of such amendments or actions, or where the amendment is made to correct errors or omissions or is required by any Institutional Mortgagee so that such Institutional Mortgagee will make, insure or guarantee mortgage loans for the Lot(s), or is required by any governmental, quasi-governmental or government chartered entity. A written statement by Declarant or the Association within any such amendment that the FHA or VA approval is not required as stated in the preceding sentence, shall be deemed conclusive evidence of same. The approval of the FHA and/or VA shall be deemed given if either the forgoing agencies fail to deliver written notice of its disapproval of any amendment to Declarant or to the Association within twenty (20) days after a request for such approval is delivered to said agency(ies) by certified mail, return receipt requested, or equivalent delivery, and such approval shall be conclusively evidenced by a certificate of Declarant or the Association that the approval was given or deemed given.

15.6 No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Master Common Properties to the public, or for any public use.

15.7 Notices. Any notice permitted or required to be delivered as provided herein shall (unless otherwise expressly set forth herein) be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any Person at the address for such Person contained in the records of the Association. Such address shall be used for all purposes, unless changed from time to time by notice in writing to the Association.

15.8 NO REPRESENTATIONS OR WARRANTIES. NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, HAVE BEEN GIVEN OR MADE BY DECLARANT OR THEIR AGENTS OR EMPLOYEES IN CONNECTION WITH ANY PORTION OF THE PROPERTY, ITS PHYSICAL CONDITION, ZONING, COMPLIANCE WITH APPLICABLE LAWS, MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR IN CONNECTION WITH THE SUBDIVISION, SALE, OPERATION, MAINTENANCE, COST OF MAINTENANCE, TAXES OR REGULATION THEREOF, EXCEPT (A) AS SPECIFICALLY AND EXPRESSLY SET FORTH IN THIS DECLARATION OR IN WRITTEN DOCUMENTS DELIVERED BY DECLARANT TO ANY OWNER, AND (B) AS OTHERWISE REQUIRED BY LAW.

15.9 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be, including but not limited to the installation of guardhouses/gate houses, security gates, security personnel, as well as any other security measure currently available or which may become available in the future. Neither Declarant nor the Association make any representations whatsoever as to the security of the premises or the effectiveness of any monitoring system or security service. All Owners agree to hold Declarant and the Association harmless from any loss or claim arising from the occurrence of any crime or act. Neither the Association, Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Property. Neither the Association, Declarant, nor any successor Declarant shall be held liable for any loss or damage by reason or failure to provide adequate security or as a result of the ineffectiveness of security measures undertaken.

15.10 Declarant Exemption. Anything in this Declaration to the contrary notwithstanding, so long as Declarant owns, occupies or uses any portion of the Residential Property, nothing herein shall be construed to prevent, limit, or impair Declarant's right and ability to complete development of the Property in any manner determined by Declarant from time to time, including, but not limited to, Declarant's right to operate and maintain models, gates, sales and leasing offices, construction activities, promotional activities and signs.

15.11 Information. The Association shall make available for inspection to Owners, the Neighborhood Associations and Institutional Mortgagees, upon request, during normal business hours, current copies of this Declaration, the Articles, Bylaws, or any Rules concerning the Property, together with the books, records, and financial statements of the Association.

15.12 Voidability of Contracts. The Association shall not have the right to cancel any contract, lease, or management agreement entered into by the Association prior to Declarant turning over control of the Association to Owners other than Declarant, unless the Association has a right of termination "without cause" in such contract, lease, or management agreement, which is exercisable without penalty at any time after transfer of control upon not more than ninety (90) days notice to the other party.

15.13 Assignability of Declarant's Rights. The rights of Declarant under this Declaration, the Articles, and the Bylaws, may be assigned any number of times, in whole or in any part, on an exclusive or non-exclusive basis by written instrument recorded in the public records of the County. Any partial assignee shall not be deemed Declarant, nor shall it be burdened by any of Declarant's obligations arising under this Declaration, except as expressly and specifically assigned and assumed. No assignee shall have any liability for any acts of Declarant or any prior declarant, prior to the effective date of assignment or transfer, unless such assignee is assigned and agrees to assume such liability.

15.14 Priority of Documents. This Declaration shall be paramount in those instances of irreconcilable conflict among or between it and the Articles, Bylaws, or Rules, in the absence of any express language indicating which document controls the particular subject matter; the Articles are next paramount, the Bylaws next paramount, and the Rules most subordinate. In all cases, this Declaration, the Articles, Bylaws and Rules shall collectively be paramount and have priority over the Neighborhood Covenants and their respective articles, bylaws and rules, in all cases of conflicts.

15.15 Real Property Covenants. All of the restrictions, reservations, covenants, conditions and easements contained herein constitute covenants running with the land and shall rule perpetually unless terminated or amended as provided herein, and shall be binding upon all Owners and the Neighborhood Associations as herein defined, and in consideration of receiving and by acceptance of any deed, grant, devise or mortgage, all grantees, devisees or mortgagees, their heirs, personal representatives, successors and assigns, and all parties claiming by, through or under such persons, agree to be bound by the provisions of this Declaration and the Articles and Bylaws. Both the burdens imposed and the benefits derived from this Declaration shall run with each Lot, and all portions of the Property as herein defined.

15.16 Disclaimer. THE ASSOCIATION WILL STRIVE TO MAINTAIN THE PROPERTY AS A SAFE AND SECURE RESIDENTIAL ENVIRONMENT. HOWEVER, NEITHER THE ASSOCIATION NOR DECLARANT SHALL BE

HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS, TENANTS, GUESTS, AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND DECLARANT, AND ANY COMMITTEES ESTABLISHED BY ANY OF THE FOREGOING ENTITIES, ARE NOT INSURERS AGAINST LOSS AND THAT EACH OWNER, TENANT, GUEST, AND INVITEE ASSUMES ALL RISK OF LOSS OR DAMAGE TO PERSONS, TO LOTS, AND TO THE CONTENTS OF LOTS, AND FURTHER THAT THEY ACKNOWLEDGE THAT NEITHER THE ASSOCIATION NOR THE DECLARANT HAS MADE ANY REPRESENTATIONS OR WARRANTIES TO ANY OWNER, TENANT, GUEST, OR INVITEE, NOR HAS ANY OF SUCH PARTIES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE RELATIVE TO ANY SECURITY MEASURES RECOMMENDED OR UNDERTAKEN, AS OFFERED OR AGREED TO BY THE ASSOCIATION OR DECLARANT.

15.17 Mitigation Area. The Declarant may, in its sole and absolute discretion, designate certain portions of the Property as mitigation areas ("Mitigation Areas"). In the event Declarant elects to designate, create a Mitigation Area(s), the Association shall monitor and maintain the Mitigation Area(s) pursuant to and specifically in accordance with the requirements and restrictions contained in the applicable governmental and quasi-governmental permits, and in accordance with any applicable governmental or quasi-governmental authority from time to time. The cost of the monitoring and maintenance of the Mitigation Area(s), including the hiring of consultants and replacement of plants, shall be a Common Expense of the Association.

15.18 No Partition. Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Master Common Properties or any part thereof, nor shall any person acquiring any interest in the Master Common Properties or any part thereof seek any judicial partition unless the Master Common Properties have been removed from the provisions of this Declaration. This Section 15.18 shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

15.19 Modification of Project. Declarant reserves the absolute right at any time and from time to time to modify the Project for all or any portion of the Property, and in connection therewith to develop the Improvements upon the Master Common Properties which are substantially different from the planned

Improvements for the Master Common Properties from time to time, including but not limited to any or all Improvements within the recreation areas. In connection with the foregoing, Declarant makes no representations or warranties as to how the recreation areas will be developed or as to what, if any, Improvements will be constructed thereon. In the event Declarant changes the type, size, or nature of the Improvements to be constructed upon the Master Common Properties, including but not limited to if Declarant elects, in its sole discretion, not to construct all or any Improvements within the Recreation Tracts, Declarant shall have no liability thereafter to any Neighborhood Association or any Owner. In addition, Declarant makes no representations or warranties as to the manner in which any other property outside of the Property will be developed, and shall have no liability to any Neighborhood Association or to any Owner as regards the development of any other property in or around the Property.

15.20 Notices and Disclaimers as to Water Bodies. NEITHER DECLARANT, THE ASSOCIATION NOR ANY OF THEIR OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUBCONTRACTORS (COLLECTIVELY THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE WATER QUALITY OR LEVEL IN ANY LAKE, POND OR OTHER WATER BODY WITHIN THE PROPERTY. FURTHER, ALL OWNERS AND USERS OF ANY PORTION OF THE PROPERTY LOCATED ADJACENT TO OR HAVING A VIEW OF ANY OF THE AFORESAID WATER BODIES SHALL BE DEEMED, BY VIRTUE OF THEIR ACCEPTANCE OF THE DEED TO OR USE OF, SUCH PROPERTY, TO HAVE AGREED TO HOLD HARMLESS THE LISTED PARTIES FOR ANY OR ALL CHANGES IN THE QUALITY AND LEVEL OF THE WATER IN SUCH BODIES. ALL PERSONS ARE HEREBY NOTIFIED THAT FROM TIME TO TIME ALLIGATORS AND OTHER WILDLIFE MAY HABITUATE OR ENTER INTO WATER BODIES WITHIN THE PROPERTY AND MAY POSE A THREAT TO PERSONS, PETS AND PROPERTY, BUT THAT THE LISTED PARTIES ARE UNDER NO DUTY TO PROTECT AGAINST, AND DO NOT IN ANY MANNER WARRANT AGAINST, ANY DEATH, INJURY OR DAMAGE CAUSED BY SUCH WILDLIFE.

15.21 Playgrounds. Any playground or other play areas or equipment furnished by the Declarant or the Association, or erected within the Property shall be used at the risk of the user, and the Declarant and the Association shall not be held liable to any person for any claim, damage, or injury occurring thereon, or related to the use thereof.

15.22 Exhibits. Any exhibits attached to this Declaration, any amendments to this Declaration or any Supplemental Declaration that contain sketches or

depictions of Lot(s), Master Common Properties, Common Properties, Lakes, Improvements and any other items shown on an exhibit, if any ("Sketched Item(s)") shall not be binding as to the existence, size, dimensions, location or identification or any other aspect of such Sketched Item(s) and shall only be for informational, reference, conceptual and general schematic purposes only unless the exhibit together with the text of this Declaration (including any Amendments to this Declaration and Supplemental Declarations) is specifically creating the Sketched Item(s) and then only to the extent specifically created. The depiction of Sketched Item(s) shown on any exhibits (unless to specifically create the Sketched Item(s) as stated in the previous sentence) shall not commit that same will be created and/or constructed at all or in the manner shown and the Declarant makes no representations or warranties as to how the Sketched Item(s) will be created and/or constructed, if at all.

15.23 LYONS ROAD DISCLOSURE. LYONS ROAD IS A PLANNED THOROUGHFARE ROADWAY WHICH IS LOCATED ADJACENT TO THE VERONA LAKES PROPERTY. THE ULTIMATE NUMBER OF LANES FOR THE LYONS ROAD RIGHT OF WAY IS SIX (6).

15.24 AGRICULTURAL ACTIVITIES. THERE MAY BE ACTIVE AGRICULTURAL ACTIVITIES ABUTTING THE PROPERTY.

15.25 Provisions Relating to Pulte Home Corporation.

A. Declarant intends to convey a portion or portions of the Property from time to time to Pulte Home Corporation, a Michigan corporation, its successors, assigns and designees (hereinafter "Pulte"), a developer\builder, who intends to construct and sell completed residential Dwelling Units in the ordinary course of business. The Pulte Property, as used herein, shall be deemed to be that portion or portions of the Property which Pulte owns from time to time (hereinafter "Pulte Property"). Declarant hereby assigns unto Pulte, for the benefit of Pulte, its successors, assigns and/or designees, all of Declarant's rights, benefits, and exemptions contained within this Declaration, which include but are not limited to, those rights, benefits, and exemptions set forth in Sections 2.1, 2.1F, 2.1G, 2.5, 2.7, 14, 15.1, 15.13, 15.10, 15.16, 15.17, 15.19 and 15.20, as said rights, benefits and exemptions relate to Pulte and/or the Pulte Property. The assignment of rights set forth in this Section 15.25(A) shall not be deemed to limit or prohibit Declarant from assigning any remaining Declarant's rights contained under this Declaration, as said rights relate to other portions of the Property.

B. Except for the assignment made to Pulte by Declarant pursuant to this Article 15.25, Declarant shall not make any partial or complete assignment of the Declarant's rights, benefits or exemptions under this Declaration, the Articles or the Bylaws, with respect to the Pulte Property, to any third parties, other than Pulte, without obtaining the prior written approval of Pulte for so long as owns any portion of the Property.

C. In the event of any substantial or material breach by Declarant under this Declaration, the Articles, or the Bylaws, including, but not limited to, that the Declarant is not properly running the Association and/or is not timely funding the deficit for common expenses as provided in Article 6.4, Pulte shall have the right, in addition to all remedies available in law and in equity, to become Declarant. In such event and upon the request by Pulte, the Declarant shall assign to Pulte, within 10 days of said request, by written assignment in recordable form, all Declarant's rights, benefits, exemptions and obligations under the Declaration and shall cause Declarant's directors to resign from the Board of Directors of the Association and Pulte shall be entitled to appoint all Declarant directors to the Board for so long as it shall be so permitted to do so under the terms of this Declaration. In the event of such an assignment, Pulte shall be entitled to all rights of Declarant under the Declaration and shall assume all responsibilities and obligations as Declarant created therein from the date of recording of the assignment forward. Pulte shall have no liability for any acts or omissions of Declarant otherwise occurring prior to the date the assignment is recorded in the Public Records and Declarant hereby indemnifies and holds Pulte harmless against any losses suffered by Pulte as a result thereof. In the event Pulte becomes Declarant under this Declaration, Pulte (as Declarant) shall be subject to the terms of this Section 15.25(C) and the Declarant shall be entitled to all remedies granted to Pulte under this Section 15.25(C).

(a) Prior to either party bringing an action to enforce its rights and remedies as the result of the breach or default by the other party pursuant to this Declaration, the Articles, or Bylaws, the non-breaching party shall provide the breaching party with written notice of default (which specifies the nature of such breach and the curative acts required to cure such default), and an opportunity to cure such default or breach prior to enforcing the remedies otherwise set forth in this Declaration, the Articles, the Bylaws or between the parties. Defaults involving the payment of money shall be cured within ten (10) days of the defaulting party's receipt of the notice of default. Defaults not involving the payment of money ("non-monetary defaults") shall be cured within twenty (20) days of the defaulting party's receipt of the notice of default. The defaulting party shall be permitted a reasonable amount of time to cure any non-monetary default which cannot be completed within said twenty (20) day period, provided the required curative acts

are commenced within said twenty (20) day period, are continuously and diligently pursued thereafter, and ultimately are cured within a reasonable period of time.

D. Declarant shall not take any action, vote on behalf of any Declarant owned Lots (or as a Class B Member) nor make any Amendment to this Declaration that would have a material or adverse affect upon Pulte or the Pulte Property, including but not limited to those rights which have been assigned by Declarant to Pulte hereunder, without the prior written consent of Pulte, which shall not be unreasonably withheld, for so long as Pulte owns any portion of the Property. Within ten (10) days after receipt of written request thereof, Declarant shall amend or cause the Declaration to be amended in the event any amendment hereto is requested to be made by Pulte, in Pulte's reasonable discretion, provided that such amendment complies with the terms of this Declaration, the Articles and the Bylaws and further provided that such amendment would not materially or adversely affect Declarant's respective portion of the Property. Additionally, Declarant shall not elect to terminate the Class B membership prior to the time it is obligated to do so under Article 4 hereof, without obtaining the prior written approval of Pulte, for so long as Pulte owns any portion of the Property. In the event Pulte becomes Declarant under this Declaration, Pulte (as Declarant) shall be subject to the terms of this Section 15.25(D) and the Declarant shall be entitled to all remedies granted to Pulte under this Section 15.25(D).

E. Declarant and Pulte hereby acknowledge that any Lot(s) owned by Pulte from time to time shall be deemed Declarant's Lots for all purposes under the Declaration, Articles and Bylaws, including but not limited to Article 4 and Section 6.4 hereof. Pulte shall be a Class B Member and as a Class B Member shall be entitled to one (1) vote, plus two (2) votes for each vote which the sum of all Class A Members whose Lots were at one time within in the Pulte Property are entitled to cast at any time. Declarant's total Class B votes pursuant to Article 4 shall be reduced by the number of Pulte Class B votes calculated pursuant to the preceding sentence.

F. Unless otherwise provided in this Declaration, Pulte shall have the right at all times and for so long as Pulte owns any portion of the Property, to appoint a minimum of forty (40%) percent of the total number of directors entitled to be appointed or elected by Declarant to the Board of Directors, but in no event shall Pulte be entitled to appoint less than two (2) Directors while Declarant has the right to appoint a majority of the Directors. In the event, however, Unit Owners other than Declarant are entitled to elect a member or members to the Board of Directors while Declarant has the right to appoint a majority of the Directors, then the number of Directors to be appointed by Pulte shall be forty (40%) percent of the total number of Directors entitled to be appointed by Declarant to the Board of

Directors, rounded down to nearest whole number, but in no event shall such number be less than one (1). Unless otherwise provided in this Declaration, Pulte shall have the right at all times and for so long as Pulte owns any portion of the Property, to appoint a minimum of forty (40%) percent of the total number of members of the ARC entitled to be appointed by Declarant to the ARC rounded down to the nearest whole number, but in no event shall Pulte be entitled to appoint less than one (1) Member of ARC while Declarant has the right to appoint a majority of the Directors.

G. During the time the Declarant is entitled to deficit fund the Common Assessments pursuant to this Declaration, Pulte shall not be liable for Common Assessments for Common Expenses for any Lots owned by Pulte, but however, shall be responsible to pay to Declarant from time to time, Pulte's pro rata share of the Deficit Fund for the Common Expenses for the Lots owned by Pulte.

As an alternative to paying its pro rata share of the Deficit Fund, either party may elect, in accordance with the procedure set forth below, in its sole and absolute discretion to cease Deficit Funding the Common Assessments with respect to the Lots owned by such party, and in the alternative to pay Common Assessments for Common Expenses, as in the case of any other Owner. Any party who elects to cease Deficit Funding the Common Assessments (the "Electing Party") must elect to do so in writing by providing written notice to the other party and the Association of their election to no longer Deficit Fund the Common Assessments, which notice shall be delivered to the other party (the "Receiving Party") no later than the first day of October of a given year and shall become effective the first day of January of the following year. Upon receipt of the Electing Party's notice of its election to no longer Deficit Fund the Common Assessments for its Lots, the Receiving Party shall have thirty (30) days from the receipt of such notice to elect, by providing written notice of such election to the Electing Party and the Association within said thirty (30) day period, to cease Deficit Funding the Common Assessments with respects to the Lots owned by the Receiving Party. If the Receiving Party does not provide such notice within said thirty (30) day period, the Receiving Party will be deemed to not have elected to cease Deficit Funding and in such event, shall be responsible for the entire Deficit Funding amount for the succeeding year and any subsequent year in which the Receiving Party has not elected to cease Deficit Funding. Notwithstanding the foregoing, both parties rights to Deficit Fund pursuant to this Declaration shall terminate at the time Class B membership terminates and thereafter each party shall be obligated to pay Common Assessments for Common Expenses, as in the case of any other Owner.

H. Declarant and Pulte shall be entitled to all easement rights specifically created, reserved or granted to Declarant, the Association and the Owners in this

Declaration. Declarant shall not exercise any of its rights created in this Declaration, the Article and Bylaws to grant any easements over any portion of the Pulte Property without Pulte's prior written consent. In the event Pulte becomes the Declarant, Pulte (as Declarant) shall not exercise any of its rights created in this Declaration, the Article and Bylaws to grant any easements over any portion of the Declarant's Property without Declarant's prior written consent. The Declarant's, Pulte's, the Association's and the Owners' use of any easements herein granted or reserved shall not be used in any manner which would materially or adversely affect the Declarant and/or Pulte, or their respective portions of the Property without the prior consent of such affected party, which shall not be unreasonably withheld.

Declarant shall grant and/or shall cause the Association to grant in favor of Pulte any easements which are needed by Pulte in, on, under, over, across and through the Property from time to time, in Pulte's reasonable discretion, in order for Pulte to exercise its rights hereunder and otherwise construct, develop and market the Pulte Property, provided that such easements shall not encroach upon any buildings constructed or to be constructed upon the Property. Pulte shall grant in favor of Declarant any easements which are needed by Declarant in, on, under, over, across and through the Pulte Property from time to time, in Declarant's reasonable discretion, in order for Declarant to exercise its rights hereunder and otherwise construct, develop and market those portions of the Property owned by Declarant from time to time, provided that such easements shall not encroach upon any buildings constructed or to be constructed upon the Pulte Property. Either Declarant or Pulte may assign, partially or otherwise, without the consent or joinder of the other, the Association, or the Owners, any easement related rights which it may possess.

I. Nothing herein shall be deemed or construed by Declarant, Pulte or any third person to create the relationship of principal and agent or of limited or general partners or of joint venturers or of any other association between the Declarant and Pulte.

Declarant and the Association have caused this Declaration to be executed as of the date first written above.