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DECL001

DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

WATERFORD AT ABERDEEN

THIS DECLARATION OF COVENANTS AND RESTRICTIONS, made and
executed this 21st day of October, 1988, by REALTY DEALERS,
LTD., an Illinois limited partnership authorized to transact
business in the State of Florida ("Developer"),

W I T N E S S E T H :

WHEREAS, Developer is the owner of that real property
located in Palm Beach County, Florida, and legally described in
Exhibit "A" attached hereto and made a part hereof (the
"Property"); and

WHEREAS, it is the intent of Developer to establish a
general plan and uniform scheme of development and improvement of
the Property; and

WHEREAS, Developer wishes to provide for the preservation
and enhancement of property values, amenities and opportunities
within the Property in order to contribute to the personal and
general health, safety and welfare of the property owners and
residents therein, and to maintain the land and improvements
therein, and to this end wishes to subject the Property to the
covenants, restrictions, easements, reservations, Assessments,
charges, liens, and other provisions hereinafter set forth.

NOW, THEREFORE, Developer hereby declares that the
Property is and shall be held, transferred, sold, conveyed and

occupied subject to the covenants, restrictions, easements, reservations, Assessments, charges, liens and other provisions hereinafter set forth in this Declaration of Covenants and Restrictions.

ARTICLE 1

DEFINITIONS

The following terms as used in this Declaration, shall have the following meanings:

- 1.1 "Aberdeen" shall mean and refer to all real property subject to the ABERDEEN Planned Unit Development, formerly known as Parkwalk Planned Unit Development, created pursuant to County Resolutions Numbers R-73-811, R-80-1242 and R-800-1243, within which the Property is located.
- 1.2 "Architectural Review Board" or "A.R.B." shall mean and refer to that permanent committee of the Master Association, created for the purpose of establishing and enforcing criteria for the construction of Improvements within the Property and other properties subject to the control of the Master Association.
- 1.3 "Assessment" shall mean and refer to those charges made by the Association from time to time, against each Lot within the Property, for the purposes and subject to the terms set forth herein.
- 1.4 "Association" shall mean and refer to WATERFORD AT ABERDEEN ASSOCIATION, INC., a Florida corporation not for profit, and its successors and assigns.
- 1.5 "Club" shall mean and refer to Aberdeen Golf and Country Club.
- 1.6 "Club Facilities" shall mean and refer to the golf course and such other properties, improvements and related amenities located in Aberdeen P.U.D. (as defined in the Master Declaration) and Aberdeen P.C.D. (as defined in the Master Declaration) and owned by the Club Owner.

- 1.7 "Club Owner" shall mean and refer to Aberdeen Golf and Country Club, Inc., a Florida not for profit corporation, its successors and assigns.
- 1.8 "Common Expenses" shall mean and refer to all expenses incurred by the Association in connection with its ownership, maintenance and other obligations set forth herein.
- 1.9 "Common Property" shall mean and refer to all portions of the Property which are intended for the common use and enjoyment of the Owners, and which are identified and dedicated or reserved to the Association on the recorded subdivision plats of the Property, or conveyed to the Association by deed, and any personal property acquired by the Association.
- 1.10 "County" shall mean and refer to Palm Beach County, Florida.
- 1.11 "Declaration" shall mean and refer to this instrument and all exhibits hereto, as it may be amended from time to time.
- 1.12 "Developer" shall mean and refer to Sunbelt Properties, Ltd., an Illinois limited partnership authorized to transact business in the State of Florida, its successors and assigns.
- 1.13 "Improvements" shall mean and refer to all structures of any kind including, without limitation, any building, fence, wall, sign, paving, grating, parking or building addition, alteration, screen enclosure, sewer, drain, disposal system, decorative building, pool, tennis court, patio, landscaping, or landscape device or object.
- 1.14 "Limited Common Property" shall mean and refer to such portions of the Common Property as are intended for the exclusive use (subject to the rights of the County and the public) of the Owners of specific Lots, and shall specifically include the mailbox structure serving the Lot which may be located on the Common Property, as designated by the Developer. Unless otherwise provided,

specifically to the contrary, reference to the Common

Property shall include the Limited Common Property.

- 1.15 "Lot" shall mean and refer to a tract of real property designated as a residential building lot on any plat of the Property, whether improved or unimproved.
- 1.16 "Master Association" shall mean and refer to ABERDEEN PROPERTY OWNERS ASSOCIATION, INC., a Florida corporation not for profit, its successors and assigns.
- 1.17 "Master Declaration" shall mean and refer to that certain Declaration of Covenants and Restrictions For Aberdeen Planned Unit Development and Aberdeen Planned Commercial Development, dated June 17, 1983, and recorded at Official Record Book 3970, page 573, under the name of Parkwalk Planned Unit Development and Parkwalk Planned Commercial Development, Public Records of Palm Beach County, Florida, and any amendments thereto recorded or to be recorded in the Public Records of Palm Beach County, Florida.
- 1.18 "Master Plan" shall mean and refer to that certain Revised Master Plan for Aberdeen, which is filed under the name Parkwalk and marked Exhibit No. 26 in the Official Zoning File of ABERDEEN, in the Office of the County Department of Planning, Zoning and Building, approved July 13, 1982 and as amended from time to time.
- 1.19 "Member" shall mean and refer to a member of the Association and as used throughout this Declaration is synonymous with the term "Owner" and said terms are used herein interchangeably.
- 1.20 "Mortgagee" shall mean and refer to any lending institution having a first mortgage lien upon a Lot or any portion of the Property, including any of the following institutions: (a) a federal or state savings and loan association or commercial bank doing business in the State of Florida, (b) a federal or state building and loan association doing business in the State of Florida,

(c) an insurance company or subsidiary thereof doing business in the State of Florida which is approved by the Insurance Commissioner of the State of Florida, (d) a real estate investment trust or mortgage banking company licensed to do business in the State of Florida, (e) the Federal National Mortgage Association, (f) a pension or profit sharing fund qualified under the United States Internal Revenue Code, (g) any subsidiary of the foregoing licensed or qualified to make mortgage loans in the State of Florida, (h) an agency of the United States Government, (i) or Developer.

As 1.21 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, excluding, however, any Mortgagee unless and until such Mortgagee has acquired title pursuant to foreclosure or any proceeding or deed in lieu of foreclosure and as used throughout this Declaration, the term "Owner" is synonymous with the term "Member" and said terms are used herein interchangeably.

1.22 "Property" shall mean and refer to that real property legally described in Exhibit "A" attached hereto and made a part hereof, and any other real property which may from time to time be made subject to this Declaration in the manner provided in Article 2 hereof.

1.23 "Street" shall mean and refer to any street, highway or other thoroughfare within Waterford at Aberdeen and which is a part of the Common Property, whether same is designated as street, avenue, boulevard, drive, place, court, road, terrace, way, circle, lane, walk, or other similar designation.

1.24 "Traffic Regulations" shall mean and refer to the speed limits and traffic regulations which may be promulgated by the Association for use of the Streets and the "no parking" signs which may be posted by the Association

throughout Waterford at Aberdeen pursuant to Section 4.6 of this Declaration.

- 1.25 "Turnover Meeting" shall mean and refer to the special meeting of the Members for the purpose of electing officers and directors pursuant to Section 3.3 hereof.
- 1.26 "Unimproved Lot" shall mean and refer to a Lot owned by the Developer for which a certificate of occupancy or completion for a Unit has not been issued by the County or which has not been conveyed by the Developer to a Class "A" Member, as same is defined in Section 3.3 hereof.
- 1.27 "Unit" shall mean and refer to a residential dwelling constructed on a Lot, for which a Certificate of Occupancy or Completion has been issued, and shall include the garage and courtyard attached to the dwelling.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Existing Property. The initial Property subject to this Declaration upon the recordation hereof in the County Public Records, is the Property described in Exhibit "A" attached hereto.

2.2 Additional Property. Developer may, at any time and from time to time, subject any additional property within Aberdeen to this Declaration by recording in the public records of the County an amendment to this Declaration specifying such additional property. Such amendments may be made by Developer without the joinder or consent of the Master Association, other Owners or Mortgagees of any portion of Aberdeen, or any other person or entity, with the exception only of the County.

ARTICLE 3

WATERFORD AT ABERDEEN ASSOCIATION, INC.

3.1 Formation. At or about the time of the recording of this Declaration, Developer has caused the Association to be formed by the filing of the Articles of Incorporation therefor in the

office of the Secretary of State of Florida. The Association is formed to own, operate and maintain the Common Property; enforce the covenants, conditions, restrictions and other provisions set forth in this Declaration and to have such other specific rights, obligations, duties and functions as are set forth in this Declaration and in the Articles of Incorporation and the By-Laws of the Association. Subject to the additional limitations provided herein and in the Articles of Incorporation and By-Laws, the Association shall have all of the powers and be subject to the limitations of a not-for-profit corporation as contained in Florida Statutes, Chapter 617, Part I (1988) (Corporations Not-For-Profit).

3.2 Membership. A person or entity shall automatically become a Member of the Association upon acquisition of fee simple title to any Lot and filing a deed therefor in the public records of the County. Membership shall continue until such time as the Member transfers or conveys his interest of record or the interest is transferred and conveyed by operation of law, at which time membership, with respect to the Lot conveyed, shall automatically be conferred upon the transferee. Membership shall be appurtenant to, and may not be separated from, ownership of a Lot subject to this Declaration. No person or entity holding an interest of any type or nature whatsoever in a Lot only as security for the performance of an obligation shall be a Member. Developer, by including additional property within the imposition of this Declaration, may cause additional membership in the Association and may designate the ownership basis for such additional membership.

3.3 Voting. The Association shall have two classes of voting membership:

Class "A" - Class "A" Members shall be all Owners, with the exception of Developer. Class "A" Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves

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determine, but in no event shall more than one vote be cast with respect to any such Lot. With respect to each Lot owned by other than a natural person or persons, the Owner shall file with the Secretary of the Association a notice designating the name of an individual who shall be authorized to cast the vote of such Owner. In the absence of such designation, the Owner shall not be entitled to vote on any matters coming before the membership.

Class "A" - The Class "B" Member shall be the Developer. The Class "B" Member shall be entitled to three votes for each Lot in which it holds the interest required for membership, provided that the Class "B" membership shall cease and become converted to Class "A" membership upon the happening of the earlier of the following events:

- (a) when the total votes outstanding in the Class "A" membership equal the total votes outstanding in the Class "B" membership; or
- (b) at any earlier time that the Developer, in its sole discretion, voluntarily converts its Class "B" membership to Class "A" membership.

From and after the happening of the earlier of these events, the Class "B" Member shall be deemed to be Class "A" Member entitled to one vote for each Lot in which it holds the interest required for membership. Notwithstanding anything to the contrary contained herein, the Developer shall turn over control of the Association to the Owners, no later than the earlier of the following events: four (4) months after the closing of the sale of seventy-five percent (75%) of the Lots within the Property, or three (3) years following the first closing of the sale of a Lot within the Property, or such earlier time as is determined by Developer, in Developer's sole discretion.

Prior to ninety (90) days after the happening of the earliest of the foregoing events, the Association shall conduct the Turnover Meeting.

3.4 Administration of the Association. The affairs of the Association shall be administered by the Board of Directors in

accordance with this Declaration, the Articles of Incorporation and the By-Laws of the Association. The Articles of Incorporation and By-Laws may be amended in the manner set forth therein; provided, however, that no such amendment shall conflict with the terms of this Declaration or adversely affect the rights of Developer without Developer's prior written approval; and provided further, that no amendment, alteration or rescission may be made which affects the rights or privileges of any Mortgagee without the prior written approval of the Mortgagee so affected, and any attempt to amend, alter or rescind contrary to this prohibition shall be of no force or effect.

3.5 Suspension of Membership Rights. No Member shall have any vested right, interest or privilege in or to the assets, functions, affairs or franchises of the Association, or any right, interest or privilege which may be transferable, or which shall continue after his membership ceases, or while he is not in good standing. A Member shall be considered "not in good standing" during any period of time in which he is delinquent in the payment of any Assessment, or in violation of any provision of this Declaration or of any rules or regulations or Traffic Regulations promulgated by the Association. While not in good standing, the Member shall not be entitled to vote or exercise any other right or privilege of a Member of the Association.

3.6 Control by Developer.

3.6.1 Anything contained herein to the contrary notwithstanding, Developer shall have the right to retain control of the Association until the earlier of the following events: a) four (4) months after the closing of the sale of seventy-five percent (75%) of the Lots within the Property, b) three (3) years following the first closing of the sale of a Lot within the Property, or c) such earlier time as is determined by Developer in Developer's sole discretion. So long as it retains control of the Association, Developer shall have the right to appoint all members of the Board of Directors and to approve the

appointment of all officers of the Association, and no

action of the Members of the Association shall be effective unless and until approved by Developer. In the event that Developer shall enter into any contracts or other agreements for the benefit of Owners or the Association, Developer may, at its option, assign its obligations under such contracts or agreements to the Association, and in such event the Association shall be required to accept such obligations.

- 3.6.2 After turnover of control of the Association, the Association shall have the right to terminate any contract or lease, including any management agreement, entered into by the Developer (with the exception only of those contracts entered into by Developer with Comcast Cable Company and Florida Power and Light Company). This right of termination may be exercised by the Association without penalty at any time after transfer of control, with or without cause, and upon not more than ninety (90) days notice to the other party.

- 3.6.3 After turnover of control of the Association, no action shall be taken or decision adopted by the Board which would adversely impact on the construction, development, sale or marketing of the Property or on the condition or appearance of the Property without the prior written consent of the Developer. The Board shall submit such decisions and actions to the Developer, for approval. The Developer shall approve or disapprove such decisions and actions within twenty (20) days after receipt thereof. In the event the Developer fails to act within such time period, such failure shall be deemed approval by the Developer.

ARTICLE 4

COMMON PROPERTY

- 4.1 Title to Common Property. Title to the Common Property shall remain vested in the Developer until the date that it

relinquishes control of the Association, as such date is defined hereinabove. Notwithstanding the manner in which fee simple title is held, the Association shall be responsible for the management maintenance and operation of the Common Property from and after the date of recordation of this Declaration. Simultaneously with its relinquishment of control of the Association, Developer shall convey all of its right, title and interest in the Common Property to the Association. Anything herein contained to the contrary notwithstanding, certain portions of the Common Property may be reserved as Limited Common Property for the exclusive benefit and use of specific Owners.

4.2 Acquisition and Conveyance of Property. The Association shall have the power and authority to acquire and convey such interests in real and personal property as it may deem beneficial to its Members. Such interests may include fee simple or other absolute ownership interests, leaseholds or such other possessory use interests as the Association may determine to be appropriate. Any property acquired pursuant to this section shall be Common Property.

4.3 Maintenance of Property. The Association shall, either by virtue of the appointment of a real estate management agent or through its own personnel, be responsible for the maintenance and repair of the Common Property, including without limitation that certain swimming pool and cabana which may be located on the Property and which is for the exclusive use and benefit of Members of the Association, their tenants, family and guests (the "Waterford at Aberdeen Pool and Cabana"), that portion of the Lots outside the Units, as hereinafter set forth, and the interior of the Units as hereinafter set forth. In addition, pursuant to a maintenance agreement entered or to be entered into with the Master Association (the "Lake Maintenance Agreement") the Association shall maintain the twenty (20) or twenty-five (25) foot perimeter areas (the "Lake Easements"), around the lakes within the Property, which area is identified as a Water Management Maintenance Easement and is dedicated or reserved to the Master Association on any of

the recorded plats of the Property. Developer, its affiliates, subsidiaries, successors and assigns, may be the management agent and nothing shall be deemed to invalidate any management or maintenance agreement between the Association and Developer or its affiliates, subsidiaries, successors and assigns for the reason that at the time of entering into the management or maintenance agreement, the employees, officers or agents of Developer, or its affiliates, subsidiaries, successors and assigns are the officers, directors or employees of the Association. Specifically, the property the Association shall maintain and be responsible for shall include, but not be limited to the following:

- 4.3.1 All roads within the Property which are dedicated or reserved to the Association on any plat of any portion of the Property or conveyed by deed to the Association.
- 4.3.2 All parking lots and guest parking spaces within the Property.
- 4.3.3 All landscaping of the Common Property, including without limitation, all sodding, irrigation and the planting and care of trees and shrubbery.
- 4.3.4 That portion of the Lots outside of the Units and the exterior of the Units, as hereinafter set forth.
- 4.3.5 The Waterford at Aberdeen Pool and Cabana.
- 4.3.6 The Lake Easements.
- 4.3.7 The gate house and entry gate located on the Common Property.

4.4 Rules and Regulations Governing Use of Property. The Association, through its Board of Directors, shall regulate the use of the Property by Owners and may from time to time promulgate rules and regulations consistent with this Declaration governing the use thereof as it may deem to be in the best interest of its Members. No rules or regulations may be adopted which would adversely affect the rights of any Mortgagee without the prior written consent of such mortgagee. A copy of all rules and regulations established hereunder and any amendments thereto shall

be made available to all Members at the Association office. Such rules and regulations may be enforced by legal or equitable action.

4.5 Traffic Regulations. The Association, through its Board of Directors, shall have the right to post and promulgate Traffic Regulations throughout Waterford at Aberdeen for use of the Streets. A copy of all Traffic Regulations established hereunder and any amendments thereto shall be made available to all Members for inspection at the office of the Association. The Association, through its Board of Directors, shall also have the right to establish enforcement mechanisms for violation of the Traffic Regulations, including without limitation, the assessment of special assessments for non-compliance, which shall be collected pursuant to Article 6 of this Declaration, the removal of vehicles from the Property, and the suspension of Owners' rights and easements of enjoyment provided herein. Upon request, but in no event later than thirty (30) days after the imposition of any remedy for violation of a Traffic Regulation, those who violate the Traffic Regulations shall be entitled to a hearing before the Board of Directors and forty-eight (48) hours notice prior to the date of such hearing.

4.6 Owners' Easements of Enjoyment. Subject to the provisions hereinbelow, each Owner shall have a right and easement of enjoyment in and to the Common Property which shall be appurtenant to, and shall pass with the title to each Lot.

4.7 Extent of Owners' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- 4.7.1 The right of Developer and the Association to borrow money for the purpose of improving the Common Property and in connection therewith, to mortgage the Common Property.
- 4.7.2 The right of Developer and the Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure.
- 4.7.3 The right of the Association to suspend the enjoyment rights and easements of any Owner for any

period during which an Assessment remains unpaid by that Owner, and for any period during which such Owner is in violation of this Declaration or any of the rules and regulations or the Traffic Regulations.

- 4.7.4 The right of the Association to maintain the Common property and other property described in Paragraph 4.3 of this Declaration.
- 4.7.5 The rules and regulations governing the use and enjoyment of the Property and the Traffic Regulations, as promulgated by the Association.
- 4.7.6 The right of the Developer and the Association to dedicate or transfer all or any part of the Common Property to any governmental or quasi-governmental agency, authority, utility, water management or water control district.
- 4.7.7 Restrictions, dedications and easements contained on any plat, or filed separately, with respect to all or any portion of the Property.
- 4.7.8 All of the provisions of this Declaration, and the Articles of Incorporation and By-Laws of the Association, and all rules and regulations and Traffic Regulations adopted by the Association, as same may be amended from time to time.
- 4.7.9 All of the provisions of the Master Declaration, and the Articles of Incorporation and By-Laws of the Master Association and all rules and regulations and traffic regulations adopted by the Master Association, as same may be amended from time to time.

4.8 Continual Maintenance. In the event of a permanent dissolution of the Association, the Members shall immediately thereupon hold title to the Common Property as tenants in common and shall collectively provide for the continued maintenance and upkeep thereof. In no event shall the County be obligated to

accept any dedication offered to it by the Association or the Members pursuant to this section, but the County may accept such a dedication and any such acceptance must be made by formal resolution of the then empowered Board of County Commissioners. In the event of a dissolution of the Association, for whatever reason, any Owner may petition the circuit court of the 15th Judicial Circuit of the State of Florida for the appointment of a receiver to manage the affairs of the dissolved Association and the Common Property in place and instead of the Association, and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Association and the Common Property.

4.8 Plat. Any plat or replat of the Property subject to this Declaration must conform with the Master Plan as approved by the Board of County Commissioners of Palm Beach County as well as the applicable site plan as approved by the Site Plan Review Committee of the County.

ARTICLE 5

EASEMENTS

5.1 Easement Grants. The following easements are hereby granted and reserved over, across and through the Property:

5.1.1 Easements for the installation and maintenance of utilities are granted as shown on the recorded subdivision plats of the Property. Within these easement areas, no structure, planting or other material, other than sod, shall be placed or permitted to remain (unless installed by Developer), which may interfere with the installation and maintenance of underground utility facilities. The Association (or such other entity as indicated on the plats) is hereby granted access to all easements within which such underground facilities are located for the purpose of operation, maintenance and replacement thereof.

- 5.1.2 Easements for the installation and maintenance of drainage facilities are granted to the Association and other entities as shown on the recorded subdivision plats of the Property. Within these easements areas, no structure, planting or other material, other than sod shall be placed or permitted to remain (unless installed by Developer), which may interfere with such installation and maintenance, or which may obstruct or retard the flow of water through drainage channels. The Association and the Master Association (and any other entity indicated on the plat) shall have access to all such drainage easements for the purpose of operation and maintenance thereof.
- 5.1.3 The Common Property is hereby declared to be subject to a perpetual non-exclusive easement in favor of the Association, the Master Association, employees and agents of the Association and the Master Association, and of any management or maintenance entity contracted by the Association or the Master Association, in order that such employees, agents or management or maintenance entity may carry out their duties (including, without limitation, maintenance of property and the provision of security services) and may have reasonable access to all property dedicated to the Association or the Master Association on the recorded plat(s) of the Property or conveyed to the Association or the Master Association by deed.
- 5.1.4 An easement is hereby granted to each Mortgagee for the purpose of access to the property subject to its mortgage.
- 5.1.5 As to all Lots upon which a "party wall" , as defined in Section 10.1 hereof, is located, an

easement is hereby granted upon the Lot for errors in construction of the party wall, minor inaccuracies in survey, and for movement of the party wall due to settling of the Improvements or otherwise.

5.1.6 Easements are hereby reserved throughout the property by Developer for its use and the use of its agents, employees, licensees and invitees for all purposes in connection with the development of the Property and Aberdeen. Developer retains the right to maintain an office located, in its discretion, on the Property until such time as all Lots within Aberdeen owned by Developer have been sold to Owners other than Developer and closed. Developer may also construct and maintain a sales agency office, together with a sign or signs on Lots of its choice within the Property, and the Common Property, so long as Developer is the owner of any property within Aberdeen.

5.1.7 An easement is hereby granted to members of the Club and their guests, and to the Club Owner and its officers, agents and employees, to permit the doing of every act necessary and incident to the playing of golf on the golf course located within Aberdeen and to permit the doing of every act necessary and incident to maintaining the Club Facilities. These acts shall include, but not be limited to, the recovery of golf balls from Lots, the flight of golf balls over and upon the Lots, the creation of the usual and common noise level associated with the playing of the game of golf, the creation of the usual and common noise level associated with maintaining Club Facilities, together with all such other common and usual activities associated with the game of golf and

with all the common and usual activities associated with the maintenance and operation of Club Facilities. Developer shall have the right to prescribe in writing to the Club Owner the manner and extent to which the rights under this easement shall be exercised. In addition, the Developer may, in its sole discretion, limit or withdraw or prohibit certain of the acts authorized by this easement, and it may limit the manner and place of doing all or certain of the acts authorized by this easement.

5.2 Additional Easements. Developer, the Association, and the Master Association shall have the right to grant additional easements, permits and licenses throughout the Property for utilities, cable television services, roads and for such other purposes as the Developer, the Association, and the Master Association may deem to be in the best interests of the Owners, or reasonably necessary or useful for the proper maintenance or operation of the Property.

5.3 Restriction on Owner Easements. No Owner, other than Developer shall grant any easement upon any portion of the Property to any person or entity, without the prior written consent of the Association.

ARTICLE 6

ASSESSMENTS AND LIEN

6.1 Authority of Association. The Association, through its Board of Directors, shall have the power and authority to make and collect Assessments as hereinafter set forth. All Assessments made by the Association shall be collected by the Association or such agent as shall be designated by the Association for collection of Assessments.

6.2 General Assessments. General Assessments shall be determined annually for the purpose of maintenance and management of the Association, the Common Property and the Lake Easements,

maintenance of that portion of the Lots outside of the Units and the exterior of the Units, as hereinafter set forth, payment of amounts assessed by the Master Association, and for the purpose of promoting the safety and welfare of the Owners. Without limiting the foregoing, general Assessments shall be used for payment of: operation, maintenance and management of the Association and the Common Property; payment of amounts assessed by the Master Association: property taxes and assessments against and insurance coverage for the Common Property; legal and accounting fees; maintenance of any streets dedicated or reserved to the Association; maintenance and repair of the Waterford at Aberdeen Pool and Cabana; management fees: normal repairs and replacements; charges for utilities used upon the Common Property; cleaning services; maintenance of the reserve account required pursuant to the By-Laws of the Association; expenses and liabilities incurred by the Association in the enforcement of its rights and duties against the Members or others; maintenance of vacant property; maintenance of that portion of the Lots outside of the Units and the exterior of the Units, as hereinafter set forth; maintenance of the Lake Easements; the creation of reasonable reserves (the Association shall be required to establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of Improvements to the Common Property. The reserve fund shall be maintained from the General Assessments for Common Expenses, collected by the Association); and all other expenses deemed by the Board of Directors of the Association to be necessary and proper for management, maintenance, repair, operation, enforcement and for the promotion of the safety and welfare of the Owners.

6.3 Basis and Collection of General Assessments. The Association shall annually estimate the Common Expenses it expects to incur and the period of time involved therein and shall assess its Members sufficient monies to meet this estimate. All Lots, except Unimproved Lots, shall be assessed at a uniform rate to be determined by the Association, so that all Lots (except Unimproved Lots) subject to a general Assessment shall be assessed equally.

Should the Association at any time determine that the Assessments made are insufficient to pay the Common Expenses, the Board of Directors shall have authority to levy additional general Assessments to meet such needs. General Assessments shall be payable in advance on a monthly basis.

6.4 Special Assessments. The Association shall have the power and authority to levy and collect a special Assessment from each Member for payment of the following: the acquisition of property by the Association; the cost of construction of capital Improvements to the Common Property; the cost of construction, reconstruction, unexpected repair or replacement of the Common Property including the Waterford at Aberdeen Pool and Cabana or any capital Improvement, and including the necessary fixtures and personal property related thereto; including, without limitation, such costs resulting from an Act of God, hurricane, flood or freeze damage; the expense of indemnification of each Director and Officer of the Association; and any other expenses included in the budget adopted annually by the Association. All Lots, except Unimproved Lots, shall be assessed at a uniform rate. A special Assessment shall be collectible in such manner as the Board of Directors shall determine. If a special Assessment shall exceed FIVE HUNDRED DOLLARS (\$500.00) per Lot, it shall require the approval of the Members of the Association, to be obtained at a duly convened regular or special meeting at which a quorum exists and which is called at least in part to secure his approval. Approval shall be by an affirmative vote of at least fifty-one percent (51%) of the votes present in person or by proxy.

6.5 Emergency Special Assessments. The Association may levy an emergency special Assessment when, in the sole determination of the Board of Directors, there is potential danger of damage to persons or property. Emergency special Assessments may be utilized to pay for preventive, protective or remedial construction, reconstruction, Improvements, repairs or replacements. Events justifying emergency special Assessment include, but are not limited to, hurricanes, floods and fires. Emergency special

Assessments shall be collected in such manner as the Board of Directors shall determine.

6.6 Individual Assessments. The Association shall have the power and authority to levy and collect an individual Assessment against a particular Lot for the cost of maintenance, repairs or replacements to the Common Property, or any other property to be maintained by the Association, necessitated by the negligent or willful acts of an Owner or his invitees, licensees, family or guests, or for the cost of maintenance, repairs or replacements within or without the Lot, which the Owner thereof has failed or refused to perform. The Association shall have the right to enter onto each Lot to perform necessary maintenance, repairs and replacements, including the right to abate or eliminate any nuisance. The individual Assessment may include an administrative fee charged by the Association in an amount to be determined by the Board of Directors in its discretion from time to time. All individual Assessments shall be collected in such manner as the Board of Directors shall determine.

6.7 Special Assessments for Non-Compliance: In addition to all other remedies provided in this Declaration, the Board of Directors, in its sole discretion, may levy a Special Assessment against an Owner for failure of the Owner, his family, guests, invitees, or employees, to comply with any provision in this Declaration or the Articles, By-Laws, rules and regulations or Traffic Regulations of the Association, provided that the following procedures are followed:

6.7.1 Notice. The Association shall notify the Owner of the infraction or infractions. Included in the Notice shall be the date and time of the next Board of Directors Meeting at which the Owner shall present testimony as to why the Special Assessment should not be imposed.

6.7.2 Hearing. The non-compliance shall be presented to the Board of Directors at the time and place provided in the Notice, at which meeting a hearing

shall be conducted for purposes of obtaining testimony as to the levying of a Special Assessment in the event that it is determined that a violation has in fact occurred. A written decision of the Board of Directors shall be submitted to the Owner not later than twenty-one (21) days after the hearing.

6.7.3 Amount of Special Assessment. The Board of Directors may impose the following Special Assessments against the Owner in the event a violation is found:

6.7.3.1 First Non-Compliance for Violation: A Special Assessment in an amount not in excess of \$100.00.

6.7.3.2 Second Non-Compliance for Violation: A Special Assessment in an amount not in excess of \$500.00.

6.7.3.3 Third and Subsequent Non-Compliance Violation or Violations which are of a Continuing Nature: A fine in an amount not in excess of \$1,000.00.

6.7.4 Due Date of Special Assessment. A Special Assessment as provided in this Article shall be due and owing not later than thirty (30) days after the written decision as provided in Section 6.7.2 above.

6.8 Effect of Non-Payment of Assessment. All notices of Assessments from the Association to the Members shall designate when the Assessment is due and payable. If an Assessment is not paid on the date when due, it shall then become delinquent and shall bear interest at the maximum rate allowed by law (and in the absence of such law, at such interest rate as the Board of Directors of the Association may decide from time to time) from the date when due until paid. The Assessment, together with interest thereon and the costs of collection thereof, including attorneys' fees, shall be a continuing lien against the Lot owned by the Member against whom the Assessment is made and shall also be the

continuing personal obligation of the Owner thereof; provided however, that such personal obligation shall not pass to a successor in title to a Lot unless assumed by such successor in title. The Association shall also record a claim of lien in the Public Records of the County setting forth the amount of the unpaid Assessment, the rate of interest due thereon and the costs of collection thereof. If any Assessment or any installment thereof shall not be paid within thirty (30) days following the due date, the Association may declare the entire annual unpaid Assessment immediately due and payable. The Association may at any time thereafter bring an action to foreclose the lien against the Lot assessed in the manner in which mortgages on real property are foreclosed and a suit on the personal obligation of the Owner. A suit to collect unpaid Assessments may be prosecuted by the Association without waiving the lien securing such unpaid Assessments, costs and attorneys' fees. There shall be added to the amount of the Assessment the costs of such action, including attorneys' fees, and in the event a judgment is obtained, such judgment shall include interest on the Assessment as above provided and costs, including attorneys' fees, incurred by the Association. Any successor in title to a Lot shall be held to constructive notice of the records of the Association to determine the existence of any delinquency in the payment of Assessments.

6.9 Additional Assessments. The Assessments provided for herein shall be in addition to any other Assessments or charges which may be levied by the Master Association.

6.10 Certificate of Assessments. The Association shall prepare a roster of the Members, their respective Lots and Assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by all Members at reasonable business hours. At the request of an Owner, the Board of Directors shall prepare a Certificate of Assessments signed by an officer of the Association, setting forth whether the Owner's Assessments have been paid and the amount which is due as of the date of the Certificate. As to parties without knowledge of

error who rely thereon, such Certificate shall be presumptive evidence of payment or partial payment of any Assessment therein stated as having been paid or partially paid.

6.11 Subordination of Lien to Mortgages. Regardless of the effective date of the lien of any Assessments made by the Association, such Assessment lien shall be subordinate and inferior to the lien of the mortgage of any Mortgagee. Such subordination shall, however, apply only to the Assessments which have become due and payable prior to a final sale or transfer of the mortgaged Lot pursuant to a decree of foreclosure or in any other proceeding or conveyance in lieu of foreclosure of the mortgage. No sale or other transfer shall relieve any Lot from liability for any Assessment becoming due thereafter, nor from the lien of any such subsequent Assessment. Any delinquent Assessments which are eliminated against a Lot pursuant to a sale or transfer in connection with the foreclosure of a mortgage, or any proceeding or deed in lieu of foreclosure, may be reallocated and assessed to all Owners as a Common Expense. The written opinion of the Association that the Assessment lien is subordinate to a mortgage lien shall determine any question of subordination.

6.12 Payments by Developer. Prior to the Turnover Meeting, in lieu of the payment of any Assessments, Developer shall be responsible only for the payment of that portion of the Common Expenses over and above the budgeted assessments payable by the other Members. After the Turnover Meeting, Lots owned by the Developer, except Unimproved Lots, shall be assessed in like manner as other Lots.

6.13 Exempt Property. The following property shall be permanently exempt from the payment of all Assessments by the Association:

- 6.13.1 All property dedicated or reserved to or owned by the Association and the Master Association.
- 6.13.2 All property dedicated to or owned by the water management district, water control district or

other party responsible for maintenance of the water management system within Aberdeen.

6.13.3 Any portion of the Property dedicated to the County.

6.13.4 Any portion of the Property exempted from and valorem taxation by the laws of the State of Florida.

6.13.5 Any Unimproved Lots.

6.14 Submission of Financial Report. The Association shall furnish all Mortgagees with copies of the financial statements of the Association, upon written request therefor to the Association.

6.15 Initial Capital Contribution. In addition to all of the foregoing Assessments, Owners shall also be required to pay, at the time of the closing of their Lots, a sum equal to two (2) months general Assessments, assessed against a Lot by the Association, which sum shall be paid to the Association as an initial contribution to the working capital of the Association. This initial contribution shall not relieve Owner of Owner's responsibility to pay all prepaid monthly installments of the general Assessments assessed against Owner's Lot, as well as all subsequent Assessments. The contribution is a one-time contribution to be made by the initial purchasers of Lots from Developer. This contribution shall not be refundable to purchasers in the event of a sale or transfer of a Lot. All capital contributions received by the Association shall be maintained in an account for the use and benefit of the Association and the Owners.

ARTICLE 7

MAINTENANCE OF PROPERTY

7.1 Association Responsibilities. The Association shall be responsible for maintenance of the Common Property, including without limitation, the Waterford at Aberdeen Pool and Cabana and other areas as set forth below.

7.1.1 The exterior of each Unit, including the roof and exterior walls of the dwelling and attached garage,

the painting of the exterior surfaces, and the maintenance of the landscaping on each Lot, (provided such landscaping was installed by the Developer), but not including doors, windows, screens, exterior fixtures, and mailboxes, which shall be maintained by the Owners.

7.1.2 In the event that any Owner fails to properly maintain any property that the Owner is required to maintain, the Association shall have the right to make any repairs or replacements as it deems necessary. In such event, the Association shall have the right to individually assess the Owner involved for all costs incurred in making such repairs or replacements.

7.1.3 The Lake Easements, which are to be maintained by the Association, in accordance with the provisions of this Declaration.

7.2 Owner Responsibilities. The Owner of each Lot shall be responsible for maintenance of the interior areas of the Unit, including the garage, driveway, and the doors, windows, screens and exterior fixtures of the Unit, and the mailbox. The Owner of each Lot shall be responsible for the maintenance of any landscaping placed by the Owner on the Lot; provided, however, that no landscaping whatsoever may be installed by an Owner on a Lot without the approval of the Association, as set forth in Section 9.1.17 hereof. The expense of any maintenance, repair or construction of any portion of the Common Property or the exterior of any Unit necessitated by the negligent or willful acts of an Owner or his invitees, licensees, family or guests shall be borne solely by such Owner and his Lot shall be subject to an individual Assessment for such expense. Extraordinary repairs or replacements beyond the normal maintenance performed by the Association, but not resulting from a casualty covered by insurance, shall be timely performed by the individual Owner at his own expense, subject to the Association's satisfaction that such repairs or replacement

comply with the restrictions contained in Articles 8 and 9 hereof.

The Board of Directors of the Association shall determine in its sole discretion, which repairs and replacements are "normal" and performed by the Association, and which are extraordinary and performed by an Owner. In the event the Owner fails to perform its responsibilities, as aforesaid, the Association shall have the right, but not the obligation, to perform such maintenance and to assess the costs thereof against such Owner and his Lot as an individual Assessment, pursuant to Article 6 of this Declaration. The Association and its agents and employees shall have an irrevocable right of access to all Lots to make emergency repairs, to do maintenance and repair work required to be performed by the Association pursuant to the terms hereof, and to do such other work reasonably necessary for the proper maintenance and operation of the Property.

ARTICLE 8

ARCHITECTURAL CONTROLS

It is the intent of the Developer to create within the Property a residential community of high quality and harmonious improvements. Accordingly, no Improvements shall be commenced, erected, placed or maintained within the Property nor shall any addition, change or alteration be made to any Improvements unless and until the plans, specifications and location of same shall have been submitted to and approved in writing by the Architectural Review Board of the Master Association. The procedures to be followed by the A.R.B. shall be set forth in the Master Declaration and in the rules, regulations and standards as may be adopted by the A.R.B. from time to time.

ARTICLE 9

USE RESTRICTIONS

9.1 Restrictions on Use of Lots and common Property.

- 9.1.1 Residential Use. All Lots shall be used only as single family, private, residential dwellings and for no other

purpose. "Single Family" shall mean and refer to either a single person occupying a Unit and maintaining a household, including not more than one authorized tenant; or two (2) or more persons related by blood, marriage, or adoption occupying a Unit and living together and maintaining a common household, including not more than one authorized tenant; or not more than four (4) unrelated persons occupying a Unit as distinguished from a group occupying a boarding or lodging house, hotel, club or similar dwelling for group use.

9.1.2 No Commercial Activities. No Lot shall be used or occupied for any purpose other than as a residential dwelling by a Single Family, its household and guests. no business or commercial activity shall be permitted on any lot, nor shall any business be conducted on any part thereof. The foregoing restrictions shall not apply to the Developer.

9.1.3 Pets. Owners may keep no more than two (2) "Domestic Pets", provided that no such pets are kept, bred or maintained for any commercial purpose. For purposes hereof, the term "Domestic Pets" shall refer to dogs, cats, tropical fish and birds and shall specifically exclude all other types of animals or pets. All dogs must be on a leash or carried when on the Property; however, no pets shall be permitted within any recreational areas, including, without limitation the Waterford at Aberdeen Pool and Cabana, under any circumstances. It shall be the pet owner's obligation to remove the pet's waste material from all property maintained by the Association. The Board of Directors of the Association shall have the right to order the removal of any pet which is considered, in the Board's sole discretion, a nuisance. In such event, the Board of Directors shall give written notice thereof to the

pet owner, and the pet shall immediately thereafter be permanently removed from the Property.

- 9.1.4 Boats. Boat mooring facilities on any lake shall be limited only to facilities which may be provided by the Master Association. No one other than the Developer and the Master Association shall be permitted to install docks, moorings or similar structures or to keep or moor boats on the lakes. In no event shall motor powered boats be permitted, nor shall any boats be permitted to be stored or kept on boat trailers, on any lawn or driveway or on Common Property adjacent to the lakes. Boats may be stored in garages, provided they are not visible to outside view.
- 9.1.5 Temporary Structures. No temporary buildings, structures or tents, either with or without living sleeping or eating accommodations, shall be placed, located, kept or maintained within the Property.
- 9.1.6 Insurance. No owners or occupants of a Lot shall permit or suffer anything to be done or kept within his or their Lot to make any use of the Common Property, which will increase the rate of insurance on any portion of the Property.
- 9.1.7 Nuisances. No use or practice which is, in the sole opinion of the Board of Directors of the Association, either an annoyance to other Owners or an interference with the peaceful possession and proper use of the Property by Owners, shall be allowed. No Owner and no occupants of a Lot shall commit or permit any nuisance or illegal activity in or about the Property.
- 9.1.8 Outside Displays. No Owner and no occupants of a Lot shall cause anything to be affixed or attached to, hung, displayed or placed on the exterior walls, doors, balconies or windows of his or their Lot, including reflective film, nor place any furniture or equipment outside the Improvements on his Lot except with the

prior written consent of the Association. This provision shall not apply to the Developer.

- 9.1.9 Antennae. No radio, television or other electronic antennae, aerial, or satellite receiving dish, or other reception or transmission device may be erected or maintained anywhere on the Common Property (unless installed by Developer or the Association) or the exterior of any Lot or Unit without the prior written approval of the Association.
- 9.1.10 Motor Vehicles. No vans, campers, recreational vehicles, commercial vehicles (other than in connection with pick ups and deliveries) or inoperative vehicles shall be stored or parked within the Property, or on any Lot, unless parked in a garage with closed doors out of public view, nor shall any motor vehicles be repaired on the Property or on any Lot. For purposes of this subsection, any vehicle weighing in excess of one-half (1/2) ton payload capacity shall be conclusively presumed to be a commercial vehicle. Determinations as to acceptable motor vehicles shall be made in the sole discretion of the Board of Directors of the Association.
- 9.1.11 Exterior Alterations. No structural changes, exterior color changes, alterations or additions shall be made or added to any Unit or Lot without the prior written approval of the A.R.B..
- 9.1.12 Trash Containers. All trash containers and contents thereof shall be stored in an area not visible from the Streets or adjoining Lots. For purposes of periodic trash removal, however, an Owner, within twenty-four (24) hours prior to pick-up, may place the covered trash containers at locations convenient for pick-up.
- 9.1.13 Awnings. no awnings, canopies or shutters, including hurricane or storm shutters, shall be attached or affixed to the exterior of any building unless such awnings,

canopies or shutters have been approved in writing by the A.R.B..

- 9.1.14 Parking. The parking and storage of automobiles and other motor vehicles shall be limited to the driveways and garages of Lots and other paved surfaces designated by the Association.
- 9.1.15 Clothes and Drying Facilities. No outside clothesline or other clothes drying facility shall be permitted, unless obscured from public view.
- 9.1.16 Signs. No sign of any kind shall be displayed to the public view on any portion of the Property, including without limitation, any sign advertising the property for sale or for rent, except such signs as are placed by the Developer. No sign of any kind shall be permitted to be placed inside a Unit or on the outside walls of the Unit or on any fences on the Property, nor on the Common Property, nor on dedicated or reserved areas, nor on entryways or any vehicles within the Property, except such as are placed by the Developer.
- 9.1.17 Landscaping. No Owner shall place any landscaping on his Lot outside his Unit or on the Common Property without the express prior written consent of the Association. In the event an Owner shall obtain such consent, the landscaping shall be maintained by the Owner, at his own cost and expense.
- 9.1.18 No Excavation, Mining or Drilling. Excavation, mining or drilling on the Property shall not be permitted.
- 9.1.19 Waterford at Aberdeen Pool and Cabana. Use of the Waterford at Aberdeen Pool and Cabana shall be totally at the risk of those individuals using said pool and cabana and not at the risk of the Association or the Developer. Neither the Association nor the Developer shall be liable for the negligence of any party in connection with the use of the Common Property, the Waterford at

Aberdeen Pool and Cabana, or any other portion of the Property.

9.2 Additional Rules and Regulations. The Developer, until the Turnover Meeting, and thereafter the Board of Directors of the Association, may establish such additional rules and regulations as may be deemed for the best interests of the Association and its Members for purposes of enforcing the provisions of this Declaration. Provided, however, no rules and regulations shall be adopted by the Board which would adversely impact on the construction, development, sale or marketing of the Property or on the condition or appearance of the Property, without the prior written consent of the Developer, in accordance with the provisions of Section 3.6.3 hereof.

9.3 Exemption for Developer; Developer's Easements: The provisions of this Article 9 shall not apply to the Developer, so long as the Developer owns any property in Aberdeen or is doing construction or repair work in Aberdeen. In addition to the property rights granted in this Declaration to the Developer, as an Owner or otherwise, the Developer is extended the right to enter upon the Property at any time and in any way reasonably necessary to allow the Developer to construct, sell, or promote in this subdivision or any contiguous subdivision or to carry out any responsibility of the Developer to Owners in such subdivisions.

9.4 Appeals and Variances. As to those restrictions contained in this Article 9 that are to be enforced by the A.R.B., the procedures for appeals and variances shall be as established by the A.R.B.. As to those restrictions contained in this Article 9 that are to be enforced by the Association, the procedures for appeals and variances shall be as established by the Board of Directors of the Association pursuant to Section 6.7 hereof.

9.5 Enforcement. Failure of an Owner to comply with a provision in this Declaration or a provision in the By-Laws, Articles of Incorporation, rules and regulations or Traffic

Regulations of the Association shall provide the Association with the right to bring legal action in law or in equity, including but not limited to an action for injunctive relief, damages, or a combination thereof, the right to impose a special Assessment for non-compliance, as provided herein, and, in the event of a failure to pay Assessments or to abide by the architectural restrictions in the Declaration and the Master Declaration, the right to foreclose its lien, as provided herein and in the Master Declaration. All costs and expenses incurred by the Association in any such proceeding, inclusive of attorneys' fees and costs (whether or not litigation is instituted) including such costs and attorneys fees on appeal, shall be the responsibility of the Owner determined by the Association to be in violation. Collection of such attorneys' fees may be enforced by any method in this Declaration providing for the collection of an Assessment, including but not limited to a foreclosure proceeding.

ARTICLE 10

PARTY WALLS

It is hereby declared that upon the completion of each of the Units to be constructed upon the Property, the following terms shall apply:

10.1 Party Walls.. The common walls separating the Units shall be party walls for the perpetual benefit of, and use by the Owners of the Units, including their permitted heirs, successors, assigns, and grantees.

10.2 Maintenance. In the event of damage or destruction of the party wall from any cause other than the negligence or willful misconduct of an Owner or the occupants of a Lot, to the extent not covered by insurance, the Owners sharing the party wall shall share equally in the cost of repairing or rebuilding the party wall, and each shall have the right to full use as specified herein of the wall as repaired or rebuilt. In the event it shall become necessary or desirable to perform maintenance on the whole or any part of the party wall, the expense shall be shared equally

by the Owners of the adjoining Units. Whenever a wall shall be rebuilt, it shall be erected in the same manner and at the same location where initially constructed and shall be of the same size and of the same or similar materials and of like quality; provided however, that if any maintenance, repair or construction is necessitated solely by the negligence or willful misconduct of an Owner, or the occupants of a Lot, any expense incident thereto shall be borne solely by such Owner and the occupants of such Lot. If an Owner shall refuse to pay his share of the cost of repair (or all of the costs, in the case of negligence or willful misconduct), the other Owners sharing the party wall may perform the maintenance, repair or construction and, in such event, shall be entitled to a lien on the Lot of the Owner who has failed to pay. If an Owner shall have given a mortgage upon his Lot, then the Mortgagee shall have the full right, at its option, to exercise the rights of its mortgagor as an Owner hereunder and, in addition, the right to add to the outstanding balance of such mortgage any amounts paid by the Mortgagee for repair hereunder and not reimbursed too the Mortgagee by the Owner.

10.3 Use of Party Wall. Each Owner sharing a party wall shall have the right to the full use of the party wall for whatever purpose or purposes he chooses, subject to the limitation that the use shall no infringe upon the rights of any other Owner sharing the party wall, or in any manner impair the value or structural integrity of the wall, or in any manner violate the rules and regulations of the Association or the provision of this Declaration. If an Owner shall cease to use a party wall as such, he shall be deemed to have abandoned all rights thereto, and such wall shall become the property of the adjacent Owner, who shall have an easement upon the land underlying such wall so long as the wall shall be used by such adjacent Owner or his permitted heirs, successors, assigns and grantees. Any Owner removing Improvements from a party wall or making use of the party wall shall do so in such manner as to preserve all rights of the adjacent Owner in the wall, and shall save the adjacent Owner harmless from all damage

caused thereby to Improvements then existing. In the event repairs or reconstruction shall be necessary, entries in the adjacent Unit shall not be deemed a trespass, so long as the repairs and reconstruction shall be done in a workmanlike manner, and consent is hereby given to enter in the adjacent Unit to effect necessary repairs and reconstruction.

10.4 Restrictions on Alterations. No Owner shall have the right to cut windows or other openings in the party wall, nor make any alterations, additions or structural changes thereto.

ARTICLE 11

INSURANCE

Insurance, other than title insurance, that shall be carried on the Common Property shall be governed by the following provisions:

11.1 Authority to Purchase; Named Insured. All insurance policies upon the Common Property shall be purchased by the Association and shall be placed in a single agency or company, if possible. The named insured shall be the Association for itself, and as agent for the Members without naming them, and as agent for Mortgagees. Provisions shall be made for the issuance of Mortgagee endorsements and memoranda of insurance to any such mortgagees. The policies shall provide that payment by the insurer for losses shall be made to the Association for the benefit of the Members and Mortgagees, as their interests may appear. The Owners shall purchase insurance on their individual Lots, which Lots shall be insured at their maximum insurable replacement cost; provided, however, all other variables of insurance coverage on the respective Lots may be as each Owner deems appropriate.

11.2 Coverage.

11.2.1 Casualty Insurance. All insurable Improvements on the Common Property shall be insured for fire and extended coverage perils, excluding foundation and excavation costs, at their maximum insurable replacement cost, and all personal property owned

by the Association shall be insured for its full insurable value, all as determined annually by the Board of Directors of the Association. If available, the Association shall also obtain an Agreed Value Amount and Inflation Guard Endorsement providing coverage in the minimum amount of \$50,000 for each incident and Construction Cost Endorsements, such as Demolition Cost Endorsements, Contingent Liability From Operation of Building Laws Endorsements, and Increased Cost of Construction Endorsements. The casualty insurance policy must provide for at least ten (10) days written notice to the Association before the insurer can cancel or substantially modify the policy.

- 11.2.2 Public Liability Insurance. The Association shall obtain public liability and property damage insurance covering all of the Common Property, and insuring the Association, the Members and Mortgagees as their interests may appear in such amounts and providing such coverage as the Board of Directors of the Association may determine from time to time; including without limitation, coverage for bodily injury and property damage resulting from operation, maintenance or use of the Common Property and any legal liability arising in connection with employment contracts to which the Association is a party provided that the minimum amount of coverage shall be \$500,000 each person, and \$1,000,000 each incident. The liability insurance shall include, but not be limited to, hired and non-owned automobile coverage. The liability policy must provide for at least ten (10) days written notice to the Association before the insurer can cancel or substantially modify the policy.

- 11.2.3 Workmen's Compensation Insurance. The Association shall obtain Workmen's Compensation Insurance in order to meet the requirements of law, as necessary.
- 11.2.4 Flood Insurance. The Association shall obtain flood insurance if required to meet the requirements of federal, state or local law.
- 11.2.5 Other Insurance. The Board of Directors of the Association shall obtain such other insurance as it shall determine from time to time to be desirable.
- 11.2.6 Subrogation Waiver. If available, the Association shall obtain policies which provide that the insurer waives its right to subrogation as to any claim against Members, the Association and their respective servants, agents and guests.
- 11.3 Premiums. The cost of insurance premiums and other incidental expenses incurred by the Association in administering and carrying out any of the provisions of this Article shall be a Common Expense.
- 11.4 Shares of Proceeds. The Association shall not be liable for the sufficiency of policies nor the failure to collect any insurance proceeds. The duty of the Association shall be to receive such proceeds as are paid and to hold the proceeds in trust for the purposes elsewhere stated herein for the benefit of Members and Mortgagees in the following shares, which shares need not be set forth on the records of the Association:
- 11.4.1 Common Property. Proceeds on account of damage to Common Property shall be an equal undivided share for each Member.
- 11.4.2 Mortgagees. In the event a mortgagee endorsement has been issued regarding an Improvement, the share of the Owner shall be held in trust for the Mortgagee and the Owner as their interests may appear; provided, however, that no Mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged

Improvement shall be reconstructed or repaired, nor any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distribution of such proceeds made to the Owner and Mortgagee pursuant to the provisions of this Declaration.

11.5 Distribution of Proceeds. proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the Members in the following manner:

11.5.1 Reconstruction or Repair. If the damage for which proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost of such as hereinafter provided. Any proceeds which remain after defraying such costs shall be distributed to the Members and Mortgagees as their interest may appear.

11.5.2 Failure to Reconstruct or Repair. If it is determined in the manner hereinafter provided that the damage for which proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the Members and Mortgagees as their interests may appear. There shall be no distribution of remaining proceeds until all debris, remains and residue have been cleared and removed, and the damaged area has been properly landscaped. In the event of loss or damage to personal or real property belonging to the Association, and should the Board of Directors of the Association determine not to replace such personal or real property as may be lost or damaged, the proceeds shall be distributed to the Members and Mortgagees as their interests may appear.

11.6 Association's Power to Compromise Claims. The Board of Directors of the Association is hereby irrevocably appointment agent for each Member and for each Mortgagee or other lien holder,

for the purpose of compromising and settling all claims arising under insurance policies purchased by the Association, and to execute and deliver releases therefor upon payment of claims.

ARTICLE 12

RECONSTRUCTION OR REPAIR AFTER CASUALTY.

12.1 Determination to Reconstruct or Repair. If any part of the Property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

12.1.1 Common Property. If the damaged Improvement is part of the Common Property, the damaged Improvement shall be reconstructed or repaired unless it is determined by the Members of the Association that it shall not be reconstructed or repaired.

12.1.2 Lot. If the damaged property is Improvements on Lots, the damaged Improvements shall be reconstructed or repaired unless all affected Owners and Mortgages, the Association and the A.R.B. agree that the damaged Improvements shall not be reconstructed or repaired.

12.2 Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original Improvements; or, if none, then according to plans and specifications approved by the Board of Directors of the Association.

12.3 Estimates of Costs. Immediately after a determination is made to rebuild, replace or repair damage to property for which the Association has the responsibility of reconstruction, replacement or repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild, replace or repair. Such costs may include professional fees and premiums for such bonds as the Board of Directors may require.

12.4 Special Assessments. Unless the damage was caused by the gross negligence or willful act of a Member, in which case

such Member shall be liable, the amount by which an award of insurance proceeds is reduced on account of a deductible clause in an insurance policy shall be assessed equally against all Members as a special Assessment. If the proceeds of such special Assessment and of the insurance are not sufficient to defray the estimated costs of reconstruction, replacement and repair by the Association, or if at any time during reconstruction, replacement and repair, or upon completion of reconstruction, replacement and repair, the funds for the payment of the costs of reconstruction, replacement and repair are insufficient, special Assessments shall be made against the Members in sufficient amounts to provide funds for the payment of such costs.

12.5 Construction Funds. The funds for the payment of costs of reconstruction, replacement and repair after casualty, which shall consist of proceeds of insurance held by the Association and funds collected by the Association from special Assessments against Members, shall be distributed in payment of such costs in the following manner:

12.5.1 Association. The proceeds of insurance collected on account of a casualty, and the total special Assessments made by the Association in order to provide funds for payment of reconstruction, replacement and repair, shall constitute a construction fund which shall be held by the Association and thereafter disbursed in payment of the costs of reconstruction, replacement and repair in the following manner and order:

12.5.2 Association - Lesser Damage. If the amount of the estimated costs of reconstruction, replacement and repair that is the responsibility of the Association is less than Twenty-Five Thousand Dollars (\$25,000.00), the construction fund shall be disbursed in payment of such costs upon the order of the Association.

12.5.3 Association - Major Damage. If the amount of the estimated costs of reconstruction, replacement and repair that is the responsibility of the Association is Twenty-Five Thousand Dollars (\$25,000.00) or more, then the construction funds held by the Association shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association, and upon approval by an architect or general contractor qualified to practice in Florida and employed by the Association to supervise the work.

12.5.4 Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction, replacement and repair shall be from insurance proceeds. If there is a balance in the construction fund after payment of all costs of the reconstruction, replacement and repair for which the fund is established, such balance shall be distributed equally to the Members.

12.6 Equitable Relief. In the event of major damage to or destruction of part of the Common Property or Improvements to Lots, and in the event the property is not repaired, reconstructed, replaced or rebuilt within a reasonable period of time, any Member shall have the right to petition a court of equity having jurisdiction in the County, for equitable relief.

ARTICLE 13

SALE, RENTAL OR OTHER ALIENATION OF LOTS

In order to maintain a community of congenial residents who are financially responsible and thus protect the value of the Property, the transfer of a Lot by any Owner other than the Developer and any Mortgagee who acquires title to a Lot through foreclosure or any proceeding or deed in lieu of foreclosure shall be subject to the following provisions, which provisions each Owner covenants to observe:

13.1 Transfers Subject to Approval.

- 13.1.1 Sale of Lease. No Owner may dispose of a Lot or any interest in a Lot by sale or lease without written approval of the Association. Each Lot may be leased only one (1) time during each calendar year, and each lease shall be for a term of not less than three (3) months.
- 13.1.2 Gift. If any Owner shall acquire title by gift, the continuance of the ownership of the Lot shall be subject to the approval of the Association.
- 13.1.3 Devise or Inheritance. If any Owner shall acquire title by devise or inheritance, the continuance of ownership of the Lot shall be subject to the approval of the Association.
- 13.1.4 Other Transfers. If any Owner shall acquire title by any manner not mentioned in the foregoing subsections, the continuance of ownership of the Lot shall be subject to the approval of the Association.
- 13.1.5 Corporations, Partnerships and Trusts. Changes of beneficial ownership of a Lot through sale or acquisition of stock in a corporation, change in corporate officers, change in rights in a partnership or trust shall constitute a transfer of the Lot, and occupancy and continuance of ownership of the Lot shall be subject to approval of the Association.
- 13.1.6 Application Form and Fee. All applications for approval of transfer shall be submitted to the Association on the form prescribed by the Association. A processing fee of Fifty Dollars (\$50.00) may be charged to the transferor of the Lot, which fee shall

accompany the application. This fee may be increased or decreased at any time, in the discretion of the Association.

13.2 Approval by the Association. The approval of the Association that is required for the transfer of ownership or lease of Lots shall be obtained in the following manner:

13.2.1 Sale or Lease. An owner intending to make a bona fide sale or lease of his Lot or any interest in it, shall give to the Association notice in writing of such intention, together with the name and address of the intended purchaser or lessee and such other information concerning the intended purchase or lessee as the Association may reasonably require, together with an executed copy of the proposed sales contract or lease.

13.2.2 Gift, Devise or Inheritance, Other Transfers. An Owner who has obtained title by gift, devise or inheritance, or by any other manner not previously mentioned, shall give the Association notice in writing of the acquisition of title, together with such information concerning the Owner as the Association may reasonably require, and a certified copy of the instrument evidencing such Owner's interest.

13.2.3 Failure to Give Notice. If the above required notice to the Association is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of a Lot, the Association, at its election and without notice, may approve or disapprove the transaction or ownership. If the Association disapproves the transaction or ownership, the Association shall proceed as if it had received the required notice on the date of such disapproval. The Association may deny the unauthorized Owner, lessee, or occupant

of a Lot the use of the Common Property and may take such other action at law and/or in equity to divest the unauthorized Owner, lessee or occupant of record title and possession of the Lot.

13.3 Certificates of Approval shall be given in the following manner:

13.3.1 Sale or lease. If the proposed transaction is a sale or lease then, within twenty-five (25) days after receipt of the required notice and information, the Association must either approve or disapprove the proposed transaction. If approved, the Board of Directors shall cause a Certificate of Approval to be executed by any officer of the Association.

13.3.2 Gift, Devise or Inheritance, Other Transfers. If the Owner giving notice has acquired title by gift, devise or inheritance, or in any other manner then, within twenty-five (25) days after receipt of the required notice and information, the Association must either approve or disapprove the continuance of the ownership of the Lot. If approved, the Board of Directors shall cause a Certificate of Approval to be executed by any officer of the Association.

13.4 Disapproval by Association. If the Association disapproves a transfer of ownership of a Lot, the matter shall be disposed of in the following manner:

13.4.1 Sale. If the proposed transaction is a sale, then within twenty-five (25) days after receipt of the required notice and information, the Association shall deliver by certified mail to the Owner an agreement to purchase the Lot concerned by a purchaser approved by the Association and to whom the Owner must sell the Lot in accordance with the terms stated in the disapproved contract to sell. A

judgment of specific performance of the sale may be entered in any court of competent jurisdiction.

13.4.2 Lease. If the proposed transaction is a lease and if the notice of lease given by the Owner shall so demand, then within twenty-five (25) days after receipt of such notice and information, the Association shall deliver by certified mail to the Owner a written statement of the reasons for disapproval of the proposed transaction.

13.4.3 Gifts, Devise or Inheritance; Other Transfers. If the Owner giving notice has acquired his title by gift, devise or inheritance, or in any other manner, then within twenty-five (25) days after receipt from the Owner of the notice and information required to be furnished, the Association shall deliver by certified mail to the Owner an agreement to purchase the Lot concerned by a purchaser approved by the Association and to whom the Owner must convey the Lot upon the following terms:

13.4.3.1 The sale price shall be the fair market value determined by agreement between seller and purchaser within twenty-five (25) days from the delivery of the agreement. In the absence of agreement as to price, the price shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon the average of their appraisals of the Lot, and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be shared equally by seller and purchaser.

13.4.3.2 The purchase price shall be paid in cash.

13.4.3.3 The sale shall be closed within ten (10) days following the determination of the sale price.

13.4.4 Constructive Approval. If the Association shall fail to provide a purchaser for a Lot as required hereinabove, or if a purchaser furnished by the Association shall default in his agreement to purchase the Lot, then notwithstanding the Association's disapproval, the proposed transaction or ownership shall be deemed to have been approved, and the Association shall furnish a Certificate of Approval which shall be recorded in the Public Records of Palm Beach County, Florida, at the expense of the Owner.

13.4.5 Mortgage. No Owner may mortgage his Lot or any interest in it without the approval of the Association, except to a Mortgagee. The approval of any other mortgage shall be upon such conditions as shall be determined by the Association, in its sole discretion.

13.5 Transfer Void. Any sale, lease, gift, devise, other transfer or mortgage not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

13.6 Exceptions. The foregoing provisions of this Article shall not apply to any sale, lease, gift, devise or other transfer to a Mortgagee that acquires title as the result of owning a mortgage upon the Lot concerned, and this shall be so, whether the title is acquired by deed from the mortgagor, his successors or assigns, or through foreclosure or any proceeding or deed in lieu of foreclosure; nor shall such provisions apply to a transfer, sale, or lease by a Mortgagee that so acquires its title. Neither shall such provisions require the approval of a purchaser who acquires title to a Lot at a duly advertised public sale with open bidding provided by law, such as, but not limited to, execution

sale, foreclosure sale, judicial sale, or tax sale; nor shall such provisions apply to any transfer or lease to the Developer, or to any transfer or lease from the Developer.

ARTICLE 14

INDEMNIFICATION OF DIRECTORS, OFFICERS AND COMMITTEE MEMBERS

Every Director and Officer and Committee Member of the Association shall be indemnified by the Association against all expenses and liability, including attorneys' fees, incurred by or imposed upon him in connection with any proceeding to which he may be a party or in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director, Officer or Committee Member whether or not he is a Director, Officer or Committee Member at the time such expenses are incurred, except in such cases where the Director Officer or Committee Member is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided however, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director, Officer or Committee Member seeking such reimbursement or indemnification, the

the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Officer, Director or Committee Member may be entitled.

ARTICLE 15

CLUB MEMBERSHIP

Subject to the provisions in Article 9 of the Master Declaration, the Club Facilities shall be developed and provided at the discretion of the Club Owner. Rights to use the Club Facilities will be on such terms and conditions as may be promulgated from time to time by the Club Owner. The Club Owner shall have the right, from time to time, in its sole and absolute

discretion and without notice, to amend or waive the terms and conditions of use of the Club Facilities specifically including, without limitation, the terms of eligibility for use, privileges available to use such facilities, the categories of use and the number of users permitted to use any of the Club Facilities, to reserve use rights for future Owners or non-Owners or to terminate any and all use rights. Ownership of a Lot does not confer any membership or ownership rights in the Club. Owners of Lots shall have the right to apply for membership in the Club on terms and conditions established and existing for the Club at the time the Owner's subscription for a membership or ownership right in the Club is submitted. In the event an Owner is accepted as a member of the Club, he shall be subject to such documents and such rules and regulations of the Club as are established and existing at the time of his acceptance, as the same may be amended from time to time, and shall be required to pay such equity membership fees, dues and other amounts as may be required by the Club from time to time.

ARTICLE 16

GENERAL PROVISIONS

16.1 Assignment. All of the rights, powers, obligations, easements and estates reserved by or granted to Developer or the Association may be assigned by Developer or the Association, as the case may be. After such assignment, Developer or the Association, as the case may be, shall be relieved and released of all obligations with respect to such right, power, obligation, easement or estate.

16.2 Amendment. This Declaration may be amended from time to time by recording among the Public Records of the County an instrument executed by the President and attested to by the Secretary of the Association, indicating (if required pursuant to the terms hereof) that a meeting called for purposes of amendment was held, and that the requisite number of Members formally

approved the amendment, subject, however, to the following

provisions:

- 16.2.1 Except as provided hereinbelow, an amendment initiated by any party other than Developer must obtain the approval of at least seventy-five percent (75%) of the votes of Members; provided that until such time as the Developer relinquishes control of the Association, all amendments must include the joinder of Developer.
- 16.2.2 Subject to the requirements in Sub-Section 16.2.4 of the Declaration, as long as Developer owns any property within the Property, the Developer shall have the absolute and unconditional right to alter, modify, supplement, change, revoke, rescind or cancel any or all of the provisions contained in this Declaration including, but not limited to provisions relating to the addition of property subject to this Declaration, use restrictions and Assessments, without the joinder and consent of the Owners, the Association of any other individual or entity and the foregoing parties hereby waive any right to consent to such changes. Such changes may affect the entire property or only specific portions of the Property, but shall be subject to applicable government approvals.
- 16.2.3 For the limited purpose of subjecting additional real property within the Aberdeen P.U.D. to this Declaration, this Declaration may be amended by Developer at any time prior to the Turnover Meeting, without the joinder or consent of any other Owners, Mortgagees or any other party.
- 16.2.4 In addition to other government approvals which may be required, any amendment to this Declaration which would affect the surface water management system, including the water management portions of

the Common Property, must have the prior approval of the South Florida Water Management District.

16.2.5 No portion of any plat of the Property containing open space may be vacated in whole or in part unless the entire plat is vacated; provided, however, that portions of a plat containing open space may be vacated if the effect of such vacation would not reduce the total open space within the Property below the requirements of Section 500.21 of the County Zoning code.

16.2.6 Any duly adopted amendment to this Declaration shall run with and bind the Property for the same period and to the same extent as do the covenants and restrictions set forth herein.

16.3 Duration. All of the covenants, restrictions and other provisions of this Declaration shall run with and bind the Property for a term of fifty (50) years from the date of recordation of this Declaration after which time they shall be automatically extended for successive periods of ten (10) years each, unless an instrument executed by at least seventy-five percent (75%) of the votes of the Members then existing and by all Mortgagees, have been recorded agreeing to change or terminate these covenants and restrictions.

16.4 Covenants Running with the Property. The agreements, covenants, conditions, restrictions, Assessments, liens and other provisions contained herein shall constitute a servitude upon the Property and each portion thereof, shall run with the Property, shall be binding upon the Owners of any portion thereof, and shall insure to the benefit of Developer, the Association and the Owners of Lots within the Property.

16.5 Enforcement. Enforcement of the covenants, restrictions, conditions, obligations, reservations, rights, powers, Assessments, liens and other provisions contained herein shall be by a proceeding at law or in equity against any persons or entities violating or attempting to violate same and against the Property

subject hereto to enforce any lien created by this Declaration. In the event that Developer and the Association fail to enforce the terms of this Declaration then any Member may do so. The failure or refusal of Developer, the Association or any Member to enforce any of the provisions of this Declaration shall in no event be deemed to constitute a waiver of the right to do so thereafter.

16.6 Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly given when mailed, postage paid, to the last known address of the person who appears as an Owner on the records of the Association as of the time of such mailing. Notices to Mortgagees shall be deemed to have been properly given when mailed, postage prepaid, to the last known address of the Mortgagee on the records of the Association at the time of such mailing. Each Owner shall notify the Association of all mortgages encumbering a Lot and any transfer thereof, the amount of such mortgages, and the recording information for the mortgages. The holder of a mortgage encumbering a Lot may notify the Association of the existence of such mortgage, and upon receipt of that notice, the Association shall register in its records all pertinent information pertaining to the mortgage. The Association shall not be liable to any party for failure to obtain from any Owner information regarding a mortgage encumbering a Lot or for failure to provide any party with notice of such information.

16.7 Notice to Mortgagees. Upon written request to the Association, identifying the name and address of the Mortgagee, insurer or guarantor and the Lot number or address, any Mortgagee, insurer or guarantor shall be entitled to receive timely written notice of the following:

16.7.1 Any condemnation or casualty loss that affects either a material portion of the Property or the Lot securing its mortgage;

16.7.2 Any sixty (60)-day delinquency in the payment of Assessments or charges owed by the Owner of any Lot on which the Mortgagee holds a mortgage;

16.7.3 A lapse, cancellation or material modification of, any insurance policy or fidelity bond maintained by the Association; and

16.7.4 Any proposed action that requires the consent of a specified percentage of Mortgagees.

16.8 Rights of Owners and Mortgagees. Current copies of the Declaration, Articles of Incorporation, By-Laws, rules and other books, records, legal documents and financial statements of the Association shall be open to inspection, upon request, by Owners and all Mortgagees, insurers and guarantors of any first mortgage on a Lot, and their authorized representatives during normal business hours or under other reasonable circumstances.

16.9 Additional Restrictions. In addition to this Declaration, the Property shall be subject to the additional covenants, restrictions, reservations, Assessments, liens and other terms and provisions set forth in the Master Declaration and the articles of incorporation and by-laws of the Master Association and the rules and regulations adopted by the Master Association, as the same may be amended from time to time.

16.10 Gender and Number. The use of the singular herein shall include the plural, and the use of any gender shall include all genders.

16.11 Severability. Invalidity of any one of the covenants or restrictions contained herein by judgment or court order shall in no way affect any other provision hereof, which shall remain in full force and effect.

16.12 Effective Date. This Declaration shall become effective upon its recordation in the Public Records of the County.

EXHIBIT A

WATERFORD AT ABERDEEN

LEGAL DESCRIPTION

All of the Plat of ABERDEEN - Plat No. 12, according to the Plat thereof on file in the Office of the Clerk of the Circuit Court, in and for Palm Beach County, Florida, as recorded in Plat Book No. 60, at Pages 41 through 43 inclusive.

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