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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

MAGNOLIA PLACE

E. MARK BREED III, P.A.
335 S. COMMERCE AVE.
SEBRING FL 33870

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
is made this 9th day of May, 1996, by EDWARD O. KOCH, JR.

RECITALS:

A. Edward O. Koch, Jr. is the owner of certain real property in Highlands County, Florida, more particularly described in Exhibits "A," "B," and "E," attached hereto.

B. Edward O. Koch, Jr. intends to improve, develop, and convey portions of the property in Exhibit "A" for residential, public use, and other uses and purposes as part of a community to be known as "Magnolia Place."

C. By virtue of this Declaration, Edward O. Koch, Jr. intends to provide a flexible and reasonable procedure for the designation of lands that will be part of the community, to impose upon such lands mutually beneficial restrictions under a general plan of improvement for the benefit of all owners thereof, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such lands.

NOW, THEREFORE, Edward O. Koch, Jr. does hereby establish this Declaration and place upon those lands more particularly described herein the following covenants, conditions, and restrictions.

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ARTICLE I
DEFINITIONS

Unless prohibited by the context in which they are used, the following words, when used in this Declaration, shall have the following meanings:

1.1 "Additional Property" shall mean the real property described in Exhibit "B."

1.2 "Administrative Fee" shall have the meaning set forth in Article 5.5.

1.3 "Architectural Committee" shall mean the committee constituted and empowered pursuant to Article 11 to control and regulate all Construction Work.

1.4 "Architectural Criteria" shall mean such restrictions and regulations as may be adopted from time to time by the Architectural Committee with respect to Construction Work affecting the Community or any portion thereof.

1.5 "Articles of Incorporation" shall mean the Articles of Incorporation of the Association, a copy of which is attached to this Declaration as Exhibit "C."

1.6 "Assessable Parcel" shall mean a Parcel to which one or more Assessment Shares have been allocated pursuant to Article 8.2.

1.7 "Assessments" shall mean assessments levied by the Board against the Parcels in accordance with the provisions of Article 8 for the payment of Association Expenses.

1.8 "Assessment Share" shall have the meaning set forth in Article 8.2A.

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1.9 "Association" shall mean Magnolia Place Community Association, Inc., a Florida Not for Profit Corporation.

1.10 "Association Expenses" shall mean all expenses incurred by the Association in the performance of its obligations or the exercise of its powers pursuant to this Declaration, any Supplemental Declaration, the Articles of Incorporation, or the Bylaws.

1.11 "Attorney's Fees" shall mean all reasonable attorney's fees incurred in connection with a matter, including fees for trial and appellate proceedings and fees for services not involving litigation.

1.12 "Board" shall mean the Board of Directors of the Association.

1.13 "Bylaws" shall mean the Bylaws of the Association, a copy of which is attached to this Declaration as Exhibit "D."

1.14 "Common Areas" shall mean the Community Common Areas, as described in Exhibit "E."

1.15 "Community" shall mean the Initial Property, together with such additional portions of the Properties as hereafter may be made subject to this Declaration by the terms of any Supplemental Declaration.

1.16 "Community Assessment" shall mean an Assessment levied by the Board against an Assessable Parcel in accordance with the provisions of Article 8 for the payment of a portion of the Community Expenses.

1.17 "Community Capital Contribution" shall have the meaning

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set forth in Article 8.11.

1.18 "Community Common Areas" shall mean all real and personal property (or interest therein), that is: (a) owned by the Association; (b) identified as such in this Declaration or in any subsequent supplemental instrument executed by Declarant and recorded in the Public Records; (c) designated by Declarant in an instrument delivered to the Association as property intended for the common use and enjoyment of all Owners; or (d) maintained by the Association for the benefit of all Owners pursuant to written agreement entered into by the Association.

1.19 "Community Expenses" shall have the meaning set forth in Article 6.2.

1.20 "Community Roads" shall mean all nonpublic roads within the Community that are available for the common use and benefit of all Owners. Community Roads shall be identified as such on plats and other instruments executed by Declarant and recorded in the Public Records.

1.21 "Community Standards" shall mean the minimum standards of conduct, maintenance, or other activity applicable to the Community and the Owners that are established from time to time by the Board.

1.22 "Community Systems" shall mean all lines, conduits, mains, wires, amplifiers, towers, antennae, materials, equipment, apparatus, installations, and fixtures installed by Declarant, or pursuant to any grant of easement or authority by Declarant, within the Community by which any of the Community System Services are furnished to any of the Parcels.

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1.23 "Community System Services" shall mean water, sewer, gas, cable television, telecommunications, security, and other similar services (including those based on, containing, or serving future technological advances).

1.24 "Construction Work" shall mean any installation, construction, restoration, replacement, alteration, addition, or demolition of Improvements on a Parcel or on the Common Areas.

1.25 "Contiguous Property" shall mean any Parcel of real estate located in Magnolia Place described in Exhibit "A." For the purpose of this definition, lands separated by public rights-of-ways shall be deemed contiguous.

1.26 "Declarant/Developer" shall mean Edward O. Koch, Jr., any successor or legal representative, or any Person to whom all rights of Edward O. Koch, Jr. under this Declaration are hereafter assigned pursuant to written instrument duly recorded in the Public Records.

1.27 "Final Development Date" shall mean the earlier of the following two dates: (a) the date which is five years following the date of recording in the Public Records of a statement executed by Declarant to the effect that the last Supplemental Declaration has been recorded in the Public Records; or (b) January 1, 2010.

1.28 "Fine" shall mean an amount assessed by the Board against an Owner in accordance with the provisions of Article 16.3.

1.29 "Improvements" shall mean all buildings, driveways, parking areas, walks, walls, fences, signs, structures, utility installations, site paving, grading, screen enclosures, pools,

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tennis courts, game structures, mailboxes, mechanical equipment, solar energy devices, antennae, satellite dishes, water and sewer lines, drains, wells, irrigation systems, landscaping, landscape devices and objects, exterior sculptures and fountains, and other improvements of any kind, together with any subsequent alterations, additions, or replacements.

1.30 "Individual Parcel Assessment" shall mean an assessment levied by the Board against a Parcel in accordance with the provisions of Article 8 for the payment of Individual Parcel Expenses attributable to such Parcel.

1.31 "Individual Parcel Expenses" shall have the meaning set forth in Article 6.3.

1.32 "Initial Property" shall mean the real property described in Exhibit "A."

1.33 "Institutional Mortgage" shall mean a savings and loan association, bank, credit union, mortgage banker, mortgage broker, insurance company, pension fund having assets in excess of \$25 million, agency of any state government, or agency of the United States Government (including the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation), and its subsidiaries, affiliates, successors, and assigns, holding a first mortgage lien upon any Parcel.

1.34 "Majority Owners" shall have the meaning set forth in Article 18.2.

1.35 "Owner" shall mean the record owner, whether one or more Persons, of the fee simple title to a Parcel.

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1.36 "Parcel" shall mean any parcel or portion of a parcel of real property (including all appurtenances thereto) that is located within the Community, that is not part of the Common Areas, and that is: (a) a platted subdivision lot or tract; (b) an unplatted tract of land.

However, notwithstanding other provisions of this Declaration, certain lots in Block 267 shall be sold in pairs such that each pair of lots shall constitute one parcel and only one vote and one Assessment Share shall be allocated to each pair of lots. The paired lots are described and identified in Exhibit "F(1)."

Additionally, four lots at the south end of the community shall be sold as one parcel such that all four lots shall constitute one parcel and only one vote and one Assessment Share shall be allocated to these four lots, which are described and identified in Exhibit "F(2)."

1.37 "Parcel Improvements" shall mean all Improvements located on a Parcel.

1.38 "Person" shall mean a natural person, corporation, partnership, trustee, or other legal entity.

1.39 "Plans" shall have the meaning set forth in Article 11.1.

1.40 "Properties" shall mean the Initial Property, the Additional Property, and the Contiguous Property, collectively.

1.41 "Public Records" shall mean the Public Records of Highlands County, Florida.

1.42 "Residential Use" shall mean the use of any building or portion thereof as a dwelling or lodging for nontransient Persons.

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"Residential Use" shall not include the use of lodging facilities of any hotel or motel, or any time-sharing or interval ownership condominium, cooperative, or other like facility.

1.43 "Rules and Regulations" shall mean the rules and regulations of the Association adopted by the Board from time to time pursuant to the Bylaws.

1.44 "Special Assessment" shall mean an assessment levied by the Board against a Parcel in accordance with the provisions of Article 8 as a supplement to a Community Assessment for the payment of a portion of the Community Expenses.

1.45 "Supplemental Declaration" shall mean any instrument identified as such, executed by or consented to by Declarant and recorded in the Public Records, pursuant to which any portion of the Additional Property or Contiguous Property is made subject to this Declaration, as such instrument may be amended from time to time.

1.46 "Surfacewater Management System" shall mean the waters of all swales, culverts, inlets, and outfalls used in connection with the retention, drainage, and control of surface waters within the Community, together with all drainage control devices and apparatus used in connection therewith and all easements therefor as may exist by virtue of this Declaration or other recorded instrument or plat.

1.47 "Turnover" shall mean the date on which the "turnover" meeting described in Article III of the Articles of Incorporation occurs.

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1.48 "Unimproved Parcel" shall mean an Assessable Parcel on which no bona fide construction of Improvements has commenced.

ARTICLE 2
THE COMMUNITY

2.1 Description. Declarant intends to develop the Community for residential, recreational, commercial, and other uses and purposes. In keeping with such intent, the Community may contain, by way of illustration and not as a limitation, single-family lots; open spaces; sites for utilities; and other public purposes. The manner in which, and the extent to which, portions of the Properties may be made a part of the Community shall be governed by the provisions of Articles 2.2 - 2.4. The Community will include Common Areas, which will be managed and maintained by the Association pursuant to Article 4. Each Owner will be a member of the Association pursuant to Article 3. Each Parcel will be subject to Assessments by the Association pursuant to Article 8.

2.2 Initial Property Within the Community. The Community initially shall be comprised of the Initial Property, which is hereby made, and henceforth shall be held, transferred, sold, conveyed, and occupied, subject to this Declaration. Although Declarant contemplates expanding the Community by making portions of the Additional Property subject to this Declaration in the future, no portion of the Additional Property shall be subject to this Declaration except pursuant to a Supplemental Declaration executed and recorded in accordance with the provisions of Article 2.3.

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2.3 Expansion of the Community. Declarant shall have the right, but not the obligation, in its sole discretion from time to time, to expand the Community at any time by the execution and recording in the Public Records of a Supplemental Declaration making subject to the provisions of this Declaration any portion of the Additional Property. Such Supplemental Declaration shall not require the consent of any Person other than Declarant and the owner of the fee simple record title of the property being made subject to this Declaration. Upon the addition of any portion of the Additional Property, all the provisions of this Declaration shall apply to such portion to the same extent as they apply to the Initial Property. Declarant's right to expand the Community shall terminate on the earlier of the following two dates: (a) the date of recording in the Public Records a statement executed by Declarant to the effect that the last Supplemental Declaration has been recorded in the Public Records; or (b) January 1, 2010.

2.4 Withdrawal of Property from the Community. Declarant reserves the right, in its sole discretion from time to time, to withdraw any property from the Community at any time prior to the Final Development Date by the execution and recording of an amendment to this Declaration providing for the removal of such property from the provisions of this Declaration. Such amendment shall not require the consent of any Person other than Declarant and the owner of the property being removed. Notwithstanding the foregoing:

A. No Assessable Parcel may be removed by Declarant from

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the provisions of this Declaration; and

B. If the removal of the property from the provisions of this Declaration would leave any remaining portion of the Community without reasonable access to Magnolia Place or utilities services, Declarant, concurrently with such removal, shall provide such easements as are necessary to provide such reasonable access.

ARTICLE 3
THE ASSOCIATION

3.1 Purposes. The general purposes of the Association are to operate, maintain, manage, and improve the Common Areas, and other portions of the Community, to the extent set forth in this Declaration and any Supplemental Declaration; to implement and enforce the provisions of this Declaration and any Supplemental Declaration wherever applicable and appropriate; and to promote the health, safety, and social welfare of the Owners. In the furtherance of such purposes, the Association, through the Board, shall have the power and duty to levy Assessments and to enforce collection thereof in the manner provided in Articles 8 and 9. The Association shall also have such powers and duties as may be prescribed by the terms hereof or its Articles of Incorporation and Bylaws.

3.2 Membership. All Owners shall automatically be members of the Association, provided however, that until the "Turnover" date, Declarant shall have all voting rights in the Association. Membership of an Owner shall terminate as the Owner's vested interest in the fee title to a Parcel terminates and thereafter

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shall pass to such Owner's successors in title as an appurtenance to such Parcel.

3.3 Voting. The voting rights of the members of the Association are as follows:

Each member shall be entitled to one vote to each Assessment Share allocated to Parcels owned by such member.

However, notwithstanding other provisions of this Declaration, certain lots in Block 267 shall be sold in pairs such that each pair of lots shall constitute one parcel and only one vote and one Assessment Share shall be allocated to each pair of lots. The paired lots are described and identified in Exhibit "F(1)."

Additionally, four lots at the south end of the community shall be sold as one parcel such that all four lots shall constitute one parcel and only one vote and one Assessment Share shall be allocated to these four lots, which are described and identified in Exhibit "F(2)."

ARTICLE 4
COMMON AREAS

4.1 General. The Common Areas of the Community are comprised of the Community Common Areas. The Community Common Areas are comprised of property intended for the common use and benefit of all Owners.

4.2. Community Common Areas. The Community Common Areas shall include the Community Roads and the Surfacewater Management System. By designation in the manner set forth in Article 1.18 the Community Common Areas may also include, by way of illustration and

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not as a limitation, walkways; street and pathway lighting; and common open space; utility areas intended for the use and benefit of all Owners; water, sewer, well, irrigation, and wastewater treatment lines, apparatus, equipment, and systems; security gates and guard houses; and other Improvements used by the Association for administrative or maintenance purposes.

4.3 Ownership of Common Areas. Declarant may transfer title to any portion of the Common Areas to the Association at any time, provided that title to all portions of the Common Areas owned by Declarant shall be transferred to the Association no later than the Final Development Date. The transfer of title to any portion of the Common Areas to the Association shall be subject to all rights of Declarant and other Persons set forth in this Declaration and any applicable Supplemental Declaration.

4.4 Enjoyment of Community Common Areas. Every Owner shall have the nonexclusive right to use and enjoy the Community Common Areas, subject to this Declaration, the Rules and Regulations, the Community Standards, and any restrictions or limitations contained in any deed conveying any portions of the Community Common Areas to the Association. An Owner may delegate such right to the members of his family, lessees, and social invitees, as applicable. An Owner who leases his Parcel shall be deemed to have delegated such right to the Parcel's lessee during the term of the lease.

A. No Person shall, without the written approval of Declarant, do any of the following on any part of the Community Common Areas: operate motorcycles for any purpose other than as a

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means of transportation on the Community Roads; permit the running of animals; light any fires except in designated picnic areas; fell any trees or injure any landscaping; hunt, or carry or discharge firearms or other weapons; interfere with any drainage, utility, or access easements; build any structures other than recreational or other common facilities constructed or approved by Declarant; or interfere with any water control structures or apparatus. The designation of areas in which certain of the foregoing activities may occur shall be made by the Association, in its discretion, provided that any such designation may be subsequently revoked or changed by the Association or Declarant.

B. The Association and Declarant shall have the right to use suitable portions (if any) of the Community Common Areas for performances, exhibitions, and other presentations of interest to the Owners and others and to charge admission therefor.

C. No portion of the Community Common Areas utilized as common open space shall be denuded, defaced, or otherwise disturbed in any manner at any time, except for maintenance or repair, without the prior written approval of the Highlands County Planning and Development Director.

4.5 Usage of Community Roads. Usage of the Community Roads shall be subject to the following provisions:

A. A nonexclusive and perpetual right of ingress and egress over and across all Community Roads (and across all sidewalks, walkways, and paths within or adjacent thereto) is hereby granted to all Owners and their respective guests, invitees,

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tenants, and domestic help; holders of liens on any Parcel; and the following Persons while in pursuit of their duties: (1) representatives of utilities, delivery, pickup, and sanitation services; (2) United States mail carriers; (3) representatives of fire, police, and sheriff's departments and other necessary municipal, county, special district, state, and Federal agencies; and (4) health, pollution control, and emergency service personnel.

B. Declarant hereby delegates the nonexclusive right to exercise control of traffic on all Community Roads to duly constituted law enforcement officers, and subject thereto, Declarant shall have the right, but not the obligation, to control and regulate all types of traffic on the Community Roads, including the right to control vehicular access to the Community Roads, the right to prohibit their use by traffic which, in the opinion of Declarant, could result in damage to the Community Roads or any part thereof and the right to control, authorize, and prohibit parking on all or any part of the Community Roads. Declarant reserves the right to utilize the Community roads for the transportation of equipment, machines, vehicles, supplies, materials, and Persons engaged in, or needed for, the construction or development of any portion of the Properties. Declarant further reserves the right to deny access to the Community Roads to any Person other than those Persons referred to in Article 4.5.A and the right to remove or require the removal of any fence, wall, hedge, shrub, tree, or other object, natural or artificial, placed or located on any Parcel if its location will, in the sole opinion

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of Declarant, unreasonably obstruct the vision of a motorist upon the Community Roads.

C. In the event and to the extent that any portion of the Community Roads shall be dedicated to or otherwise acquired by any governmental agency on behalf of the public, the provisions of Article 4.5.B shall no longer apply to such portion.

4.6 Dedication to Public. Until such time as title is conveyed to the Association, Declarant shall have the sole and absolute right at any time, without necessity of approval of the Association, but with the approval of the Board of County Commissioners of Highlands County, to dedicate to the public all or any part of the Community Roads as well as any other portion of the Community Common Areas deemed appropriate by Declarant. Notwithstanding anything in this Declaration or the Articles of Incorporation to the contrary, the Association shall not be dissolved, nor shall the Association sell or otherwise convey any portion of the Community Common Areas that is utilized as common open space to any Person other than an organization conceived and organized to own and maintain such portion, without first offering to dedicate such portion to Highlands County or other appropriate governmental agency.

ARTICLE 5
MAINTENANCE

5.1 General. The responsibility for maintenance of the Community shall be divided among the Association, and the Owners, in the manner set forth in this Article 5.

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5.2 Maintenance of the Community Common Areas. Except as otherwise provided by the terms of the Declaration, the Association shall maintain and keep in good repair all portions of the Community Common Areas, which maintenance and repairs shall include, by way of illustration and not as a limitation: maintenance of all related drainage facilities and apparatus, that are part of the Surfacewater Management System; maintenance of all Community Roads and all landscaping and other Improvements that are part of the Community Common Areas; and insect, pest, and aquatic control to the extent necessary or desirable, in the judgment of the Association, to supplement the service provided or required by Federal, state and local governments.

A. The Association shall have a perpetual right and easement on, over, and under the Parcels (exclusive of the interior of Parcel Improvements) to dispense pesticides and to take such other action as the Association may deem necessary or desirable to control insects and vermin within the Community. The authorization to provide pest services shall not be constructed as an obligation on the part of the Association to provide such services.

B. In the event the Association, or any successor organization, shall fail to maintain the Community Common Areas in reasonable order and condition, Highlands County, shall have the right, but not the obligation, to enter the Community for the purpose of maintaining the Community Common Areas. All expenses incurred by Highlands County, in maintaining the Community Common Areas shall be assessed pro rata against the Assessable Parcels and

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shall be payable by the Owners of such Parcels within 60 days after receipt of a statement therefor. If any Owner fails to pay such assessments within such 60-day period, the assessment shall become a lien on such Owner's Parcel. The rights of Highlands County contained in this Article 5.2.B shall be in addition to any other rights Highlands County may have in regulating the operation and development of the Community, but shall also be subject to any applicable judicial or legislative restrictions.

5.3 Maintenance of Parcels and Certain Adjoining Areas. Except as otherwise provided by the terms of any applicable Supplemental Declaration:

A. Each Owner shall be responsible for the maintenance of his Parcel Improvements, which responsibility shall include safeguarding the Parcel Improvements in the event of hurricane or tropical storm watches and warnings by, among other things, placing indoors any unfixed items on balconies or lanais and repairing the Parcel Improvements in the event of any damage therefrom.

B. Owners of Parcels abutting any portion of the Community Common Areas on which a wall or fence has been constructed shall maintain and irrigate sod on that portion of the Community Common Areas lying between the wall or fence and the Parcel boundary.

C. Certain parcels may have a wall or fence located and constructed on them which has been placed there by either the Association or the Declarant/Developer. The Association shall have a perpetual right and easement on, over, and under those Parcels

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(exclusive of the interior of parcel improvements) to maintain the fence or wall and shall be responsible for the maintenance of such fence or wall.

D. Owners of Parcels fronting on any Community Road shall maintain the driveways serving their respective Parcels and shall maintain and irrigate sod on that portion of the right-of-way of such Community Road lying between the Parcel boundary and the nearest pavement edge.

E. In performing the maintenance obligations set forth in Articles 5.3.B and 5.3.D., the Owners shall have no right to remove or disturb trees, shrubs, or other vegetation without the prior written approval of the owner of the property on which such trees, shrubs, or vegetation is located.

F. Each Owner of an Unimproved Parcel shall keep his Parcel free of trash, junk, litter, and debris and, to the extent the Association's maintenance of the Parcel pursuant to Article 5.4 does not include maintenance of vegetation on the Parcel, shall maintain such vegetation in a neat and trim manner.

All maintenance required by this Article 5.3 shall be performed in a manner consistent with the Community Standards and all applicable restrictions. If any Owner fails to perform his maintenance responsibilities, the Association shall have the right, but not the obligation, to perform such maintenance responsibilities, provided the Association has first, in any situation not involving an emergency, by written notice to the Owner, afforded the Owner a period of 30 days within which to

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correct the failure. If the Association exercises its right to perform an Owner's maintenance responsibilities, agents and employees of the Association, together with such other Persons as may be authorized by the Board, shall have the right to enter upon the Owner's Parcel to perform such maintenance, all without liability or responsibility, criminal or civil, for trespass or any other action. All costs incurred by the Association in performing an Owner's maintenance responsibilities, together with the Administrative Fee, shall be included in the Individual Parcel Expenses pursuant to Article 6.3 and shall be assessed against the Owner's Parcel as an Individual Parcel Assessment in accordance with Article 8.5.

5.4 Unimproved Parcels. To ensure that Unimproved Parcels do not become overgrown with weeds and other vegetation, the Association shall provide for the periodic mowing of the Unimproved Parcels. The cost of providing such periodic mowing shall be included in the Individual Parcel Expenses pursuant to Article 6.3 and shall be assessed against each Unimproved Parcel as an Individual Parcel Assessment pursuant to Article 8.5.

5.5 Administrative Fee. If any Owner fails to perform its maintenance responsibilities hereunder and the Association thereafter performs such responsibilities, then in addition to any other rights which the Association may have with respect to such failure, the Association shall be entitled to charge a reasonable administrative fee for its rendition of services necessary to cure such failure (the "Administrative Fee"). Unless a lower amount is

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established by the Board, the amount of the Administrative Fee shall equal 10 percent of the cost to the Association for curing such failure.

5.6 Security of the Community. Although the Community Common Areas may include security gates and guard houses, neither Declarant nor the Association shall be obligated to furnish or maintain security gates or guard houses within the Community. If security gates or guard houses are furnished, they may be removed and their use suspended or discontinued, at any time by Declarant or the Association. NEITHER DECLARANT NOR THE ASSOCIATION SHALL IN ANY MANNER BE CONSIDERED INSURERS OR GUARANTORS OF ANY PERSON'S SAFETY WITHIN THE COMMUNITY NOR SHALL DECLARANT OR THE ASSOCIATION HAVE ANY LIABILITY TO ANY PERSON FOR ANY INJURY OR LOSS SUSTAINED AS A RESULT OF ANY FAILURE TO PROVIDE SECURITY GATES OR GUARD HOUSES; ANY REMOVAL, OR SUSPENSION OR TERMINATION OF USE, OF ANY SECURITY GATES OR GUARD HOUSES; OR THE ACTIONS OF ANY PERSON ENTERING THE COMMUNITY THROUGH AN AREA MONITORED BY A SECURITY GATE OR GUARD HOUSE WITH OR WITHOUT THE KNOWLEDGE OR PERMISSION OF ANY SECURITY GUARD, REGARDLESS OF THE PROPER OR IMPROPER FUNCTION OF ANY SECURITY GATE OR WHETHER OR NOT THE ENTRANCE OF SUCH PERSON INTO THE COMMUNITY WAS DUE TO THE NEGLIGENT OR INTENTIONALLY WRONGFUL ACT OF ANY SECURITY GUARD OR OTHER PERSON RESPONSIBLE FOR THE MAINTENANCE OR MONITORING OF ANY SECURITY GATE OR GUARD HOUSE.

ARTICLE 6
ASSOCIATION EXPENSES

6.1 Classification of Expenses. The Association Expenses are

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classified as follows: (a) Community Expenses, which are defined in Article 6.2; and (b) Individual Parcel Expenses, which are defined in Article 6.3.

6.2 Community Expenses. "Community Expenses" shall mean all expenses incurred by the Association in connection with the management and administration of the Community and the operation, maintenance, improvement, protection, management, and conservation of the Community Common Areas. By way of illustration and not as a limitation, the Community Expenses shall include:

A. All ad valorem taxes assessed against the Community Common Areas (other than property described in Article 1.18(d), unless the Association expressly agrees in the applicable written agreement to pay the ad valorem taxes assessed against such property).

B. All other taxes assessed against or payable by the Association in connection with the Community Common Areas or the Community as a whole.

C. All expenses required for the operation, management, repair, maintenance, improvement, and replacement of the Community Roads, and for walls and fences as referred to in Article 5.3.C.

D. All utility charges incurred in connection with the operation of the Community Common Areas, including street lighting expense for the Community Roads.

E. All premiums for insurance obtained by the Association pursuant to Article 7.1, 7.2, and 7.4.

F. Guard and gate services, if any, provided in the

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discretion of the Board for the common benefit of the Owners.

G. Construction, repair, maintenance, and replacement of security gates and guard houses, but only when and to the extent authorized by the Board and Declarant.

H. Repair, maintenance, and replacement of all water, sewer, well, irrigation, and wastewater treatment lines, facilities, apparatus, equipment, and systems that are part of the Community Common Areas.

I. Engineering, architectural, accounting, legal, and other professional and employee services engaged by the Board in connection with the Community Common Areas or the Community as a whole.

J. A reasonable contingency fund for the ensuing fiscal year in such amount, if any, as the Board may deem appropriate.

K. A reasonable annual reserve for anticipated major capital repairs, maintenance and improvements, and capital replacements, in such amount, if any, as the Board may deem appropriate.

L. Reimbursement of actual expenses incurred by officers and directors, if authorized by the Board.

M. Repayments of loans procured by the Association for any of its authorized purposes in connection with the Community Common Areas or the Community as a whole, including interest thereon.

N. Any expense identified by the terms of this Declaration as part of the Community Common Expenses.

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O. All administrative expenses for operating the Association (including salaries, wages, and benefits paid to employees of the Association).

P. All expenses incurred by the Association that are not Individual Parcel Expenses.

Q. All other expenses relating to the Community Common Areas or the Community as a whole deemed necessary or desirable by the Board for accomplishing the purposes, objectives, or responsibilities of the Association.

6.3 Individual Parcel Expenses. "Individual Parcel Expenses" shall mean all expenses (together with any applicable Administrative Fee and Attorney's Fees) incurred by the Association with respect to a Parcel pursuant to the provisions of this Declaration and any applicable Supplemental Declaration in connection with any of the following:

A. The periodic mowing of the Parcel, if the Parcel is an Unimproved Parcel, pursuant to Article 5.4.

B. The performance by the Association of any of the maintenance responsibilities of the Parcel's Owner pursuant to Article 5.3.

C. The enforcement by the Association against the Parcel or its Owner of any of the restrictions or other provisions of this Declaration or any Supplemental Declaration applicable to such Parcel pursuant to Article 6.2, except for judicial actions in which the Parcel's Owner is the prevailing party.

D. The performance by the Association of any of its

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maintenance responsibilities pertaining to the Community if, in the judgment of the Board, such performance was necessitated by the carelessness, negligence, or intentional act of the Parcel's Owner or the Owner's family, guests, tenants, or invitees.

E. Any other action, service, or matter, the costs of which are specifically included in the Individual Parcel Expenses by the terms of this Declaration or any Supplemental Declaration applicable to the Parcel.

Individual Parcel Expenses shall also include any Fine assessed against a Parcel's Owner pursuant to Article 16.3.

6.4 Approval for Expenses. The Association shall not incur, and the Association Expenses shall not include, any expense for the services of any architect, engineer, contractor, or other consultant engaged by the Association to evaluate, or render an opinion on, the condition or quality of, or conformity to any plans and specifications or governmental laws and regulations applicable to, any then existing Improvements located with the Community unless: (a) such Improvements have been damaged by casualty loss; (b) the condition of such Improvements poses a patent, immediate, and substantial threat to the safety of the Owners; or (c) such expense is approved by Voting Members representing at least 75 percent of the Association's membership voting rights, as determined pursuant to Article 3.3. This Article 6.4 shall not be amended unless such amendment is made by Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to approve any such expense as provided above.

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ARTICLE 7
INSURANCE AND CASUALTY LOSSES

7.1 Community Common Areas Insurance. The Association shall obtain blanket all-risk coverage insurance for all insurable Improvements that are part of the Community Common Areas or, if blanket all-risk coverage is not reasonably available in the determination of the Board, then at a minimum insurance covering loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover 100 percent of the replacement cost of any repair or reconstruction in the event of damage or destruction from such hazards. The cost of such insurance shall be included in the Community Expenses and paid through Community Assessments levied by the Board pursuant to Article 8.3.

7.2 Liability Insurance. The Association shall obtain public liability insurance covering loss to the Association from damage or injury caused by the negligence of the Association or any of its members, employees, or agents, and, if reasonably available (as determined by the Board), directors' and officers' liability insurance. The public liability policy shall have coverage of at least \$1 million for bodily injury or death and \$100,000 for property damage. The cost of such insurance shall be included in the Community Expenses and paid through Community Assessments levied by the Association pursuant to Article 8.3.

7.3 Policies. Each policy may contain a reasonable deductible (as determined by the Board), and in the case of casualty

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insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. All insurance coverage obtained by the Association shall be written in the name of the Association as trustee for the respective benefited parties, as further identified in Article 7.3.B. Such insurance shall be governed by the following provisions:

A. All policies shall be written with a company authorized to do business in Florida which is assigned a rating of A or better and a financial size category of 10 or larger by A.M. Best Company, Inc. if reasonably available, or if not available, the most nearly equivalent rating.

B. All policies obtained by the Association pursuant to Article 7.1 and 7.2 shall be for the benefit of the Association and its members.

C. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board.

D. The insurance carried by the Association shall be primary and shall not be brought into contribution with insurance purchased by Owners or occupants of Parcels.

E. If reasonably available, in the determination of the Board, the insurance policies will provide for the following:

(1) A waiver of subrogation by the insurer as to any claims against the Board, the Owners, and their respective tenants, employees, agents, and guests.

(2) A waiver by the insurer of any right to repair

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and reconstruct in lieu of a cash settlement.

(3) A statement that any "other insurance" clause excludes individual Owners' policies.

(4) A statement that the Association will be given at least 30 days prior written notice of any cancellation, substantial modification, or nonrenewal.

7.4 Other Association Insurance. In addition to the other insurance required by this Article 7, the Association shall obtain worker's compensation insurance if, and to the extent, required by law and a fidelity bond on directors, officers, employees, and other Persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined by the Board. Bonds shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and shall require at least 30 days prior written notice to the Association of any cancellation, substantial modification, or nonrenewal.

7.5 Damage and Destruction.

A. Immediately after damage or destruction by fire or other casualty to Improvements covered by insurance obtained by the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repairs or reconstruction of the damaged or destroyed Improvements.

B. Any damage or destruction to the Community Common Areas shall be repaired or reconstructed unless all members of the Board shall decide within 60 days after the casualty not to repair

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or reconstruct, and such decision is approved within 60 days thereafter by Declarant and the Board of Directors.

C. In the event it is determined in the manner described above that the damage or destruction is not to be repaired or reconstructed and no alternative Improvements are authorized, then and in that event the affected portion of the Community shall be restored substantially to its natural state and maintained by the Association, or by such other Persons as may be responsible for such maintenance under the terms of this Declaration or applicable Supplemental Declaration, in a manner consistent with the Community Standards.

7.6 Disbursement of Proceeds. Proceeds of Association insurance policies shall be disbursed as follows:

A. If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction. Any proceeds remaining after paying such costs of repair or reconstruction shall be retained by the Association and applied to the payment of the Community Expenses, if the proceeds are payable on policies obtained by the Association pursuant to Article 7.1.

B. If it is determined, as provided in Article 7.5, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by the Association and applied to the payment of the Community Expenses, if the proceeds are payable on policies obtained by the

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Association pursuant to Article 7.1.

7.7 Owner's Insurance.

A. Each Owner shall carry casualty insurance on the insurable portions of his Parcel Improvements meeting the same requirements as set forth in Article 7.1 for insurance on the Community Common Areas.

(1) In the event of any damage to the Owner's Parcel Improvements, the Owner shall remove all debris within 60 days, complete repair or reconstruction of the damaged Improvements within one year in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article 11, and pay any costs of repair or reconstruction that are not covered by insurance proceeds.

(2) Notwithstanding the provisions of Article 7.7.A(1), in the event of damage resulting in destruction of all or substantially all of the Owner's Parcel Improvements, the Owner may decide not to rebuild or not to reconstruct, in which case the Owner shall, within 60 days, clear the Parcel of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction. Thereafter the Parcel shall be maintained by the Owner, or by such other Persons as may be responsible for such maintenance under the terms of this Declaration or applicable Supplemental Declaration, in a manner consistent with the Community Standards.

B. All policies of insurance required by the terms of this Article 7.7 shall name the Association as an additional

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insured and shall require that the Association be given at least 30 days prior written notice of any cancellation, substantial modification, or nonrenewal. A Supplemental Declaration may contain more stringent requirements regarding the standards for rebuilding or reconstructing Parcel Improvements within the community and the standard for returning the Parcels to their natural state in the event the Parcel Improvements are not rebuilt or reconstructed.

ARTICLE 8
ASSESSMENTS

8.1 Classification of Assessments. There shall be three types of Assessments, to-wit: (a) Community Assessments, which shall be levied pursuant to Article 8.3 for the payment of Community Expenses; (b) Special Assessments, which shall be levied pursuant to Article 8.6 to supplement Community Assessments; (c) Individual Parcel Assessments, which shall be levied pursuant to Article 8.5 for the payment of Individual Parcel Expenses.

8.2 Assessable Parcels.

A. Assessment Shares. A Parcel's share of any Community Assessment and any Special Assessment supplementary thereto, shall be determined by reference to a numerical share (the "Assessment Share") allocated to such Parcel in accordance with the provisions of this Article 8.2. No Parcel shall be liable for the payment of any Community Assessment (or, if applicable, any Special Assessment supplementary thereto) prior to the allocation of an Assessment Share to such Parcel pursuant to this Article 8. Assessment Shares shall be allocated to the Parcels in the following manner:

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(1) Lots. Upon the first conveyance of title by Declarant to any subdivision lot intended as a building site for a single dwelling unit, there shall be allocated to such lot one Assessment Share.

However, notwithstanding other provisions of this Declaration, certain lots in Block 267 shall be sold in pairs such that each pair of lots shall constitute one parcel and only one vote and one Assessment Share shall be allocated to each pair of lots. The paired lots are described and identified in Exhibit "F(1)."

Additionally, four lots at the south end of the community shall be sold as one parcel such that all four lots shall constitute one parcel and only one vote and one Assessment Share shall be allocated to these four lots, which are described and identified in Exhibit "F(2)."

B. Appurtenances. Once Assessment Shares have been allocated to a Parcel, such Assessment Shares shall be an appurtenance to the Parcel and may not be separately conveyed, assigned, or encumbered thereafter except as an appurtenance thereto. The Assessment Shares allocated to a Parcel may not be terminated or decreased for any reason, including, by way of illustration and not as a limitation, the destruction of any improvement or vacation of any plat. The Assessment Shares allocated to a Parcel may be increased, however, by the occurrence of any event that would have resulted in an allocation of Assessment Shares in the first instance.

C. Intent. By virtue of the provisions of this Article 8.2, Assessment Shares will not be allocated to Parcels that are

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not intended for, or restricted to, Residential Use. Declarant has determined this to be a reasonable method to provide for the payment of the Community Expenses because the Parcels that are developed for recreational, commercial, and other non-residential uses are primarily intended to benefit the residential Parcels and their Owners.

8.3 Community Assessments. The Community Expenses shall be payable through annual Community Assessments levied by the Board against all Assessable Parcels.

A. Prior to December 15 of each year, the Board shall establish and adopt a budget for the Community Expenses for the next fiscal year and thereupon levy a Community Assessment against each Assessable Parcel. The budget and Community Assessments shall be in such amount as shall be deemed sufficient in the judgment of the Board to enable the Association to pay the Community Expenses as and when they become due.

B. Declarant may, but shall have no obligation to, contribute funds during any fiscal year to defray the Community Expenses and may, in its sole discretion, guarantee the budget for any fiscal year by agreeing to pay any excess of the Community Expenses for such fiscal year over the revenue receivable by the Association from Community Assessments during such fiscal year.

C. In adopting a budget for any fiscal year, the Board shall consider:

(1) The number of Assessment Shares that will have been allocated by January 1 of such fiscal year;

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(2) The number of Assessment Shares that are estimated to be allocated during such fiscal year;

(3) The anticipated times during such fiscal year that allocations of Assessment Shares will be made;

(4) The amounts, if any, to be contributed to the Association by Declarant for such fiscal year; and

(5) Other anticipated income, including interest earned on savings and investments.

The Board shall further consider that, pursuant to Article 8.2, no Parcel shall be liable for the payment of any portion of a Community Assessment prior to the time an Assessment Share is allocated to such Parcel. After giving due consideration to these factors, the Board shall establish for such fiscal year the amount of the Community Assessment per Assessment Share.

8.4 Apportionment of Community Assessments. The Community Assessments for each fiscal year shall be apportioned among the Assessable Parcels such that the annual amount of each Assessable Parcel's Community Assessment shall be a sum equal to: (1) the amount of the Community Assessment per Assessment Share for such fiscal year (as established pursuant to Article 8.3), multiplied by (2) the number of Assessment Shares allocated to such Assessable Parcel pursuant to Article 8.2.

8.5 Individual Parcel Assessments. Each Parcel for which the Association incurs Individual Parcel Expenses pursuant to Article 6.3 shall be subject to Individual Parcel Assessments levied by the board for the payment of such Individual Parcel Expenses. Except as

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otherwise provided by action of the Board, each Individual Parcel Assessment shall be deemed levied by the Board upon delivery of notice of such Individual Parcel Assessment in accordance with the provisions of Article 8.7.B.

8.6 Special Assessments.

A. Community Expenses. The Board may levy a Special Assessment against each Assessable Parcel in the event the revenue receivable by the Association pursuant to the Community Expenses budget adopted by the Board for any fiscal year is insufficient to pay the Community Expenses for such fiscal year; in the event of emergency situations requiring additional funds for the payment of the Community Expenses; or in the event Association reserves applicable to the Community Common Areas are insufficient to cover capital expenditures for the Community Common Areas. Notwithstanding the foregoing, following the Turnover, no Special Assessment shall be levied by the Board to supplement the revenue receivable by the Association pursuant to the Community Expenses budget adopted by the Board for any fiscal year unless the Special Assessment has been first approved by Voting Members representing at least 75 percent of the Association's membership voting rights (as determined pursuant to Article 3.3).

B. Application. All Special Assessments are intended to be supplementary to the Community Assessments. No Special Assessment that is supplementary to a Community Assessment shall be charged to or be a lien against any Parcel that is not an Assessable Parcel as of the date on which the Board levies the

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applicable Special Assessment.

8.7 Notice of Assessments. Notice of Assessments shall be given as follows:

A. Notice of Community Assessments. On or before December 20 of each year, the Association shall notify each Owner of an Assessable Parcel of the amount of the Community Assessment levied against such Parcel for the next fiscal year. The notice shall include a copy of the Community Expenses budget for such fiscal year and shall specify the amount of the Community Assessment per Assessment Share.

B. Notice of Individual Parcel Assessments. On or before December 20 of each year, the Association shall notify each Owner of an Unimproved Parcel of the amount of the Individual Parcel Assessment assessed against such Parcel for the periodic mowing of the Parcel for the next fiscal year. Notice of any other Individual Parcel Assessment shall be given by the Association to the Owner of the Parcel against which the Individual Parcel Assessment is levied within 90 days after the Individual Parcel Expenses to which the Individual Parcel Assessment relates are incurred or otherwise determined by the Association.

C. Notice of Special Assessments. Notice of any Special Assessment levied by the Board pursuant to Article 8.6.A shall be given by the Association to each Owner of an Assessable Parcel against which the Special Assessment is levied. Notice of any Special Assessment shall be given by the Association within 90 days after Board approval of the Special Assessment. The notice shall

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include an explanation of the purpose of the Special Assessment and the basis on which the Special Assessment was levied.

D. Failure to Notify. In the event the Association should fail to notify an Owner of any applicable Assessment on or before the time specified above, the levy and lien of such Assessment shall not be invalidated or otherwise affected, but the time for payment of the Assessment shall be extended by the number of days the notice is delinquent. So long as notice has properly been given, failure to receive any notice given by the Association shall not excuse an Owner from the payment of any Assessment when due.

E. Persons Entitled to Notice. Notice of any Assessment need be sent by the Association only to the Owners of Parcels that are subject to such Assessment as of the date of the notice. It is the duty of each Owner of a Parcel that becomes subject to an Assessment subsequent to the date of notice thereof to ascertain from the Association the amount of the Assessment levied against such Parcel. Failure to ascertain such amount shall not excuse any Owner from the payment of an Assessment when due.

8.8 Payment of Assessments. Assessments shall be paid in accordance with the following provisions:

A. Payment of Community Assessments. Each Owner of a Parcel to which an Assessment share has been allocated as of January 1 of the fiscal year shall pay to the Association on such date the full amount of the Community Assessment levied against such Parcel for such fiscal year. If one or more Assessment Shares are allocated to a Parcel subsequent to January 1 of the fiscal

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year, the amount of the Community Assessment per Assessment Share for such fiscal year (as established pursuant to Article 8.3) shall be prorated as of the date on which such Assessment Shares are allocated, and the Owner of such Parcel shall pay to the Association on such date such prorated amount for each Assessment Share allocated to his Parcel.

B. Payment of Individual Parcel Assessments. Each Owner of a Parcel against which an Individual Parcel Assessment has been levied by the Board pursuant to Article 8.5 shall pay to the Association, within 30 days after notice thereof, the full amount of the Individual Parcel Assessment. With respect to any Individual Parcel Assessment assessed against an Unimproved parcel for the periodic mowing of the Parcel during any fiscal year, the Association shall, upon the written request of the Owner of the Parcel, refund to such Owner one-half of such Individual Parcel Assessment if, as of July 1 of such fiscal year, the Parcel is no longer an Unimproved Parcel.

C. Payment of Special Assessments. Each Owner of a Parcel against which a Special Assessment has been levied by the Board pursuant to Article 8.6 shall pay to the Association the full amount of the Special Assessment on or before the time established for payment by the Board; provided, however, that no Special Assessment shall be payable sooner than 30 days following notice thereof.

D. Installment Payments. Any Assessment may be payable in installments if, and only to the extent, approved by the Board.

8.9 Failure to Pay Assessments. Each Assessment shall be the personal obligation of the Owner of the Parcel against which the Assessment is levied, ownership being determined as of the date of such levy. If any Assessment is not paid within 15 days after the date on which payment of the Assessment is due, then:

A. Interest shall accrue on the Assessment from the due date until paid at the rate of 18 percent per annum or such other legal rate as may be established by the Board;

B. A delinquency charge equal to 10 percent of the Assessment (or such lesser amount as may be established by the Board) shall be added to the Assessment;

C. If the Assessment is payable in installments, the remaining installments of such Assessment may be accelerated by the Association to maturity if the delinquent installment, together with the delinquency charge and interest due thereon, is not paid in full by the Owner within 10 days after notice by the Association of its intent to accelerate such remaining installments; and

D. The Association may bring suit against the Owner on his personal obligation to recover the amount of the Assessment, together with the delinquency charge and interest and all costs incurred by the Association, including Attorney's Fees in preparation for and in bringing such suit.

8.10 Proof of Payment of Assessment. Upon the request of any Owner or Institutional Mortgagee and the payment to the Association of such processing fee (not to exceed \$50) as may be established by the Board, the Association shall furnish a certificate in writing

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signed by an officer of the Association showing the amount of unpaid Assessments, if any, against any Parcel in which such Owner or Institutional Mortgagee has an interest, the year or years for which any such unpaid Assessments were levied, and any interest or other charges owing thereon. Such certificate, in the absence of fraud, shall be conclusive evidence of the payment of any Assessment therein stated to have been paid.

8.11 Capital Contribution. The Board may, in its discretion, require each Owner of an Assessable Parcel who acquires his Parcel directly from Declarant to pay to the Association a one-time contribution (the "Community Capital Contribution") to be used by the Association solely for the payment of Community Expenses. The amount of the Community Capital Contribution shall be as determined by the Board, but shall not exceed one-fourth of the then applicable Community Assessment.

ARTICLE 9
LIEN OF ASSESSMENTS

9.1 Creation of Lien. Each Assessment levied by the Board against a Parcel shall be secured by a lien in favor of the Association against the Parcel and Improvements thereon in accordance with the provisions of this Article 9. The lien shall secure not only the amount of the Assessment, but also all interest, delinquency charges, and costs of collection as provided by Article 8.9. The lien of every Assessment levied against a Parcel located within the Initial Property shall attach and become a charge on the Parcel, and all Improvements thereon, upon the

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recording of this Declaration. The lien of every Assessment levied against a Parcel located within the Additional Property shall attach and become a charge on the Parcel, and all Improvements thereon, upon the recording of the Supplemental Declaration by which the Parcel or the larger tract within which the Parcel is located is made a part of the Community.

9.2 Enforcement of Lien. In the event any Assessment is not paid within 30 days after the Assessment is due, the Association shall have the right to file a claim of lien in the Public Records. The Assessment lien may be enforced by the Association by foreclosure suit in the same manner as a mortgage or mechanics lien foreclosure or in such other manner as may be permitted by law. In the event the Association files a claim of lien against any Parcel, the Association shall be entitled to recover from the Owner of such Parcel, the interest and delinquency charge provided by Article 8.9 and all costs, including Attorney's Fees, incurred in preparing, filing, and/or foreclosing the Assessment lien, and all such costs, delinquency charges, interest, and Attorney's Fees shall be secured by such lien.

9.3 Priority of Lien. It is the intent hereof that the Assessment lien against each Parcel shall be subordinate and inferior only to the lien of taxes and special assessments levied by the county of Highlands and other governmental bodies and to the lien of any mortgage upon such Parcel given to an Institutional Mortgagee prior to the recording of a claim of lien; provided, however, that such subordination shall not apply to Assessments

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which become due and payable after a sale or transfer of the Parcel pursuant to a decree of foreclosure of such mortgage or any other proceeding or transfer in lieu of foreclosure of such mortgage.

ARTICLE 10
RESTRICTIONS

10.1 Parcel Usage. Each parcel shall be used and occupied only as a single family residence. No temporary residence shall be used or permitted to remain on any portion of such parcel.

10.2 Nuisances. No Person shall create any public or private nuisance, or engage in any noxious, illegal, or offensive activity, within the Community. By way of illustration and not as a limitation, no Owner shall place or keep any substance, material, or thing that emits foul or obnoxious odors or that is unsightly, unkempt, or unsanitary; cause unreasonable noise or other conditions that disturb, in the opinion of the Board, the reasonable peace, quiet, safety, or comfort of the occupants of adjacent properties; or conduct outside burning of wood, leaves, trash, garbage, or household refuse. Notwithstanding that construction activities may temporarily disturb the peace and quiet of the occupants of adjacent properties, such construction activities shall be permitted, subject only to such reasonable limitations as may be imposed by the terms of the Rules and Regulations or any applicable Supplemental Declaration. No Person shall have any claim against Declarant or any other Person for any interference with such Person's view, peace and quiet, welfare, or access to light and air caused by any such construction activities.

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10.3 Exterior Antennas. No Person other than Declarant shall place or maintain within the Community any exterior antenna, aerial, satellite dish, or other apparatus for the reception or transmission of television, radio, or other electronic signals, without the prior written approval of Declarant or the Association.

10.4 Utility Lines. No Person other than Declarant shall place or maintain any overhead utility or cable television lines within the Community without the prior written approval of Declarant or the Association, except for temporary lines as required during construction or as otherwise may be required by law.

10.5 Air Conditioning Units. No window or wall air conditioning units may be installed or maintained on any Parcel.

10.6 Trailers, Boats, etc. No truck over 3/4 ton rated capacity, boat, airboat, bus, camper van, chassis camper, motor home, pickup truck with removable camper structure, swamp buggy, all terrain vehicle, motorcycle, motor scooter, dune buggy, golf cart, trailer, recreational vehicle, commercial vehicle, or other similar vehicle shall be kept overnight at any unit, or on the common area, unless enclosed in a garage. The Association shall have the right to authorize the towing away of any vehicles in violation of this rule with the costs to be borne by the owner or violator. The intent of this section is that all vehicles, excepting 3/4 ton or less pickup trucks, private passenger automobiles, private passenger vans or private passenger station wagons, not be permitted on the property unless they are stored

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completely out of sight in an enclosed garage attached to the residence. There shall be no repair, service or disassembly of any vehicle of any kind on any lot in the property unless the same is done within the enclosed garage attached to the residence in such a manner as to not be visible from the exterior of the residence.

10.7 Temporary Structures. No structure of a temporary character such as a: trailer, tent, shack, detached garage, barn, storage building or other out-building shall be constructed, maintained or permitted on any lot at any time. However, this shall not prohibit the construction of a permanent storage building or other structure in the rear yard of a lot if the same is approved by the Association and is located so as not to be visible from the front of the lot. Any such building must be architecturally consistent with the residential structure located on the lot.

10.8 Artificial Vegetation. No artificial grass or other artificial vegetation shall be permitted on the exterior of any portion of the Community.

10.9 Decorations. No Person shall place or maintain on a Parcel any flags, banners, decorative lights or ornaments, or similar items without the prior written approval of Declarant or the Association; provided, however, that nothing herein shall prohibit the display of seasonal Christmas or holiday decorative lights and ornaments between Thanksgiving and January 10 or the appropriate display of the American Flag.

10.10 Damage and Insurance Rates. No Person shall engage in any activity causing damage to, or any increase in insurance rates

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on, any Improvements within the Community.

10.11 Clearing of Vegetation. No Person other than Declarant shall cut down, remove, or clear from any Parcel any trees, shrubs, or other vegetation except pursuant to Plans approved by the Architectural Committee in accordance with Article 11 or except as otherwise may be authorized in writing by Declarant or the Association.

10.12 Pollutants. No Person shall discharge saline or other regenerating solution into any street, easement, surfacewater drain, or portion of the Properties so as harmfully to affect any landscaping or vegetation or pollute the Surfacewater Management System.

10.13 Golf Carts. No gasoline-powered golf carts shall be operated within the Community, except golf carts owned and operated by Declarant, or the Association. All other golf carts shall be powered by electricity or by similar non-combustion means. No golf cart shall be parked or stored anywhere within the Community other than in an Owner's garage or other areas specifically designated by the Board as golf cart parking areas. Each owner of a golf cart operated within the Community shall register the golf cart with the Association and shall keep the golf cart in good condition and appearance. No child under the age of 16 years shall be permitted to operate a golf cart within the Community.

10.14 Governmental Regulations. No Person shall violate in any respect the provisions of any governmental laws or regulations applicable to the Surfacewater Management System or the Community.

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10.15 Alterations. Without limiting the provisions of Articles 11 and 4.4, and except as may otherwise be authorized by the terms of this Declaration or any applicable Supplemental Declaration or by the prior written consent of the Association or Declarant, no Person other than Declarant shall: (a) erect, install, or alter any Improvements on any portion of the Common Areas; or (b) erect, install, or alter any Improvements which the Association is required to maintain pursuant to the terms of this Declaration or any applicable Supplemental Declaration.

10.16 Occupants Bound. All provisions of this Declaration, the Rules and Regulations, the Community Standards, the Environmental Preservation Guidelines, the Architectural Criteria, and any Supplemental Declaration applicable to an Owner's Parcel governing the conduct of the Owner shall also apply to all occupants of the Parcel and all family members, guests, and invitees of the Owner. Each Owner shall cause all such occupants, family members, guests, and invitees to comply with such provisions and shall be jointly and severally responsible with such occupants, family members, guests, and invitees for any violation by them of such provisions. The lease of any Parcel shall be deemed to include a covenant on the part of the tenant to comply with, and be fully bound by, such provisions.

ARTICLE 11
ARCHITECTURAL CONTROL

11.1 Approval by Architectural Committee. No construction work shall be commenced unless and until the plans and specifications

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for such construction work (the "Plans") have been submitted to the Architectural Committee in accordance with Article 11.6 and approved by the Architectural Committee in writing. In keeping with Declarant's intent to establish and maintain a community of quality homes and buildings of aesthetically pleasing design, the Architectural Committee shall evaluate the Plans with respect to the harmony of external design, appearance, and location of all Improvements to which the proposed construction work relates in relation to surrounding structures and topography, the proposed materials and construction standards, the conformance of the proposed construction work with any applicable Architectural Criteria, the conformance of the proposed construction work with restrictions set forth in this Declaration or any applicable Supplemental Declaration and the general aesthetic impact of the proposed construction work. In reviewing Plans for proposed construction work, the Architectural Committee shall consider that due to the size of the Community, and the diversity of residential, recreational, and commercial uses which will be made of the Community, a particular architecture appropriate for one portion of the Community may not be appropriate for some other portion. The purpose of the Architectural Committee shall not be to impose a uniform appearance in the Community, but rather to promote and assure architectural and aesthetic quality and discrimination for the benefit of all Owners.

11.2 Architectural Committee. The Architectural Committee shall be composed of not less than three or more than seven

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members, who need not be members of the Association. Declarant shall have the right to appoint (and, at its discretion, to replace) all members of the Architectural Committee, or such lesser number as Declarant may choose, until such time as Declarant, in its sole discretion, elects to assign such right to the Association; provided, however, Declarant shall assign such right to the Association not later than the Final Development Date. Members of the Architectural Committee as to whom Declarant may have relinquished the right of appointment, and all members of the Architectural Committee after Declarant assigns such right to the Association, shall be appointed by, and shall serve at the pleasure of the Board. A majority of the Architectural Committee members shall constitute a quorum to transact business at any meeting of the Architectural Committee, and the action of a majority present at a meeting at which a quorum is present shall constitute the action of the Architectural Committee. Any vacancy occurring on the Architectural Committee because of death, resignation, or other termination of service of any member appointed by Declarant shall be filled by Declarant; any other vacancy shall be filled by the Board. No member of the Architectural Committee shall be entitled to compensation for services performed. The Architectural Committee may employ independent advisers, in which case reasonable compensation to such advisers shall be paid by the Association as part of the Community Expenses. All copying, telephone, telecopy, and other out-of-pocket expenses of the Architectural Committee shall also be paid by the Association as part of the Community

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Expenses. All decisions of the Architectural Committee shall be final and binding on the Owners.

11.3 Architectural Control Authority. The Architectural Committee's regulatory authority shall include the power to prohibit those uses, activities, or exterior designs deemed inconsistent with the provisions of this Declaration or applicable Supplemental Declaration or contrary to the best interests of the Association in maintaining the value and desirability of the Community. The Architectural Committee shall have authority to adopt, promulgate, rescind, amend, and revise Architectural Criteria for any portion or portions of the Community in connection with the foregoing, provided such Architectural Criteria are reasonable and consistent with the provisions of this Declaration and any applicable Supplemental Declaration. The authority provided herein shall apply not only to preconstruction and construction periods but also to all periods subsequent to construction to ensure that all Architectural Committee requirements continue to be satisfied by the owner of the property on which the construction work is to take place.

11.4 Plans. The Plans shall show the nature, kind, shape, height, materials, locations, color and estimated cost of the proposed construction work. An Owner may submit preliminary plans that are conceptual in nature. If preliminary plans are approved by the Architectural Committee, and if Plans are submitted to the Architectural Committee which are consistent with the approved preliminary plans, the Plans will be approved by the Architectural

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Committee, provided such Plans do not contain any material deviation from the preliminary plans as determined solely and in the absolute discretion of the Architectural Committee. All applications to the Architectural Committee for approval of any of the foregoing shall be accompanied by the following information, to the extent applicable:

A. Architectural, engineering, and construction plans and specifications (which shall show proposed exterior colors and materials);

B. Site Plan, including lighting, parking, and drainage plans;

C. Landscaping plan, which shall: (1) show all signage; and (2) show generally all existing trees (trees having a stem diameter of four and one-half inches or greater at 54 inches above the ground shall be shown specifically), shrubs, and other vegetation to be removed or left in place.

D. Construction schedule;

E. A statement of the use to be made of the Improvements;
and

F. Such additional information as may be reasonably necessary for the Architectural Committee to evaluate completely the proposed construction work.

In the event the Architectural Committee fails to respond to an application within 30 days after the same has been submitted to and received by it, the Architectural Committee's approval shall be deemed to have been given; provided, however, that no Improvements

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shall be erected or be allowed to remain on any Parcel which violate any building or use restrictions contained in this Declaration or other recorded instrument.

11.5 Minimum Square Footage. Homes built on lots adjacent to any golf course property, shall have a minimum of 3,000 square feet of air conditioned living area. All other homes shall have a minimum of 2,500 square feet of air conditioned living area. All homes regardless of whether they are adjacent to any golf course property, shall have a fully enclosed garage area sufficient to contain at least 2 vehicles. This area shall not be included in the square footages required above even if air conditioned.

11.6 Procedure. The Architectural Committee may appoint one or more Persons to make preliminary review of all applications to the Architectural Committee and report such applications to the Architectural Committee with such Person's recommendations for Architectural Committee action thereon. Such preliminary review shall be subject to such regulations and limitations as the Architectural Committee deems advisable. In addition to the fees payable under Article 11.7, the Owner making application to the Architectural Committee shall reimburse the Association for all reasonable costs associated with the review of Plans by the Architectural Committee, including any expense for architectural, engineering, or attorney's fees. If such reimbursement is not made within 15 days after delivery to the Owner of written notice of the costs to be reimbursed, such costs shall be included in the Individual Parcel Expenses pursuant to Article 6.3 and shall be

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assessed against the Owner's Parcel as an Individual Parcel Assessment in accordance with Article 8.5.

11.7 Fees. The Board shall adopt a schedule of reasonable fees for processing applications to the Architectural Committee. Such fees, if any, shall be payable to the Association, in cash, at the time an application is submitted to the Architectural Committee. No application shall be deemed to have been properly submitted without payment of the applicable fees.

11.8 Liability. The Architectural Committee and its members shall not be liable in damages to anyone submitting an application to them for approval or to anyone affected by this Declaration, by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval of same. All Persons who submit plans or specifications to the Architectural Committee for approval agree, by the submission of same, and each Owner of a Parcel agrees, by acquiring title thereto or an interest therein, that they will not bring any action or suit against the Architectural Committee, its members, or Declarant to recover damages in connection with matters to which this Article 11 pertains.

11.9 Certification of Compliance. Upon written request of any Owner, the Architectural Committee shall issue an acknowledged certificate in recordable form setting forth generally whether or not the Owner, to the knowledge of the Architectural Committee, is in violation of any of the terms and conditions of this Article 11. The written statement shall be conclusive in favor of all Persons

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who relied thereon in good faith. The statement shall be furnished by the Architectural Committee within a reasonable time, but not to exceed 20 days from the receipt of a written request for such statement. If such statement is not furnished within such 20-day period, it shall be presumed that the Owner has fully complied with the terms and conditions of this Article 11 and that the Parcel is in conformance with all such terms and conditions.

11.10 Proceeding with Work. Upon receipt of approval from the Architectural Committee, the Owner shall as soon as practical satisfy any and all conditions of such approval and shall diligently proceed with the commencement and completion of the approved construction work. In all cases, the approved construction work shall commence within six months from the date of approval, and if the construction work is not so commenced, approval shall be deemed revoked unless the Architectural Committee pursuant to written request made and received prior to the expiration of the six-month period extends the period of time within which the approved construction work must be commenced.

ARTICLE 12
WARRANTIES

Except as Declarant may otherwise expressly provide by written contract, THE CONSTRUCTION, DEVELOPMENT, AND SALE BY DECLARANT OF ANY PARCEL OR OTHER PROPERTY OR IMPROVEMENTS IN THE COMMUNITY IS WITHOUT WARRANTY, AND NO WARRANTIES OF FITNESS, HABITABILITY, OR MERCHANTABILITY AS TO ANY PORTION OF THE COMMUNITY OR IMPROVEMENTS

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CONSTRUCTED BY DECLARANT THEREON OR IN CONNECTION THEREWITH SHALL BE IMPLIED. EXCEPT AS DECLARANT MAY OTHERWISE EXPRESSLY PROVIDE BY WRITTEN CONTRACT, DECLARANT HEREBY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY COMMON LAW IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, HABITABILITY, AND CONFORMITY OF ANY IMPROVEMENTS WITH PLANS AND SPECIFICATIONS FILED WITH ANY GOVERNMENTAL AUTHORITY. DECLARANT MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE EXISTENCE OR LEVELS OF RADON, RADON PROGENY, OR ANY OTHER POLLUTANT WITHIN THE COMMUNITY OR WITH RESPECT TO ANY PROPERTY OR IMPROVEMENTS CREATED FOR, CONVEYED TO, DEDICATED TO, OR MADE AVAILABLE FOR THE USE OF THE ASSOCIATION PURSUANT TO THIS DECLARATION, ANY SUPPLEMENTAL DECLARATION, OR ANY OTHER INSTRUMENT.

ARTICLE 13
CONDEMNATION

All proceeds received by the Association in connection with the condemnation, or conveyance under threat of condemnation, of the Common Areas shall be applied as follows:

A. If the proceeds are payable in connection with the Community Common Areas, the proceeds shall be applied by the Association to the payment of the Community Expenses.

ARTICLE 14
EASEMENTS

14.1 Creation of Easements. Declarant hereby reserves unto itself, its successors and assigns, and hereby grants to the Association, a perpetual, alienable, and releasable nonexclusive easement, right, and privilege: (a) on, over and under the right-

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of-way of all Community Roads in the Community for ingress and egress by pedestrians, runners, bicycles, golf carts, automobiles, trucks, construction equipment, and other vehicles for the purpose of obtaining access to the Properties and for the installation, construction, maintenance, replacement and use of electric power and telephone poles, wires, cables, conduits, water mains, sewers, irrigation and drainage lines, drainage ditches and swales, underdrains, and any other equipment or appurtenances pertaining to the installation, maintenance, transmission or use of electricity, telephone, television signal transmission, gas, street lighting, water, irrigation, drainage, or other utilities or conveniences;

(b) on, over and under any unimproved area of any property lying between any Community Road and any canal, swale, or ditch serving as part of the Surfacewater Management System for the installation, construction, maintenance, replacement, and use of irrigation and drainage lines, pipes, ditches, swales, and other irrigation or drainage devices, including the right of pedestrian and vehicular ingress and egress to such canal, swale, or ditch for such purposes. As used herein, "unimproved area" shall mean any area on which there are situated no permanent improvements other than landscaping, paving, walkways, or driveways. Any area upon which any such permanent improvements are hereafter constructed in compliance with the provisions of Article 11 shall thereupon be deemed to be released from the easement described in subparagraph (b) above.

14.2 Disturbances. If Declarant, the Association, or any

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Other Person should in the exercise of its rights under any of the easements designated in Article 14.1 disturb any grass, soil, paving or other Improvements, Declarant, the Association, or such other Person, as the case may be, shall restore the same as nearly as practicable to its condition prior to the disturbance.

ARTICLE 15
RIGHTS OF DECLARANT

15.1 Declarant's Rights in the Association. Until the Final Development Date, the Board shall have no authority to and shall not, without the written consent of Declarant, which may be withheld in Declarant's sole discretion, undertake any action which shall:

A. Prohibit or restrict in any manner the sales, marketing, and leasing activities and programs of Declarant or any Owner;

B. Decrease the level of maintenance services performed by the Association pursuant to this Declaration or any Supplemental Declaration;

C. Impose any Special Assessment, Individual Parcel Assessment, or Fine against Declarant's property or Declarant;

D. Impair or interfere with the operation of the Architectural Committee or the exercise of its powers;

E. Alter or amend this Declaration, any Supplemental Declaration, the Articles of Incorporation, or the Bylaws;

F. Modify, amend, or alter the Surfacewater Management System;

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G. Terminate or cancel any contracts of the Association entered into prior to the Turnover;

H. Terminate or waive any rights of the Association under this Declaration or any Supplemental Declaration;

I. Convey, lease, or encumber any portion of, or interest in, the Common Areas;

J. Terminate or cancel any easements granted hereunder or by the Association;

K. Terminate or impair in any fashion any easements, powers, or rights of Declarant hereunder;

L. Restrict Declarant's right of use, access, and enjoyment of any of the Properties; or

M. Take any other action impairing, in Declarant's sole discretion, the quality of the Community or the health, safety, or welfare of the Owners.

15.2 Rights of Surfacewater Management System. Declarant shall have the sole right to control the water level and maintenance of all swales, drainage control devices, and all other areas and apparatus comprising the Surfacewater Management System. No other use of the water may be made by the Association or other Persons without Declarant's prior written consent, which consent may be withheld for any reason deemed sufficient by Declarant.

15.3 Rights to Common Areas. Declarant shall have the right in its sole discretion to permit the use of any portion of the Common Areas by the general public or by such Persons as Declarant may designate.

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15.4 Development. At the time of recording of this Declaration, development and construction of the Parcels and Improvements in the Community have not been completed. Declarant reserves all rights and easements necessary or desirable with respect to the Community to complete such development and construction and to effect the sale or lease of all the Parcels. Inasmuch as the completion of such development, construction, sales, and leasing is essential to the establishment and welfare of the Community and the Owners, no Owner shall do anything to interfere with the development, construction, sales, or leasing activities of Declarant. Without limiting the generality of the foregoing, nothing in this Declaration, the Articles of Incorporation, or the Bylaws shall be construed to:

A. Prevent Declarant or their contractors or subcontractors, from taking whatever steps they determine to be necessary or desirable to effect the completion of the development of the Community, including, without limitation, the alteration of construction plans and designs as Declarant deems advisable in the course of such development (all models, sketches, and artists' representations showing plans for future development of the Properties being subject to modification by Declarant at any time and from time to time without notice); or

B. Prevent Declarant, or their contractors or subcontractors, from erecting, constructing, and maintaining within the Community such structures as may be reasonably necessary for the development of the Community, the construction of Improvements

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therein, and the sale and leasing of the Parcels.

Declarant shall have the express right to construct, maintain, and carry on such facilities and activities within the Community as, in the sole opinion of Declarant, may be reasonably necessary, convenient, or appropriate to the construction of Improvements or sale or leasing of Parcels, including, but not limited to, administrative offices, signs, model units, and sales offices. The right to construct, maintain, and carry on such facilities and activities shall specifically include the right to use any Parcel owned by Declarant and any club house, community center, or other property owned by the Association as administrative offices, sales offices, and models.

15.5 Magnolia Place Name. No Person shall use the term "Magnolia Place" or any derivative thereof in any printed or promotional material without the prior written consent of Declarant. However, Owners may use the term "Magnolia Place" in printed or promotional matter where such term is used solely to specify that the Owner's Parcel is located within the Community, and the Association shall be entitled to use the term "Magnolia Place" in its name.

15.6 Assignment. Declarant may from time to time assign any or all of its rights, title, interest, easements, powers, duties, obligations, and privileges reserved hereunder to the Association or to any other Person.

15.7 Exercise of Declarant's Rights. The rights of Declarant enumerated in this Article 15 or elsewhere in this Declaration are

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for the benefit of Declarant and may be exercised, waived, released, or assigned, in whole or in part, in Declarant's sole discretion. No Person shall have any cause of action against Declarant on account of Declarant's exercise, failure to exercise, waiver, release, or assignment, in whole or in part, of any of such rights.

ARTICLE 16
REMEDIES

16.1 Compliance by Owners. Each Owner shall comply, and shall cause the Owner's family, guests, tenants, and invitees to comply, with the restrictions and covenants set forth in this Declaration and in any Supplemental Declaration applicable to such Owner's Parcel. Each Owner shall further comply, and shall cause the Owner's family, guests, tenants, and invitees to comply, with the Environmental Preservation Guidelines, the Architectural Criteria, the Community Standards, and the Rules and Regulations.

16.2 Enforcement. Upon failure of an Owner to comply with the provisions of Article 16.1, the Association shall be entitled to exercise all rights and remedies provided by the terms of this Declaration and, in addition, to commence an action against the Owner for any relief allowed by law, including, without limitation, money damages, injunctive relief, or any combination thereof. In any such action in which the Association is the prevailing party, the Association shall be entitled to recover its costs and attorney's fees.

16.3 Fines. Upon failure of an Owner to comply with the

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provisions of Article 16.1, the Association may, in the sole discretion of the Board and in addition to all other remedies to which the Association may be entitled pursuant to Article 16.2, impose a Fine upon the Owner pursuant to the following provisions:

A. Notice. The Association shall afford an opportunity for hearing to the Owner, after notice of not less than: (1) three days in the event of an emergency or if the Owner's actions constitute: (a) a threat to the health or safety of other Owners; (b) a threat to the water quality of the Surface Water Management System or a violation of any provisions of this Declaration applicable to the Surfacewater Management System; or (c) a violation of any provisions of the Environmental Preservation Guidelines or any governmental laws and regulations applicable to the Surfacewater Management System or the Community, or (2) 10 days, in all other cases. The notice shall include a statement of the date, time, and place of the hearing and a statement of the matters allegedly constituting a violation of Article 16.1.

B. Hearing. At the hearing, the Owner shall have the opportunity to review, challenge, and respond to any material considered by the Board; to present evidence; and to provide written and oral argument on all issues involved.

C. Amount. The Board may impose Fines according to the following schedule:

(1) The Board may impose a Fine not in excess of \$1,000 per day from the date of the Owner's violation of the provisions of Article 16.1 until such violation ceases, if the

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violation threatens the health or safety of other Owners or constitutes a violation of: (a) any provisions of this Declaration applicable to the Surfacewater Management System; (b) any provisions of the Environmental Preservation Guidelines; or (c) any provisions of governmental laws and regulations applicable to the Surfacewater Management System or the Community.

(2) With respect to any other violation by an Owner of the provisions of Article 16.1, the Board may impose a Fine not in excess of \$250 per day from the date of the Owner's violation until such violation ceases.

D. Individual Parcel Assessments. Any Fine levied by the Board against an Owner shall be included in the Individual Parcel Expenses applicable to such Owner's Parcel and shall be assessed as an Individual Parcel Assessment in accordance with the provisions of Article 8.

E. Application of Fines. All proceeds received by the Association from Fines shall be applied to the payment of the Community Expenses, as the Board in its discretion may determine.

F. Nonexclusive Remedy. Fines shall not be construed as an exclusive remedy and shall exist in addition to all other rights and remedies to which the Association may be legally entitled; however, any Fine paid by an Owner shall be deducted or offset against any damages that the Association may otherwise be entitled to recover from such Owner.

16.4 Association Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association

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unless approved by Voting Members representing at least 75 percent of the Association's membership voting rights as determined pursuant to Article 3.3. The foregoing provisions of this Article 16.4 shall not apply, however, to:

(a) Actions brought by the Association against Persons other than Declarant to enforce the provisions of this Declaration, any Supplemental Declaration, the Articles of Incorporation, or the Bylaws;

(b) Actions brought by the Association against Persons other than Declarant for the collection of Assessments;

(c) Actions or proceedings involving challenges to ad valorem taxation; or

(d) Counterclaims brought by the Association in proceedings instituted against it.

This Article 16.4 shall not be amended unless such amendment is made by Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to commence or prosecute proceedings as provided above.

16.5 Mediation. No Owner or other Person bound by this Declaration shall commence or prosecute any judicial or administrative proceeding against the Association or Declarant involving any matter related to this Declaration, any Supplemental Declaration, the Articles of Incorporation, the Bylaws, the Community, any property or Improvements within the Community, or rights or interest therein, without first submitting the issue to which such proceeding relates to nonbinding mediation in accordance

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with the following provisions:

A. If agreed to by the Association, or Declarant, respectively, the mediation shall be conducted through the Citizens Dispute Settlement Center for the Tenth Judicial Circuit for the State of Florida pursuant to Section 44.201, Florida Statutes.

B. In all other cases, the mediation shall be conducted in accordance with Rule 1.700 et. seq. of the Florida Rules of Civil Procedure; provided, however, that mediation in accordance with such rules may be initiated through a mediator agreed upon by the parties without order of court. If the parties cannot agree upon a mediator, then either party may move the court to name a mediator and initiate mediation pursuant to such rules.

C. The requirement for mediation of a claim against the Association or Declarant may be waived by the Association or Declarant, respectively.

ARTICLE 17
COMMUNITY SYSTEM SERVICES

17.1 Ownership. Except as otherwise provided by the terms of any Supplemental Declaration, Declarant reserves the ownership of all components of the Community Systems and the right to convey any of such components to the Association, a governmental authority, a utility or cable television company, or other Person as Declarant may deem appropriate.

17.2 Contracts. Declarant and the Association shall each have the right to enter into contracts for the provision of any of the Community System Services to the Parcels upon such terms as

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Declarant or the Association, respectively, shall deem in its sole discretion, to be in the best interests of the Association and the Owners. Any such contract, including any provision thereof requiring payment by the Association or any Owner for the furnishing of any of the Community System Services pursuant to the contract, shall be binding upon the Association and the Owners.

ARTICLE 18
DURATION

18.1 Covenants to Run with the Title to the Land. The provisions of this Declaration, as amended and supplemented from time to time as herein provided, shall be deemed to run with the title to the property subject hereto and shall remain in full force and effect until terminated in accordance with the provisions of Article 18.2 or otherwise according to the laws of the State of Florida.

18.2 Term. The provisions of this Declaration shall be binding upon all Owners and shall continue in full force and effect for a period of 30 years from the date hereof, after which time they shall be deemed to be automatically extended for successive periods of 10 years each unless prior to the commencement of any such 10-year period: (a) the termination of this Declaration is approved by Voting Members representing at least 75 percent of the Association's membership voting rights (as determined pursuant to Article 3.3); and (b) a written instrument certifying that such approval has been obtained is signed by the president and secretary of the Association and by the Majority Owners and recorded in the

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Public Records. The termination of this Declaration shall not terminate any easement rights then existing in favor of any Person by virtue of the provisions of Article 14, any easement or usage rights then existing in favor of any Person by virtue of the provisions of Article 4.5 or Article 5.3.C., any easement or usage rights then existing in favor of Declarant by virtue of the provisions of Article 15, it being the intent hereof that all such easement and usage rights shall survive a termination of this Declaration.

ARTICLE 19
AMENDMENTS

This Declaration may be amended at any time and from time to time upon: (a) the approval of Voting Members representing at least two-thirds of the Association's membership voting rights (as determined pursuant to Article 3.3.) and the approval of the majority owners; and (b) the recording in the Public Records of an amendatory instrument executed by the president and secretary of the Association and by the majority owners certifying that such approval has been obtained; provided, however, that: (1) no amendment shall be effective prior to the Final Development Date without Declarant's express written joinder and consent; (2) no amendment to Article 9.3 shall be effective without the written consent of Institutional Mortgagees holding at least 51 percent of all mortgages held by Institutional Mortgagees; and (3) no amendment materially and adversely affecting the rights or interests of Highlands County under Articles 4.4.C, 4.5.A, 4.6, or

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5.2.B, shall be effective without the written consent of Highlands County. This Declaration may also be amended by Declarant alone at any time prior to the Final Development Date by the recording in the Public Records of an instrument for that purpose executed by Declarant. All amendments shall reasonably conform to the general purposes of this Declaration set forth herein.

ARTICLE 20
MISCELLANEOUS

20.1 Governing Law. The construction, validity, and enforcement of the provisions of this Declaration shall be determined according to the laws of the State of Florida. The venue of any action or suit brought in connection with this Declaration shall be in Highlands County, Florida.

20.2 Notices. Any notice authorized or required to be given to any Owner, or such Owner's representative, under the provisions of this Declaration shall be in writing and shall be deemed to have been properly given when mailed, postage prepaid, to the last known address of the Person who appears as the Owner, or such Owner's representative, on the records of the Association at the time of such mailing. Any notice authorized or required to be given to the Association under the provisions of this Declaration shall be in writing and shall be deemed to have been properly given when mailed, postage prepaid, to the address of the Association's principal office at the time of such mailing.

20.3 Waiver. Failure of Declarant or the Association to insist upon strict performance of any provision of this Declaration with

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respect to any Owner or property in the Community shall not be deemed to be a waiver of such provision as to such Owner or property unless Declarant or the Association has executed in writing a waiver thereof. Any such written waiver of any provision of this Declaration by Declarant or the Association with respect to any Owner or property in the Community shall not constitute a waiver of such provision as to any other Owner or property.

20.4 Invalidation. The invalidation of any provision of this Declaration by lawful court order shall not affect or modify any of the other provisions of this Declaration, which other provisions shall remain in full force and effect.

20.5 Usage. Whenever used herein, the singular number shall include the plural and the plural the singular, and the use of any gender shall include all genders. Titles of Articles, paragraphs, and subparagraphs of this Declaration are for convenience only and neither limit nor amplify the provisions of this Declaration.

IN WITNESS WHEREOF, Declarant, Edward O. Koch, Jr., has caused this Declaration to be executed in his name, this 9th day of May, 1996.

E. Mark Breed III
E. Mark Breed III
Linda White
Linda White

Edward O. Koch, Jr.
EDWARD O. KOCH, JR.

STATE OF FLORIDA
COUNTY OF HIGHLANDS

The foregoing instrument was acknowledged before me this

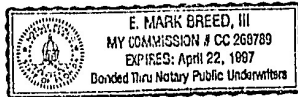
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9th day of May, 1996, by Edward O. Koch, Jr., who is personally known to me (~~X~~) or who has produced _____ as identification.

E. Mark Breed III

NOTARY PUBLIC, State of Florida

My Commission Expires:



This instrument prepared by:
E. MARK BREED III, P.A.
335 South Commerce Avenue
Sebring, FL 33870
(941) 382-3154
(941) 382-0209 FAX
wpkphd/magnolia.res

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EXHIBIT A

Lots 6, 7, 9 through 14, inclusive, Lots 24 through 28, inclusive, Lots 30 and 31, Block 267; Lots 16 through 28, inclusive, Lots 30 and 31, inclusive, Block 268; Lots 22 through 37, inclusive, Lot 40, Block 275; ALL IN Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida.

Lot 23, Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, LESS AND EXCEPT: Beginning at the Southeasterly corner of Lot 23, Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida for the Point of Beginning: run thence South 75°30'00" West along the Southerly Boundary of said Lot 23 for a distance of 73.04 feet; run thence along the arc of a curve to the left having the following elements, Radius = 25.00 feet, Delta = 48°05'23", Arc length = 20.98 feet, Chord = 20.37 feet, Chord Bearing = North 51°27'18" East to a point of reverse curvature; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 68°14'13", Arc length = 59.55 feet, Chord = 56.09 feet, Chord Bearing = North 61°31'44" East to a point on the Easterly boundary of said Lot 23; run thence South 14°30'00" East for a distance of 21.84 feet to the Point of Beginning. Containing 1,195.67 square feet or 0.027449 acres more or less.

Lot 29, Block 268, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, LESS AND EXCEPT: Commence at the Northeasterly corner of Lot 29, Block 268, Unit 13 of Sun'n Lake Estates of Sebring, as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, being a point on the Westerly right of way of Calatrava Avenue, for the Point of Beginning; run thence Southerly along the said Westerly right of way line of Calatrava Avenue, along the arc of a curve to the left having the following elements, Radius = 4,800.00, Delta = 1°1'25.99", Arc = 85.777 feet, Chord = 185.776 feet, Chord Bearing = South 0°53'13.43" West; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 118°07'52.84" Arc = 103.089 feet, Chord = 85.776 feet, Chord Bearing = North 0°53'13.43" East to the Point of Beginning, containing 1,463.93 square feet or 0.033607 acres more or less.

Lots 20, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, LESS AND EXCEPT: Beginning at the Northwesterly corner of Lot 20, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida for the Point of Beginning; run thence North 75°30'00" East along the Northerly boundary of said Lot 20 for a distance of 31.26 feet; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 46°07'20", Arc length = 40.25 feet, Chord = 39.17 feet, Chord Bearing = South 38°25'56" West to a point on the Westerly boundary of said Lot 20; run thence North 14°30'00" West for a distance of 23.61 feet to the Point of Beginning. Containing 474.19 square feet or 0.010886 acres

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EXHIBIT A (continued)

more or less.

Lot 21, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, LESS AND EXCEPT: Beginning at the Northeasterly corner of Lot 21, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida for the Point of Beginning; run thence South 14°30'00" East along the Easterly boundary of said Lot 21 for a distance of 23.61 feet; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 62°17'46", Arc length = 54.36 feet, Chord = 51.73 feet, Chord Bearing = North 87°21'31" West to a point of reverse curvature; run thence along the arc of a curve to the left having the following elements, Radius = 25.00 feet, Delta = 48°17'22", Arc length = 21.07 feet, Chord = 20.45 feet, Chord Bearing = North 80°21'19" West to a point on the Northerly boundary of said Lot 21; run thence North 75°30'00" East for a distance of 68.09 feet to the Point of Beginning. Containing 1,090.62 square feet or 0.025037 acres more or less.

Lots 38 and 39, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, LESS AND EXCEPT: Commence at the Northwesterly corner of Lot 39, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, being a point on the Easterly right of way of Calatrava Avenue, for the Point of Beginning; run thence Northerly along the Easterly right of way line of Calatrava Avenue, along the arc of a curve to the right having the following elements, Radius = 4,750.00, Delta = 0°46'43.92", Arc = 64.571 feet, Chord = 64.570 feet, Chord Bearing = North 1°1' 28.88" East; run thence Southerly along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 121°49' 35.98", Arc = 106.314 feet, Chord = 87.389 feet, Chord Bearing = South 0°53'13.43" West to a point on the Easterly right of way of Calatrava Avenue; run thence Northerly along said Easterly right of way along the arc of a curve to the right having the following elements, Radius = 4,750.00 feet, Delta = 0°16' 30.91", Arc = 22.819 feet, Chord = 22.819 feet, Chord Bearing = North 0°29'51.47" East to the Point of Beginning, containing 1,607.49 square feet or 0.036903 acres more or less.

**** OFFICIAL RECORDS ****
BK 1334 PG 1489


EXHIBIT B

Lots 1 through 5, inclusive, Lots 15 and 22, Lots 32 through 36, inclusive, Block 267; Lots 3 through 15, inclusive, Block 268; Lots 7 through 21, inclusive, Block 271; Lots 16 through 21, inclusive, Block 272, ALL IN Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida.

EXHIBIT C

** OFFICIAL RECORDS **
BK 1334 PG 1490

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of MAGNOLIA PLACE COMMUNITY ASSOCIATION, INC., a Florida corporation, filed on May 30, 1996, as shown by the records of this office.

The document number of this corporation is N96000002904.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capitol, this the
Third day of June, 1996



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

**** OFFICIAL RECORDS ****
BK 1334 PG 1491

ARTICLES OF INCORPORATION
OF

RECORDED
INDEXED
MAY 20 11 17

MAGNOLIA PLACE
COMMUNITY ASSOCIATION, INC.

(A Florida corporation not-for-profit)

ARTICLE I. NAME

The name of this corporation is MAGNOLIA PLACE COMMUNITY ASSOCIATION, INC. (hereinafter referred to as the "ASSOCIATION").

ARTICLE II. PRINCIPAL OFFICE

The principal place of business and mailing address of this corporation are 3504 Office Park Road, Sebring, Florida 33870.

ARTICLE III. PURPOSES AND POWERS

The purposes and powers of this corporation are:

- a) To maintain and operate certain real property, structures and improvements which may now or hereafter be placed on certain real property in Highlands County, Florida, known as "MAGNOLIA PLACE," and to collect assessments for the maintenance, management and other matters, in accordance with the terms of these Articles of Incorporation, the By-Laws of this corporation, and the Declaration of Covenants and Restrictions recorded in the Public Records of Highlands County, Florida, pertaining to MAGNOLIA PLACE. The ASSOCIATION shall be conducted as a non-profit corporation.
- b) To own, rent, lease, operate and maintain sufficient real and personal property to carry out the purposes hereinabove expressed.

c) To receive donations, gifts or bequeaths of money or other property, and to accept the same, subject to such conditions or trusts as may be attached thereto, and to obligate itself to perform and execute any and all such conditions or trusts.

d) To contract debts and to borrow money, to issue, sell and pledge bonds, debentures, notes and other evidences of indebtedness.

e) To do everything necessary, proper, advisable or convenient for the accomplishment of the purposes and powers set forth in this Article, and to do all things incidental thereto or connected therewith, which are not forbidden by law or these Articles of Incorporation.

f) To carry out any of the purposes or powers set forth in this Article in any state, territory, district or possession of the United States of America, or in any foreign country, to the extent that such purposes are not forbidden by the law of such place.

g) The purposes or powers set forth in this Article are not in limitation of the general powers conferred by non-profit corporation law of the State of Florida.

ARTICLE IV. MEMBERS

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

a) The owners of parcels in MAGNOLIA PLACE shall be members of the ASSOCIATION, and no other persons or entities shall be entitled to membership. A member shall be entitled to one vote for each parcel owned.

** OFFICIAL RECORDS **
BK 1334 PG 1493

b) Membership shall be established by the acquisition of fee title to a parcel in MAGNOLIA PLACE and the membership of any person shall be automatically terminated upon his being divested of all title to all parcels.

c) The interest of a member in the funds and assets of the ASSOCIATION cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his parcel. The funds and assets of the ASSOCIATION shall belong solely to the ASSOCIATION subject to the limitation that the same be expended, held, or used for the benefit of the membership and for the purposes authorized herein, in the by-laws, and in the covenants and restrictions which have been recorded in the public records of Highlands County, Florida, covering MAGNOLIA PLACE.

d) Until the "Turnover" date, the Declarant shall have all voting rights in the Association.

e) "Turnover Date" shall mean the date that the Declarant/Developer relinquishes the right to appoint a majority of the directors of the Board of Directors of the Association. The Declarant/Developer, for himself, his successors and assigns, hereby covenants and agrees to transfer control of the Association to the members by no later than three months after ninety percent (90%) of the parcels in all phases of the community that will ultimately be operated by the Association have been conveyed to members.

ARTICLE V. TERM OF EXISTENCE

The ASSOCIATION is to exist perpetually.

ARTICLE VI. OFFICERS

**** OFFICIAL RECORDS ****
BK 1334 PG 1494

The affairs of the ASSOCIATION are to be conducted by a President and a Secretary-Treasurer. Officers who are to serve until the next election of officers are:

Edward O. Koch, Jr.	President
Louise S. Koch	Secretary-Treasurer

ARTICLE VII. DIRECTORS

The ASSOCIATION shall be managed by a board of not less than three (3) directors. The directors who are to serve until the next election of directors are:

NAME AND ADDRESS

Edward O. Koch, Jr.	Louise S. Koch	Clarence E. Polston
Post Office Box 1965	Post Office Box 1965	Post Office Box 1965
Sebring, FL 33871-1965	Sebring, FL 33871-1965	Sebring, FL 33871-1965

ARTICLE VIII. ASSESSMENTS

The private property of the members shall not be subject to the payment of corporate debts of the ASSOCIATION provided that this provision shall not in any manner limit the obligation of each member unto the ASSOCIATION as set forth and contained in the Articles of Incorporation, the By-Laws which may be hereafter adopted, and the Declaration of Covenants and Restrictions; or limit the right of the ASSOCIATION to levy and assess members for their proportionate share of the expenses of the ASSOCIATION, and to enforce collection of such assessments in such manner as may be reserved to the ASSOCIATION in these Articles, the By-Laws and the Declaration of Covenants and Restrictions.

ARTICLE IX. LIABILITY

**** OFFICIAL RECORDS ****
BK 1334 PG 1495

Every director and officer of the corporation shall be indemnified by the ASSOCIATION against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him 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 or officer of the ASSOCIATION, whether or not he is a director or officer at the time such expenses are incurred, except in such cases where the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors approves such settlement and reimbursement as being in the best interests of the ASSOCIATION. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE X. AMENDMENT OF ARTICLES

The ASSOCIATION reserves the right to amend or modify any provision contained in these Articles of Incorporation in the manner provided for amendment or modification of the By-Laws. Each amendment must be approved by an 80% majority of a quorum (as defined in the By-Laws) of the members entitled to vote thereon.

ARTICLE XI. NON-PROFIT CHARACTER

**** OFFICIAL RECORDS ****
BK 1334 PG 1496

This ASSOCIATION is one which does not contemplate pecuniary gain or profit to the members, directors or officers. Upon dissolution of the ASSOCIATION all corporate assets remaining after payment of all liabilities shall be distributed to charitable, religious, scientific, literary or educational organizations.

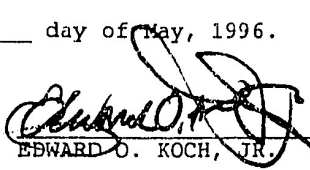
ARTICLE XII. REGISTERED OFFICE AND AGENT

The ASSOCIATION hereby designates as its registered office 3504 Office Park Road, Sebring, Florida 33870, and its registered agent Edward O. Koch, Jr. who is located at the same address for service of process.

ARTICLE XIII. SUBSCRIBERS

The name and address of the incorporator of these Articles of Incorporation is Edward O. Koch, Jr. whose address is Post Office Box 1965, Sebring, Florida 33870.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the Laws of the State of Florida, I, the undersigned, constituting the incorporator of this ASSOCIATION, have executed these Articles of Incorporation, this 31 day of May, 1996.


EDWARD O. KOCH, JR.

STATE OF FLORIDA
COUNTY OF HIGHLANDS

The foregoing instrument was acknowledged before me this 31 day of May, 1996, by Edward O. Koch, Jr., who is personally known to me (X) or who has produced _____ as identification.


NOTARY PUBLIC, State of Florida

My Commission Expires:

kpa/magnolia.inc



** OFFICIAL RECORDS **
BK 1334 PG 1497

FILED
JAN 20 1978
CLERK OF DISTRICT COURT
JAN 17 1978

ACCEPTANCE BY REGISTERED AGENT

Having been named to accept service of process for MAGNOLIA PLACE COMMUNITY ASSOCIATION, INC. at the place designated in the Articles of Incorporation, I hereby accept to act in this capacity, and agree to comply with the provision of the Florida Statutes relative to keeping open said office.


EDWARD O. KOCH, JR.

**** OFFICIAL RECORDS ****
BK 1334 PG 1498

EXHIBIT D

BY-LAWS

OF

MAGNOLIA PLACE
COMMUNITY ASSOCIATION, INC.

(A Florida non-profit corporation)

ARTICLE I. NAME

This corporation shall be known as MAGNOLIA PLACE COMMUNITY ASSOCIATION, INC. a non-profit Florida corporation, hereafter referred to as the "ASSOCIATION."

ARTICLE II. RIGHTS AND LIABILITIES
OF MEMBERS DIRECTORS AND OFFICERS

Section 1. Property interest of members, directors and officers.

No member, director or officer of the corporation shall have any right, title or interest in or to any property or asset of the Association.

Section 2. Non-liability for debts. Private property of the members, directors and officers shall be exempt from liability for any debts of the Association, and no member, director or officer shall be liable or responsible for any debt or liability of the Association.

ARTICLE III. MEMBERS

Section 1. Members. Members shall consist of those persons qualified for membership as set forth in the Articles of Incorporation.

**** OFFICIAL RECORDS ****
BK 1334 PG 1499

Section 2. Quorum. The presence of members holding a majority of the votes shall constitute a quorum to transact business. The act of the members holding the majority of votes present at a meeting where a quorum is present shall be the act of the membership.

Section 3. Directors. The members shall elect the Board of Directors.

ARTICLE IV. DIRECTORS

Section 1. Function. All business, property and affairs of the Association shall be managed by the Board of Directors.

Section 2. Number. The Board of Directors shall be composed of three (3) members.

Section 3. Term. Board membership shall be for the following terms to begin with the first election of board members at the 1997 annual meeting:

(a) One Director shall initially be elected for a 3 year term.

(b) Two Directors shall initially be elected for 2 year terms. Thereafter, terms shall be for a period of 2 years for all Directors so elected. Directors shall be eligible to succeed themselves.

Section 4. Vacancies. Vacancies in the Board shall be filled by a vote of the Directors remaining in office. A Director elected to fill a vacancy shall serve out the term of the replaced director.

**** OFFICIAL RECORDS ****
BK 1334 PG 1500

Section 5. Meetings. The annual meeting of the Board shall be held each year during January or such other month as the Board of Directors may determine. All subsequent annual meetings shall be held at the date, time, and place set by the Board. The annual meeting of the Board shall be held immediately following the annual meeting of the members at the same place. Special meetings of the Board may be called by the chairman or by two directors at such time and place as may be fixed by the person or persons calling the meeting.

Section 6. Place of Meetings. The meetings of the Board may be held within or without the State of Florida.

Section 7. Notice. Written notice stating the time and place of the meetings of the Board shall be delivered not less than five days and not more than fifteen days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary-Treasurer to each director.

Section 8. Quorum. The presence of a majority of the total number of directors shall be necessary at any meeting to constitute a quorum to transact business. The act of a majority of directors present at a meeting where a quorum is present shall be the act of the Board of Directors.

ARTICLE V. OFFICERS

Section 1. Officers. The officers of the corporation shall be a President and a Secretary-Treasurer, and such other officers as may be appointed from time to time by the Board. Officers shall be elected by the Board of Directors at its annual meeting to hold office until

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** OFFICIAL RECORDS **
BK 1334 PG 1501

the successors are elected and qualified. Vacancies shall be filled by vote of the directors, the officers filling such vacancy to serve until a successor is elected and qualified.

Section 2. President. The President shall preside at all meetings of members and of the Board, shall make all committee appointments, and shall perform any other duties usually pertaining to the office of President or as may be prescribed by the Board.

Section 3. Secretary-Treasurer. The Secretary-Treasurer shall have custody of, and maintain, all of the corporate records including the financial records, shall record the minutes of all meetings of the members and Board of Directors, send out all notices of meetings, keep full and accurate accounts of receipts and disbursements and render account thereof at the annual meetings of members and whenever else required by the Board of Directors or President, and shall perform such other duties as may be prescribed by the Board of Directors and President.

ARTICLE VI. FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these By-Laws the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the corporation and such authority may be general or confined to specific instances.

Section 2. Checks, drafts, etc. All checks, drafts, and other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the corporation shall

**** OFFICIAL RECORDS ****
BK 1334 PG 1502

be signed by such officer or officers, agent or agents, employee or employees of the corporation, and in such manner, as shall from time to time be determined by resolution of the Board.

Section 3. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such bank or banks as the Board may select.

Section 4. Fiscal Year. The fiscal year of the corporation shall begin on January 1 and shall end on December 31.

Section 5. Accounting system and reports. The Board shall cause to be established and maintained in accordance with generally accepted principles of accounting, an appropriate accounting system.

ARTICLE VII. SEAL

The seal of the corporation shall be in circular form and shall have inscribed thereon the name of the corporation, the year incorporated, the fact that it is a Florida corporation and the words "corporation not for profit."

ARTICLE VIII. WAIVER OF NOTICE

Any member or director may waive in writing any notice at a meeting required to be given by these By-Laws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

ARTICLE IX. AMENDMENT

**** OFFICIAL RECORDS ****
BK 1334 PG 1503

These By-Laws may be altered, amended or repealed at any meeting of the Board by a vote of 80% of those directors present and constituting a quorum, provided that a copy of the proposed alteration or amendment has been mailed to each director at least seven (7) days prior to such meeting, unless each director shall waive notice of the meeting.

IN WITNESS WHEREOF the parties hereto have executed these by-laws this 9th day of May, 1996.

MAGNOLIA PLACE
COMMUNITY ASSOCIATION, INC.

By: [Signature] President

ATTEST:

Louise S. Koch
Secretary

kpa/magnolia.by1

**** OFFICIAL RECORDS ****
BK 1334 PG 1504

EXHIBIT E

Beginning at the Southeasterly corner of Lot 22, Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County for the Point of Beginning, said corner being on the Northerly right of way line of Cecilia Avenue; run thence South 8°39'12" East a distance of 50.262 feet to the Northeasterly corner of Lot 20, Block 275 of the said Unit 13, also being a point on the Southerly right of way line of Cecilia Avenue; run thence South 75°30'00" West along the Southerly right of way line of Cecilia Avenue for a distance of 488.65 feet; thence continue along the Southerly right of way line of Cecilia Avenue along the arc of a curve to the right having the following elements, Radius = 10,858.52 feet, Delta = 1°6'46.05", Arc length = 210.893 feet, Chord length = 210.890 feet, Chord Bearing = North 76°3'23.02" East; thence continue along the Southerly right of way line of Cecilia Avenue along the arc of a curve to the left having the following elements, Radius = 25.00 feet, Delta = 85°28'29.14", Arc length = 37.295 feet, Chord length = 33.932 feet, Chord Bearing = South 33°52'31.47" West to a Point on the Easterly right of way line of Calatrava Avenue; run thence Southerly along the said Easterly right of way line of Calatrava Avenue along the arc of a curve to the right having the following elements, Radius = 916.08 feet, Delta = 21°24'3.14", Arc length = 342.170 feet, Chord length = 340.185 feet, Chord Bearing = North 1°50'18.47" East; thence continue along said Easterly right of way line of Calatrava Avenue along the arc of a curve to the left having the following elements, Radius = 4,750.00 feet, Delta = 12°10'44.03", Arc length = 1,009.669 feet, Chord length = 1,007.769 feet, Chord Bearing = South 6°26'58.03" West; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 60°1'15.59", Arc length = 52.378 feet, Chord length = 50.016 feet, Chord Bearing = South 88°11'20.79" East to a point on the Westerly right of way line of Calatrava Avenue; run thence Northerly along the Westerly right of way line of Calatrava Avenue along the arc of a curve to the right having the following elements, Radius = 4800.00 feet, Delta = 12°9'49.61", Arc length = 1,019.031 feet, Chord length = 1,017.118 feet, Chord Bearing = South 6°27'25.24" West; thence continue along the Westerly right of way line of Calatrava Avenue along the arc of a curve to the left having the following elements, Radius = 866.08 feet, Delta = 20°53'35.26", Arc length = 315.819 feet, Chord length = 314.073 feet, Chord Bearing = North 2°5'32.41" East; thence continue along the Westerly right of way line of Calatrava Avenue along the arc of a curve to the left having the following elements, Radius = 25.00 feet, Delta = 94°30'17.65", Arc length = 41.236 feet, Chord length = 36.718 feet, Chord Bearing = North 55°36'24.04" West to a point on the Southerly right of way line of Cecilia Avenue; thence run Westerly along the Southerly right of way line of Cecilia Avenue along the arc of a curve to the right having the following elements, Radius = 10,858.52 feet, Delta = 1°3'22.48", Arc length = 200.176 feet, Chord length = 200.173 feet, Chord Bearing = North 77°40'8.37" East; run thence North 14°17'36" West for a distance of 50.048 feet to a point on the Northerly right of way line of Cecilia Avenue, also being the Southwesterly corner of Lot 31, Block 267 of said Unit 13; run thence Easterly along the Northerly right of way line of Cecilia Avenue along the arc of curve to the left having the following elements, Radius = 10,808.52 feet, Delta = 2°42'31.12", Arc length = 510.970 feet, Chord length =

**** OFFICIAL RECORDS ****
BK 1334 PG 1505

EXHIBIT E (continued)

510.923 feet; Chord Bearing = North 76°51'15.55" East; thence continue along the Northerly right of way line North 75°30'00" East for a distance of 493.77 feet to the Point of Beginning, containing 119,031.28 square feet or 2.732582 acres more or less.

Lots 8 and 29, Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida.

A portion of Lot 29, Block 268, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, said portion further described as follows: Commence at the Northeasterly corner of Lot 29, Block 268, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, being a point on the Westerly right of way of Calatrava Avenue, for the Point of Beginning; run thence Southerly along the said Westerly right of way line of Calatrava Avenue, along the arc of a curve to the left having the following elements, Radius = 4,800.00, Delta = 1°1'25.99", Arc = 85.777 feet, Chord = 185.776 feet, Chord Bearing = South 0°53'13.43" West; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 118°07'52.84", Arc = 103.089 feet, Chord = 85.776 feet, Chord Bearing = North 0°53'13.43" East to the Point of Beginning, containing 1,463.93 square feet or 0.033607 acres more or less.

A portion of Lots 38 and 39, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, said portion further described as follows: Commence at the Northwesterly corner of Lot 39, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, being a point on the Easterly right of way of Calatrava Avenue, for the Point of Beginning; run thence Northerly along the Easterly right of way line of Calatrava Avenue, along the arc of a curve to the right having the following elements, Radius = 4,750.00, Delta = 0°46'43.92", Arc = 64.571 feet, Chord = 64.570 feet, Chord Bearing = North 1°1'28.88" East; run thence Southerly along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 121°49'35.98", Arc = 106.314 feet, Chord = 87.389 feet, Chord Bearing = South 0°53'13.43" West to a point on the Easterly right of way of Calatrava Avenue; run thence Northerly along said Easterly right of way along the arc of a curve to the right having the following elements, Radius = 4,750.00 feet, Delta = 0°16'30.91", Arc = 22.819 feet, Chord = 22.819 feet, Chord Bearing = North 0°29'51.47" East to the Point of Beginning, containing 1,607.49 square feet or 0.036903 acres more or less.

A portion of Lot 23, Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, said portion further described as follows: Beginning at the Southeasterly

**** OFFICIAL RECORDS ****
BK 1334 PG 1506

EXHIBIT E (continued)

corner of Lot 23, Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida for the Point of Beginning; run thence South 75°30'00" West along the Southerly boundary of said Lot 23 for a distance of 73.04 feet; run thence along the arc of a curve to the left having the following elements, Radius = 25.00 feet, Delta = 48°05'23", Arc length = 20.98 feet, Chord = 20.37 feet, Chord Bearing = North 51°27'18" East to a point of reverse curvature; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 68°14'13", Arc length = 59.55 feet, Chord = 56.09 feet, Chord Bearing = North 61°31'44" East to a point on the Easterly boundary of said Lot 23; run thence South 14°30'00" East for a distance of 21.84 feet to the Point of Beginning, containing 1,195.67 square feet or 0.027449 acres more or less.

A portion of Lot 20, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, said portion further described as follows: Beginning at the Northwesterly corner of Lot 20, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida for the Point of Beginning; run thence North 75°30'00" East along the Northerly boundary of said Lot 20 for a distance of 31.26 feet; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 46°07'20", Arc length = 40.25 feet, Chord = 39.17 feet, Chord Bearing = South 38°25'56" West to a point on the Westerly boundary of said Lot 20; run thence North 14°30'00" West for a distance of 23.61 feet to the Point of Beginning, containing 474.19 square feet or 0.010886 acres more or less.

A portion of Lot 21, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, said portion further described as follows: Beginning at the Northeasterly corner of Lot 21, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71 of the Public Records of Highlands County, Florida for the Point of Beginning; run thence South 14°30'00" East along the Easterly boundary of said Lot 21 for a distance of 23.61 feet; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 62°17'46", Arc length = 54.36 feet, Chord = 51.73 feet, Chord Bearing = North 87°21'31" West to a point of reverse curvature; run thence along the arc of a curve to the left having the following elements, Radius = 25.00 feet, Delta = 48°17'22", Arc length = 21.07 feet, Chord = 20.45 feet, Chord Bearing = North 80°21'19" West to a point on the Northerly boundary of said Lot 21; run thence North 75°30'00" East for a distance of 68.09 feet to the Point of Beginning, containing 1,090.62 square feet or 0.025037 acres more or less.

**** OFFICIAL RECORDS ****
BK 1334 PG 1507

EXHIBIT F(1)

Lots 6 and 31;
Lots 7 and 30;
Lots 9 and 28;
Lots 10 and 27;
Lots 11 and 26;
Lots 12 and 25;
Lots 13 and 24;

Lots 14 and Lot 23, LESS AND EXCEPT: beginning at the Southeasterly corner of Lot 23, Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida for the Point of Beginning; run thence South 75°30'00" West along the Southerly boundary of said Lot 23 for a distance of 73.04 feet; run thence along the arc of a curve to the left having the following elements, Radius = 25.00 feet, Delta = 48°05'23", Arc length = 20.98 feet, Chord = 20.37 feet, Chord Bearing = North 51°27'18" East to a point of reverse curvature; run thence along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 68°14'13", Arc length = 59.55 feet, Chord = 56.09 feet, Chord Bearing = North 61°31'44" East to a point on the Easterly boundary of said Lot 23; run thence South 14°30'00" East for a distance of 21.84 feet to the Point of Beginning, containing 1,195.67 square feet or 0.027449 acres more or less.

ALL IN Block 267, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida.

**** OFFICIAL RECORDS ****
BK 1334 PG 1508

FILE # 913203 RCD: Jun 13 1996 @ 02:12PM
L. E. "Luke" Brooker, Clerk, Highlands County

EXHIBIT F(2)

Lots 30 and 31, Block 268;

Lot 39, Block 275, LESS AND EXCEPT: Beginning at the Northwesterly corner of Lot 39, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, for the Point of Beginning; run thence South 89°21'53" East along the Northerly boundary of said Lot 39 for a distance of 21.33 feet; run thence Southwesterly along the arc of a curve to the right having the following elements, Radius = 50.00 feet, Delta = 36°21'14", Arc length = 31.72 feet, Chord = 31.20 feet, Chord Bearing = South 43°37'24" West to a point on the Westerly boundary of said Lot 39; run thence Northerly along the Westerly boundary of said Lot 39 along the arc of a curve to the right having the following elements, Radius = 4,750.00 feet, Delta = 0°16'31", Arc length = 22.82 feet, Chord = 22.82 feet, Chord Bearing = North 0°29'51" East to the Point of Beginning, containing 295.68 square feet or 0.006788 acres more or less.

Lot 40, Block 275;

ALL IN Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida.

AND

A portion of Calatrava Avenue in Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, said portion further described as follows: Commence at the Southwesterly corner of Lot 40, Block 275, Unit 13 of Sun'n Lake Estates of Sebring as recorded in Plat Book 9, Page 71, of the Public Records of Highlands County, Florida, being a point on the Easterly right of way of Calatrava Avenue, for the Point of Beginning; run thence South 88°09'27" West, along the extension of the property line between Lots 40 and 41, Block 275, for a distance of 50.0 feet to a point on the Westerly right of way of Calatrava Avenue; run thence Northerly along the Westerly right of way line of Calatrava Avenue, along the arc of a curve to the right having the following elements, Radius = 4,800.00, Delta = 2°13'03.25", Arc = 185.778 feet, Chord = 185.767 feet, Chord Bearing = North 0°44'01.19" West; run thence Easterly along the arc of a curve to the left having the following elements, Radius = 50.00 feet, Delta = 60°01'15.59", Arc = 52.378 feet, Chord = 50.016 feet, Chord Bearing = South 88°11'20.79" East to a point on the Westerly right of way of Calatrava Avenue; run thence Southerly along said Westerly right of way along the arc of a curve to the left having the following elements, Radius = 4,750.00 feet, Delta = 2°12'08.83", Arc = 182.590 feet, Chord = 182.579 feet, Chord Bearing = South 0°44'28.40" East to the Point of Beginning, containing 8,982.53 square feet or 0.206211 acres more or less.